



Clubs Australia

**Parliamentary Joint Select Committee on Gambling Reform
Inquiry into the prevention and treatment of problem gambling**

**Clubs Australia Submission
30 March 2012**

Introduction

Gambling is an enjoyable recreational pursuit for millions of Australians and provides significant social and economic benefits to the community in terms of entertainment, employment, taxation revenues and funding for social and sporting infrastructure and community organisations.

There are a wide variety of available gambling products and services available to the Australian public including poker machines, lotteries, keno, horse racing, greyhound racing, sports betting, casino table games, online poker and online casinos. Gambling products and services support a diverse range of business entities including those that integrate gambling into a wider service offering such as newsagents, hotels, clubs and casinos. There are also a number of dedicated gambling businesses such as bookmakers, totalisator agencies and online gambling operators (both domestic and offshore). Over 200,000 Australians are employed by businesses that offer gambling services¹.

Clubs are unique in the gambling industry being not-for-profit entities that make significant social contributions. The NSW Independent Pricing and Regulatory Tribunal valued the social contribution of the clubs industry in NSW alone at \$811 million in 2007². Australian Governments received approximately \$6.3 billion in annual gambling taxation revenues in 2008-09³. These taxes make up a substantial percentage of state and territory budgets and provide for government expenditure on a range of areas such as health, transport, infrastructure and education.

In their 2010 report, the Productivity Commission found that the net social benefits of gambling in Australia, after accounting for the social costs of problem gambling, range between \$3.7 billion and \$11.1 billion annually⁴.

However, a small minority of people who gamble excessively are problem gamblers, and they and their families typically experience adverse impacts on their health, jobs, finances, emotional state and relationships. There are an estimated 75,300 problem gamblers in Australia (0.49 percent of the adult population)⁵.

There is widespread agreement among all stakeholders that problem gambling is a serious issue that warrants action in the form of policies that promote harm minimisation and responsible gambling. However, the prevalence rates and estimated social costs associated with problem gambling are substantially lower than for other public health issues such as obesity, smoking, problem drinking and illicit drug use. Therefore, problem gambling requires a more measured policy response in comparison to other key public health issues.

Clubs Australia remains committed to working constructively with all levels of government to find effective ways to further reduce the rate of problem gambling. Comprehensive policy collaborations between state and territory governments and industry have resulted in the significant reduction of problem gambling prevalence rates across every Australian jurisdiction. Problem gambling rates in Australia are amongst the lowest in the world, with Australia seen as a global leader in gambling reform. For this to continue, Clubs Australia believes that any further reforms should remain

¹ <http://www.pc.gov.au/projects/inquiry/gambling-2009/report> p.2.14

² http://www.ipart.nsw.gov.au/Home/Industries/Other/Reviews/Registered_Clubs

³ <http://www.pc.gov.au/projects/inquiry/gambling-2009/report> p.6.34

⁴ Ibid p.43

⁵ <http://www.ipa.org.au/publications/1948/gambling-away-perspective-a-review-of-the-evidence-justifying-electronic-gaming-regulations> p.2

evidence based, cost effective and subject to an impact assessment and full trial before implementation. It is essential that new measures aimed at minimising the harm associated with problem gambling are balanced against the significant social and economic benefits to ensure the preservation of the overall positive impact that the gambling industry has on the community.

1. Prevention Measures

State and territory governments in conjunction with industry have introduced a wide range of preventative harm minimisation measures over the last decade that have contributed to a significant reduction in the prevalence of problem gambling in Australia. Current harm minimisation measures that focus on prevention include:

- public awareness campaigns;
- signage encouraging responsible gambling behaviours;
- signage creating awareness about the risks of excessive gambling;
- compulsory responsible gambling training for staff;
- gambling advertising restrictions or bans;
- state-wide caps on the number of poker machines;
- social impact assessments prior to an increase in poker machine numbers;
- restrictions on minors accessing gambling;
- bans on inducements to gamble (e.g. free alcohol);
- bans on credit gambling;
- payment of large prizes via cheque;
- restrictions on the locations of ATMs;
- mandatory shutdown periods;
- restrictions on cash promotions;

Clubs Australia is supportive of improving the preventative measures to address problem gambling. In our opinion, prevention of the onset of problem gambling behaviours is best achieved through an educative approach that promotes informed choice, encourages players to gamble responsibly and highlights the risks associated with excessive gambling.

1.1. Responsible Gambling Messages

Responsible gambling messages are a ubiquitous feature of existing harm minimisation programs, having successfully contributed to raising consumer awareness about responsible gambling strategies and the risks associated with excessive gambling. Clubs Australia believes that responsible gambling messages have played an integral role in the overall reduction in the prevalence of problem gambling in Australia.

Clubs Australia supports the improvement of responsible gambling messaging through evidence-based, cost-effective and targeted measures that promote informed choice. However we are concerned that the clutter created by an ever increasing array of signage and messaging within venues reduces the impact and effectiveness of responsible gambling communications. In our opinion, it is essential that all new responsible gambling messaging initiatives are comprehensively trialled and tested to assess their impact prior to introduction.

The introduction of cost of displays and electronic warnings were a recommendation of the Productivity Commission. Clubs Australia is not opposed to the introduction of cost of play displays

or electronics warnings. However, we are concerned that a short implementation deadline does not provide sufficient opportunity for the necessary research to occur to ensure that the new messaging is implemented in the most efficient and cost-effective manner.

Clubs Australia also advocates for the provision of responsible gambling messages to apply consistently across all forms of gambling and not only poker machines. The information should include at a minimum:

- An explanation of how the game works
- An explanation of the 'house edge'
- An explanation of cost of play and volatility
- A correction of common misconceptions

Often, behaviours that lead to problem gambling are symptomatic of a fundamental misunderstanding of how particular forms of gambling operate. Disclosing information about how a product operates, the cost of play and dispelling common myths can promote informed choice and reduce the chances of problematic gambling behaviours such as "chasing losses".

1.2. Community Awareness Campaigns

Community awareness campaigns are another common feature among state government and industry sponsored responsible gambling programs. Typically the public awareness campaigns run by state governments have focused on encouraging problem gamblers to seek treatment through the promotion of the gambling helpline numbers. Despite the general decline in problem gambling prevalence rates, these campaigns have proven successful in creating short-term increases in the number of calls to the problem gambling help lines and number of new clients attending face-to-face counselling services.

Clubs Australia supports further research that investigates the benefits of community awareness campaigns that have a direct emphasis on prevention through the promotion tips and strategies to assist consumers to gamble responsibly. Research should also examines ways in which community awareness campaigns can harness new media opportunities such as social media to deliver outcomes in a more cost-effective manner.

1.3. School-based Education programs

Clubs Australia advocates for the development and trialling of a nationally consistent school-based gambling education and awareness program that is integrated into the existing school curricula on personal health and financial literacy.

Youth are at increased risk of developing a gambling problem, a fact that is particularly concerning in light of the easy access to online gambling. Research has found that education programs can be an effective tool in preventing the development of problematic gambling behaviours. Awareness of the serious risks of excessive gambling coupled with knowledge of the odds associated with various gambling products acts as a protective factor against the development of gambling-related problems⁶. An international panel of eminent gambling researchers recommended school-based

⁶ http://www.austgamingcouncil.org.au/images/pdf/Discussion_Papers/agc_dis_youth_gamb_ed.pdf

education as a necessary requirement for any responsible gambling program⁷. The content of the school-based education program could draw from the Productivity Commission recommendation 7.1:

- dispel common myths about gambling and educate people about how to gamble safely
- highlight potential future consequences associated with problem gambling, and
- make the community aware of behaviours indicative of problem gambling, to encourage earlier help-seeking or interventions by family and friends.

The COAG Select Council on Gambling Reform should consider supporting a trial and evaluation of school-based education programs would help to gauge program effectiveness and protect against the potential for unintended consequences.

2. Advertising and Marketing

Currently there is significant inconsistency in the regulation of the marketing and advertising of gambling services across different gambling products and platforms that should be addressed. In our view, the COAG Select Council on Gambling Reform should seek to develop a consistent set of advertising and promotional standards implemented homogeneously across the gambling industry. The advertising standards should strike a balance between the advertising of gambling as a legitimate form of entertainment and the need to promote a culture of responsible gambling.

Typically clubs and other land-based poker machine venues are heavily restricted in the type of advertising and promotions they are permitted to undertake. In contrast, there are virtually no restrictions on the advertising of gambling products such as sports betting, either online or through mainstream media. Particularly concerning is the promotion of gambling on television during children's viewing hours. Children who watch sporting events cannot avoid being subjected to gambling promotions which take place both during the match and commercial breaks. Another area in which children are being exposed to aggressive gambling advertising is online through social media and advertising banners on popular websites. Preeminent researchers have suggested that youth are particularly susceptible to gambling promotions in advertising and have backed calls to introduce tighter controls on advertising.

In a submission to Joint Select Committee's Inquiry into Interactive and Online advertising, Dr Sally Gainsbury and Professor Alex Blaszczynski argued that:

"Further action should be taken to block advertising online and offline by offshore sites.... Regulators must carefully consider and set limits on the degree to which online gambling may be promoted during sports events"⁸

2.1. Inducements and Incentives

Clubs Australia views the practice of offering free bets or other inducements as inherently problematic. Laws governing the use of inducements currently exist in state legislation. Clubs Australia believes that all COAG Select Council on Gambling Reform should seek to establish a

⁷ Responsible Gambling: General Principles and Minimal Requirements, Journal of Gambling Studies, (Blaszczynski et al 2011)

⁸ Gainsbury, S and Blaszczynski, A. Submission to the Joint Select Committee on Gambling Reform's Inquiry Into The Prevalence Of Interactive And Online Gambling In Australia And Gambling Advertising, 2011

national ban on inducements, eradicating inconsistencies between online and land-based gambling platforms.

2.1.1. Offering Cash or Free Bets

It is standard practice for online gaming operators and wagering companies to offer gamblers incentives or inducements to place bets or open accounts. Typically, these take the form of free bets or games or sign up bonuses at improved odds and higher payout rates. According to a report by Blaszczynski, Sharpe, & Walker, there is evidence to suggest that the possibility to play without money makes games more attractive, reduces barriers to play, and may undermine attempts to quit.⁹ Research indicates that free gambling inducements “have been identified as fostering future gambling problems.”¹⁰

Most online sites require the gambler to place a bet or provide credit card details in order to receive credits or sign-up bonuses. It is often the case that if a gambler wagers a high amount, the incentive is increased accordingly. As one research paper notes, in some cases such practices operate “ostensibly to familiarise the person with the game and to improve their skill. However, research suggests that there may be a more nefarious purpose.”¹¹ Players are then conditioned to expect large payouts only to find that when they swap to cash based gaming, the odds have been altered.

Sites such as Spin Casino, offer misleading or deceptive “welcome bonuses” that require gamblers to “play through” initial deposits at least 30 times before the bonus amount can be withdrawn from the player’s account.¹² In many cases, “welcome bonuses” are subject to impractical time restraints, encouraging gamblers to bet large amounts in short periods of time in order to receive bonus credit.

2.1.2. Offering Credit

Clubs Australia is opposed to people gambling on credit, either online or at a venue, given that it potentially encourages reckless behaviour and enables gamblers to spend money they do not actually have. Current restrictions prevent venues from offering credit for betting on poker machines in gaming venues and there are also restrictions on credit withdrawals from ATMs in non-casino gaming venues.

Online gambling sites (including legal wagering providers) enable credit funded gambling and therefore allow problem gamblers to finance their habit through what is effectively a short term loan. If the initial amount is not paid off within a specified time period, interest accrues, worsening the financial situation of the gambler.

By contrast, online gambling sites (including legal wagering providers) enable and promote credit funded gambling, allowing problem gamblers to finance their habit through what is effectively a short term loan. If the initial amount is not paid off within a specified time period, interest accrues and the possibility of a gambler chasing their losses increases, worsening the financial situation of the gambler. Some online operators aggressively promote the use of credit-based gambling by offering the promise of lucrative free bets and other inducements in exchange for credit card details.

⁹ Cited in Monaghan, S (2009) *Responsible gambling strategies for Internet gambling: the theoretical and empirical base of using pop-up messages to encourage self-awareness*. Southern Cross University.

¹⁰ *Ibid.*

¹¹ Wood, R & Williams, R. (2009). *Internet Gambling: Prevalence, Patterns, Problems, and Policy Options*. Ontario Problem Gambling Research Centre, Guelph, Ontario.

¹² <http://www.spinpalace.com/terms>

Clubs Australia finds it highly inconsistent that the Federal Government is proposing a \$250 cash withdrawal limit on debit funds for land-based gaming venues on harm minimisation grounds and yet continuing to allow unfettered access to credit card gambling online.

2.1.3. Loyalty Programs

The loyalty programs operated by clubs are vastly different from inducements or incentives to gamble. Loyalty programs are typically integrated into the entire business model of a club and reward customers for their continued patronage of the business rather than having a dedicated focus on encouraging people to undertake gambling activities. Members in clubs can accrue loyalty points through purchasing a wide variety of products and services offered within the club such as food, beverages, gym facilities, bingo, poker machines or access to sporting facilities. In some instances simply visiting the club is sufficient to qualify for loyalty rewards without the requirement to make a purchase of any kind. Loyalty programs in clubs are no more of an inducement to gamble than the loyalty programs in the major supermarket chains are an inducement to purchase cigarettes, junk food or alcohol. Ultimately, the patron can earn loyalty rewards regardless of the type of product or service they purchase from the club.

Loyalty systems can also offer a number of responsible gambling benefits, such as player activity statements that provide patrons with the facility to effectively track their gambling expenditure. In addition, benefits offered when joining a loyalty program are an excellent means of accelerating the uptake of voluntary pre-commitment. In the future it is envisaged that loyalty systems will be able to deliver a range of other features such as dynamic responsible gambling messages based on individual patterns of play.

Finally, where loyalty programs are linked with gambling products, strict regulatory controls apply. For example, in New South Wales there is a prohibition of issuing cash rewards or promotional prizes with a value of greater than \$1,000 where loyalty systems operate in conjunction with poker machines.

3. Early intervention strategies

Clubs Australia believes that early intervention strategies are most effective when they provide support for problem gamblers in recognising they have a problem and assisting them in taking responsibility for their own recovery. Early intervention strategies should be used to employ a whole of community approach that engages venue staff, healthcare professionals, community groups, problem gamblers and their family and friends.

3.1. Staff Training

Venue staff involved in the delivery of gambling services are required to undergo compulsory responsible gambling training. The training courses are regularly reviewed to ensure that their content reflects best practice responsible gambling procedures. A feature of the majority of current training courses is to provide venue staff with a range of commonly agreed indicators of problem gambling, to help them identify potentially problematic player behaviours¹³.

It is important to recognise that problem gambling is an issue which often incorporates significant psychological distress and that requires the type of intervention that can only be offered in person by an experienced staff member. In most cases this is either a duty manager or a dedicated

¹³ Identifying Problem Gamblers in Gambling Venues: Final Report, Gambling Research Australia

responsible gambling liaison officer. These staff have undergone advanced training that allows them to respond in a manner that minimises the risk of exacerbating the problem or eliciting a negative response from the patron.

Staff interventions typically involve approaching patrons displaying the signs of problematic gambling and starting a respectful conversation to enquire about the patron's welfare and where necessary, offering them assistance such as self-exclusions or referral to appropriate help services. Staff interventions create an additional level of safety that is unique to land-based gaming operators and is lacking in the online environment.

3.2. Family Interventions

Clubs Australia advocates for a consistent policy on facilitating family interventions taking into account the latest research and insights gained from existing third party exclusion programs.

Problem gambling can have a profound effect not only on the gambler but also on their family particularly where children are involved. Family members often have a better capacity to observe problems than other parties such as venue staff and therefore are in a good position to intervene before problems progress to a crisis point.

Family members should have the capacity to initiate a third party intervention on behalf of a problem gambler. Governments and venues should promote the availability of family interventions through a range of media.

From the industry perspective, a tiered approach to family interventions would appear to be the most appropriate implementation. This would involve a role for both venue operators and state and territory governments. Venues would be obligated to respond to a request for an intervention on behalf of a family member. Recognising at this stage the complaint is merely an allegation that the person has a gambling problem, venues should be required to:

- observe the gambling behaviour of the individual in question
- as appropriate, engage in a respectful conversation with the alleged problem gambler and offer assistance
- maintain the anonymity of the complainant
- provide the family member with an information pack outlining their options and advice for supporting the problem gambler's recovery.

Where the patron denies the assistance offered under a venue intervention, a second tier process, involving a suitable qualified panel of independent experts, should examine the allegation and issue appropriate orders such as involuntary exclusions or mandatory counselling, if necessary. This requires legislative support to ensure any orders issued are enforceable under law.

3.3. Screening Kit for Healthcare Professionals

A whole-of-community response to the issue of problem gambling requires the engagement of a range of healthcare and community services to improve the support network available to problem gamblers and those at risk of becoming problem gamblers¹⁴.

The COAG Select Council on Gambling Reform should consider supporting the development of a nationally consistent problem gambling awareness and screening kit for distribution to all appropriate healthcare and community service providers to assist with the early identification and treatment of problem gambling. Its features would include:

- ensuring that health professionals and community services have information about problem gambling and referral pathways
- providing a one-item screening test, as part of other mental health diagnostics, for optional use by health professionals and counsellors
- screening which should be targeted at high-risk groups, particularly those presenting with anxiety, depression, high drug and alcohol use
- providing dedicated funding to gambling help services to facilitate formal partnerships with mental health, alcohol and drugs, financial and family services
- promoting self-help and treatment options such as self-help manuals, gambling budget calculators and online counselling, as such interventions can be cost-effective ways of achieving self-recovery of people experiencing problems with gambling

4. Treatment Measures

Clubs Australia believes that a wide range of treatment measures need to be available which can be tailored to meet the individual needs of the problem gambler and their family. Problem gamblers would be best served by a holistic approach to treatment that takes into account the fact that problem gambling is often symptomatic of other comorbid conditions such as depression, anxiety or substance abuse.

A recent ANU study found problem gamblers were far more likely to undergoing treatment for their comorbid disorders than for their gambling problems¹⁵. The report recommended increased coordination between a range of health services to ensure appropriate screening and referral services to treat the range of comorbidities, including problem gambling, that a person may be experiencing.

The COAG Select Council on Gambling Reform should seek to examine ways to strengthen links between venues, gambling counsellors and the broader mental healthcare system to promote a coordinated approach to delivering treatment services to problem gamblers.

4.1. Counselling

Clubs Australia remains committed to strategies such as face-to-face counselling, recognised as the most effective way of helping a problem gambler recover. The primary challenges facing counselling

¹⁴ Help-seeking and Uptake of Services Amongst People with Gambling Problems in the ACT, ANU 2011

¹⁵ Help-seeking and Uptake of Services Amongst People with Gambling Problems in the ACT, ANU 2011

as a treatment option for problem gambling involve improving access and reducing social stigmas in order to increase the help-seeking rate among problem gamblers.

There are a number of important steps that are already being undertaken by industry and state governments to address these concerns. In terms of improving access, counselling services have been expanded from the traditional face-to-face approach to include email and online services. These services have proved particularly popular with youth and those problem gamblers who wish to preserve their anonymity.

Industry programs - such as the ALH responsible gambling program that former AFL star and problem gambler David Schwarz as its ambassador - have gone a long way to help overcome the negative stereotypes that are commonly associated with problem gambling.

The Consumer Voice Project operated by Relationships South Australia and jointly funded by the South Australian Government, Clubs SA and the AHA (SA) is a program in which former problem gamblers share their personal stories with venue staff and patrons has helped to raise awareness about the effectiveness of counselling and also to demystify the treatment process.

4.2. Self-exclusion

Self exclusion has been proven to be a valuable tool of recovery for those with a gambling problem, especially when used in conjunction with other vital aids such as face-to-face counselling. Self-exclusion operates by self-identified problem gamblers voluntarily surrendering the right to enter the gaming areas of their local venues. This helps them overcome their impulsive urges to gamble. A two-year study by Macquarie University found more than 70% of participants in self-exclusion reported significant reductions in the money spent on gambling as a result of participating in the program¹⁶.

There are a number of ways in which existing self-exclusion schemes can be improved upon. ClubNSW is currently rolling out a state-wide multi-venue self-exclusion scheme, which allows patrons to exclude themselves from multiple clubs in their local area through a single application. The application can take place either through the venue or alternately through a gambling counsellor to help reduce the embarrassment associated with going to each venue to request a self exclusion.

In addition, the system helps improve the detection of self-excluded gamblers by providing staff with a continuous display of the photographs of self-excluded patrons. Moreover, when a breach of a self-exclusion is detected all venues that are part of that self-exclusion are automatically alerted of the breach. This allows venues to have a heightened vigilance for highly vulnerable patrons.

Finally, where a self-exclusion takes place in venue the system gives patrons the option to have their details automatically forwarded to local problem gambling counselling service so that follow-up counselling sessions can be arranged at the earliest possible convenience.

A further option for improving the potency of self-exclusion recommended by the Productivity Commission is prize forfeiture. Prize forfeiture involves patrons forfeiting any prizes they might win when they are breach of a self-exclusion agreement. Prize forfeiture serves as a means of reducing

¹⁶ <http://www.pc.gov.au/projects/inquiry/gambling-2009/report> p.E.7

the incentive for patrons to breach their self-exclusion agreement. Clubs Australia supports this position and recommends that the forfeited prizes are remitted to a government fund dedicated to addressing problem gambling.

5. Gambling policy research and evaluation

There is a multitude of ad hoc gambling research studies conducted throughout Australia. While the majority of studies conducted have some merit, they often lack scientific rigour and/or impartiality and are not subject to peer-review. There are often conflicting findings among research reports making it difficult for decision-makers to discern what evidence is credible. Moreover, much of the research is aimed at gaining publication in academic journals and lacks relevance to contemporary gambling policy. Where research has been initiated by governments it has typically involved a protracted process, taking several years to commission and complete, further inhibiting the development of evidence-based policy.

Clubs Australia supports the development of a national gambling research program aimed to ensure that all government funded research into gambling is consistent with best practice research standards, has direct relevance to policy-making and is completed in a timely manner. While recognising that responsibility to commission research and develop gambling policy remains the responsibility of individual state and territory governments, a coordinated national approach would prevent the duplication of research across jurisdictions and facilitate national surveys and evaluations where appropriate. State and territory governments should consider establishing a gambling research advisory board with responsibility for the development and oversight of the national research program. The advisory board should:

- have representation from both the industry and the state and territory government agencies responsible for regulating gambling
- be responsible for setting the research agenda and establishing funding priorities
- establish guidelines, methodologies and processes for government funded research
- where appropriate coordinate evaluations, surveys and reviews on a national basis
- maintain a nationally consistent data set on gambling and problem gambling
- review the quality and usefulness of research with respect to developing gambling policy
- disseminate concise summaries of research that is both valid and policy relevant to all stakeholders.