

Victorian Local Governance Association



*Connecting Communities
Strengthening Democracy*

Joint Select Committee on Gambling Reform's Inquiry into the prevention and treatment of problem gambling

March 2012



About the VLGA

The Victorian Local Governance Association (VLGA) is a unique peak body for councillors, community leaders and local governments working to build and strengthen their capacity to work together for progressive social change.

Our membership consists of local governments (representing over 80% of Victoria's population), community organisations and individuals.

Our Vision is for Victorian communities to be inclusive, sustainable and dynamic, characterised by strong leadership and effective local governance.

We believe that transparent, accountable and democratic governance policies and practices in all settings enable citizens to create their own sustainable futures.

The Local Government Working Group on Gambling (LGWGOG) is one of the VLGA's Advisory Groups and consists of a network of over 80 local government officers and councillors, as well as community organisations concerned with gambling issues (in particular electronic gaming machines (EGMs)), their local impacts, their lack of product safety and consumer protection regulation and steps to minimise harm including through planning regulations.

VLGA Submission

The identified areas where comment has been sought by the Joint Select Committee (JSC) are explored below. The VLGA has focussed on the issues which relate to the work that is undertaken by local governments in Victoria, namely problem gambling prevention, policy and research. We have not provided comment on issues of specific treatment models, which we believe can be more adequately addressed by service providers and health professionals who work in the area. The VLGA relies on evidence provided in the Productivity Commission's *Inquiry into Gambling 2010*.¹

¹ Productivity Commission 2010, *Gambling*, Report No. 50, Canberra

1. Measures to prevent problem gambling

The VLGA agrees with the JSC's guiding points on this item (responsible gambling messages, campaigns and access to treatment) but does not believe that these items go far enough to effectively prevent problem gambling from occurring in the first place. Whilst it is critical to invest in treatment services to help people once they have already developed gambling problems, there needs to be a new commitment by all levels of government to seriously address primary prevention methods and invest money 'upstream' from the problem.

Measures to prevent problem gambling need to address the causes of excessive gambling and people's motivations to gamble. The services available to assist problem gamblers include counselling and gamblers help services, both in person and online, which are still under-represented as a whole. The VLGA believes that in order to prevent problem gambling we need to consider and better understand the product.

From the research available, it is understood that people gamble for a number of reasons, including for entertainment and excitement, to win money, for social reasons, because of boredom, isolation and loneliness and as 'an escape' – a way to reduce stress and cope with difficult situations. According to Victorian Department of Justice research², gambling as a form of escapism (termed 'accessible retreat') is more likely to result in problem gambling than gambling for social reasons.

Gaming venues are attractive to a wide range of people because they offer a range of facilities in an unobtrusive and welcoming environment, which can be particularly attractive to people who are socially isolated. People may also gamble on EGMs if there are few other options for entertainment or recreation in that area. Those groups who wish to access entertainment outside of regular hours (for example shift workers or international students) will often find themselves at gaming venues or the casino for lack of other recreational and activity options open at irregular hours.

Measures to prevent problem gambling need to focus on these motivations to gambling – particularly *social connectedness*, *community strengthening* and *providing alternatives*.

Promotion of alternative non-harmful forms of entertainment and recreation could take the form of funding for community clubs and groups (without gaming machines) to run more diverse and exciting programs for the community, and to run programs in times when there is little other entertainment available. Other prevention programs could include social enterprise, volunteer programs, public art, community gardens and markets, neighbourhood house programs, homework clubs and urban design that facilitate community connectedness.

² Thomas, A, et al, Problem Gambling Vulnerability: The Interaction Between Access, Individual Cognitions and Group Beliefs or Preference, Swinburne University, September 2010

Examples of Prevention Programs

One program model that has been showing positive results in Victoria has resulted in the *MoreConnect*³ and *(Re)Making Meaning*⁴ programs. These two programs are run on a similar model, developed by Gabriela Byrne of the Free Yourself Program. The nine-month program builds social confidence and connects former problem gamblers to low and no-cost entertainment in the area in order to reduce relapse. Programs such as these take into account the need to promote alternative entertainment as well as addressing social isolation that is often felt by problem gamblers.

Another positive action research project to come out of the North East Primary Care Partnership (with Gamblers Help Northern and other stakeholders) has been the *Casino Bus Trips Research Project*. Project workers went along with seniors groups who were taking advantage of the casino bus trips organised by Crown Casino in Melbourne. On the way in to Crown, the project worker would ask the group how much they intended to spend, and on the way back they were surveyed on how much they did spend that day. The results were then compiled and presented to the group so they could accurately see how much their 'free' casino trip was costing them. As a result, many seniors groups in the region started to look for alternatives, which led to the development of the *Social Outings Guide: Don't Gamble with your Group!*⁵

2. Gaming Machine Product Safety Improvements

The VLGA relies on evidence from the Productivity Commission⁶ that the EGM product is particularly harmful and addictive. This is evidenced by the finding that over 80 per cent of problem gamblers are addicted to EGMs. There are a number of modifications that could be made to EGMs which would reduce the level of problem gambling significantly.

These include:

- \$1 bet limits on EGMs with \$120 maximum loss rate
- Mandatory pre-commitment system on all machines across Australia
- Accurate player information displays that pop up at regular intervals of play so that consumers are aware of how much they are spending in any one session. In addition, a ban on displaying losses as wins (i.e. if \$100 is spent and \$50 won, that this is accurately displayed to the gambler as a \$50 net loss)
- Adequate consumer information on the cost to play (for example, that the cost of a 1-cent machine can be up to \$1200 per hour)
- Transaction histories should be available to regular players every three months at a minimum, and available on request at all times

³ Moreland City Council: <http://www.moreland.vic.gov.au/community-services/responsible-gambling.html>

⁴ Free Yourself Program: <http://www.freeyourself.com.au/2009/11/18/hello-world/>

⁵ North East Primary Care Partnership, *Social Outings Guide: Don't Gamble with your Group!*, <http://www.nepcp.org.au/resources/social-outings-guide-don%E2%80%99t-gamble-your-group>

⁶ Productivity Commission 2010, *Gambling*, Report No. 50, Canberra

In relation to gaming venues, there are a number of regulations which could reduce the incidence of problem gambling.

These include:

- Removal of ATMs from gaming venues across Australia (this will be introduced into Victoria on 1 July 2012)
- Restriction of hours of operation to be more compatible with usual entertainment hours of operation
- A regulated number of machines allowed per venue (this is different for each state) to reduce anonymity between gamblers and venue staff
- Restrictions on patron incentives including introductory credit for use on gaming machines, free food and alcohol and cash giveaways that encourage increased gambling

3. Measures which can encourage risky gambling behaviour

Of concern to the VLGA is the sudden and large increase in young men betting on sports and gambling online, which has become prevalent through the introduction of new technologies (such as smart phones) and aggressive marketing.

Early research undertaken by Monash University's marketing research department has shown that marketing tactics by the gambling industry have been hugely effective in marketing to young men in particular. The saturation of marketing materials at sports matches for sports betting has, within a few years, ingrained gambling into sports where previously it was not connected, including AFL and rugby. The VLGA is concerned that gambling and sports betting will become normalised for young sports fans, even if they are unable to gamble currently.

The regulation of marketing of sports betting companies in Victoria is difficult, in that the majority of the companies are based outside the State. The VLGA believes that the Federal Government has a clear role to play in terms of regulating online gambling, sports betting and advertising of gambling in Australia. The Government should consider a national code for gambling advertising restrictions and sponsorship, similar to other harmful products including smoking and alcohol.

In addition to marketing, the VLGA believes that certain features of gaming machines and venues can encourage risky gambling and should be regulated. Machine features that encourage risky gambling behaviour include spin rates, free spins, jackpots and false 'near-misses' and the lack of consumer information about the real costs associated with machines. Venue features include ATM placements, opening hours, patron incentives and number of machines per venue. Both venue and machine features are discussed in Section 2 *Gaming Machine Product Safety Improvements* above.

4. Early intervention strategies and training of staff

Problem gambling counselling is an effective treatment method and the Productivity Commission's 2010 report found that most people benefit from any type of counselling service for problem gambling. However, the report also found that only 8 to 17 per cent of problem gamblers access problem gambling services, and those who do are at crisis point when they seek assistance. By this time, people's lives have been seriously affected by financial, health and interpersonal impacts, and the costs to governments to help problem gamblers are increased. Counselling and support services need to be more accessible, and should seek to engage people who are at risk rather than engaging people only once they have reached crisis point.

Early intervention strategies could look at building the capacity of non-gambling service providers to recognise when gambling may be a root cause. Discussions with service providers in Victoria have shown the VLGA that the shame and stigmatisation around problem gambling can lead gamblers to avoid gambling-specific services and instead present for other issues, for example financial counselling. People working in all services should be able to recognise and refer customers for gambling issues.

A nationally consistent self-exclusion program could be effectively rolled out across Australia. An effective self-exclusion program would be capable of being linked across venues, so gamblers could choose to self-exclude from one or numerous venues across geographical areas from the single consultation. It could also provide support and a list of local alternative options for entertainment and recreation to assist gamblers in avoiding relapse.

5. Data collection and evaluation issues

Victoria is fortunate to have a data and evidence base for EGM gambling on which we can draw through the Victorian Commission for Gambling and Liquor Regulation.⁷ This data base assists local governments, community stakeholders and venue operators to access detailed information about expenditure and density in each Local Government Area. It also provides further break-down relating to the expenditure at each venue, demographic data and comparison to state and regional averages. Other states across Australia, including New South Wales, do not make this data transparent and available to communities. The Victorian model of data availability should be replicated across Australia to ensure transparency within the gaming industry.

Databases on other gambling expenditure, including racing and sports betting, could also be explored.

⁷<http://www.vcgr.vic.gov.au/CA256F800017E8D4/gamblinginfo/FBC8F48D9A435C15CA2577810018863C?OpenDocument>

6. Gambling policy research and evaluation

The VLGA believes that areas requiring further research and understanding, online gambling, advertising and marketing, sports betting, and the impacts for young people and people from culturally and linguistically diverse (CALD) backgrounds.

Gambling amongst young people, especially young males, is on the rise in Australia. Marketing, sports betting and new technologies are playing a part in this increase.⁸ In addition, research shows us that young people are much less likely to access gambling services than other age groups.⁹ More research is needed into how to effectively prevent problem gambling levels continuing to rise in this age group.

A number of studies have showed that rates of problem gambling may be higher for CALD communities compared with the mainstream population. Although CALD communities had lower rates of overall participation in gambling than the general community, local governments in Victoria have recorded higher incidences of problem gambling were observed in CALD communities. It has become evident there is a need for specific research in relation to the impact of EGMs in vulnerable community groups such as CALD communities and amongst international students. More research is needed to look at examining the impact on individuals, families and the community generally and what preventative work can be done to limit harm.

Online gambling laws need to be enforced at a national level in order to be effective. The Productivity Commission recommends a staged approach to a gradual liberalisation of some forms of online gambling (such as online poker) to divert consumers from unregulated overseas sites.

In the VLGA view, if online gambling regulation was to be liberalised, particular consideration would need to be given to the issue of underage gambling and the marketing of online gambling to minors. Facebook is one social media site where online poker machine and casino advertising is prevalent and legal, as the site is not based in Australia. Facebook has also recently opened talks with gambling operators about offering money-based online gambling. Issues of underage gambling, marketing and online gambling liberalisation need to be explored by the Federal Government in full before decisions are made on how to proceed in this area.

The VLGA is concerned with the sudden rise in sports betting and promotion of live odds during sports games, as well as advertising and sponsorship. The promotion of

⁸ Responsible Gambling Advocacy Centre, *Four Major Factors predicting risk of developing a problem with gambling on-line*, <http://www.responsiblegambling.org.au/images/pdf/rgac%20children%20and%20gambling%20handout%20-%20four%20major%20factors%20march%202011.pdf>, March 2011.

⁹ Australian Council for Educational Research, *Gambling and Young People in Australia*, [http://www.gamblingresearch.org.au/CA256902000FE154/Lookup/GamblingandYouth/\\$file/GRA%20Youth%20and%20gambling%20for%20print%20pdf%20copy.pdf](http://www.gamblingresearch.org.au/CA256902000FE154/Lookup/GamblingandYouth/$file/GRA%20Youth%20and%20gambling%20for%20print%20pdf%20copy.pdf), August 2011.

advertising is saturating our sports and normalising gambling, which is of particular concern with regard to the many children and young people who attend sports events.

The VLGA supports recommendations regarding prohibition of live odds during sports events and maintaining restrictions on online gambling, and recommends that stronger advertising laws (as per tobacco products and smoking) are applied to gambling advertising including during live broadcasts.

Gambling, like alcohol and cigarettes, is not a benign product, which is why restrictions on ages to play are incurred. The VLGA believes that there should be reasonable limits on the advertising of gambling, as there are for alcohol and cigarettes and that this is an area for further regulation.

Recommendations

1. That the Federal Government commits to addressing primary prevention methods and invests money for measures to prevent problem gambling, with a focus on the motivations for gambling – particularly social connectedness, community strengthening and providing alternatives. Refer to Section 1 of this submission for examples of potential prevention programs.
2. That the Federal Government considers the gaming machine product safety improvements and gaming venue regulations outlined in Section 2 of this submission.
3. That the Federal Government considers introducing a nationally consistent self-exclusion program.
4. That the Federal Government advocates for other states across Australia to replicate the Victorian model in relation to the provision of data on EGMs available to communities.
5. That the issues of underage gambling, marketing and online gambling liberalisation be explored by the Federal Government in full before decisions are made on how to proceed in this area.
6. That the Federal Government considers implementing a national code for gambling advertising restrictions and sponsorship, similar to other harmful products including smoking and alcohol.