Comments of the American Gaming Association
Poker Machine Harm Minimisation Bill 2008
Community Affairs Committee of the Australian Senate
August 8, 2008

The American Gaming Association welcomes the opportunity to share with the Australian Senate its experience with the difficult challenge of developing effective strategies for assisting people who are unable to control their gambling. On this subject, AGA's principal goal has been to align industry responses, as well as regulatory policies, with the medical and public health research into pathological gambling -- its causes, patterns, and responses to treatment. We have found that much so-called "common knowledge" about pathological gambling is wrong or incomplete, and can result in government policies that do little to assist the individuals who cannot control their gambling.

AGA, like most gaming regulators in the United States, has concluded that the complexity of pathological gambling behavior defies "quick fixes" or technological solutions of the type embodied in the Poker Harm Minimisation Bill 2008. Effective policies to reduce pathological gambling concentrate on helping the people who have the problem, rather than trying to modify their behavior indirectly by changing the rules, appearance, or patterns of specific games. Research has shown that pathological gamblers will adjust their behaviors to compensate for technology-based attempts to limit their gambling; the better response, the research demonstrates, is to assist the individuals directly. Though technology-driven approaches to pathological gambling have shown little promise for helping pathological gamblers, we know to a certainty that they reduce the enjoyment of the other 99 per cent of people who play the gambling machines for recreation.

Facts About Pathological Gambling

A few jurisdictions in the United States still impose some limits on the bets that gamblers may place. In Missouri, for example, a gambler is not allowed to purchase more than $500 of gambling tokens every two hours, and comparable limits apply in Colorado and South Dakota.[1] Most U.S. regulators, however, have never applied such limits, or have abandoned them. The AGA is aware of no research that demonstrates a lower prevalence of pathological gambling disorders in jurisdictions that impose betting limits. No U.S. jurisdiction currently requires the other elements included in the Poker Harm Minimisation Bill 2008

Most relevant, in our experience, are three core facts about pathological gambling, which are based on peer-reviewed research into the question. We note that these facts largely contradict the assumptions that underlie the proposed legislation:

- In most nations, the prevalence of pathological gambling has been consistent and stable over time, at a level between 1 and 2 percent of the population. These prevalence findings frame the pathological gambling issue as an important one, but by no means the public health crisis depicted in the comments of Senator Fielding.
- Individuals who cannot control their gambling suffer from a high rate of other behavioral problems, including alcohol abuse, drug use, and mood, anxiety, and personality disorders. These individuals are troubled people. Placing ceilings on their betting or their ATM withdrawals is not a meaningful response to the complex and inter-connected problems that drive their disordered gambling.

[1] § 12-47.1-816, C.R.S. ($5 maximum bet); Missouri Rev. Stat. § 313.800, et seq.; S.D. Code, § 42-7B-14 ($100 maximum bet).

- To date, the technology-based limits on gambling that are proposed by the current legislation have largely been unsuccessful, because individuals can adopt compensating strategies to gamble around them.

1. *Prevalence Rates for Pathological Gambling*

The study of pathological gambling has spawned a confusing vocabulary of terms to describe people who are unable to control their gambling –compulsive gamblers, problem gamblers, pathological gamblers, disordered gamblers, and so on. In addition, different studies may use different clinical standards for defining when an individual has a gambling disorder. These different terms and criteria are sometimes manipulated or misunderstood when interpreting studies of the prevalence of pathological gambling in different nations. Accordingly, it is particularly important to review "meta-studies," which survey all of the research on the problem and create a consistent picture of the survey results across all of the studies. A recent and persuasive effort to do so was prepared by two Canadian researchers, Jamie Weibe & Rachel Volberg, "Problem Gambling Prevalence Research: A Critical Overview (December 2007).

The Canadian researchers examined 60 studies of problem gambling prevalence: 26 in Canada, 18 in the United States, and 16 in other nations. The researchers found that problem gambling rates were remarkably stable over time, and in some instances declined (p. 18, emphasis added):

> Stated tentatively, it appears that the introduction and expansion of new forms of gambling, most especially electronic gaming machines, initially result in increased levels of problem gambling with particular population sectors, including males and youth, most affected. Over time and in some jurisdictions, problems extend to groups that previously

had low levels of participation and gambling problems, such as women and older adults. *In other jurisdictions that have experienced prolonged increased availability, prevalence rates have remained constant or declined*.

Other researchers have found a comparable pattern – stable or declining rates of problem gambling -- in different nations.[2]

These results demonstrate that problem gambling should not be addressed as a one-dimensional question, where reducing the supply of gambling is automatically assumed to reduce the prevalence of problem gambling. Many other factors are involved, including public awareness of both pathological gambling patterns and of available treatment resources. These conclusions are reinforced by research into who the problem gamblers are.

2. *Who Are The Problem Gamblers?*

A leading study of problem gamblers reviewed data for more than 43,000 Americans and found that pathological gamblers suffered from other behavioral disorders at alarming levels (Petry, et al., "Comorbidity of DSM-IV Pathological Gambling and Other Psychiatric Disorders," J. Clin. Psychiatry 66:5, May 2005, p. 564):

- Almost three-fourths of them (73.2 percent) abused alcohol;
- More than a third (38.1 percent) used illegal drugs;
- Three-fifths of them were addicted to tobacco (60.4 percent);

[2] Jonsson, et al., "An Overview of Prevalence Surveys of Problem and Pathological Gambling in the Nordic Countries" (2006); Welte, et al., "Risk Factors for Pathological Gambling," Addictive Behaviors (2003), p. 11; Abbott & Volberg, "Taking the pulse on gambling and problem gambling in New Zealand" (1999); Wardle, et al, "British Gambling Prevalence Survey 2007"; Don Ross, "Research into problem gambling bears fruit," Business Day (South Africa) (July 3, 2008).

- High levels suffered from mood disorder (49.6 percent), anxiety disorder (41.3 percent), or personality disorder (60.8 percent).

These results paint a disturbing picture of the individuals who are unable to control their gambling. Other studies have reported similar findings of "comorbidity" – that is, that an inability to control one's gambling most often is linked to other serious behavioral issues.[3] A plain implication of these results, noted by the researchers, is that treatments for pathological gambling must also consider whether these other behavioral disorders are present and need to be addressed by the therapist. *Id.,* p. 572. A second lesson from these results is that simple technology-based fixes, of the sort embodied in the proposed legislation, are unlikely to make any material impression on individuals experiencing such a complex set of interrelated problems.

3. *Changing the Machine Does Not Help the Person*

The Australian Senate is not the first government entity to seek a technology-based "quick fix" to the problems of pathological gambling. A Canadian province, Nova Scotia, tried a similar approach for the video lottery terminals (VLTs) in bars and restaurants through its territory. The province limited the maximum bet allowed, restricted the length of each gambling session, and required that both clocks and anti-gambling messages be displayed on VLT screens so the gamblers would be exposed to them at all times. The result? There was no reduction in the average amount of money gambled per gambling session. This result reflects the compensating strategies that gamblers can adopt to defeat the technology-based quick fix. If maximum bets are imposed, the gambler can play faster; if he must take

[3] Sherry H. Stewart & Matt G. Kushner, "Recent Research on the Co-Morbidity of Alcoholism and Pathological Gambling," (2002); Mizerski & Mizerski, "Exploring the Buying Behavior of “Good” and “Bad” Gambling Products," Journal of Research for Consumers (2003).

mandatory "time outs" from play, the gambler can extend the overall length of his gambling per day. He also can seek to gamble in unregulated environments, including illegal gambling activity. The central problem is not in the machine. It is in the individual. Atlantic Lottery Corporation, "Nova Scotia Video Lottery Responsible Gaming Features Research," (October, 2002), § 4; Alex Blaszczynski, et al., "A Science-Based Framework for Responsible Gambling: The Reno Model," J. Gambling Studies 20:3 (Fall 2004), p. 312.

When New South Wales was considering similar restrictions on gambling machines, a research study found strikingly similar results. Reductions in the speed of the machines, and limits on amounts that gamblers could wager, were not effective in reducing pathological gambling. Blaszczynski, p. 314. To quote the official findings from the principal evaluation (Blasczczynksi, et al., "The Assessment of the Impact of the Reconfiguration of Electronic Gaming Machines as Harm Minimisation Strategies for Problem Gambling" University of Sydney (November 2001), pp. 9-12):

- On limiting the size of bills accepted in gambling machines: "The present study found no evidence supporting the contention that this modification would reduce gambling behavior amongst problem gamblers."
- On slowing down play of the machines: this change would "negatively impact on the enjoyment of all participants, recreational and problem gamblers alike," while evidence suggested that "problem gamblers who play more slowly spend more time playing";
- Reducing the maximum bet from $10 to $1 might reduce gambling activity for a small proportion of players, though the matter required further study.[4]

[4] A recent article surveyed academic studies of the outcome of "harm minimisation" efforts based on changing gaming machines, and concluded that further study of such efforts was needed before any conclusions could be reached on their efficacy. Allyson J. Peller, et al., "Parameters for Safer Gambling Behavior: Examining the Empirical Research," *J. Gambling Studies* (2008).

New South Wales also experimented with shutting down gambling machines for three hours per day. Again, the impact on problem gamblers was found to be nil. A.C. Nielsen, "Evaluation of the Impact of the Three-Hour Shutdown of Gaming Machines, Final Report" (May 26, 2003). The same province tried requiring the display of anti-gambling messages on poker machine screens. A follow-up study concluded that the effectiveness of the messages was "somewhat limited." NSW Department of Racing and Gaming, "Testing of Harm Minimisation Messages for Gaming Machines," (February-May 2003).

These research results are consistent with the finding of another study, which determined that pathological gambling symptoms can develop from types of gambling that "have little in common by way of event frequency, immediate feedback, variability of reinforcement schedule, or gambling venue." Welte, et al., "Risk Factors for Pathological Gambling," *Addictive Behaviors* (2003). Since people can lose control of their gambling when playing very different types of games which provide very different experiences, there is little reason to expect that changing certain rules of a game will ensure that a person will not lose control while playing it, or some other game.

Indeed, two recent studies determined that individuals who are unable to control their gambling have some success, over time, in changing their behaviors and regaining control over their gambling. Of more than 200 individuals who reported lifetime histories of pathological gambling, over one-third had no such symptoms in the preceding year. Wendy S. Slutske, "Natural Recovery and Treatment-Seeking in Pathological Gambling: Results of Two U.S. National Surveys," Am. J. Psychiatry 163:2 (February 2006). We do not contend that this phenomenon, called "natural recovery," justifies inaction on pathological gambling. Steps should be taken to help the two-thirds of individuals who did not experience such

natural recovery, and to accelerate recovery for those who did. Nevertheless, this natural recovery pattern emphasizes the importance of individual action in controlling the problem being experienced by the individual. Regulatory policies should empower the individual to take such decisive actions.

What Policies Make Sense?

The empirical evidence about pathological gambling provides no real support for the technology-based approach taken in the Poker Harm Minimisation Bill 2008. Pathological gambling is a serious problem that causes personal anguish and social injury, but it arises in a very narrow slice of the population; accordingly, policy responses should be calibrated to the extent and degree of the harm. When an activity is performed safely by 98 to 99 percent of the population, measures to protect the few who may be at risk must be proportionate, and should not unnecessarily disrupt the interests of the vast majority. In that respect, legalized gambling is no different from other ordinary forms of human activity -- eating, consuming alcoholic beverages, driving a vehicle, or surfing on the Internet – that can cause injury if done to extremes or in an unsafe manner.

Moreover, pathological gambling most often is one of a cluster of behavioral problems confronting an individual. Accordingly, it is highly unlikely to respond to an attempt to tinker with the gambling environment by imposing bet limits or limiting ATM withdrawals. Similar regulatory efforts have failed in the past.

In the United States, the great majority of gambling jurisdictions have rejected this technology-based approach to pathological gambling. Instead, the prevailing policies in America follow a public health approach that focuses on the gambler. These policy responses have included (i) intensive efforts to educate the public about pathological

gambling, (ii) making information easily available to gamblers about treatment options, (iii) funding the National Council on Responsible Gambling to promote research on pathological gambling issues; (iv) adoption by operators of comprehensive programs that include informing customers of odds and educating employees, and (v) establishing self-exclusion programs that help individuals to take control of their gambling. Though not glamorous, these steps are justified by what we know about pathological gambling. In contrast, the quick fixes proposed by the Poker Harm Minimization Bill 2008 have failed in the past, are fundamentally inconsistent with what we know about people who cannot control their gambling, and will degrade the gambling experience for 98 to 99 percent of the Australians who choose to gamble. We do not see the wisdom in such a measure.