



**The Victorian Nationals Plan
for Responsible Gaming**

Policy Directions Paper –2006

More information: www.vic.nationals.org.au

THE NATIONALS' KEY INITIATIVES

1. Establish an independent academic research group based at a Victorian university and dedicated to the study of problem gambling.
2. Expand the legislative responsibilities of the Victorian Commission for Gambling Regulation (VCGR) to require it to oversee the development and delivery of programs pertaining to problem gamblers.
3. Regard problem gambling as a health issue and treat those suffering its consequences accordingly.
4. Establish a specific division within the Department of Human Services (DHS) to co-ordinate the delivery of all programs that may be developed to treat problem gamblers.
5. Develop interventionist programs applicable to problem gamblers, modelled on the schemes presently operating within Crown Casino.
6. Reduce the maximum bet on gaming machines to \$5.
7. Dedicate one-third of the Community Support Fund annual income to programs relevant to problem gamblers.
8. Expand the role of the Responsible Gambling Ministerial Advisory Council which acts as an advisory group to the Minister for Gaming.

THE NATIONALS' APPROACH

Gambling –wagering, gaming, lotteries, Keno and other forms of sports betting – is a legitimate recreational activity. The decision to gamble is a matter of personal choice and individuals should have ultimate responsibility for gambling within their means.

However, a small proportion of the population does not gamble responsibly, which causes harm to themselves, their families and the community. These people, generally termed problem gamblers, are the focus of enormous community commentary. Their precise identity is unknown. What is known is that they are across both genders, are of varying ages and backgrounds and, more often than not, play Electronic Gaming Machines (EGMs) at hotels, clubs or the Crown Casino.

Problem gambling brings with it an array of associated social problems including excessive loss of money, marital disharmony, family breakdowns, employment disruption and, at its worst, the prospect of criminal activity to feed 'the habit'.

From time to time, legislative and industry-based initiatives have been undertaken to assist problem gamblers. For the main part, those initiatives have not been based on empirical data. Instead, they have been driven by the political imperative to impose harm minimisation strategies in response to understandable community concerns about problem gamblers.

The Nationals believe an appropriate structure needs to be established in Victoria to enable detailed academic and practical research on problem gamblers to be undertaken, to develop programs that will assist them and ensure those programs are implemented. The Victorian Commission for Gambling Regulation is in a unique position as the industry regulator to assist in this process and it should do so.

The Productivity Commission (1999) concluded that 1% of the adult population of Australia experiences severe problems from gambling and a further 1.1%, significant problems. About 6.3% of the surveyed gamblers reported experiencing mainly minor gambling related problems.

Developing public policy to deal with issues facing problem gamblers is focused on EGMs because they are by far the most popular form of gambling patronised in Victoria.

There are 30,000 gaming machines in Victoria, 2,500 of them in the Casino and the remaining 27,500 in hotels and clubs around the State. By regulation, 80% of the machines outside the Casino are located in metropolitan Melbourne with the remaining 20% in country Victoria. Fifty per cent of the gaming machines located outside the Casino are operated by Tattersall's and the other 50% are operated by Tabcorp.

The hotel industry and the clubs have made huge investments to establish the facilities that not only accommodate the gaming machines but also provide high-quality venues where people are able to meet in comfort and in safety.

These facilities are crucial to the operation of the tourism industry. In addition, they employ tens of thousands of people across the State.

In a country setting, it is often the hotels and clubs which present as the most vibrant social and entertainment venues.

Furthermore, through the contribution derived from EGMs in hotels and directed to the Community Support Fund (CSF), community facilities have been able to be developed. Similarly, the dividends paid to a vast array of

organisations as a dividend distribution from the operation of clubs, have made a substantial contribution to community development.

Appropriate regard needs to be paid to this existing investment, much of it by private enterprise, when decisions are being made and implemented regarding the operation of gaming machines.

As a priority, however, the community must have regard to problem gamblers, accommodating the needs of those who are addicted to gambling and adopting all feasible initiatives to prevent the addiction developing in the first place.

The Nationals have developed the proposals detailed in this plan around the understanding that EGMs and those who patronise them are at the heart of the issue.

In formulating our proposals we have had particular regard to the Report of the Productivity Commission (1999) and to the Final Report for The Gaming Industry Operators Group by the University of Sydney Gambling Research Unit released in November 2001 together with other gambling research documents and publications.

Initiative 1: Establish the Gambling Research Unit (GRU), an independent academic research group based at a Victorian university and dedicated to the study of problem gambling.

The GRU Terms of Reference will be to evaluate specific harm minimisation strategies, patterns and characteristics of gambling among problem and recreational gamblers and the effectiveness of treatment interventions.

The gaming industry will be consulted in the context of establishing the group.

There is a remarkable paucity of empirical research data regarding problem gambling. Although various interest groups and academic institutions have from time to time contributed their views on issues surrounding problem gambling, more often than not that has occurred on an *ad hoc* basis.

The Victorian Government derives approximately \$1.5 billion in taxation income from gambling with about \$1 billion of that being from EGMs. The gambling industry in all its forms, and EGMs in particular, represent a major business investment in Victoria.

A small proportion of those who gamble in Victoria, particularly within the gaming sector, are problem gamblers. The Victorian Government has a responsibility to investigate all initiatives to prevent people becoming problem gamblers but also provide world's best practice treatment techniques to assist problems gamblers.

Victoria needs an entity similar to The University of Sydney Gambling Research Unit, which is based within its Department of Psychology. It should be appropriately resourced by the government and have the best and most highly qualified personnel for the task. The Unit should be a permanent appointment having perpetual responsibility for research and development of programs within the context of the above stated terms of reference.

It should be a centre of excellence with a capacity to generate investigations and reports, either by its own motion or on reference by the Government, the gambling industry or the Victorian Commission for Gambling Regulation (VCGR).

Initiative 2: Expand the legislative responsibilities of the Victorian Commission for Gambling Regulation (VCGR) to require it to oversee the development and delivery of programs pertaining to problem gamblers.

The VCGR presently has responsibility for the probity and licensing aspects of the gaming industry. It should also have the responsibility for the oversight of the delivery of programs to problem gamblers, as well as directing the development and application of harm minimisation programs. The VCGR should institute appropriate processes to audit the delivery of the subject programs to ensure accountability in their operation.

The VCGR is in the unique position of having access to a vast amount of detailed information regarding EGMs, particularly since the 27,500 machines operating outside the Casino are centrally linked.

The purpose of giving the VCGR this additional role is to ensure that initiatives under the direction of an independent entity are being appropriately developed and delivered.

Initiative 3: Regard problem gambling as a health issue and treat those suffering its consequences accordingly.

Problem gambling has social consequences but, in the first instance, it is a health issue and should be treated as such via Public Health Policy initiatives.

Treating problem gamblers from a health perspective and viewing them in a similar manner as those who suffer, for example, alcoholism is to deal with their addiction in a way best calculated to achieve beneficial outcomes.

This approach focuses on the principle of reducing the negative consequences of gambling and protecting individuals from developing gambling problems rather than prohibiting gambling.

Substantial additional research is required to assess current programs and to develop others that may be appropriate.

Initiative 4: Establish a specific division within the Department of Human Services (DHS) to co-ordinate the delivery of all programs which may be developed to treat problem gamblers.

Currently, there are numerous programs, provided through a variety of agencies, directed toward problem gamblers. They need to be co-ordinated to ensure best outcomes.

The Government should assume primary responsibility for this role given the enormity of the financial benefit it derives from the gambling industry and having regard to its overall responsibility for the health and welfare of Victorians.

There should be a direct link between the new independent academic research group (see Initiative 1) and DHS, as the responsible Government agency. The VCGR should oversee the DHS activities.

Initiative 5: Develop interventionist programs for problem gamblers, modelled on the schemes presently operating within Crown Casino.

In the interests of problem gamblers, interventionist programs should be developed to persuade them to stop playing EGMs.

Developing appropriate interventionist programs should be a first task of the independent academic research group (see Initiative 1).

There is a further incentive for the development of interventionist programs: The evolution of legal rights suggests that the providers of gambling services are almost inevitably going to be the subject of legal proceedings instituted on behalf of problem gamblers seeking restitution for their loss and perhaps damages at large.

Two decades ago it was acceptable for the provider of alcoholic beverages to serve more liquor to a patron obviously affected by alcohol. Now, service providers are extremely wary of the legal consequences of continuing to serve liquor in these situations. If the customer subsequently harms himself and/or others because of conduct ascribed to excessive alcohol consumption, the service provider could well be the subject of legal proceedings.

This scenario could apply to the provision of gambling services, particularly within the gaming sector. It could be more the case in country Victoria, where regular patrons of gaming venues are known to the operator. In such circumstances, the operators are also more likely to know those patrons who are affected by problem gambling.

Gaming venue operators have developed codes of conduct for staff and exclusion programs for patrons, which are intended to better accommodate problem gamblers. The probability is that these initiatives will not be sufficient in future to forestall the institution of legal proceedings or as a defence to such proceedings, by problem gamblers.

There is the distinct prospect that venue operators will need to demonstrate that they actively intervened to prevent problem gamblers causing themselves harm by continuing to play. Crown Casino has developed a suite of programs which could serve as a model upon which interventionist activities by venue operators could be based. These programs involved trained members of staff observing the playing public and, in cases where they believe a patron to be exhibiting signs of distress, actively intervening and inducing that person to leave the EGM. Through subsequent contact with the staff member, the patron is offered a range of support including, if it is thought appropriate, access to problem gambling services with which the Casino has direct links.

While it is the case that that Crown Casino is a gambling service provider on a vastly greater scale than individual Hotels and Clubs this should not diminish the fact that the programs presently undertaken at Crown can serve as a model for further development in the industry at large.

Initiative 6: Reduce the maximum bet on gaming machines to \$5

Reducing the maximum bet on EGMs is calculated to reduce the losses of problem gamblers. Studies suggest that relatively few participants in gaming bet in amounts greater than \$1 so only a small percentage of players would be affected by this proposed modification. Equally though, that small proportion is more likely to encompass the problem gamblers.

While this initiative will not necessarily address the addiction of problem gambling *per se* it would be likely to reduce the extent of the losses sustained by problem gamblers.

A 2001 study by the University of Sydney Gambling Research Unit concluded that reducing maximum bets was the only option likely to be of benefit to problem gamblers. That study was undertaken on behalf of The Gaming Industry Operators Group of New South Wales.

Present legislation requires that the maximum bet be set at \$10 as from 1 January 2007. Further legislative amendment would therefore be necessary to implement this initiative.

From time to time, numerous other initiatives have been proposed including:

- educational strategies;
- modifications to the playing environment; and
- enhancing player control once gaming has actually commenced.

Many of these suggestions have a prospective benefit at face value but they all suffer from a lack of empirical evidence to underpin policy decisions. The Victorian Gambling Research Unit should assemble the evidence.

The Nationals do not support reducing EGM numbers as a practical means of combating problem gambling. Those suffering the addiction will always find a place to play. During 2005, South Australia reduced its EGM numbers by more than 10% – and losses in that state increased.

While Victoria has 30,000 machines, New South Sales has in excess of 100,000 and yet the per capita loss rate across the two states is almost identical as is the proportion of problem gamblers within the two jurisdictions.

The Nationals believe the existing 30,000 EGMs should remain without any increase or decrease in their number.

Initiative 7: Dedicate one-third of the Community Support Fund (CSF) annual income to programs directed to problem gambling.

The Community Support Fund is funded entirely from a proportion of the income derived from gaming machines located in hotels.

By legislation, 87% of machine turnover is returned to the players. The remaining 13% is distributed in accordance with the table below.

	Club venues	Hotel venues
To the venue operator	33.33%	25.00%
To the gaming operator *	33.33%	33.33%
To the Community Support Fund	Nil	8.33%
To the State's Consolidated Revenue Fund	24.24%	24.24%
GST	9.09%	9.09%
Total	100.00%	100.00%

(Source: VCGR Annual Report 2004-05, Appendix 15)

Gaming machines in hotels contribute about \$120 million to the CSF each year. Labor presently spends an average of approximately \$20 million each year supporting programs for problem gamblers. The balance of the money funds an array of programs, many of which should properly be funded through the departments which host them. The original design of the CSF was primarily to establish a pool of funds to be dedicated to assisting problem gamblers and to preventing the people developing the addiction. Labor has failed miserably to honour that commitment.

The Nationals believe the application of \$40 million plus a year toward problem gambling issues is in keeping with the original charter of the CSF and reflects a now established need to fund the development and delivery of programs directed at problem gamblers.

Initiative 8: Expand the role of the Responsible Gambling Ministerial Advisory Council which acts as an advisory group to the Minister for Gaming.

The Terms of Reference for this Ministerial Advisory Council should be to maintain an open dialogue among all stakeholders regarding the gambling industry generally but with a particular emphasis on EGMs and to provide advice to the Minister in relation to industry development.