Review into Gambling Harm Minimisation Measures

Issues Paper
How to make submissions:

The Tribunal seeks comment on this issues paper. Submissions should address the impact or likely impact of the harm minimisation measures listed in Table 1 on:

- gamblers
- problem gamblers and “at risk” gamblers
- community services, including counselling services
- gambling providers, gaming machine manufacturers, and their employees
- community projects
- recreational and social opportunities.

Submissions should particularly emphasise:

- existing empirical evidence
- research in progress.

The Tribunal also seeks comments on the effectiveness of community services, including problem gambling counselling services, in addressing harm minimisation objectives.

Submissions should be made in writing, by 15 November 2003, to:

Gambling Harm Minimisation  
Independent Pricing and Regulatory Tribunal  
PO Box Q290  
QVB Post Office  NSW  1230

or ipart@ipart.nsw.gov.au including ‘gambling harm minimisation’ in the subject heading.

There is no standard format for submissions but, if more than 15 pages in length, they should also be provided electronically. Unless confidentiality is sought submissions are generally available for public inspection at the Tribunal's offices and will be available on-line in PDF format until 3-4 weeks after the release of the final report. The Tribunal may exercise its discretion not to exhibit any submissions based on length or content (e.g. material that is defamatory, offensive, or in breach of any law).

The Tribunal may refer to the submission or its specific aspects in any subsequent publication unless full or partial confidentiality is clearly marked on the submission. However, claims for access to such submissions will be determined in accordance with the Freedom of Information Act 1989 and section 22A of the Independent Pricing and Regulatory Tribunal Act 1992.

All submissions will be treated in accordance with the Privacy and Personal Information Act 1998. Any personal information you give us will not be reused for another purpose.

Inquiries to Matthew Pearce on (02) 9290 8441 or to email matthew_pearce@ipart.nsw.gov.au
REVIEW INTO GAMBLING HARM MINIMISATION MEASURES

1. Review timeline

On 29 July 2003, the Acting Premier approved a request under Section 9 of the IPART Act from the Minister for Gaming and Racing, the Hon Grant McBride MP. The Terms of Reference (attached at Appendix A) received from the Minister specify that the project should be completed within 9 months. On this basis, the Tribunal has established the following timeline:

<table>
<thead>
<tr>
<th>Month</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>August 2003</td>
<td>Beginning of review</td>
</tr>
<tr>
<td>September 2003</td>
<td>Release of issues paper calling for stakeholder comment</td>
</tr>
<tr>
<td>November 2003</td>
<td>Receipt of stakeholder comment, completion of major stakeholder consultation and field visits</td>
</tr>
<tr>
<td>May 2004</td>
<td>Submission of final report to Minister</td>
</tr>
</tbody>
</table>

The Terms of Reference set out that the Tribunal is to examine only harm minimisation measures, and is not to examine certain core Government policies.

2. Background

Legal gambling is a major industry in NSW, and provides the NSW Government with around $1.2 billion in annual revenue. As an indicator of the size of the industry, NSW has:

- net takings in gambling businesses of $5.7 billion in FY 2002, representing an expenditure of $1,100 per head of adult population (adjusted for out of state gamblers)
- direct employment of around 18,000 FTEs and indirect employment of around 7,700 FTEs in gambling (1997 estimate by University of Western Sydney)
- nearly 1,400 registered clubs operating over 75,000 gaming machines and paying over $400 million in gaming tax on $3 billion in gaming profit
  - average tax per gaming machine of around $5,500
- over 1,800 hotels operating over 24,000 gaming machines and paying over $300 million in gaming tax on $1.4 billion in gaming profit
  - average tax per gaming machine of around $14,000
- 209 racecourses, with over 2,700 race meetings annually, paying around $140 million in tax
- around 300 bookmakers, holding bets of $500-600 million annually
- one casino with over $500 million in gaming revenue, paying around $80 million in gaming imposts
- around $400 million in annual prizes in charity games of chance
- over 1,000 clubs connected to Keno, with $300 million in turnover leading to $36 million in profit and $7 million payable in tax

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1 Department of Gaming and Racing (NSW), 2003, *National Competition Policy Review of the NSW Gaming Machines Act 2001*. 
• net takings in lotteries of around $1 billion, paying over $250 million in Government duties.

NSW has previously introduced numerous harm minimisation initiatives. Among the most significant are:

• funding of the Gline facility, which is a 24-hour, 7 day a week telephone help-line service used by more than 12,000 problem gamblers and their friends and families in 2002
• allocation of over $56 million between 1995 and 2003 to gambling-related counselling and treatment services, research projects and other activities designed to minimise harm associated with problem gambling
• an overall State cap of 104,000 on the number of gaming machines in clubs and hotels
• a cap of 450 machines for individual clubs, with a strategy for reducing gaming machine numbers in the 18 clubs with a higher number of machines
• social impact assessment obligations on clubs and hotels seeking to increase their gaming machine entitlements
• a mandatory daily shutdown period for club and hotel gaming machines.

In its 1998 report, the Tribunal made a distinction between gambling, wagering and gaming:

• gambling involves staking money on uncertain events driven by chance
• wagering is one form of gambling, and refers to betting on animal or human activities like horse racing or sports
• gaming is all gambling which is not wagering, and covers poker machines, table based casino games, two-up, bingo, raffles, lotteries and similar.

The Tribunal’s current review of harm minimisation measures covers all forms of gambling, both wagering and gaming. The current policy focus on harm minimisation suggests that participation in gambling activities can in certain cases lead to significant negative outcomes.

While gamblers collectively lose money, because the fixed prize pool they contribute is diminished by duties to government and profits and costs for operators, higher gambling turnover can have different impacts on groups of gamblers or individuals within those groups. An increase or decrease in gambling turnover does not necessarily mean an increase or decrease in problem gambling. Problem gamblers by definition have different reactions and motivations to other gamblers, so may react differently to the group as a whole. For example, an increase in turnover combined with more effective harm minimisation could lead to an overall lower amount of problem gambling.

The Tribunal’s review is to focus on the effect of harm minimisation measures on problem gamblers, “at risk” gamblers, and gamblers in general. The Tribunal understands that the distinction between gamblers and problem gamblers is not always clear, and that problem gamblers can fall into many categories. The Tribunal seeks to clarify these categories in a way which assists assessment of harm minimisation measures.

2 Department of Gaming and Racing, Gambling Harm Minimisation Initiatives, brochure published March 2003.
The Productivity Commission estimated that:

- about 1 per cent of the adult population in Australia has severe problems with gambling, with another 1 per cent having moderate problems
- nearly 3 per cent of the NSW adult population has some degree of problems with gambling
- an average problem gambler has a financial or emotional impact on five other people.

3. Scope of the review

The Terms of Reference (reproduced in Attachment A) set out two areas for examination: harm minimisation measures; and community services such as gambling counselling services.

The Tribunal understands that the Government’s harm minimisation objectives are to:

- “provide greater responsibility in the conduct of gambling in clubs, hotels and other places”
- “minimise the harm associated with problem gambling, such as the harm arising from the financial and social impact of excessive gambling on individuals and families”.

With regard to community services, the Terms of Reference require the Tribunal to assess the effectiveness of community services in addressing the Government’s harm minimisation objectives. The Tribunal also understands that community services receive significant public funding. In this context, the Tribunal intends to examine measures for accountability and assessment of effectiveness associated with this funding.

In relation to harm minimisation measures more generally, the Terms of Reference explicitly set out 14 harm minimisation measures and refer to harm minimisation measures identified by the Liquor Administration Board (LAB). The major measures considered by the LAB are:

- presentation on individual gaming machines of plain English information about specific player returns and likelihood of payouts
- reconfiguration of bill acceptors to accept only low value notes
- inclusion on individual machines of a meter which displays the monetary value of credits available, bets being made and prizes won
- introduction of regular information messages on gaming machines and enforced breaks for wins above a certain limit
- controls over the nature of gaming machine artwork to remove promotion of irresponsible gaming and creation of unrealistic expectations of financial gain
- reduction of reel spin speed on gaming machines to achieve a minimum of 5 seconds per game

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5 The Hon Richard Face, MP, Minister for Gaming and Racing, in second reading speech for the Gambling Legislation Amendment (Responsible Gambling) Bill 1999, 15 September 1999, Hansard p 496.
• reduction of maximum bet on stand-alone machines from $10 to $1
• shut-down of individual machines for 10 minutes every hour
• expedited approval and deployment of smart-card machines with a $20 limit on card values
• displays (on screens, brochures or LED displays) in a number of languages identifying the chances of winning on individual machines.

The LAB also considered in less detail other measures, including:
• reducing the maximum permissible win
• possible elimination of double up and other similar gamble features
• further possible changes to affect the rate of loss or play per hour
• forced payment of wins when certain level is reached and payment then to be only by cheque
• the impact of music being played and display of lights when a win takes place
• availability of alcohol and other refreshments to gamblers
• performance of self exclusion schemes.

The Tribunal can also consider “further harm minimisation measures that have been identified or proposed for adoption”. Preliminary discussions with stakeholders have highlighted the following further possible harm minimisation measures:
• a ban on smoking in gaming venues, as already introduced in Victoria
• a requirement for gambling venues to have natural light
• a requirement for gambling patrons to be visible to people outside the gambling venue
• compulsory placement in gambling venues of contact cards for counselling services
• a requirement for large payouts to require human intervention
• a requirement for gaming machines to allow bets as small as 1 cent
• a compulsory “pre-commitment card” which could be used to set self-imposed financial limits for all individuals gambling in Australia and possibly provide individuals with a record of their gambling wins and losses
• restrictions on ATMs near gambling venues to ensure a lower than normal daily cash limit.

In accordance with the Terms of Reference, the Tribunal proposes to assess the impact of each harm minimisation measure on 6 areas of interest:
• gamblers
• problem gamblers and “at risk” gamblers
• community services, including counselling services
• gambling providers, gaming machine manufacturers, and their employees
• community projects
• recreational and social opportunities.

This assessment against six criteria leads potentially to a large number of possibilities. An individual assessment of each measure would lead to a complex and lengthy report, and is unlikely to produce clear insights. The Tribunal has therefore grouped together harm minimisation measures of a similar nature (see Table 1). The Tribunal seeks stakeholder views on these groupings, particularly on the question of whether these or alternative groupings will assist in a better understanding of harm minimisation. Existing NSW harm minimisation measures are marked with an asterisk (*).
### Table 1 Harm minimisation measures

| “Circuit-breakers”               | *Compulsory shut-down of gambling venues  
|                                 | ban on smoking in gambling venues  
|                                 | periodic shut-down of individual machines  
|                                 | periodic information messages to gamblers using gaming machines  
|                                 | restrictions on alcohol consumption by gamblers  
|                                 | performance of self-exclusion schemes.  
| Information for gamblers         | *Requirements to display certain signage  
|                                 | *display of clocks in gaming machine areas;  
|                                 | *information on brochures required in gambling venues  
|                                 | *information on betting tickets, lottery and keno entry forms  
|                                 | *role of community services, including gambling counselling services  
|                                 | contact cards for counselling services  
|                                 | compulsory display of payout ratios and probability of winning specific prizes  
|                                 | *general advertisements highlighting problem gambling  
|                                 | display of monetary value of credits, bets and wins  
|                                 | information for individual players on their gambling session.  
| Liquidity controls              | *Requirement for large payouts not to be in cash  
|                                 | *prohibition on providing credit for gambling  
|                                 | *requirement to locate ATMs away from gambling areas  
|                                 | restrictions on note acceptors  
|                                 | lower limit on maximum bets on gaming machines  
|                                 | “pre-commitment” or “smart” cards that enable financial limits to be set  
|                                 | restrictions on daily cash limit in ATMs close to gambling venues  
|                                 | reducing the maximum permissible win  
|                                 | further possible changes to affect the rate of loss or play per hour  
|                                 | forced payment of wins when certain level is reached and payment then to be only by cheque.  
| Restricted promotion of gambling | *Controls on advertising  
|                                 | controls over player reward schemes  
|                                 | restrictions on promotions and other inducements to gamble  
|                                 | controls on gaming machine artwork  
|                                 | possible elimination of double up and other similar gamble features  
|                                 | availability of alcohol and other refreshments to gamblers.  
| Community/counselling services   | *Requirement for gambling operators to enter into agreement with counselling services  
|                                 | *training of staff in gaming machine venues.  
| Technical measures              | Slower reel speeds  
|                                 | removal of visual and sound stimuli  
|                                 | *requirement for human intervention in large payouts  
|                                 | requirement for natural light in gambling venues  
|                                 | requirement for gambling patrons to be visible to people outside the gambling venue  
|                                 | the impact of music being played and display of lights when a win takes place.  

When assessing each harm minimisation measure, the Tribunal proposes to assess:

- existing empirical evidence and the degree of professional consensus on the likely impact of the listed harm minimisation measures
- possibilities for commissioning new empirical research on the proposed harm minimisation measures and the likely success of any such research
- measures which do not lend themselves to empirical research, but which can be recommended or rejected on other grounds (for example, stakeholder consensus)
- possibilities for refining existing measures
- the relative weight to be given to the different considerations set out in the Terms of Reference
- distinctions between gamblers in general, problem gamblers, different categories of problem gamblers, and how this differentiation affects specific harm minimisation measures.

The Tribunal invites submissions on the effectiveness of community services, including problem gambling counselling services, in addressing harm minimisation objectives.

The Tribunal invites submissions on the likely effect of harm minimisation measures on

- gamblers
- problem gamblers and “at risk” gamblers
- community services, including counselling services
- gambling providers, gaming machine manufacturers, and their employees
- community projects
- recreational and social opportunities.

Submissions should address the matters proposed to be assessed by the Tribunal as noted above in the section headed 'Submissions'.
REVIEW INTO GAMBLING HARM MINIMISATION MEASURES

TERMS OF REFERENCE

IPART is requested to review the effectiveness of existing gambling harm minimisation measures. The review is also to consider further harm minimisation measures that have been identified or proposed for adoption.

The IPART review should not consider key Government policies as outlined in the attachment.

In particular, the review is to examine and report on:

1. The impact of each existing harm minimisation measure on gamblers, problem gamblers and the broader community;
2. Potential further measures that may foster a responsible gambling environment; and
3. The impact of those potential further measures on gamblers, problem gamblers and the broader community.
4. Community services, including problem gambling counselling services and their individual effectiveness in addressing harm minimisation objectives.

In determining impacts on the broader community, the review is to consider the effect of each measure on:

A. Community services, including problem gambling counselling services, health services, and community support services
B. Employment
C. Support for community projects (both in dollar terms and ‘in kind’ support)
D. Recreational and social opportunities.

In undertaking the investigation, IPART is to call for public submissions. IPART is also to meet with peak organisations representing relevant industry, community and trade union groups.

IPART should take account of any relevant studies undertaken both in New South Wales or other jurisdictions, and commission additional studies, if appropriate, within the budget allocated.

IPART is to provide an interim report to the Minister for Gaming and Racing within six months of commencement, and a final report to the Minister after a further three months.
KEY GOVERNMENT POLICIES

The following matters are considered to be core Government policies, and are not to be the subject of the review:

- Statutory caps on gaming machines in hotels and clubs
- Tradeable poker machine entitlement scheme for hotels and clubs
- Requirement to undertake a Social Impact Assessment for additional gaming machines in hotels and clubs (although the inquiry may investigate measures for improving the current process)
- Prohibition on gaming machines in hotels and clubs in shopping centres
- Prohibition on gaming machine advertising and external signage
- Requirement that regulatory officials have due regard to gambling harm minimisation in exercising regulatory functions
- Requirement to establish self-exclusion schemes in gaming machine venues and the casino

HARM MINIMISATION MEASURE TO BE REVIEWED

The following existing harm minimisation measures are to be considered in the course of the review:

- Requirement to shut down gaming machine operations
- Restrictions on gaming machine promotions and other inducements to gamble
- Requirements relating to the display of signage in gaming machine venues, race clubs, TAB outlets, lottery and keno agencies and the casino
- Requirement to provide player information brochures in gambling venues
- Role of community services, including problem gambling counselling services in addressing harm minimisation objectives
- Requirement to display certain information on betting tickets, and lottery and keno entry forms, "how to play" information and websites
- Display of clocks in gaming machine areas
- Controls over cashing of cheques and payment of prizes by cheque or EFT in gaming machine venues and the casino
- Prohibition over providing credit to gamble on gaming machines, casino gaming, or lottery or keno products
- Requirement to locate ATMs away from gaming machines and casino gaming areas
- Controls over player reward schemes and card-operated gaming machine systems
- Controls over advertising for wagering, keno and lottery products, and casino gaming
- Mandatory training in Responsible Conduct of Gaming for employees in gaming machine venues and the casino
- Requirement that gaming machine venues and the casino enter into arrangements with counselling services

The following further potential harm minimisation measure is to be considered, along with any additional measures that the inquiry may identify in the course of the review:

- Matters identified in the Liquor Administration Board’s Proposed Revision to the NSW Technical Standards Revision 2 for Gaming Machines and Subsidiary Equipment in NSW – Review – First Determination