



LEGISLATIVE COUNCIL

SELECT COMMITTEE ON THE IMPACT OF GAMBLING

MEDIA RELEASE

TACKLING PROBLEM GAMBLING

FOR IMMEDIATE RELEASE

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An Upper House inquiry undertaken by the Select Committee on the Impact of Gambling has urged the New South Wales Government to do more to protect the community from the negative impacts of problem gambling.

The inquiry was established last November to inquire into and report on the impact of gambling on individuals and families in New South Wales.

Committee Chairman, Revd the Hon Fred Nile MLC, said “I am concerned about gambling’s increasingly pervasive presence within society. The costs of problem gambling are borne not only by the individuals concerned but by their families and loved ones. It is important that as a community we continue to look at how we can address problem gambling more effectively.”

“The Committee has made 18 recommendations all aimed at minimising the negative impacts of problem gambling. These recommendations concern the regulation of electronic gaming machines, the adoption of state-wide third-party initiated exclusions from gambling venues, the delivery of gambling awareness campaigns, improving the health system to refer patients to appropriate gambling treatment services, and increasing the role of industry in preventing problem gambling” Revd Nile stated.

Revd Nile continued: “We have also recommended that the government ensure that the new Barangaroo Restricted Gaming Facility is subject to a levy to support the work of the Responsible Gambling Fund.”

A list of the committee’s recommendations is attached. The report is on the committee’s website: <http://www.parliament.nsw.gov.au/gambling>. Hard copies are available on request.

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For further information please contact Committee Chairman Revd the Hon Fred Nile MLC, on 9230 2478

Summary of key issues

In November 2013 the Select Committee on the Impact of Gambling was established to inquire into and report on the impact of gambling on individuals and families in New South Wales. The most prominent issue for the inquiry was how to minimise the negative impacts of problem gambling. Other important matters included: the extent to which gambling occurs in New South Wales; the principles underpinning the NSW Government's regulatory approach to gambling; the operation of electronic gaming machines (EGMs); the risks associated with the emergence of online gambling; and how problem gambling treatment and prevention services can be improved. These issues and the committee's recommendations are summarised hereunder.

The New South Wales gambling market and problem gambling

Gambling is the act of placing money on uncertain events driven by chance, with the potential to win more money than initially placed. Gambling is a large industry both in New South Wales and nationally. In 2011-2012, national gambling expenditure (which refers to net losses) exceeded \$20 billion. Gambling expenditure in New South Wales is the highest of any state or territory at \$7.76 billion. Of that figure, EGMs account for \$5.25 billion in gambling expenditure.

The state's gambling participation rate – which refers to citizens that have gambled at least once in the previous 12 months – has declined from 80 per cent in 1999 to 70 per cent in 2008-2009. Despite this drop, the gambling market growth rate has remained stable. It appears that a shrinking interest in gambling by some members of the community has been partly offset by an intensifying interest by others.

The state's problem gambling prevalence rate has trended slightly downward from 0.95 per cent of the adult population in 2006 to a current figure of 0.8 per cent. The seriousness of problem gambling should not be underestimated given there are approximately 47,000 people that meet the problem gambling classification. Problem gambling is a serious social issue given its negative impacts can include depression and anxiety, relationship breakdown, job loss, homelessness and substance abuse.

The regulation of gambling

Gambling regulation in New South Wales is underpinned by a commitment to promote economic and social development while concurrently delivering harm minimisation measures to address the negative consequences of problem gambling. A number of inquiry participants identified the tension between these two seemingly conflicting objectives. The state's gambling regulator, the NSW Office of Liquor, Gaming and Racing (OLGR), argued that the slight reduction in the problem gambling prevalence rate justified its approach.

Electronic gaming machines

Consistent with market share, the majority of people seeking treatment for problem gambling are doing so for harms associated with EGMs. This report considers the primary means through which the government has sought to minimise EGM related harms. Namely, EGM reduction and control; the approval process whereby EGMs are brought to market; self-exclusion; and venue operating requirements.

Evidence was presented which indicated that EGMs are located disproportionately in lower socioeconomic areas and are too readily accessible throughout New South Wales. Concerns were raised regarding the degree to which the Local Impact Assessment process reviews venue

applications for an increase in the maximum number of gaming machines they may operate. Since it was established in 2009, the Local Impact Assessment process has not been reviewed. The committee notes that it would benefit from an independent review with the objectives that include identifying mechanisms to stop the concentrations of gaming machines in neighbourhoods and clubs where they will cause greater harm (see recommendation 1).

Manufacturers design EGMs to entice people to commence playing them and remain at the machine to continue their expenditure. Approval authorities seek to minimise the harm of EGMs by restricting the features a machine can have that may cause problem gambling. The committee received evidence which indicated that there are certain harmful EGM design features that are not currently listed on the New South Wales Gaming Machine Prohibited Features Register. It is recommended that the government publish its response and take whatever action is required to a study currently being undertaken by Gambling Research Australia, which is investigating the relationship between gaming machine design features and gambling harms (recommendation 2).

The inquiry received evidence which linked higher jackpot prizes to increased betting amounts and betting frequency. It was argued that high-value maximum jackpots can intensify betting behaviour thereby putting users at an increased risk of loss. The committee recommended that the government review the current maximum jackpot prize for standalone gaming machines (recommendation 3).

The committee was concerned to note Productivity Commission analysis which found that a player betting at the New South Wales maximum bet limit of \$10 per spin could lose on average \$1,200 an hour if played at maximum speed. A number of inquiry participants argued that a lower bet limit would target problem gamblers without unduly affecting the ability of other players to gamble. The committee has recommended that the government review the maximum bet limit (recommendation 4).

Self-exclusion allows a person, at their own request, to be prevented from entering any area of a venue they nominate. All venues with gaming machines are required to provide self-exclusion. The inquiry received evidence which questioned OLGR's effectiveness in overseeing the self-exclusion scheme. One criticism was that OLGR has been providing inconsistent information and advice about self-exclusion. It is critical that OLGR gets its processes right and better assists those seeking help.

Third-party initiated exclusions enables family members or other relevant persons to apply to have a gambler excluded from a venue on welfare grounds. Third-party initiated exclusions are available in the Star Casino, Tasmania and South Australia. We believe that such a scheme should operate in all New South Wales venues with gaming machines. However, we also recognise that third-party initiated exclusions could create unintended consequences, which is why a fair and transparent assessment system is required. The committee has recommended that the government investigate third-party exclusion with a view to implementing a scheme in the state's clubs and hotels. In conducting its investigations the government should consult with industry, healthcare professionals, gambling researchers and other relevant stakeholders (recommendation 5).

Some inquiry participants raised concerns regarding the rules governing access to cash and credit in venues with gaming machines. It was argued that problem gamblers were more likely than other players to withdraw money from an ATM at a venue while playing gaming machines. The committee is mindful that a balance needs to be found with respect to providing tougher restrictions on access to cash and credit in venues to protect problem gamblers and not unduly

impinging on the convenience of other patrons. It is recommended that the NSW government review the daily cash withdrawal limit that applies to ATMs in venues with gaming machines, and specify an appropriate distance between ATMs and gaming machines (recommendations 6 and 7). The committee was also advised that some gaming machine players are using smart phone technology to subvert the prohibition on credit betting. The committee has recommended that the NSW Government work with the Australian Government to develop mechanisms that restrict short-term credit betting being made available through ATMs in venues with gaming machines (recommendation 8).

The emergence of online gambling

There are two distinct components to online gambling, namely online wagering and online gaming. Online wagering is a legal practice and refers to placing bets on racing and sports. Online gaming includes casino and poker machine games delivered via the internet. It is illegal to host an online gaming website in Australia.

Online wagering is as an increasingly popular means by which to bet on racing and sports. The emergence of online wagering has fundamentally changed the Australian racing and sports betting landscape creating more accessible gambling markets. It is concerning that greater accessibility may also exacerbate problem gambling. However, efforts to reverse the growth of domestic online wagering would likely be ineffective given the ability of consumers to switch to unregulated offshore markets. Unregulated offshore sports betting markets are a risky product given they are not subject to local harm minimisation requirements and consumer protection law. There are difficulties in effectively regulating a product that is accessible both domestically and globally. Recommendation 9 calls on the NSW Government to approach the Australian Government to request that a set of standards be established for online wagering websites and that the *Interactive Gambling Act 2001* (Cth) be amended to prohibit financial institutions from processing transactions to non-compliant online offshore wagering websites.

Accompanying the growth of online wagering has been a marked increase in sports betting advertising. A number of inquiry participants voiced concerns regarding this development. In 2013 new national broadcasting codes of practice were established to limit gambling advertising during live sports broadcasts. This is a welcome development. It is acknowledged that Gambling Research Australia is currently looking at the impact of wagering advertising on young people. We believe that if a link between the increase in the advertising of wagering products and problem gambling is established, then the national broadcasting codes of practice should be changed to further limit gambling advertising during live sports broadcasts (see recommendation 10).

Despite the illegality of domestic supply, the inquiry received evidence which indicated that the online gaming market is growing rapidly. It was alarming to note that many consumers are unaware of the dangers of unregulated online gaming. The evidence also emphasised that governments could do a better job in protecting consumers from the risks of online gaming. Hence we have recommended that the government launch an awareness campaign to improve consumer knowledge about the risks of online gaming (recommendation 11).

Problem gambling prevention and treatment

In New South Wales gambling prevention and treatment services are currently delivered via the Responsible Gambling Fund (RGF). Demand for RGF problem gambling treatment services is relatively stable and positive outcomes are being achieved with respect to clients being better able to control their gambling. However, the RGF is funded from one source – a levy imposed

on the Star Casino. The announcement of the Barangaroo Restricted Gaming Facility provides the government an opportunity to broaden the contribution base for the RGF. Recommendation 12 calls on the government to ensure that the Duty and Responsible Gambling Levy Agreement for the Barangaroo Restricted Gaming Facility is used to support the work of the RGF.

It was identified that many individuals face difficulty in first admitting to a gambling problem and then seeking the necessary assistance and support to address the issue. It was commonly argued that this is due to the stigma attached to problem gambling. There was a consensus among problem gambling treatment providers that people should seek help as soon as possible and that the best way to achieve this is via positive messaging which promotes the courage required to admit to a gambling problem and obtain treatment. We are pleased to note that the RGF is currently developing an awareness campaign that does just that. Recommendation 13 seeks to ensure that the RGF is appropriately resourced to deliver its awareness campaign.

It was argued that more should be done within the general health system to better screen gambling related problems and to refer patients to appropriate gambling treatment services. It is recommended that NSW Health review its patient screening protocols to ensure that patients with gambling problems are identified and referred to specialist gambling treatment services (recommendation 14).

In addition to the regulations governing the use of gaming machines in venues, some inquiry participants argued that industry should do more to assist patrons exhibiting signs of problem gambling. In New South Wales there is no legal obligation requiring venues to intervene to assist problem gamblers. In contrast, in New Zealand and the Australian Capital Territory venues must proactively support their patrons regarding gambling problems. This support includes venues investigating reports of problem gambling, where appropriate referring individuals to treatment and self-exclusion, and in extreme cases banning an individual from a venue. It is recommended that the government investigate the models of both the Australian Capital Territory and New Zealand that require venues to intervene to assist problem gamblers with a view to implementing such a scheme in New South Wales (recommendation 15).

Gambling research plays a fundamental role in informing policy development, expanding understanding about gambling, and shaping the creation of problem gambling prevention and treatment services. It was identified that the national gambling research program, Gambling Research Australia, does not have funding beyond mid-2014. It is critical that this issue be resolved. The committee has made two recommendations to secure ongoing funding for gambling research (recommendations 16 and 17).

The inquiry received evidence which emphasised the need for school students to be helped to develop the resilience needed to best enable them to make healthy lifestyle choices. Gambling is a legal activity that young people will inevitably become exposed to as they enter adulthood. The evidence on gambling education is emerging. However, the delivery of school-based gambling education in other Australian states has provided the government the opportunity to investigate what other jurisdictions are doing to protect young people from problem gambling. The gambling education provided within New South Wales is somewhat limited. If it is to be expanded the government should look at the effectiveness of its current approach and assess what is being delivered in other jurisdictions. These findings should form the basis from which to determine whether school-based gambling education programs should be increased in New South Wales schools (recommendation 18).

Summary of recommendations

- Recommendation 1** **36**
 That the NSW Government ensure that the electronic gaming machine Local Impact Assessment process is independently reviewed with objectives that include:
- Identifying mechanisms to stop the concentrations of poker machines in neighbourhoods and clubs where they will create greater harm
 - Examining the number of entitlements in all local government areas with above average frequencies of problem gambling.
- Should the review conclude that the process does not adequately assess the appropriateness of additional gaming machines in venues then the approval process should be reformed. In the interim, the NSW Government should give consideration to a freeze on the transfer of entitlements between venues and the creation of any new entitlements.
- Recommendation 2** **44**
 That the NSW Government publish its response to the findings of the Gambling Research Australia investigation into the relationship between gaming machine design features and gambling harms, and take whatever action is required.
- Recommendation 3** **44**
 That the NSW Government review the maximum jackpot prize for electronic gaming machines in the New South Wales Jackpot Technical Standard.
- Recommendation 4** **44**
 That the NSW Government review the maximum bet limit for electronic gaming machines in New South Wales in the Australian and New Zealand Gaming Machine National Standard.
- Recommendation 5** **51**
 That the NSW Government investigate third-party exclusion with a view to implementing a scheme in the state's clubs and hotels by 2017 at the latest. In conducting its investigations the Government should consult with industry, healthcare professionals, gambling researchers and other relevant stakeholders.
- Recommendation 6** **56**
 That the NSW Government review the *Gaming Machines Regulation 2010* (NSW) to provide that a daily cash withdrawal limit applies to automatic teller machines in venues with electronic gaming machines.
- Recommendation 7** **57**
 That the NSW Government amend section 32 of the *Gaming Machines Regulation 2010* (NSW) to specify an appropriate distance between automatic teller machines and electronic gaming machines.
- Recommendation 8** **57**
 That the NSW Government work with the Australian Government to develop mechanisms that restrict short-term credit being made available through automatic teller machines in electronic gaming machine venues.

- Recommendation 9** **69**
That the NSW Government approach the Australian Government to request that a set of standards be established for online wagering websites and that the *Interactive Gambling Act 2001* (Cth) be amended to prohibit financial institutions from processing transactions to non-compliant online offshore wagering websites.
- Recommendation 10** **74**
That the NSW Government review Gambling Research Australia's report into the impact of wagering advertising on young people when it is published in 2015. If a link between wagering advertising and problem gambling is found, then the NSW Government should approach the Australian Government to request that the national broadcasting codes of practice further restrict betting odds promotions and gambling advertising during live sports broadcasts.
- Recommendation 11** **77**
That the NSW Government launch an awareness campaign specific to the risks of online gaming. The awareness campaign should focus on improving consumer knowledge about the risks they face accessing offshore online gaming websites. The campaign should also be delivered in different languages targeting a broad spectrum of communities.
- Recommendation 12** **85**
That the NSW Government ensure that the Duty and Responsible Gambling Levy Agreement for the Barangaroo Restricted Gaming Facility is used to support the work of the Responsible Gambling Fund. If in future other large gambling facilities are approved, then these should also be subject to a levy to support the Responsible Gambling Fund.
- Recommendation 13** **89**
That the NSW Government review the adequacy of funds committed to the Responsible Gambling Fund to ensure that it is appropriately resourced to deliver in different languages an awareness campaign that promotes the courage required to admit to a gambling problem and to seek treatment.
- Recommendation 14** **92**
That NSW Health review its patient screening protocols to ensure that patients with gambling problems are identified and referred to specialist gambling treatment services.
- Recommendation 15** **95**
That the NSW Government investigate the models of both the Australian Capital Territory and New Zealand that require venues to intervene to assist problem gamblers with a view to implementing such a scheme in New South Wales.
- Recommendation 16** **97**
That the NSW Government, via the Council of Australian Government's Select Council on Gambling Reform, work to secure funding for Gambling Research Australia.
- Recommendation 17** **97**
That if the NSW Government is unsuccessful in securing an ongoing national role for Gambling Research Australia beyond 2014, then the government should develop alternate models for the provision of publically funded gambling research in New South Wales.

Recommendation 18

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That the NSW Government support school education programs that promote healthy lifestyle choices. The Government should:

- Investigate the approaches of other Australian state governments in seeking to protect young people from the risks associated with gambling via school-based gambling education
- Examine whether its school-based gambling education programs are appropriate and achieving the desired outcomes.

These findings should form the basis from which to determine whether school-based gambling education programs need to be expanded in New South Wales.