CHANGING FORTUNES: PAST, PRESENT AND FUTURE PERSPECTIVES ON THE MANAGEMENT OF PROBLEM GAMBLING BY NEW SOUTH WALES REGISTERED CLUBS

by

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Statement of Authentication

The work presented in this thesis is, to the best of my knowledge and belief, original except as acknowledged in the text. I hereby declare that I have not submitted this material, either in whole or in part, for a degree at this or any other institution.

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Nerilee Hing

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LIST OF ABBREVIATIONS

AAD	Approved Amusement Device
AANA	Australian Association of National Advertisers
ACT	Australian Capital Territory
AGA	American Gaming Association
AGMMA	Australian Gaming Machine Manufacturers' Association
AHA	Australian Hotels Association
AHHA	Australian Hotels and Hospitality Association
AHRP	Australian Hospitality Review Panel
AIGR	Australian Institute for Gambling Research
AMA	Australian Medical Association
ATM	Automatic teller machine
CMAA	Club Managers' Association Australia
CMDA	Club Management Development Australia
DGR	NSW Department of Gaming and Racing
ECCNSW	Ethnic Communities Council of NSW
EFTPOS	Electronic funds transfer at point-of-sale
FACTS	Federation of Australian Commercial Television Stations
FONGA	Forum of Non-Government Agencies
GCSS	Gambling Counselling Support Services
IPART	Independent Pricing and Regulatory Tribunal
LAB	Liquor Administration Board
LCA-NSW	Leagues Clubs Association of NSW
LCASA	Licensed Clubs Association of South Australia
LCAV	Licensed Clubs Association of Victoria
LHMWU	Liquor, Hospitality and Miscellaneous Workers' Union
NCOSS	Council of Social Service of NSW
NES	Non-English speaking
NSW	New South Wales
NSWCPG	NSW Council on Problem Gambling
NT	Northern Territory
PIAC	Public Interest Advocacy Centre
PMCA	Poker Machine Council of Australia
QLD	Queensland
RCA	Registered Clubs Association of NSW
RSL	Returned Services League
SA	South Australia
SOGS	The South Oaks Gambling Screen
TAB	Totalisator Agency Board
TAFE	Technical and Further Education
TAS	Tasmania
ULVA	United Licensed Victuallers' Association
USA	United States of America
VIC	Victoria

WA	Western Australia

ABSTRACT

The purpose of this study is to examine, from past, present and future perspectives, how registered clubs in New South Wales (NSW) Australia strategically manage problem gambling in their machine gambling operations. Seven stages of research are presented.

Adopting an historical perspective, Stage One sources secondary data to document the development of machine gambling in NSW clubs to their contemporary status as major providers of gaming machines on state, national and international levels. While setting the study into perspective, this account also explains how increased commercialisation of not-for-profit NSW clubs undermined their distinctive relationship with the community and their legitimacy as operators of machine gambling for social benefit. This change in focus diminished the social contract of clubs and exacerbated problem gambling.

Stage Two retains an historical focus and also draws on secondary sources, but narrows the study's scope to problem gambling. A lifecycle model of issues management (Mahon and Waddock, 1992) underpins analysis of how epistemic influences, governments, gambling operators and pressure groups fuelled the emergence of problem gambling as a significant social issue in Australia. A shift, from viewing problem gambling as an individual medical concern to interpreting it as a social and public health issue, placed greater social responsibility on gambling operators. However, by 1998, expectational gaps between the social performance of gambling operators and expectations of key constituencies remained unresolved, accompanied by calls for more responsible provision of gambling.

Stage Three of the study considers the relevance of theoretical models of social responsibility and applied models of responsible provision of gambling to NSW clubs in addressing problem gambling. Concepts in the corporate-society field assist in explaining why the social performance of NSW clubs in their machine gambling operations has been considered socially irresponsible in the past, and in providing theoretical direction for their management of problem gambling in the future. The analysis concludes by developing a framework to guide the primary research, in light of relevant theoretical concepts in the corporate-society field and deficiencies in existing responsible gambling models.

The fourth and fifth stages of the study narrow its focus from an industry to organisational perspective, an historical to contemporary timeframe, and secondary to primary research. Drawing on interviews with nineteen NSW club managers, six case studies of NSW clubs with responsible gambling programs and a survey of all NSW clubs with gaming machines, these stages assess how NSW club managers interpreted the social responsibilities of their clubs in addressing problem gambling by 1998. Analysed in terms of Carroll's (1979) principles of social responsibility, it was found that participating club managers placed most priority on economic principles in their machine gambling operations, followed by legal, ethical and discretionary principles, respectively. This prioritisation also was reflected in a hierarchy of socially responsible practices in machine gambling, which prioritised secondary harm minimisation strategies, reactive primary intervention, proactive primary intervention, consumer protection and fair trading measures, and discretionary practices respectively.

Stage Six assesses the congruence between principles and practices adopted in machine gambling operations in NSW clubs to address problem gambling and those expected by their main constituencies in 1998. Interviews with key stakeholders and a review of submissions to the *NSW Gaming Inquiry* (Independent Pricing and Regulatory Tribunal, 1998) informs an analysis of principles and practices advocated for NSW clubs to address problem gambling by the epistemic community, the NSW Government, the gambling industry and key pressure groups. In contrast to the hierarchy of socially responsible principles endorsed by the club managers, these stakeholders favoured more balanced attention to economic, legal, ethical and discretionary principles. Further, while club managers favoured secondary and reactive primary harm minimisation practices in responsible provision of gambling, key stakeholders advocated a holistic approach that extends to proactive primary harm minimisation, consumer protection and fair trading strategies.

The seventh stage considers implications of key developments during 1998-1999 for the future management of problem gambling by NSW clubs. Progress by the Registered Clubs Association of NSW in developing a statewide responsible gambling policy and program for NSW clubs is considered in light of an evaluation of its trial responsible gambling program by the Australian Institute for Gambling Research (1998e), recommendations of the *NSW Gaming Inquiry* (Independent Pricing and Regulatory Tribunal, 1998), the Federal Government's inquiry into Australia's gambling industries (Productivity Commission, 1999a, 1999b), and the *Gambling Legislation Amendment (Responsible Gambling) Act 1999 NSW* and associated draft regulations. It was in this context that the Registered Clubs

Association's stance on responsible gambling evolved during 1998-99 from one of reluctant acceptance to one of pragmatic involvement. It was found that, by the end of 1999, the future direction of NSW clubs in addressing problem gambling pointed towards a combination of legislation and self-regulation, under the leadership of the Registered Clubs Association of NSW.

The thesis concludes by identifying seven key factors that emerged from the findings as influencing the way in which NSW clubs have managed problem gambling. These are presented as a theoretical framework with potential utility for future investigations of how organisations manage their social impacts.

CHAPTER ONE

INTRODUCTION TO THE STUDY

1.1 INTRODUCTION

The Australian state of New South Wales (NSW) reportedly has more gaming machines per head of adult population than any other jurisdiction in the world (Kelly, 1996a:7). With 99,672 gaming machines operating in its registered clubs, hotels and one casino by 1999 (Productivity Commission, 1999b:13.4), NSW contributes disproportionately to the global status of Australia as 'the second largest national market for gaming machines' after the United States of America (USA) (Kelly, 1996a:4, 43). NSW registered clubs operate 40 percent of all gaming machines in Australia, 74 percent of gaming machines in NSW, and attract some 92 percent of NSW gaming machine turnover and gross profit outside the casino (NSW Department of Gaming and Racing, 1998; Productivity Commission, 1999b:13.5). Indeed, with 74,206 machines operating in 1999, NSW registered clubs held an 8.2 percent share of the estimated 905,354 'high intensity' gaming machines worldwide (Productivity Commission, 1999b:2.11, 13.5, N.22).[1]

The proliferation of gaming machines in Australia, as well as other forms of gambling, has resulted from the country's comparatively liberal gambling policies (Productivity Commission, 1999b:2.1). These policies in turn reflect a culture where gambling largely has been considered an acceptable leisure activity, a distinguishing cultural feature, and a source of national pride (McMillen and Eadington, 1986:167), being romanticised in popular literature (for example, Hardy, 1950, 1958) and documented in academic studies (for example, Ward, 1958; Caldwell, 1974; Horne, 1975; Inglis, 1985; O'Hara, 1988). Further, the key role of Australian state

[1] While the Productivity Commission (1999b:N.22) estimated there were 7,132,162 gaming machines worldwide, it considered that the 'high intensity' sector is the most appropriate benchmark for comparison of Australian style gaming machines with the world market. This grouping of gaming machines has comparatively high turnover, credits, play lines, speed of play and winnings, and poses potentially higher risks for problem gambling (Productivity Commission, 1999b:2.11).

governments in determining the types of legalised gambling means their distinctive gambling policies have produced a unique mix of gambling operators.

One type of gambling operator peculiar to Australia is its registered clubs. These are community-based, not-for-profit organisations established for social purposes, features that have been instrumental for NSW clubs in gaining and maintaining dominance over machine gambling at both state and national levels. Fostered by increasingly expansionist government policies, lack of serious competition and societal attitudes tolerating the introduction and growth of machine gambling, NSW registered clubs have maintained this dominance for over forty years since 1956 when they gained exclusive rights to operate gaming machines in NSW. Since then, there has been phenomenal growth in both the number of machines and clubs licensed to operate them. Some four decades after 5,596 gaming machines initially were legalised in the 952 NSW registered clubs which operated in 1956, 74,206 machines in 1,433 clubs generated an annual turnover of over $24 billion, contributed more than $480 million per year in state taxes and provided club gross profits of around $2.4 billion by 1997-98 (NSW Department of Gaming and Racing, 1998:20-21; Productivity Commission, 1999b:13.5-13.6).

Registered clubs are now a major social outlet for NSW residents and their rapid development clearly has been linked with gaming machine revenue (Registered Clubs Association of NSW [RCA], 1994:3). Contemporary NSW clubs range in size from those with over 50,000 members, a vast array of facilities and services and over 1,000 gaming machines, to the many smaller clubs with only a few hundred members and more modest, restricted facilities. Despite their diversity, all NSW clubs share the common characteristics of being voluntary, not-for-profit organisations established by people sharing a common interest to pursue or promote that interest (RCA, 1999a:3). For the majority of clubs, this common interest encompasses sport, returned services affiliation, social and community interests, workers' and professional interests, or ethnic or religious affiliations. Each of a club's members buys a share or membership in the club, thereby contributing to a common fund for the benefit of members (McDonald, 1980:1). Other club revenue is derived from sales of alcohol and meals, sporting fees, betting and keno commissions and gaming machine profits, with the latter earning about 60 percent of collective NSW club income in 1997-98 (Productivity Commission, 1999b:21.1).

Legalised commercial gambling is recognised as having a range of economic and social impacts, particularly when operated on the scale evident in the NSW club industry. However, while economic effects, such as increased government revenue,

regional economic development and job creation, are readily quantifiable, tangible and generally perceived as positive (Eadington, 1996:244; McMillen, 1996c:1), Eadington (1996:244) contends that the social consequences of gambling usually are difficult to measure, intangible and on balance considered negative.[2]

Certainly, some beneficial social impacts of legalised commercial gambling can be identified. For example, sociological analyses present a mainly positive explanation of gambling as a legitimate and natural leisure activity (McMillen, 1996a:15), offering participants intrinsic value, such as entertainment, hope, challenge and excitement (Caillois, 1961; Tec, 1964; Goffman, 1967; Lynch, 1985, 1990), diversionary value as an escape from boredom and everyday life (Thomas, 1901; Bloch, 1951; Goffman, 1967; Elias and Dunning, 1969; Caldwell, 1972), and external rewards, such as social and monetary gains (Newman, 1972; Hayano, 1982; Martinez, 1983; Rosecrance, 1985, 1988; Ocean and Smith, 1993). Legalised commercial gambling also helps reduce illegal gambling operations (Independent Pricing and Regulatory Tribunal [IPART], 1998:25), while its economic spinoffs can have social benefits, such as improved living standards that accompany job creation, and provision of community support and infrastructure financed from gambling revenues.

However, it is often recognised that gambling has a range of negative social consequences. Referring to the USA, Eadington (1996:245) identifies three 'traditional' social concerns. First, the Protestant ethic has long argued that gambling is immoral and works against family and social values directly linking reward to hard work. Second, gambling often is considered inseparable from unlawful acts, political corruption and organised criminal infiltration. Third, gambling can lead to personal and family tragedies from problem gambling which may manifest as personal and financial stress, erosion of trust and communication, increased spouse or child abuse, or higher incidence of family disintegration.

In contemporary Australia, however, it is debatable whether these concerns are comparable to those in the USA. Cultural acceptance of gambling amongst both the general populace and governments has subordinated moral objections, such that the

[2] However, some researchers have argued otherwise. For example, the Productivity Commission (1999b:2) noted that the main source of national benefit from gambling industries in Australia was in the form of consumer enjoyment, rather than the 'small' gains in economic activity and jobs. Others have emphasised the social benefits of gambling (for example, McMillen, 1995, 1996b, 1996d).

majority of Australians now participate in some form of gambling (Kelly, 1997:4; Productivity Commission, 1999b:2) and governments are increasingly stimulating and expanding gambling for revenue purposes (McMillen and Eadington, 1986:192). Likewise, Australian gambling operations have been comparatively effective in avoiding presumed links between gambling and crime, earning a reputation for integrity, respectability, legitimacy and avoidance of major scandals (McMillen and Eadington, 1986:173; McMillen, 1997a:247). However, it is the third issue, problem gambling, which dominates contemporary discourse on the social impacts of gambling and on which this study focuses. More specifically, this study is concerned with how NSW registered clubs strategically manage problem gambling in their machine gambling operations, from past, present and future perspectives.

Despite the escalating liberalisation of gambling in Australia, problem gambling only emerged as a social issue in the 1990s, as there has been an implicit assumption that government policies ensured social benefit was a natural offspring of legalised gambling. This was particularly accepted in the case of machine gambling in NSW registered clubs. Their not-for-profit status ensured gambling profits were funnelled into member benefits, charities or local community projects (for example, Knock, 1985; Lewis, 1985), with the clubs often acting as a 'second local government' by establishing public facilities such as sporting complexes and community halls and through financial contributions to community programs (McMillen and Eadington, 1986:184). The nexus between gambling and social benefit also was underpinned by other forms of legalised gambling which, until the 1970s, were restricted in NSW to state-operated lotteries and church and charity bingo, both with explicit welfare and social purposes. On-course betting and state-operated off-course betting agencies also were legalised to cater for existing demand and to stem illegal gambling operations. However, since the 1970s, expansionist government policies, increased privatisation of gambling operations, and aggressive marketing responses of gambling operators to an intensely competitive environment have undermined the social benefit foundation of legalised gambling. For the first time, economic imperatives appear paramount in fuelling the expansion of legalised commercial gambling, with an attendant increase in the intensity and scope of commercial gambling activities and inducements to gamble, and the subordination of social benefit in both gambling policies and operations (McMillen and Eadington, 1986:176; McMillen, 1994:70).[3] It is in this context that problem gambling has

[3] However, McMillen (1994) also argues that some governments in Australia have begun to restore social criteria to the policy agenda in gambling.

emerged as the predominant issue of concern for a variety of stakeholders in contemporary commercial gambling in Australia.

In Australia, problem gambling recently has been defined as 'the situation when a person's gambling activity gives rise to harm to the individual player, and/or to his or her family, and may extend into the community' (Australian Institute for Gambling Research [AIGR], 1997:2). This definition emphasises harm arising from heavy gambling as the distinguishing characteristic between those enjoying gambling as a leisure activity and those whose gambling has harmful impacts on themselves or those around them (AIGR, 1997:99). These impacts have been recognised as encompassing intrapersonal, interpersonal, vocational, financial and legal domains (Dickerson, 1993; AIGR, 1997), and in NSW have been estimated to cost about $50 million annually in measurable employment, legal, financial, personal and welfare costs (AIGR, 1996:66, 1998f:vi).[4] While no industry-wide figures are available on the incidence or costs of problem gambling arising from machine gambling in NSW registered clubs, there is growing recognition that machine gambling contributes disproportionately to problem gambling in Australia (Keys Young, 1995; Dickerson, 1996; AIGR, 1997; Productivity Commission, 1999b:6.1). Thus, as dominant providers of machine gambling on both a state and national basis, NSW clubs appear to have a social responsibility to acknowledge and attempt to manage the potentially harmful effects of their core product.

In management research pertaining to profit-based organisations, corporate social responsibility is generally recognised as an integral component of the strategic management process. Pfeffer (1976/1995:198) explains that, as open systems transacting with important external constituencies, organisations lack control over many factors influencing their operations and are affected by events outside their boundaries. Since, by definition, strategy formulation is future-oriented, strategic management must take into account aspects of an organisation's external environment especially susceptible to changes that will affect its future (Christensen, 1978:278). Andrews (1980:89) draws attention to the importance, but difficulty, of incorporating social changes into the strategic management process:

[4] However, this figure underestimates the true cost of problem gambling to the extent that it ignores many of the social costs of problem gambling that are not readily quantified. It also has been criticised on methodological grounds for underestimating the cost of problem gambling and for relying on hypothetical estimates (Lesieur, 1996:17-19).

> ...determining future strategy must take into account - as part of its social environment - steadily rising moral and ethical standards. Reconciling the conflict in responsibility which occurs when maximum profit and social contribution appear on the same agenda adds to the complexity of strategy formulation and its already clear demands for creativity. Coming to terms with the morality of choice may be the most strenuous undertaking in strategic decision.

Proponents of corporate social responsibility contend that long-term corporate acceptance and survival is contingent on conformance to societal values, norms and expectations (Bowen, 1953; Eells, 1960; Frederick, 1960; Preston and Post, 1975; Carroll, 1979; Zenisek, 1979; Aupperle, 1982). Further, changing moral and ethical societal standards continually alter this social contract between business and society, necessitating increased corporate emphasis on what Bell (1973) described as a 'sociologizing mode' over an 'economizing mode'. According to Bell (1973), the 'economizing', consumer-oriented, free enterprise system concerned with allocating scarce resources amongst competing ends is incapable of wholly satisfying modern societal expectations for a 'sociologizing' mode which better serves the public interest. However, through effective strategic management of social issues, organisations can bring their actions into what Barnard (1938) and Simon (1957) labelled the 'zone of acceptance', bound by legal and social parameters of acceptable business behaviour. This shift, however, increases decision variables in the strategic management process, and requires redefinition of organisational strategic goals, roles and responsibilities (Aupperle, 1982:45).

Given that corporate social responsibility attempts to reconcile corporate behaviour with societal expectations, it needs to be specific to the context of the social issue at hand. For the issue of problem gambling, the cultural acceptance of gambling as a natural expression of the Australian character and way of life, the key role played by Australian governments in organising and regulating legalised gambling, and the particular nature of gambling establishments in Australia, suggest the Australian community may have distinctive expectations of governments and gambling operators that may differ from those in other contexts. However, until the 1990s, United States (US) research and practice have been most influential on efforts to measure and address problem gambling in Australia. For example, Australian studies of the prevalence of problem gambling primarily have utilised a survey instrument based on an American mental disorder model of problem gambling (Lesieur and Blume, 1987), while most responsible gambling strategies implemented by gambling operators in Australia largely have been based on those developed by the American Gaming Association (AGA) for US casinos (1996, 1998a). More recently however, problem gambling in Australia increasingly has been defined in terms of its impacts, rather than its psychological or medical causes and symptoms, and is now

considered a social and public health issue rather than an individualised medical problem (AIGR, 1997). Thus, Australian gambling industries need contextually specific approaches to social responsibility in gambling if the corporate social behaviour of gambling operators is to meet the expectations of the Australian community.

Further, if corporate social responsibility requires congruence between organisational strategic goals, roles and responsibilities and societal expectations (Aupperle, 1982:45), then efforts to address problem gambling also need to be specific to the type of gambling operator. This is because organisational missions vary amongst gambling operators, as do societal expectations for what these should be. For NSW registered clubs, their dominance over machine gambling for many years has been contingent on their community service agenda, with their protection from open competition for their core product, gaming machines, a privilege dependent on satisfying government regulations that require the clubs to direct excess revenues to community activities and member benefits. Thus, as a trade-off for machine gambling (and other) privileges, clubs face restrictions on their profit distribution, ownership and management, designed to discourage pursuit of commercial objectives while enhancing their social benefit role and community focus. Accordingly, societal expectations for NSW clubs to be socially responsible providers of gambling may well be more complex than for profit-based gambling operators.

This social role and community focus of NSW clubs is articulated in the stated mission of their key industry association, the Registered Clubs Association of NSW (RCA), to lead NSW clubs into a united, prosperous and community focused industry, with member clubs encouraged to 'operate responsibly in the community and support and respond to community needs' (RCA, 1997). Further, the RCA notes that 'directors, management and employees of registered clubs are, in effect, custodians of member and community property which carries with it a unique obligation to the interests of members and the wider community' (RCA, 1998a:7). This explicit social agenda implies that NSW clubs might be considered likely to prioritise social concerns over commercial gain in their machine gambling operations as there should be less of the strategic conflict between maximum profit and social contribution referred to by Andrews (1980:89). Combined with an assumption that significant social benefit is derived from their gambling revenues, the not-for-profit status and non-commercial charter of NSW clubs have perpetuated public and government acceptance that they already adopt a 'sociologizing mode' (Bell, 1973) and act in the public interest.

At a general level, social responsibility in not-for-profit organisations largely remains unexplored because it is assumed they are inherently more socially responsible than profit-based firms (Mahon and McGowan, 1991). This assumption certainly has been perpetuated in the case of machine gambling operations in NSW clubs. However, this thesis will examine the track record of NSW clubs in socially responsible provision of machine gambling and challenge this assumption. Until 1998, attempts by NSW clubs to manage problem gambling were negligible, despite their lengthy dominance over, and active expansion of, machine gambling to an extent unparalleled in any other jurisdiction on a per capita basis. Indeed, as Chapter Two will demonstrate, the not-for-profit status and social role of NSW clubs have allowed them to exploit their position as dominant providers of machine gambling, subordinating any social responsibility to address problem gambling to increasingly commercial imperatives.

Various factors fuelling the emergence of problem gambling as an important strategic issue for NSW clubs will be discussed later in this chapter, showing that rising public concern for problem gambling means NSW clubs have not been immune from growing pressure to effectively manage the social fallout from their main source of revenue. Indeed, community expectations for a socially responsible approach to the conduct of machine gambling may well be greater for the clubs, given that their establishment, expansion and machine gambling privileges have been contingent on their provision of social benefit. Thus, their role as major providers of machine gambling and community dissatisfaction with their past failure to address the issue of problem gambling point to a need for NSW clubs to take a more socially responsible approach to their management of machine gambling, one that prioritises social over economic goals, that reflects their non-commercial agenda and community service responsibilities, and that takes into account community expectations.[5] It is therefore pertinent to examine how NSW clubs have strategically managed the issue of problem gambling in the past and the implications of their current policies and practices in responsible provision of machine gambling for the future.

[5] It is acknowledged that terms such as ‘community expectations’ and ‘public concern’ do not reflect the diversity of viewpoints amongst the general populace. Later chapters in this thesis identify the main constituencies whose viewpoints have been most influential on gambling policy and management in Australia and examine how their opinions on problem gambling have converged to influence responsible management of gambling in NSW clubs.

This introductory chapter lays the foundations for the study. It contextualises the research by reviewing the growth of legalised commercial gambling in Australia and of machine gambling in NSW registered clubs. It signals pertinent issues and debates relating to social responsibility in machine gambling, and explains the research objectives, methodology, structure of the thesis and the study's potential contribution to wider knowledge.

1.2 THE GROWTH OF LEGALISED COMMERCIAL GAMBLING IN AUSTRALIA

Gambling has been defined as the placement of a wager or bet on the outcome of a future uncertain event (Tasmanian Gaming Commission, 1997:3). Legal gambling can be divided into two distinct areas - racing-related and gaming-related. Racing-related gambling comprises betting on horse and greyhound races with bookmakers and totalisators, both on and off course. Gaming refers to all other legal forms of gambling, such as lotteries, gaming machines, casino gaming, football pools, and minor gaming, a collective name given to bingo, raffles, lucky envelopes and similar activities (Tasmanian Gaming Commission, 1997:2-4). In Australia, expenditure on gaming machines represented 57 percent of all gambling expenditure in the 1997-98 financial year (Productivity Commission, 1999a:2.11) and can thus be considered the major form of legal gambling in the country.[6] Further, machine gambling in NSW attracts about one-quarter of all gambling expenditure in Australia (Tasmanian Gaming Commission, 1998: Table A).

The continued expansion of machine gambling in NSW has not occurred in isolation, and is part of a trend in most industrialised western countries towards increased legalised gambling. McMillen notes that while gambling is one of the few social activities which has occurred in nearly all cultures and in every period of time (1996b:6), it is only since the 1960s that it has been legalised and commercialised 'on a grand scale' (1996a:1). While Chapter Two more comprehensively discusses the historical development of legalised gambling in Australia, a brief overview of its recent expansion helps to set this study into perspective.

In Australia, real total gambling expenditure by 1997-98 (the amount lost by gamblers, adjusted for inflation) had increased more than threefold since 1972 and

[6] However, this figure is 52 percent if gaming machines in casinos are excluded on the grounds that a proportion of this expenditure is from overseas high rollers (Productivity Commission, 1999b:3.4).

doubled as a percentage of household disposable income to 3.03 percent (Tasmanian Gaming Commission, 1998:133, 182), due mainly to more prolific and accessible forms of legalised commercial and charitable gambling.[7] Prior to 1972, legalised gambling was restricted to on and off-course betting, state lotteries, church and charity bingo and gaming machines in NSW clubs. During the 1970s, Lotto and Soccer Pools were introduced in most Australian jurisdictions, machine gambling expanded to the Australian Capital Territory (ACT), while Tasmania and the Northern Territory established the country's first casinos. By the end of the 1980s, Australia had seven casinos, all jurisdictions operated instant lotteries, while machine gambling expanded into NSW and ACT hotels. By 1999, legalised gambling in Australia comprised thirteen casinos, gaming machines in every jurisdiction, a burgeoning of lottery products, on and off-course betting on numerous sporting events, a variety of minor gaming products, and various forms of online gambling accessible *via* the internet and pay television (Kelly, 1996b; IPART, 1998; Productivity Commission, 1999a, 1999b). While this proliferation of legalised commercial gambling has intensified competition for NSW clubs, they remain the dominant providers of machine gambling in Australia and NSW, as outlined below.

1.3 THE GROWTH OF MACHINE GAMING IN NSW REGISTERED CLUBS

Diverse definitions of gaming machines are contained in the relevant legislation for each jurisdiction where various types of machines have been legalised. The particular types of machines which predominate in NSW clubs are known more commonly in that state as poker machines, defined as 'device(s) designed for the playing of a game of chance, or a game that is partly a game of chance and partly a game requiring skill, and for paying out money or tokens or for registering a right to an amount of money or money's worth to be paid out' (*Registered Clubs Act 1976 NSW*).[8] In some jurisdictions, various types of gaming machines are more commonly known as slot machines, electronic gaming machines, fruit machines, approved amusement devices, video gaming machines or video lottery terminals. However, regardless of variations in their mode of operation, all gaming machines have 'the common characteristics that a player may place a small wager on a game of pure

[7] Official statistical data on gambling in Australia have been collected only since 1972, compiled annually by the Tasmanian Gaming Commission.

[8] The term 'gaming machine' is used predominantly in this thesis as the term 'poker machine' is little used outside the state of NSW.

chance, or a game of both chance and an application of game rules...but not pure skill or manual dexterity, and potentially win a prize either in cash or in kind' (Toneguzzo, 1996a:145). Despite extensive technological developments in game presentation, player options and security mechanisms, the essential nature of the game has changed little since Charles Fey developed the original Liberty Bell machine over a century ago (Connor, 1996:8). The basic functions of inserting money, pulling a handle (or pressing a button), watching the symbols line up and collecting payouts from winning combinations remain as essential features of contemporary gaming machines (Connor, 1996:8-9). However, unlike the original machines, modern gaming machines are controlled by microprocessors, with game outcomes determined by pseudo-random number generators and the prize schedule contrived so statistically, there is a house advantage on the game (Toneguzzo, 1996a:145). In NSW, legislation requires a minimum of 85 percent of total wagers on each club gaming machine be returned to players as prizes, with the remaining 15 percent or less accruing as gross profit for the clubs (*Registered Clubs Regulation 1996 NSW*).[9]

Gaming machines were first legalised in Australia in 1956 when NSW registered clubs were granted exclusive rights to their operation. NSW clubs retained their national monopoly on gaming machines until 1976 when they were legalised in clubs in the ACT, and their state monopoly on the most profitable types of gaming machines, poker machines, until the opening of the temporary Sydney Harbour Casino in late 1995.[10] Their market share was further eroded with the introduction of limited numbers of poker machines in NSW hotels in April 1997, the opening of Sydney's permanent casino, Star City, in November 1997, and the extended number of poker machines allowed in NSW hotels since mid-1998. Prior to 1995, the only direct competition for machine gambling in NSW was from hotels which, since 1984, were allowed to operate limited numbers of a particular type of gaming machine, known as approved amusement devices (AADs).[11] However, the ceiling on

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[9] This applies if a club installed the machine on or after 1 April 1983. For machines acquired prior to this date, 80 percent of the total wagers must be returned to players (*Registered Clubs Regulation 1996 NSW*). For $1 and $2 machines, a minimum of 90 percent must be returned to players, while 95% must be returned from multi-terminal gaming machines.

[10] Australia's first casino, Hobart's Wrest Point Casino, which opened in 1973, did not have gaming machines. Since then, all 13 Australian casinos except Casino Canberra have installed gaming machines.

[11] Approved amusement devices, also known in NSW as 'draw card' machines, operate video draw-poker, but the devices are 'hopperless' so that players cannot collect coins direct from the machine. Instead, credits can be redeemed for cash or prizes.

the numbers of AADs in hotels and their lower average profitability meant they were never a serious threat to club machine gambling where the numbers of machines, both overall and in individual clubs, have remained unrestricted.[12] Even with increased competition from the 1,500 machines in Star City Casino and up to thirty poker machines that now can be operated in each NSW hotel, NSW clubs retain the dominant share of gaming machines in the state.

1.4 FACTORS FUELLING SOCIAL RESPONSIBILITY IN GAMBLING

The preceding overview of the growth of gambling operations in Australia suggests that governments and operators alike increasingly have seized opportunities for legalised commercial gambling. McMillen (1996a:1) points out that, for state governments responsible for gambling policy in Australia, legalised gambling offers the prospect of additional revenues while addressing the need to control the spread of illegal gambling activities. Meanwhile, commercial investment in gambling has been fuelled by the liberalisation of social values, growing middle-class affluence, and the prospect of lucrative returns (McMillen, 1996a:1). However, as additional opportunities for legalised commercial gambling arise, policy-makers and gambling operators need to weigh a variety of social, as well as economic, considerations in deciding whether, and under what conditions, to operate various forms of gambling (Eadington, 1996:244). As Australian governments and gambling operators have focused increasingly on economic considerations in the conduct of legalised commercial gambling, recent years have witnessed escalating public attention to its social considerations.

This thesis will explore a range of factors which appear to have fuelled the recent emergence of social responsibility in gambling, both as a policy issue for governments and, more pertinent to this study, as a management issue for gambling operators. Signalling arguments to be developed later in this thesis, these factors are outlined below in terms of (1) factors increasing pressure for organisations in general to temper their pursuit of economic gain by increased social responsibility, (2) factors which have precipitated community concern over a general lack of social

[12] From 1984, NSW hotels were allowed to operate up to five approved amusement devices, with this limit increased to ten in 1988 (NSW Department of Gaming and Racing, 1996b:32). In 1994-95, average annual profit of approved amusement devices in NSW hotels was $23,820 per machine compared to $30,909 for club poker machines (NSW Department of Gaming and Racing, 1996a:21, 37-38).

responsibility by gambling operators in Australia, and (3) factors placing additional pressure on NSW clubs to adopt more responsible practices in gambling provision.

The concept of corporate social responsibility is central to this study, and Chapter Four discusses its conceptual foundations to establish that organisations in general are under increasing pressure to meet social, as well as economic, obligations. It will be evident that a growing body of literature increasingly has questioned organisational pursuit of purely economic goals, particularly when accompanied by negative social (or environmental) impacts. An expanded interpretation of corporate social responsibility recognises that institutional legitimacy is gained from the social, as well as economic, domain, and that organisations have responsibilities to the public and other stakeholders to manage their social impacts and to incorporate ethical considerations into their decision-making (Wood, 1991a, 1991b). In contrast however, recent Australian government and industry gambling policies have been dominated by economic imperatives, to the subordination of concerns for the adverse social impacts of gambling, prompting rising public demands for more socially responsible provision of commercial gambling by both governments and gambling operators. While pressure for greater social responsibility in the conduct of gambling has not been restricted solely to the issue of problem gambling, this certainly has dominated contemporary public debate in Australia. Lack of adequate response to this community concern elevated problem gambling to a significant social issue during the 1990s.

The emergence of the issue of problem gambling is discussed in Chapter Three. It traces the role of governments, gambling operators, epistemic influences and pressure groups in advancing problem gambling to an issue of strategic importance to governments and gambling operators.[13] It contends that Australian government policy on gambling increasingly has been driven by economic and commercial criteria, rather than by social considerations, such that many of the negative social impacts of gambling have been overlooked in the quest for increased taxation revenue, regional economic development and job creation (McMillen, 1996c). This policy framework has prompted the recent expansion and growing diversity of legalised commercial gambling in Australia, increasing its visibility, accessibility and subsequent social impacts. In recognition of these social impacts, the epistemic

[13] Epistemic influences are those influencing the theory of knowledge, especially the critical study of its validity, methods and scope. Chapter Three identifies key researchers and experts who have had such influence in the field of gambling in Australia, and refers to them as the 'epistemic community'.

community of Australian researchers and experts in the field recently have rejected the US interpretation of problem gambling as an individual medical or psychological affliction, redefining it as a social and public health issue, thus placing pressure on governments and gambling operators to reform gambling policy and management practices to provide a more responsible gambling environment. In turn, the economic and expansionist agenda of Australian governments and gambling operators and concerns for the social impacts of gambling have fuelled public scepticism about the adequacy of consumer protection, fair trading, harm minimisation and community benefit in commercial gambling, and of existing mechanisms to address problem gambling.

Further, recent Australian government policies of expansion and market stimulation in gambling have nurtured an intensifying competitive environment for gambling operators. In response, these operators increasingly have pursued aggressive marketing strategies to gain and maintain market share. By the 1990s, they provided unprecedented access to a growing diversity of gambling options, particularly continuous forms, which are often concentrated in low socio-economic areas.[14] These competitive strategies have heightened public concern in Australia for the incidence and ramifications of problem gambling. However, while there has been general reluctance amongst many Australian governments and gambling operators to implement policies and practices that address problem gambling, some governments and operators have been more proactive. The effectiveness of these initiatives in responsible provision of gambling has been questioned (IPART, 1998; Productivity Commission, 1999a, 1999b), yet nonetheless they have provoked wider criticism of less proactive governments and operators and heightened public attention to social responsibility in the conduct of gambling.

In response to the predatory actions of governments and gambling operators, pressure groups seeking gambling reform have become more organised and vocal, focusing on the broader context in which gambling operates and the obligations of governments and gambling operators to provide a responsible gambling environment. Much of this lobbying focuses on problem gambling, the prevalence

[14] Continuous forms of gambling include gaming machines, keno and casino table games, which provide opportunities for repeated gambles within the same session of play, due to short time intervals between stake, play and outcome. Numerous studies have consistently found problem gambling more frequently associated with continuous, rather than non-continuous, forms of gambling (Dickerson Baron, Hong and Cottrell, 1996:174; AIGR, 1996:54, 1997:61-63; Delfabbro and Winefield, 1996:98; Abbott and Volberg, 1996:150; Productivity Commission, 1999b:6.1).

and ramifications of which are detailed in a growing body of social impact studies (for example, Dickerson and Baron, 1993; Dickerson, Walker and Baron, 1994; Dickerson, Baxter, Boreham, Harley and Williams, 1995; Delfabbro and Winefield, 1996; AIGR, 1996, 1998f). Studies conducted both at state and national levels suggest that the prevalence of problem gambling in Australia is higher than other published international results, with the NSW rate claimed to be the highest on record (AIGR, 1996:56).[15] Further, there is growing recognition in Australia that the impacts of problem gambling extend beyond the individual gambler to include families and the wider community (Productivity Commission, 1999b:7.1). Thus, recent research into the nature and scope of problem gambling has focused public attention on the issue and provided some empirical evidence to underpin the arguments of gambling reformers for governments and gambling operators to enact structural changes that might prevent or minimise the harm associated with gambling.

Additional factors have increased pressure on NSW clubs to adopt more responsible gambling practices. A review in Chapter Two of the historical development of the industry demonstrates that it has tended to maximise economic gains from gaming machines, with little apparent regard for their negative social impacts. Reinvestment of most gaming machine profits into club assets rather than community and charitable causes, erosion of the common interest requirement for club membership and patronage, aggressive expansion and promotion of club gambling facilities, and the emergence of very large clubs with hundreds of gaming machines, have undermined the traditional not-for-profit agenda and community focus of registered clubs. This increasingly commercial orientation is paradoxical, given that the clubs originally were established as not-for-profit organisations with the primary purpose of advancing social aims. Their overt economic agenda by the 1990s was threatening their legitimacy as major providers of gambling facilities and the credibility of subsequent benefits that flow to club members and the wider community.

Additionally, there is growing recognition that problem gambling is disproportionately associated with machine gambling, for which NSW clubs are

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[15] Chapter Three discusses the key measure of problem gambling used in prevalence studies and notes its limitations. Because of its contentious validity, this study will avoid quoting estimates of the proportion of populations identified as 'problem gamblers'. In fact, as discussed in Chapter Three, it is more logical to view problem gambling along a continuum, from none to severe, rather than as a dichotomous variable (existing or absent) and to recognise that one does not need to be a 'problem gambler', as identified by various survey instruments, to experience and generate gambling-related problems.

major providers. For example, research in NSW suggests that about 15 percent of regular gaming machine players may have significant personal, financial and family problems arising from their gambling (Dickerson, 1996:163). Surveys of treatment services for problem gambling in Sydney also reveal wide acceptance that machine gambling is responsible for loss of control amongst many gamblers who present for treatment (Keys Young, 1995; Prosser, Hing, Breen and Weeks, 1997b).[16] Australia-wide, the Productivity Commission (1999b:6.1) estimated that one in five weekly gaming machine players has significant gambling problems. Further, in a review of prior studies into problem gambling, the AIGR found that one of the most consistently found conditions in which problem gambling is likely to be reported is when players prefer continuous forms of gambling such as gaming machines (1997:69).

Nevertheless, in the context of expansionist government policies and an increasingly competitive environment, the financial dependence of NSW clubs on machine gambling for most of their revenue has maintained their general reluctance to moderate their pursuit of economic returns from machine gambling with a concerted consideration of its social ramifications. However, more vocalised community concerns about gambling policy in Australia prompted the NSW Government to enact legislative changes in 1998-99 that have considerable implications for responsible provision of gambling by NSW clubs.

For the first time in the history of machine gambling in NSW clubs, social responsibility in gambling recently was established in a legislative framework, the *Liquor and Registered Clubs Legislation Amendment (Community Partnership) Act 1998 NSW*, passed in May 1998. Section 87AA of the Act required the RCA to publish 'an appropriately funded policy that is capable of enforcement for minimising harm caused to the public interest and to individuals and families by gambling in registered clubs'. The RCA commissioned the AIGR to assist, publishing the required policy on 31 May 1998 (AIGR, 1998a). It also devised and trialled strategies for responsible management of gambling (AIGR, 1998b, 1998e) in preparation for a statewide responsible gambling program planned for NSW clubs after mid-1999.[17] While this legislative change shifted the clubs' social responsibilities in machine gambling into the legal arena and obligated the RCA to respond to its requirements, the legislation stopped short of specifying the exact

[16] Sydney is the capital city of NSW.

[17] The author was one of the team at the AIGR commissioned for this project by the RCA.

nature of that response, relying on industry self-regulation. Thus, by mid-1999, the NSW club industry retained considerable latitude in determining the nature of its responsible gambling program and how it was to be implemented, monitored and enforced.

During 1998-99 however, several significant events converged to diminish this latitude. The trial responsible gambling program conducted by the RCA in nineteen NSW clubs in late 1998 and its subsequent evaluation by the AIGR (1998e) exposed the inherent shortcomings of a self-regulatory approach to responsible management of gambling. Further, NSW (IPART, 1998) and Federal (Productivity Commission, 1999a, 1999b) Government inquiries into gambling confirmed the deficiencies in the current management practices of gambling operators in addressing problem gambling. The NSW Government responded in late 1999 by passing the *Gambling Legislation Amendment (Responsible Gambling) Act 1999 NSW* and by drafting associated regulations that established mandatory minimum standards in responsible gambling for NSW clubs and other gambling operators. This was a benchmark in gambling policy in Australia, for the first time prescribing core management practices for gambling operators to address problem gambling through harm minimisation, consumer protection and fair trading provisions designed to ensure gambling is conducted in the public interest.

Thus, numerous factors increasingly have pressured NSW registered clubs to implement management practices aimed at addressing the issue of problem gambling. Adopting a more responsible approach is important to club management, not solely to comply with their recently enacted legal obligations, but also to meet community expectations and to stem public concerns about problem gambling. Given the clubs' financial dependence on machine gambling, it would seem in their enlightened self-interest to ensure that their core product is socially, as well as economically, sustainable. As McMillen (1996c:13) explains, the social character of gambling in Australia largely has been overlooked in favour of an economic perspective, yet 'to secure its long-term profitability, commercial gambling must be compatible with social values and institutions'.

This chapter will now identify the specific research objectives for this study, and provide an overview of its methodology. It concludes by outlining the structure of the remaining chapters in the thesis and its potential contribution to knowledge.

1.5 OBJECTIVES OF THE STUDY

As noted earlier, this study is concerned with how NSW registered clubs strategically manage problem gambling in their machine gambling operations from past, present and future perspectives. From an historical viewpoint, the study examines the development of club machine gambling operations in NSW to consider how they have contributed to problem gambling. It also analyses the role of epistemic influences, governments, gambling operators and pressure groups in the emergence of problem gambling as a management issue for NSW clubs. Adopting a contemporary stance, the study then compares key stakeholder expectations to the performance of NSW clubs in managing problem gambling in their machine gambling operations in 1997–98. Taking a future perspective, the study reviews the club industry's responses to meeting requirements of the *Liquor and Registered Clubs Legislation Amendment (Community Partnership) Act 1998 NSW* to consider the future direction of NSW clubs in addressing problem gambling in the context of recent developments that have given the issue of problem gambling additional momentum in 1998–99.

These general research aims are expressed more specifically as the following six objectives:

1. to document the historical development of NSW registered clubs to explain how their increased commercialisation has affected their distinctive relationship with the community and their legitimacy as major providers of machine gambling in Australia;

2. to explain the emergence of problem gambling as a corporate social issue in Australia and its implications for NSW registered clubs;

3. to consider the relevance of theoretical models of social responsibility and applied models of responsible provision of gambling to NSW registered clubs in addressing the issue of problem gambling;

4. to assess how NSW club managers interpreted the social responsibilities of their clubs in addressing problem gambling in their machine gambling operations by 1998;

5. to assess the congruence between principles and practices adopted in machine gambling operations by NSW registered clubs to address problem gambling and those expected by key stakeholders by 1998;

6. to consider the implications of key developments during 1998–1999 for the future management of problem gambling by NSW registered clubs.

1.6 OVERVIEW OF THE RESEARCH METHODOLOGY

Addressing the study objectives requires a methodology that draws data from a range of primary and secondary sources, using both qualitative and quantitative methods as appropriate. Adopting multiple methods is important for many reasons. First, the controversial nature of both gambling and social responsibility hinders collection of reliable data and so the use of multiple methods can enhance and verify accuracy. Second, any benchmark or single, 'correct' approach to socially responsible machine gambling has not been identified. While various strategies in responsible provision of gambling have been adopted in other gambling sectors and jurisdictions, their effectiveness has yet to be evaluated objectively. Further, the particular external environments faced by NSW clubs and the distinctive nature of these organisations mean strategies adopted by other operators in other jurisdictions may not be acceptable nor effective in the NSW club context. Third, the many stakeholders affected by machine gambling in clubs are likely to hold diverse opinions about responsible provision of gambling, which may differ both amongst themselves and from the opinions held by club managers.

Thus, drawing data from a variety of sources allows the research objectives to be addressed from a diversity of viewpoints to capture and understand the richness and complexity of the topic under study (Baker, 1994:244), an unlikely outcome if restricted to a single data source. As Ackroyd and Hughes (1992:171) explain, complicated social phenomena, particularly those significant enough to affect large sections of society, require examination of all practically available data. Utilising multiple sources of data and multiple methods also allows cross-checking to verify the accuracy of data collected.

Further, a multi-method approach capitalises on the complementary strengths of different methods and helps overcome limitations inherent in individual methods (Brewer and Hunter, 1989:17), as convergent findings increase the confidence with which results can be considered to reflect reality, rather than methodological errors

(Brewer and Hunter, 1989:17). As Denzin (in Ackroyd and Hughes, 1992:171) explains:

> No single method is free from flaws...and will yield all the data necessary for a theory's test. Consequently, the researcher must combine his methods in a process called triangulation; that is, empirical events must be examined from the vantage provided by as many methods as possible.

The methodology adopted in this study utilises both secondary data from as wide a variety of sources as practicable, as well as primary data where both quantitative and qualitative approaches are used. Methods for addressing each research objective are outlined below, with more comprehensive explanation integrated into later chapters.

Objective 1: To document the historical development of NSW registered clubs to explain how their increased commercialisation has affected their distinctive relationship with the community and their legitimacy as major providers of machine gambling in Australia.

Addressing the first objective requires an historical examination drawing on secondary data from a range of sources, including official statistics, government reports and inquiries, Hansard reports of NSW Parliamentary debates, relevant legislation, industry publications, media reports, as well as academic studies focusing on gambling, both in general, and in the NSW club industry. These are analysed to present a chronological account of the history of NSW registered clubs to demonstrate that their not-for-profit status and their origins as community-based organisations operating for social purposes have been instrumental for the clubs in attaining dominance over machine gambling in the state. The analysis also documents the increased commercialisation of NSW clubs in their machine gambling operations since 1956 and explains why this has raised concerns about the legitimacy of clubs as major providers of machine gambling and about their contribution to problem gambling. This explanation draws upon the theoretical bases of that legitimacy and the historical evidence that suggests that those bases have been diminished over time through the clubs' increased prioritisation of economic over social objectives in machine gambling.

Objective 2: To explain the emergence of problem gambling as a corporate social issue in Australia and its implications for NSW registered clubs.

The secondary sources identified above also are drawn upon to address the second research objective. In light of key concepts in the field of corporate social issues management, these secondary data are analysed to illuminate how the epistemic community of researchers and experts in the field, governments, gambling operators

and pressure groups have influenced the recent emergence of problem gambling as an important strategic business issue for NSW registered clubs. An issue lifecycle approach (Mahon and Waddock, 1992) is adopted to demonstrate how a widening 'expectational gap' (Wartick and Mahon, 1994) between societal expectations and the performance of gambling operators in addressing problem gambling explains the emergence of problem gambling as a social issue in Australia. This issue has potential for significant future impact on NSW clubs by requiring strategies that will alter how machine gambling is operated and marketed if the clubs are to retain their legitimacy as major providers of gambling.

Objective 3: To consider the relevance of theoretical models of social responsibility and applied models of responsible provision of gambling to NSW registered clubs in addressing the issue of problem gambling.

A review of the literature on corporate social responsibility is integral to addressing the third research objective. Prominent concepts and theoretical models emanating from debate over principles, processes and practices underpinning corporate social performance are assessed for their relevance to NSW registered clubs in addressing the issue of problem gambling. Then, existing models of responsible provision of gambling adopted by gambling operators in other sectors and jurisdictions are evaluated in terms of the grounding constructs of corporate social performance to assess their potential effectiveness for NSW clubs in addressing problem gambling. Both these theoretical and applied models then inform the development of a framework to structure the empirical research required to address Objectives Four and Five of the study.

Objective 4: To assess how NSW club managers interpreted the social responsibilities of their clubs in addressing problem gambling in their machine gambling operations by 1998.

Data to address the fourth objective were obtained from three sources during 1997-98. First, in-depth interviews with nineteen NSW club managers explored how they viewed their clubs' social responsibilities in addressing problem gambling, in terms of the underlying principles and practices adopted. Second, six case studies of NSW clubs that have implemented responsible gambling strategies were conducted to ascertain the principles and practices that underpinned their efforts. Third, a mail survey questionnaire to a census of managers of all NSW clubs that operate gaming machines incorporated a validated instrument (Aupperle, 1982) to measure the relative priority given to economic, legal, ethical and discretionary principles in their machine gambling operations. The same survey identified practices implemented by

NSW clubs to address problem gambling. To address Objective Four, findings from the three data sources are integrated to provide an overall perspective on how NSW club managers viewed their clubs' responsibilities in addressing problem gambling in their machine gambling operations by 1998.

Objective 5: To evaluate the congruence between principles and practices adopted in machine gambling operations by NSW registered clubs to address problem gambling and those expected by key stakeholders by 1998.

Two data sources were drawn upon to examine key stakeholder interpretations of the social responsibilities of NSW registered clubs in addressing problem gambling by 1998. First, in-depth interviews, supplemented with public documents where available and appropriate, were conducted during 1998 with representatives from the NSW Department of Gaming and Racing, the Council of Social Service of NSW, the Public Interest Advocacy Centre, the Liquor, Hospitality and Miscellaneous Workers' Union, the Ethnic Communities Council of NSW, the NSW Council on Problem Gambling, the Forum of Non Government Agencies and Global Gaming Services. Second, submissions to the *NSW Gaming Inquiry* (IPART, 1998) were reviewed to ascertain the stance of additional interested parties. Data from these two sources are then integrated to identify principles and practices key stakeholders consider fundamental to the responsibilities of NSW clubs in addressing problem gambling. Addressing the fifth objective then entails comparing these findings to those of Objective Four to ascertain the congruence between the principles and practices adopted in machine gambling operations by NSW registered clubs to address problem gambling and those expected by key stakeholders by 1998.

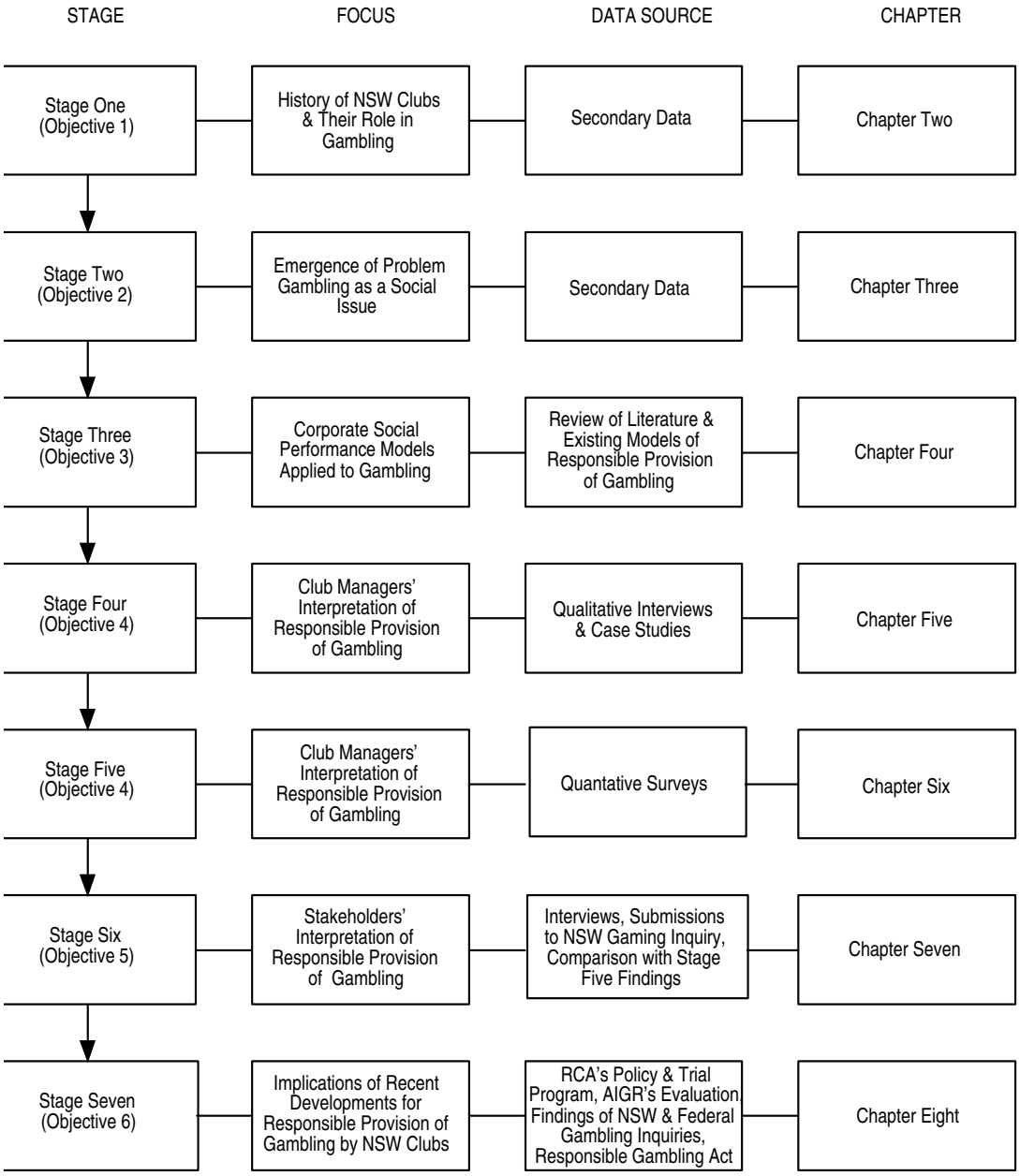
Objective 6: To consider the implications of key developments during 1998-1999 for the future management of problem gambling by NSW registered clubs.

Five developments during 1998-99 form the basis of analysis to address the sixth research objective. First, the RCA's progress in developing a statewide responsible gambling policy and program for the NSW club industry is reviewed. The author's involvement in this project allowed documentation of the development process and access to the policy and program materials. The socially responsible principles and practices endorsed by the RCA in its trial responsible gambling program, as preparation for a statewide program, are then distilled from these documents, and considered in light of the primary research conducted to address Objectives Four and Five. Second, the AIGR's evaluation of the RCA's trial responsible gambling program (AIGR, 19998e) is considered for its influence on the development of the RCA's statewide program. Third, the findings of the *NSW Gaming Inquiry* (IPART,

1998) also are considered in this light. Fourth, the draft and final findings of the Federal Government's inquiry into Australia's gambling industries (Productivity Commission, 1999a, 1999b) are examined to assess their implications for the RCA's responsible gambling program for NSW clubs. Finally, provisions of the *Gambling Legislation Amendment (Responsible Gambling) Act 1999 NSW* and its associated draft regulations are reviewed for their potential implications for NSW clubs in responsible management of gambling.

The research design is depicted in Figure 1.1, which shows seven empirical research stages and the objectives they address, along with their main focus, data sources and accompanying chapters in this thesis. It must be noted that when this study was designed in 1997, the *Liquor and Registered Clubs Legislation Amendment (Community Partnership) Act 1998 NSW*, the *NSW Gaming Inquiry* (IPART, 1998), the RCA's responsible provision of gambling policy and trial program (AIGR, 1998a, 1998b, 1998e), the Federal Government's inquiry into Australia's gambling industries (Productivity Commission, 1999a, 1999b) and the *Gambling Legislation Amendment (Responsible Gambling) Act 1999 NSW* had not been proposed. Thus, in line with the original research design conceived in 1997, the study pays greater attention to the time period prior to 1999. However, given the importance of developments in 1998-99 to the topic under study, a decision was made in late 1998 to incorporate them into the final research design, even though the empirical research for the first five stages and stakeholder interviews for the sixth stage had been completed.

Figure 1.1
Research Design



Source: primary – compiled for this study.

1.7 STRUCTURE OF THE THESIS

This thesis is structured in nine chapters. Following this introductory chapter, Chapter Two addresses the first research objective. It provides a history of the NSW registered clubs industry in the context of developments in Australian gambling, with the purpose of contextualising the study and to demonstrate the distinctive relationship between registered clubs, the community and the clubs' role in gambling. The chapter also examines how the clubs' increased commercialisation in their machine gambling operations has affected this distinctive relationship such that their legitimacy as major gambling providers became threatened by the late 1990s.

The second research objective is addressed in Chapter Three. Following a theoretical discussion of corporate social issues and their characteristics, an issue lifecycle approach (Mahon and Waddock, 1992) is utilised to analyse how the epistemic community, governments, gambling operators and pressure groups have influenced the emergence of problem gambling as a corporate social issue. The influence of these four parties is tracked to identify how and why an 'expectational gap' (Wartick and Mahon, 1994) widened by the late 1990s to the extent that problem gambling gained strategic importance for NSW registered clubs in their marketing, management and operation of machine gambling.

The strategic management of corporate social responsibility is central to this study and will be addressed from a conceptual viewpoint in Chapter Four. Consideration is first given to whether theoretical foundations for social responsibility in profit-based organisations have relevance for NSW clubs in explaining their social obligations to address problem gambling. The chapter then reviews key concepts relating to managing social responsibility in profit-based organisations. When applied to not-for-profit clubs in NSW, this review reveals theoretical explanations for why their social performance in machine gambling operations had not met stakeholder expectations by 1998, and provides some direction for improving their social performance through attention to socially responsible principles, processes and practices. This review also provides a basis for considering the relevance of existing responsible gambling models to NSW clubs. In light of theoretical and applied models of corporate social performance, the chapter concludes with a framework to structure the empirical research presented in Chapters Five, Six and Seven of the thesis. Chapter Four thus addresses the third research objective.

Chapters Five and Six address the fourth research objective and narrow the focus of the study from an industry-wide perspective to machine gambling operations in individual clubs. These chapters draw on the results of nineteen in-depth interviews with NSW club managers, six case studies of NSW clubs with responsible gambling programs, and a survey of all NSW clubs with gaming machines to illuminate the principles and practices adopted by these clubs in responsible provision of machine gambling by 1998.

Principles and practices apparent in stakeholder expectations of NSW clubs for addressing problem gambling are discussed in Chapter Seven, where the findings gathered from in-depth interviews with selected stakeholders and submissions to the *NSW Gaming Inquiry* (IPART, 1998) are analysed. These expected principles and practices are then compared to those identified for club managers, as presented in Chapters Five and Six. Thus, Chapter Seven addresses the fifth research objective.

Chapter Eight addresses the sixth research objective. It moves the focus of the study to key developments during 1998-99 that influenced the future direction of NSW clubs in responsible management of gambling. The RCA's trial responsible gambling program, developed in preparation for a statewide program to meet requirements of the *Liquor and Registered Clubs Legislation Amendment (Community Partnership) Act 1998 NSW*, is reviewed and its underlying principles and practices identified. These are then compared to those favoured by NSW club managers, as identified in Chapters Five and Six, and those expected by the clubs' main constituencies, as discussed in Chapter Seven. The AIGR's evaluation of the RCA's trial responsible gambling program, the findings of the NSW (IPART, 1998) and Federal (Productivity Commission, 1999a, 1999b) Government inquiries into gambling, and the provisions of the *Gambling Legislation Amendment (Responsible Gambling) Act 1999 NSW* and its associated regulations are then considered for their influence on the future management of problem gambling by NSW clubs.

Finally, Chapter Nine summarises the focus, rationale and empirical findings of the study. Drawing on the research findings and selected concepts in the fields of corporate social issues management and corporate social performance, a theoretical framework is presented with potential application in future studies of how organisations manage their social impacts. The chapter concludes by outlining the limitations of the study, by summarising its empirical, theoretical, methodological and policy contributions, and by presenting recommendations for further related research.

1.8 POTENTIAL CONTRIBUTION OF THE STUDY TO WIDER KNOWLEDGE

The proliferation of legalised commercial gambling in many countries in recent decades has focused increased academic attention on multiple aspects of gambling from diverse disciplinary perspectives and in a variety of industry settings. While early forays into gambling research typically were conducted by psychologists and psychoanalysts, the fragmented and eclectic body of work known as gambling studies (McMillen, 1996b:7) now reflects a breadth of contributions drawn from such disparate areas as economics, public policy, law, history, sociology, mathematics, philosophy, criminology, public health, religion, marketing, and management. While early gambling research tended to focus on the behaviour and motivations of individual gamblers, contemporary studies embrace a wider variety of issues and stakeholders. These include governments which set gambling policy and legislation, operators who provide gambling services, managers and employees of gambling venues, consumers of gambling products, communities where gambling venues are located, interest groups both advocating and opposing gambling, minority and ethnic groups who may display varying patterns of gambling participation, individuals and their families who experience gambling-related problems, and welfare organisations that assist them. At the organisational level, the setting for gambling studies has included casinos, clubs, hotels, off-course betting shops, bingo parlours and racetracks. Research has focused on many forms of gambling, from traditional card and dice games to internet gambling.

A consistent theme in many contemporary studies of gambling is its impacts, whether at individual, community or societal levels. At the individual level, psychologists continue efforts to explain the continuum of gambling behaviours; at community and societal levels, more recent analyses have been socio-economic in nature, focusing on the benefits of gambling or its harmful effects (Mascarenhas, 1991:124; IPART, 1998; Productivity Commission, 1999a, 1999b). Given recent attention to the socio-economic impacts of commercial gambling, some scholars have focused on public policy principles, often to support their call for governments to balance the costs and benefits of gambling. However, to the author's knowledge, this dissertation represents the first comprehensive Australian academic study into managing gambling impacts at the organisational level.

In contrast to the lengthy history of many forms of gambling in Australia, and despite its continued expansion and current scope, there have been few

comprehensive initiatives by either policy-makers or gambling operators to address its adverse social consequences, until the late 1990s. This reluctance to acknowledge and address the social impacts of gambling is mirrored in the academic arena by the paucity of research on social responsibility in gambling and on efforts by gambling operators to meet these responsibilities. In contrast to the relatively well developed field of corporate-society relationships, academic enquiry into social responsibility in gambling is still in its infancy and far from conclusive. Indeed, no Australian academic studies have been located which apply the tenets of corporate social responsibility and social issues management to the management of gambling operations.

Further, there have been few detailed scholarly publications on any aspect of the NSW club industry. The most comprehensive remains Geoffrey Caldwell's doctoral thesis, completed in 1972, which, while providing a comprehensive account of some of the history of NSW clubs and some insights into gaming machine play in one large club, focused primarily on the sociological role of clubs as leisure institutions, with little attention given to other social impacts of the club industry. Lynch (1985) has conducted a qualitative study of 21 regular gaming machine players at one Sydney club which provided valuable insights into the motivations and gambling behaviour of regular gaming machine players. However, the small sample size and its purpose as a management report to improve club performance necessarily limited the study. More recently, Prosser, Hing, Breen and Weeks (1996, 1997a) investigated the socio-demographic characteristics of Sydney populations which support machine gaming in NSW clubs, and poker machine playing behaviour and problem gambling amongst 3,000 members of six large Sydney clubs. Their studies provide useful background for the current research, but they did not examine how the issue of problem gambling might be managed in the clubs. Two large scale surveys of NSW club members (Toms, Lynch and Veal, 1996, 1998) sought to assess the impact of the Sydney Harbour Casino on selected NSW registered clubs and so presented valuable information on the gambling activities and behaviours of these club patrons. However, none of the above studies has focused on how NSW clubs manage their social responsibilities in machine gambling.

In addition, limited research has been conducted in Australia into the values and expectations of various stakeholders regarding the social responsibilities of gambling operators. Until the *NSW Gaming Inquiry* (IPART, 1998) and the Federal Government's inquiry into Australia's gambling industries (Productivity Commission, 1999a, 1999b), the only published data on community attitudes to gambling in NSW were contained in two studies for the Casino Community Benefit

Fund (AIGR, 1996, 1998f). While providing useful indicators of the prevalence and ramifications of problem gambling and participation rates in different types of gambling, these studies were limited to three questions about community attitudes to gambling - the importance of gambling as a leisure activity, who should be responsible for funding treatment services for problem gamblers, and whether gambling creates serious problems for some people. Other socio-economic impacts of gambling were identified in these two studies, but they did not attempt to investigate community acceptance of these impacts or how any negative impacts might be managed. Few other investigations into stakeholder expectations of gambling operators have been conducted in NSW, apart from occasional conference papers promoting the views of individual academics, stakeholder representatives, and problem gambling service providers (for example, Blaszczynski, 1987; Toneguzzo, 1996a; Brown, 1997).

Thus, this study represents the first scholarly investigation into the social responsibilities of NSW registered clubs in addressing problem gambling. It also provides a detailed assessment of related stakeholder expectations, and extends Caldwell's (1972) historical analysis of the NSW club industry. At an empirical level, it aims to fill a gap in current knowledge so that the strategic management of gaming machine operations in individual NSW clubs can help to address the issue of problem gambling. At a theoretical level, it aims to test selected concepts in the corporate-society field for their application to gambling. Such a study seems timely given the continued expansion of machine gambling in many western countries, escalating public outcries about its social fallout, increasing government attention to responsible conduct of gambling, and recent efforts by the RCA to address problem gambling in NSW registered clubs.

CHAPTER TWO

A HISTORY OF MACHINE GAMBLING IN THE NSW REGISTERED CLUBS INDUSTRY

2.1 INTRODUCTION

The purpose of this chapter is to document the historical development of NSW registered clubs to explain how their increased commercialisation has affected their distinctive relationship with the community and their legitimacy as major providers of machine gambling in Australia. The analysis in this chapter represents Stage One of this study (Figure 1.1) and addresses its first research objective.

Through a history of the NSW club sector, this chapter illuminates certain characteristics of clubs that distinguish them from other gambling operators. It will be argued that three conditions of club registration - their not-for-profit status, membership requirements, and social benefit objectives - have been instrumental for the clubs in gaining and maintaining dominant rights to machine gambling in NSW. These three features of clubs traditionally have underpinned their legitimacy as major providers of machine gambling, reflecting prevailing government policy that linked legalised gambling to social benefit. However, the substantial revenues that accrued from machine gambling, amidst an absence of competition, fuelled an expansion of the club sector which was neither predicted nor planned, with many clubs growing dramatically in assets, membership and facilities. The original club goals of promoting and pursuing the social purpose and community benefit for which they were established became superseded by an emphasis on expansion, market share and profits. More recently, increased competition for the gambling dollar, reflecting a shift in government policy towards economically driven stimulation and expansion of commercial gambling, has further entrenched the commercialisation of clubs in their machine gambling operations, subordinating their social agenda to economic interests. This change in focus by club management has diminished the social contract that exists for clubs to operate gambling for community benefit, the very basis of the clubs' legitimacy as major providers of machine gambling. Indeed, the implicit assumption that social benefit was built into club machine gambling has allowed the clubs to exploit their position of market

dominance in such a way that exacerbates the negative social impacts of their core product.

The following history of the NSW registered clubs industry and its machine gambling operations is presented chronologically and contextualised within the development of other forms of gambling in Australia. To set this review in perspective, the next section explains the nature of NSW clubs by identifying key conditions of club registration, and distinctive characteristics significant to their protected role as dominant providers of machine gambling.

2.2 DISTINCTIVE CHARACTERISTICS OF NSW CLUBS

Key features of NSW registered clubs distinguishing them from profit-based organisations are prescribed in industry-specific legislation. While the *Liquor Act 1905 NSW* officially licensed the first clubs for trading, conditions of club registration are now contained in the *Registered Clubs Act 1976 NSW* which stipulates certain requirements to obtain a certificate of registration issued under Part II of the Act. These conditions restrict particular aspects of club management and operations, but are off-set by certain privileges designed to optimise the community benefit provided by clubs.

2.2.1 Restrictions on Club Management and Operations

The main restrictions imposed by the *Registered Clubs Act 1976 NSW* on club management and operations and which distinguish clubs from profit-based organisations relate to their purpose, ownership, distribution of trading profits, marketing, structure, and management, as outlined below.

Unlike commercial organisations, NSW clubs can be established only for social, literary, political, sporting, athletic or other lawful purposes (*Registered Clubs Act 1976 NSW)*. The RCA, the peak representative association of the NSW club sector, has categorised NSW clubs into those which pursue and promote sporting, business, social, community, workers, national, cultural, religious, returned soldiers' and ex-services interests (1999a:6). More than half of all NSW clubs are sporting clubs, focusing on lawn bowls, golf, rugby league, rugby union, soccer, tennis, rowing and sailing (RCA, 1999a:6). The *Registered Clubs Act 1976 NSW* prescribes that clubs must hold a liquor licence and maintain premises for their members and guests, provided and maintained from club funds.

Clubs are owned by their members whose membership fees buy a share in the club and contribute to a common fund for the benefit of club members. Further, membership of clubs is restricted to a total of 6,250 unless approval for additional members is granted by the NSW Licensing Court. Prospective members must be nominated by an existing member, have their name displayed on the club noticeboard for two weeks and then be elected to membership by the club's Board of Directors (*Registered Clubs Act 1976 NSW)*. Thus, unlike public companies, potential shareholders must be approved by existing members and the club's trustees. However, the *Registered Clubs Act 1976 NSW* prohibits any distribution of club profits or income amongst club members so, unlike commercial organisations, no dividends are paid to club members as shareholders. Clubs operate under the mutuality principle, that is for the benefit of the entire membership, with no member gaining an advantage or benefit from the club not offered to all other members.[18] While some club funds are derived from membership dues, trading profits, particularly from gaming machines, typically contribute most to club funds (NSW Department of Gaming and Racing, 1995:4; Productivity Commission, 1999b:21.1).

Thus, clubs are considered not-for-profit organisations as any trading profits do not accrue to individuals or shareholders, but must be channelled into facilities and services that benefit members, promote the purpose for which the club was established, or support charitable or community causes. As the RCA (1994:3) explains, club income is used to 'support charities, provide funds for community projects, youth, the aged and handicapped, sponsor sport and build better and expanded facilities for their members and the community of NSW'. In addition, almost every registered club has several subsidiary clubs, such as those which pursue athletics, indoor bowls, snooker, fishing, darts, euchre, bridge, backgammon, travel, squash, cricket and croquet (RCA, 1999a:6). The RCA (1999a:6) estimates these total about 10,000 'sub-clubs' and notes that each 'supports the community and charities in some way'.

Because clubs exist for the benefit of members, certain restrictions are placed on their operations. Non-members can gain access to a club only if they reside more

[18] The Productivity Commission (1999b:21.3) explains that the mutuality principle relates to the notion that a person cannot make a profit from selling to him or herself. The concept has been extended to defined groups of people who contribute to a common fund, controlled by the group for a common benefit. Any amount surplus to that needed to pursue the common purpose is said to be simply an increase of the common fund and, as such, is not considered income and not subject to income tax.

than five kilometres away, if they are members of another club with similar objectives, or if they are visiting to attend an organised sport or competition that the club is hosting. In such instances, visitors are classed as temporary members and must sign a register on entry in the presence of a club member. Further, any promotional material relating to club facilities must include a statement that it is for the information of club members and their guests.

While the *Registered Clubs Act 1976 NSW* is the principle Act governing NSW clubs, incorporated clubs must register with the Australian Securities Commission as companies limited by guarantee. Under corporations law, authority is delegated to club members to draw up their club's articles of association. The members, guided by provisions in the articles, elect a Board of Directors responsible for establishing club policies and by-laws. The Board appoints a chief executive officer, usually called the secretary manager, to implement club policies and to establish and implement operating procedures (Hing, Breen and Weeks, 1998:26). Thus, the chief executive officer is answerable to the Board of Directors, which in turn answers to the club's members. However, the not-for-profit status of clubs, their origins as community-based associations formerly run by volunteers, and the process of electing voluntary Board members mean the degree of professionalism amongst club Boards, and the managers they appoint, varies widely. Unlike commercial organisations, effective club management may not be measured in financial terms, but by how well the club's objectives and members are satisfied.

2.2.2 Privileges of NSW Clubs

Key features of NSW clubs that distinguish them from their profit-based counterparts, such as hotels and casinos, have been significant in gaining certain concessions and competitive advantages for the purpose of optimising community benefit. Predominant amongst these have been extended trading hours, taxation concessions and a protected market for gaming machines. These are outlined briefly here and will be detailed in the ensuing history of the industry.

The early popularity of NSW clubs was assured when clubs gained extended trading hours over their major rivals, hotels which were bound to 6 o'clock closing during World War One and World War Two. Preferential treatment by officials and legislators hinged on the clubs' not-for-profit status, membership requirements and social purposes. Considered restricted rather than publicly accessible establishments, and elite rather than mass institutions, police and public officials demonstrated considerable ambivalence, allowing NSW clubs to serve liquor outside hotel trading

hours even before a 1947 ruling essentially authorised 24 hour trading for the clubs. Further, because club liquor profits were channelled into member facilities and services, clubs fulfilled a social need for better drinking conditions than the hotels provided.

The social benefit objectives of clubs also have attracted taxation concessions, with certain types of clubs exempt from income tax. While other clubs pay income tax at the usual company rate, sporting clubs can be partially exempt if their main purpose is promoting a game of sport. While such clubs can have additional non-sporting objectives, these must be secondary to the main sporting purpose for which the club was established. However, takings from non-members and investment income are not tax-exempt (Australian Taxation Office, 1996). The requirement for club gaming machine profits to be directed towards member and community benefits also has maintained taxation rates on club gaming machines lower than those paid by for-profit gambling operators, both for gaming machines and other forms of gambling.

Their not-for-profit status, membership requirements and social benefit objectives also were critical for NSW clubs in gaining monopoly rights to machine gambling in NSW. These characteristics of clubs led officials largely to ignore the illegal operation of gaming machines in the clubs prior to 1956, and underpinned stated reasons for their eventual legalisation (Caldwell, 1972), thus forming the basis of the clubs' legitimacy as machine gambling operators. Further, these three features of NSW clubs helped maintain their dominance over machine gambling in the state, at least for as long as government policy maintained the connection between gambling and social benefit (Caldwell, 1972). While a change of government policy is reflected in the recent loss of this monopoly, NSW clubs still enjoy a heavily restricted market for gaming machines, perpetuated by the assumed community benefits that accrue.

2.2.3 Contradictions Between the Not-For-Profit Status and Commercial Objectives of Clubs

As this chapter will argue, the not-for-profit status of clubs and accompanying community benefit charter is increasingly at odds with the commercial objectives of many contemporary clubs. While still existing to render a service to members and the broader community, the intensifying competitive environment for gambling has prompted greater adoption of commercial management practices in NSW clubs, posing a contradiction between their official and actual agendas. This tension gradually has undermined the clubs' distinctive relationship with the community as a

source of community benefit, a linkage that facilitated and legitimised their development as major providers of machine gambling.

Koteen (1991:10-14) notes that the fundamental difference between not-for-profit and profit-oriented organisations is one of purpose, in that the former aims to make a profit while the latter exists to render a service. This fundamental difference, he contends, has major implications for strategic management in such organisations. In not-for-profit organisations, absence of a profit measure means success is measured by how well the service is rendered rather than in financial terms. Because accumulated revenue is expected to be used to expand or improve services, or reduce price, not-for-profit organisations often receive benefits not accruing to profit-oriented firms and attract criticism when they embark on commercial, revenue-producing activities considered unrelated to their primary purpose. Further, because not-for-profit organisations usually rely on non-client sources of revenue, their strategic management tends to focus on satisfying the needs of their funding providers, rather than those receiving the service.

However, as the following history will demonstrate, NSW registered clubs have evolved in such a way that, in practice, they now violate these essential foundations of not-for-profit organisations. Evolving from the early NSW clubs established to promote a common interest of, and provide a range of services for, members whose dues provided the main source of revenue, contemporary clubs now emphasise profit-based goals and reward management accordingly. Their main source of revenue is no longer membership dues, but gaming machine profits, prompting a shift in strategic management towards a market-oriented approach that seeks to maximise customer 'sales', rather than fulfill the community service objectives for which they originally were established. As Koteen (1991:14) notes, the key to understanding strategic management is the organisation's source of revenue. This chapter will demonstrate that this shift in club revenue from being derived principally from membership dues to gaming machine profits has prompted a more commercial approach to the strategic management of NSW clubs. This has fuelled criticism of favourable concessions given to clubs over their profit-based competitors and of the clubs' increased focus on protecting and promoting their gaming machine operations to the subordination of their original social purposes.

Further, NSW clubs may be particularly vulnerable to criticism of their increased commercialisation due to the multitude of stakeholders with whom they must manage a relationship, a condition common in not-for-profit organisations (Drucker, 1990; Billis, 1993; Taylor and Sumariwalla, 1993; Murray and Tassie, 1994). For

NSW clubs, support is needed by a range of primary stakeholders, including management, Boards of Directors, staff, club members, other patrons and government departments, while they also are subject to the influence of secondary stakeholders such as their competitors, local communities, pressure groups and the media. This diversity of stakeholders may heighten inherent tensions between organisational goals aimed at maintaining or enhancing the economic returns from gambling and the clubs' social benefit and community interest charter.

2.2.4 Summary

Conditions of registration that distinguish NSW registered clubs from profit-based organisations have been designed to restrict their pursuit of commercial interests and encourage community support. Paradoxically, the clubs' not-for-profit status, membership requirements and social benefit objectives have allowed them to aggressively pursue economic returns from machine gambling in the name of social benefit for members and the broader community. However, in recent years this more blatant economic agenda has been criticised for eroding their distinctive relationship with the community, raising questions over the social costs and benefits that accrue from their machine gambling operations and the legitimacy of clubs as major gambling providers. This chapter will proceed to illuminate how the industry's exponential growth and success have sown the seeds for such criticism. The historical account that follows is structured in four major sections that broadly reflect stages in the industry's evolution - inception, growth, development and maturity. Sources of data for this account have been identified in Chapter One and comprise both source documents and secondary literature pertaining to the historical development of the industry.

2.3 THE INCEPTION PHASE: THE ESTABLISHMENT OF THE NSW CLUB INDUSTRY

NSW clubs were established in the early Australian colonies, with their elitist nature reflecting class-based distinctions drawn by colonial administrators in their attitudes to gambling. While a prohibitionist approach to gambling prevailed for the lower classes, gambling amongst members in clubs and betting on horse racing were tolerated for their contribution to recreational and social purposes, to the consequent benefit of the colonial elite. In this context, early NSW clubs established themselves as not-for-profit organisations pursuing explicit social objectives, for the benefit of their restricted membership and the wider community.

2.3.1 The Context: Gambling in the Early Australian Colonies

O'Hara's (1988) history of gambling in Australia since colonisation describes how early European settlers to Australia imported the values and practices of Georgian England. Early Australian colonists readily adapted British gambling practices, to which settlers from both ends of the socio-economic spectrum had little moral aversion. Amongst the affluent classes, card playing and betting were considered matters of honour, as 'ostentatious displays of both civilisation and contempt for mere money' (O'Hara, 1988:246). Amongst lower classes, gambling and drinking provided some of the few recreational opportunities and, with meagre prospects for economic advancement through legitimate means, their circumstances left them little to lose and much to gain by gambling (O'Hara, 1988:246-247). Convicts also played games of chance for food and clothing, with Cumes (1979:15) noting that 'there was a hard core who were gamblers before they became convicts and the hardest core of them all had become convicts because they were gamblers'.

By the early 1800s, popular gambling included cockfighting and various card, dice and coin games amongst lower classes, and billiards, cards and horse racing amongst upper classes. The commonness, cheapness and attachment to horses meant they inevitably became the focus of wagering (Inglis, 1985:7), giving horse racing a degree of official sanction early on (O'Hara, 1988:12-13). With their long tradition of horse racing, numerous Irish Catholic settlers nurtured a culture sympathetic to gambling in general, and to horse racing in particular (Inglis, 1985:9). In NSW, organised horse racing was established by 1810, and by the mid-1800s had developed into a vital and growing recreational activity in emerging cities and country towns (McMillen, 1996c:4). Club facilities and racecourses were improved and numerous sweepstakes based on horse racing established (O'Hara, 1988). The first Melbourne Cup was held in 1861 and a form of sweepstakes on major races initiated in the early 1890s by George Adams, proprietor of the Tattersall's Hotel in Sydney.[19] Gambling shops for betting on cards, dice and two-up proliferated in major centres, along with Chinese gambling dens. However, horse racing remained the most public display of gambling, and spread through the colonies as quickly as the settlements (O'Hara, 1988:83).

[19] The Melbourne Cup is Australia's most famous horse race for which a public holiday was first declared in 1865 (Inglis, 1985:11).

O'Hara (1988) contends that gambling was entrenched in Australian society by the late 1800s. However, this proliferation of gambling was not without opposition. New values promoted by the growing urban middle classes and fuelled by the evangelical revival that transformed Protestantism (Inglis, 1985:12; O'Hara, 1988:104) saw opposition to gambling gain strength after the early 1800s. These values, emphasising the industrial work ethic and distrusting idleness, interpreted gambling, or at least gambling by the working classes, as 'a vice which distracted people away from the virtues of industry' (O'Hara, 1988:104). In the colonies, the evangelical clergy were particularly vocal in airing these views. Most notable was the Presbyterian Reverend John Dunmore Lang who, in 1834, declared that the three accompaniments of advancing civilisation in NSW were a racecourse, a public house and a gaol, and that the first two of these amenities naturally led men to the third (in Inglis, 1985:7). Protestant reformers became more vocal throughout the nineteenth century, frequently denouncing a trinity of vices - sexual immorality, drinking and gambling (Inglis, 1985:12). The term 'wowser' was coined by the late 1800s to describe those trying to impose their puritan prohibitions on the community (Inglis, 1985:15). However, while the moral reform movement was successful in influencing anti-gambling legislation shortly before and after 1900 (Inglis, 1985:15), it had less success in suppressing widespread participation in gambling, both legal and illegal. Even though all colonies enacted legislation between 1876 and 1897 to prohibit gambling in streets, shops and private houses, prosecutions were 'little more than token gestures which had little effect' (O'Hara, 1988:117-118).

However, while most gambling, except betting on horse races, was prohibited in NSW from the initial period of white settlement until the early 1900s, gambling by affluent classes in their private clubs was accepted from the beginning. The following review of the establishment and early development of NSW clubs provides some explanations for this.

2.3.2 Establishment and Development of the Early NSW Clubs

Although NSW clubs were not licensed for liquor trading until 1905, the first clubs were established in the early colonies, modelled on metropolitan British gentlemen's clubs which have a history of over three centuries (Tildesley, 1970:v). British clubs were principally social institutions, established to promote professional, intellectual, artistic and sporting interests and to provide members with collective use of a 'town house' in urban areas (Tildesley, 1970:v). Early Australian clubs, such as the Australian Club, the Union Club, Tattersall's and City Tattersall's, were established to fulfill a similar function. For example, Australia's oldest club, the Australian

Club, was established in Sydney in 1838 ‘on the principle of those establishments in London’, with the express purpose of ‘facilitating the social and literary intercourse of individuals resident in the Colony’ (Williams, 1938:1). For the landed gentry, such clubs provided accommodation and leisure facilities during business trips to town and relieved ‘the destitute condition of the country visitor ... as well as the aimless existence of the Sydney bachelor, who has no means of agreeably spending his evenings’ (*The Australian*, 30 September 1836 in Williams, 1938:1).

Other early clubs fostered particular sports, social interaction of members with common interests, and community well-being. For example, Tattersall’s Club was incorporated in Sydney in 1888 ‘to initiate and conduct race meetings, to foster the sport of horseracing and the breeding of thoroughbred blood horses, to encourage amateur sport, to provide a Clubhouse and recreation and accommodation for members, and to assist any charitable, benevolent, patriotic or philanthropic purpose as may be consistent with or necessary to the above’ (Anderson, 1985, n.p.). Similarly, the objectives of the first NSW ladies club, the Queen’s Club, established in 1912 ‘for social and non-political purposes’ and to provide ‘accommodation from the funds of the Club for club members and their guests in the club house and premises’ (Tildesley, 1970:v), reflected the social, rather than economic, purposes of early NSW clubs.

These first NSW clubs were prestigious institutions with limited exclusive membership commanding high fees, and selected by referrals and sanctions from existing members. For example, the Australian Club limited membership to 200 and commanded membership fees higher than comparable British clubs ‘to preserve for it a colonial aristocratic character’ (Cumes, 1979:250). Indeed, ‘black frock-coats, top hats or tall white beaver hats (and) gloves’ were considered ‘quite the correct thing’ in members’ attire at the club (Williams, 1938:27). A list of the Australian’s 137 founding members reads like a ‘who’s who’ of the day, comprising individuals distinguished in government, naval and military services, the professions, and pastoral and commercial pursuits (Williams, 1938:7-11). The calibre of new members was maintained by a ballot system, with one negative vote in ten from existing members meaning exclusion (Williams, 1938:11-12). Membership of other early clubs also was confined to the elite, although the Australian Club was the most exclusive.

The premises of the first NSW clubs also emulated British gentlemen’s clubs and appropriately accommodated the style of living to which their members were accustomed. For example, the *Year Book of Australia* in 1891 described the Pitt

Street premises of the Sydney Tattersall's Club as 'without doubt the largest and best appointed of its character in the world. For position, elegance of structure, and internal conveniences there is no Club to compare with Tattersall's of Sydney' (in Anderson, 1985:n.p.).

Club entertainment principally consisted of drinking, dining, billiards, card games and a library (Anderson, 1985), the latter maintained by member donations and club funds, with facilitation of literary intercourse often a stated club objective (Williams, 1938; Tildesley, 1970; Donohoo, 1971; Anderson, 1985). Betting was common on billiards and cards, particularly poker, whist and bridge (Tildesley, 1970: 61), but these involved wagers amongst members and were at no profit to the club. As Tildesley (1970:61) notes, 'playing cards for stakes is traditional in Club life - traceable as far back as the doyen of London's West End clubs, White's, where in its early days the custom of wagering was prevalent, and where a book in which bets might be entered was provided.'

Support of charity and community projects were priorities for early clubs. For example, during World War One, City Tattersalls Club donated nearly all its proceeds to war savings funds, built cottages for disabled servicemen, and retained beds in many hospitals (Donohoo, 1971: n.p.), while the Queen's Club donated its entire 1918 proceeds to returned soldiers and their dependents (Tildesley, 1970:15). Anderson (1985, n.p.) notes consideration given to charitable contributions at Tattersall's Club, which:

> ...was seen as a giant milch cow for every individual or group of people who had a cause to espouse or a drum to beat but there were very few genuine appeals which failed to get a sympathetic hearing. Men who were intimately connected with the racing game were only too well acquainted with the economics of survival among all classes and regarded it as their duty to help where help was deserved.

The generosity of club members and their genuine interest in promoting club objectives were integral to the early survival of the club movement. For example, Tildesley's history of the Queen's Club (1970) and William's of the Australian Club (1938) recount numerous occasions when members were levied or gave temporary advances to keep their clubs financially viable. These histories also suggest that club management was entirely voluntary, with the committee directly involved in daily operations and concerned more with club survival than maximising revenue or profit. Many services such as meals and accommodation were provided free to members (Anderson, 1985: n.p.; Williams, 1938:28-29). Unlike contemporary clubs, membership was limited and subject to the sanction of existing members, while

guests were permitted only at the invitation and in direct company of members, were required to leave at six pm. and could not be served alcohol (Anderson, 1971: n.p.). In fact, some clubs, such as the Queen's Club, did not obtain a liquor licence for some time after establishment, so members had to bring their own liquor if they wanted to drink. The social role of elitist clubs also extended to other clubs established early in the 1900s. At more modest sporting clubs, members volunteered time and labour and made financial contributions to construct club houses, clear land, raise money for golf courses and bowling greens and support the war effort (Dwyer, 1966; Walker, 1996).

Thus, historical accounts of early NSW clubs, while limited, suggest their management and operations strongly reflected their social, not-for-profit aims and the spirit of mutual benefit and community service for which they were established.

2.3.3 Summary

Various features of the first NSW clubs facilitated later institutionalisation of registered clubs as major leisure establishments and legitimate gambling venues. First, these clubs were established soon after colonisation in the long-standing tradition of their respected British counterparts, marking commencement of the relatively lengthy industry history in NSW. Second, their elitist membership and demonstrated social benefits for both members and the wider community meant their existence went unquestioned. Third, their sanctioned position in society allowed the common, albeit illegal, gambling amongst members on club premises to continue. While clubs themselves did not receive financial benefit from gambling, its tolerance by authorities meant a close association between clubs and gambling from their very inception.

2.4 THE GROWTH PHASE: THE NSW CLUB INDUSTRY PRIOR TO THE LEGALISATION OF POKER MACHINES

During the first half of the 1900s, government policy on gambling shifted from a class-based prohibitionist approach, to selective liberalisation that clearly linked gambling to social benefit. Amidst the legalisation of lotteries, and church and charity bingo, both with explicit social welfare purposes, NSW clubs gained a foothold on machine gambling, operating it illegally but with a substantial degree of official tolerance. This was premised on the clubs' not-for-profit agenda, membership restrictions and social objectives, which set them apart from their major

rivals, hotels, and gained favourable treatment in both liquor and gambling provision.

2.4.1 The Context: Gambling in Australia in the Early 1900s

O'Hara (1988) points out that Protestant opposition to gambling gathered momentum in Australia in the early 1900s, with vigorous attempts to reform legislation rather than educate gamblers on the error of their ways. He describes how the *Gaming and Betting Act 1906 NSW* and similar legislation in other states reflected the middle class view of Protestant social and moral reform, with far greater restrictions on lower class entertainment than that of their social superiors. However, despite the apparent victory of the moral reform movement, horse racing and trotting continued to prosper with betting made more efficient with invention and refinement of the mechanical tote after 1911 (Watts, 1985). Gentlemen's clubs operated much as before, and illegal betting shops and private bookmakers continued although with greater discretion (O'Hara, 1988). Further, while World War One refuelled Protestant arguments with calls for greater sacrifice, it added pressure on the public purse.

The introduction of the Golden Casket Art Union in Queensland in 1916 was a landmark in Australian gambling history. First operated by the non-profit Queensland Patriotic Committee to raise money for the war effort and soldier repatriation, it was so successful that the Queensland Government took over operation in 1920, directing all profits to the Motherhood, Child Welfare and Hospital Fund (Selby, 1996:65). As well as signalling a changed government attitude towards gambling, the Golden Casket demonstrated that the state could be an effective gambling operator, with revenue used in a morally defensible way to relieve pressure on state funds and provide social benefits (O'Hara, 1988:171). The next state lotteries introduced were in NSW (1931) and Western Australia (1933).

By the 1940s, bingo also had gained popularity, which O'Hara (1988:196) attributes to restrictions on horse racing and the presence of numerous US soldiers. During the Second World War, the YMCA, returned services clubs and other charitable organisations ran state licensed bingo games for wartime fund-raising purposes. After the war, clubs, hospitals, ambulance organisations and the Catholic Church operated bingo, although regulations on hours of play, number of games and prize money sought to contain its growth (O'Hara, 1988:196-197).

Both legitimation and access influence participation in gambling (Selby, 1996:66). The first half of the 1900s saw state, church and charitable involvement as gambling operators reinvigorate the legitimacy of gambling, which gained new respectability through association with welfare purposes, further attracting middle class participation, particularly by women (McMillen, 1996c:5). In contrast to traditional forms of legal gambling, such as totalisators, which were strictly controlled both in procedure and location, and legislative curbs on other gambling in public places (O'Hara, 1988:115), lotteries and bingo increased public access to gambling (Selby, 1996:67). In was within this context of increased legitimation and public exposure to gambling that NSW clubs became established as major leisure institutions and gained their first foothold on machine gambling. The ensuing account of club development during this period identifies numerous factors that facilitated this.

2.4.2 Expansion of the NSW Club Industry: 1905–1955

Expansion of the NSW club industry during the early 1900s was strongly linked with the clubs' role as leisure establishments licensed to serve alcohol. However, while early NSW clubs established the base for industry development, legislative controls on the number of NSW liquor licences hindered further industry growth for many decades, as the *Liquor Act 1905 NSW* had authorised only 85 clubs for trading. However, social and economic changes during the first half of the century prompted public pressure on the NSW Government to expand the number of club licences, achieved through amendments to the *Liquor Act* in both 1946 and 1954. The following review discusses pertinent events preceding these amendments.

In Australia's early colonies, the social strata was polarised between affluent classes, catered for by gentlemen's clubs, and the working class of convict and free settler origin. For over a century, taverns and pubs were the sole public institutions catering for the leisure and drinking needs of ordinary people (Caldwell, 1972: 49-50). However, proliferation of public drinking houses during the late nineteenth and early twentieth centuries was accompanied by outcries from the media, temperance movement, churches, and growing middle classes. The NSW Government attempted to curb liquor trading through freezing the number of hotel, wine and club licences in the *Liquor Act 1905 NSW*, authorising local option polls on hotel licence numbers, and introducing requirements for ratepayers to petition for new liquor licences (Caldwell, 1972:50).

World War One brought further restrictions to liquor trading. All Australian state governments reduced hotel closing times to 9 pm. or 9.30 pm., while a 1916 military

riot prompted a referendum supporting 6 pm. closing for NSW hotels (Caldwell, 1972:51). Such was the influence of the temperance movement, the churches and patriotic sentiment in the post-war years, that this wartime measure was retained until 1954 (Caldwell, 1972: 52). During and after World War One, drinking conditions in hotels deteriorated. The hour before closing became known as the 'six o'clock swill' when about 90 percent of all alcohol sold was consumed (Caldwell, 1972:52). The place of hotels as the centre of community life was destroyed by six o'clock closing, which encouraged hurried drinking, drunkenness, and remodelling of hotels to accommodate the avalanche of after-work drinkers, at the expense of dining, accommodation and indoor sports areas. Hotels became 'high pressure drinking houses with little pretence of service, amiability and personal contact between publican, barman and customers' (Freeland, 1966 in Caldwell, 1972: 52).

However, the official status of registered clubs between the wars was unclear. Even though the NSW Supreme Court determined in 1930 that hotels and clubs were subject to the same licensing laws, less official scrutiny of clubs and their accessibility only to members allowed their upper class patrons more liberal drinking conditions than the working class enjoyed in hotels (Caldwell, 1972:61). Further, the RCA argued that, as clubs were 'virtually the homes of members, whose home privileges must be safeguarded', their legal status differed from that of hotels (*Sydney Morning Herald*, October 30, 1930 in Caldwell, 1972:61).

During World War Two, restricted drinking conditions encouraged publicans to overcharge for liquor, fuelling a 'vigorous' black market, with liquor supplied by 'sly grog shops' and sold through burgeoning numbers of nightclubs, unlicensed clubs and other outlets (Caldwell, 1972:64-65). Government restrictions on liquor production, the rushed drinking encouraged by limited trading hours, and inability to consume food and drink together at appropriate times in hotels, were blamed for increased consumption of wines and spirits and public drunkenness (Caldwell, 1972:66-67).

By the end of World War Two, ordinary social drinkers were dissatisfied with hotel drinking conditions, the general shortage of beer, exploitation by the hotels and breweries, and the rampant black market. However, at the same time, NSW clubs had begun to diversify in their objectives and membership base, away from the elitist gentlemen's clubs of earlier times. For example, a list of NSW clubs licensed for trading in 1939 (Caldwell, 1972:63-64) identifies yacht, bowling, golf, civic, professional, jockey, tennis, rowing, musicians, automobile, masonic, recreation, motor boat, gun, cricket, working men's, literary and soldiers' clubs. Additionally,

improved economic conditions during the post-war boom meant the public had more disposable income, some of which they wanted to spend in more comfortable, relaxed drinking venues (Caldwell, 1972: 69-71). Public pressure increased for more licensed clubs, prompting amendments to the *Liquor Act 1905 NSW* in 1946 authorising additional club licences. By 1950, these numbered 350 (RCA, 1994:3).

During the late 1940s and early 1950s, the popularity of NSW clubs continued to increase. Caldwell (1972:93) identifies the following influential factors. First, the electorate voted overwhelmingly in 1947 to retain 6 pm. closing for hotels (*Liquor Referendum on Hotel Closing Hours*, 1947) while the NSW Supreme Court ruled that clubs could legally serve alcohol outside hotel trading hours (*Ex Parte Coulson and Anor. re Jones and Anor. 48 S.R. 178*). By classifying club members as 'inmates' under the *Liquor Act 1905 NSW*, this decision allowed 24 hour club trading. Second, many hotels were unwilling or unable to match the comfort, service and facilities provided by clubs. By the 1950s, public dissatisfaction with hotel drinking conditions and neglect by country hotels to meet legal obligations to provide meals and accommodation, stimulated the *Royal Commission on Liquor Laws NSW* (1954) to enquire into liquor trade in NSW. The Royal Commission recommended lifting limitations on the number of clubs which, following amendments in 1954 to the *Liquor Act 1905 NSW*, increased to 793 the following year (Caldwell, 1972:92). This was a third factor catalysing expansion of the club industry, as growth of the hotel industry was still impeded by the requirement for new hotels to purchase and transfer an existing hotel licence (Caldwell, 1972:92). Fourth, the NSW Government had tended to ignore illegal club poker machines, operating since the mid-1880s (NSW Department of Gaming and Racing, 1996b:iii), largely because the clubs had become financially dependent on them and profits provided members with standards of comfort and service which hotels did not match. Caldwell (1972:93) notes that by 1954:

> ...clubs had become firmly established as alternative semi-public drinking outlets. The profits from the illegal poker machines were being used in such a way that clubs were no longer functional alternatives, but superior ones. They were developing into multi-functional leisure organizations.

While the 1954 *Referendum on Liquor Trading Hours* narrowly resulted in extending hotel trading hours to 10 pm., the legalisation of poker machines in NSW clubs in 1956 ensured clubs were well positioned to cope with this competition.

2.4.3 Summary

Between 1905 and 1955, registered clubs became firmly institutionalised in NSW, reflected by increased patronage by people from more diverse socio-economic backgrounds and a burgeoning of club licences from 85 to 793. Legislation authorising expansion was mainly community-driven, rather than supply-led. Major catalysts were poor hotel drinking conditions, improved economic standards, and public demand for better leisure facilities. However, the non-profit status, membership requirements and social aims of clubs were instrumental in gaining preferential treatment above hotels by officials and legislators. Considered restricted elitist organisations, rather than publicly accessible mass institutions, police and public officials allowed NSW clubs to serve liquor outside hotel trading hours and operate illegal poker machines (Caldwell, 1972:74). Resulting profits improved club facilities and services, further increasing their social benefit and popular appeal. However, the major competitive advantage of NSW clubs over hotels had yet to be realised with the legalisation of poker machines in 1956. Nevertheless, with the link between gambling and social benefit firmly established in government policy, the way had been paved for the transition to legalised machine gambling in NSW clubs.

2.5 THE DEVELOPMENT PHASE: EXPANSION OF THE NSW CLUB INDUSTRY 1956-1970S

Between the 1950s and 1970s, government policies on gambling continued to emphasise social benefit, although attention turned to public interest concerns for controlling illegal gambling operations, primarily in bookmaking and gaming machine operations. State-run totalisators provided the solution to the former, while a lengthy debate ensued over legalisation of the latter. In 1956, NSW clubs were successful in gaining exclusive legal rights to machine gambling operations, with the stated official justification focusing on characteristics that differentiated clubs from profit-focused, openly accessible hotels. It was these characteristics that therefore formed the basis of legitimacy of NSW clubs as exclusive operators of gaming machines in NSW. Resulting substantial gaming machine profits fuelled expansion of the club industry and the emergence of some large clubs with more commercially-driven interests. However, because club machine gambling gained legitimacy through its links with social purposes, growth of the club movement and its machine gambling operations largely remained unhindered.

2.5.1 The Context: Gambling in Australia: 1950s–1970s

While expansion of gambling in Australia in the early 1900s was underpinned by its association with social benefit, government imperatives to control illegal gambling fuelled continued expansion until the early 1970s, most apparent in the legalisation of off-course betting shops and state-run totalisators.

While wagering on horse races had gained early popularity, it was officially restricted to on-course bets with licensed bookmakers. However, a thriving illegal off-course betting industry has always accompanied organised racing in Australia (Painter, 1996:37), further testament to the social acceptance of gambling particularly amongst working classes resistant to middle class values and restrictions. It was not until the 1930s that some state governments moved towards legalisation and public provision of off-course betting. Catalysts emanated from many sources (Painter, 1996). Various state Royal Commissions revealed the extent of illegal off-course betting, ineffective enforcement, and corruption of officials. Illegal betting shops contributed to the depressed state of the local racing industry, while tax evasion was rife. Social change, shifts in public opinion and declining church influence meant fewer people considered gambling a social vice, even the middle class moral minority. The first states to legalise off-course betting shops were Tasmania in 1932, South Australia in 1933, and Western Australia and Queensland in 1954 (Painter, 1996).

In the 1960s, all states established government operated off-course betting shops. Painter (1996) has documented numerous factors prompting this. First, New Zealand established a successful government operated totalisator in 1950, leading to considerable decline in illegal off-course bookmaking, impressive growth in wagering turnover and tax, and dramatic improvement of racetracks and clubs. Second, in those Australian states where legal, private betting shops operated, the racing industry continued to decline. Third, there was evidence of tax evasion and corruption of officials charged with administering and policing legal betting shops. A 1959 West Australian investigation laid stinging indictments against officials, including bribery, race-fixing and drawing of illegal profits (*Western Australia Royal Commission on Betting*, 1959). It recommended closing betting shops and establishing a Totalisator Agency Board (TAB) which, with appropriate internal accounting and controls, would be less able to rig betting markets, fix races or evade tax. Once Western Australia established its TAB, other states followed to counter continuing problems in either their legal or illegal betting shops, and because prohibition now seemed unlikely.

Thus, explicit government imperatives to stamp out illegal gambling characterised the spread of legalised commercial gambling in Australia during the 1950s and 1960s. While some states experimented with privately-run betting shops, the 1960s saw legalised gambling operations restricted mainly to state governments and not-for-profit organisations. Thus, crime control and efforts to remove corruption added further legitimacy to legalised gambling, to accompany its morally defensible purposes of raising revenue for churches, charities, governments and not-for-profit organisations. Amongst the latter were NSW clubs, which gained the legal right to operate poker machines in 1956.

2.5.2 The Introduction of Club Machine Gambling

The not-for-profit status, membership requirements and social aims of NSW clubs which were instrumental in gaining privileges in liquor trading, also were vital in gaining exclusive rights to operate poker machines, as the following review of events leading up to the *Gambling and Betting (Poker Machines) Act 1956 NSW* will illuminate.

Poker machines were first used in NSW clubs from the mid-1880s (NSW Department of Gaming and Racing, 1996b:iii). These machines were totally mechanical, operated by pulling a handle that activated gears and levers to make the machine's three reels spin. Each reel had on its circumference ten symbols, initially bells, horseshoes or playing cards, and later fruit and numbers. If a winning combination of symbols lined up in the machine's window when the reels stopped spinning, payouts were made automatically into a tray at the base of the machine (Wilcox, 1983: 2.02). Most early machines used tokens, redeemable at the bar for drinks, tobacco or groceries (Caldwell, 1972:98). However, as the following comment on the operation of poker machines in the City Tattersall's Club in 1895 (Anderson, 1985:n.p.) reveals, players sometimes gained cash returns, albeit indirectly:

> There were continuous complaints concerning the poker machines...which accepted small tokens and paid the fortunate winner in cigars, and that is where the trouble arose. Winners usually cashed the cigars in at the bar which lead to complaints from non-players regarding the sale of damaged goods. A decision was made to ban the return of cigars. A petition from 14 members resulted in reversal of the cigar decision but there was a sting in the tail. Cigars could only be traded in bundles of 100 and in untouched condition.

From the inception of poker machines until their legalisation in 1956, official attitudes towards their operation in NSW clubs were ambivalent. While the NSW Supreme Court had declared in 1921 that keeping poker machines contravened the

Gaming and Betting Act 1912 NSW (*Ex Parte O'Connor 21 S.R. 566*), this ruling had sufficient ambiguity to permit their continued operation without police interference in clubs, where machine profits contributed to the clubs rather than machine or venue owners (Wilcox, 1983:3.09; O'Hara, 1988:198).

In late 1930, poker machines began to appear in Sydney city hotels, with machine manufacturers paying a well-known hotel owner £3,000 and 10 percent of machine takings to secure immunity from prosecution (Wilcox, 1983:3.11). NSW Chief Secretary Gosling subsequently ordered police to ignore poker machines in hotels, although this immunity lasted only five weeks after which police removed machines from both hotels and clubs (Wilcox, 1983:3.11). However, following representations by clubs claiming they would be unable to survive without poker machines, Gosling allowed their reintroduction into clubs from early 1931, although this permission had no legal basis (Wilcox, 1983:3.12).

In early 1932, machine manufacturers presented a scheme to the NSW Hospitals Commission offering a percentage of profits from fruit and poker machines if they could legally operate from shops and hotels.[20] The Hospitals Commission granted permits for a two month trial in exchange for 45 percent of gross earnings for the use of hospitals. However, again there was no legal basis for these permits (Wilcox, 1983:3.13).

In June 1932, allegations of bribery and corruption of NSW Ministers regarding the granting of poker machine licences prompted the *NSW Royal Commission into Greyhound Racing and Fruit Machines* (1932). The terms of reference were to investigate the circumstances under which poker machines were installed and operated on NSW premises prior to 1931; the number of machines in operation; their owners, lessees, distributors, operators and shareholders; any improper practices in their sale, lease, hire, licensing, installation and use; any bribery of officials with poker machine takings; any improper use of poker machine tokens; and any other improper or fraudulent acts connected with the machines. However, the Commissioner's report was indecisive, due to non-appearance of key witnesses, and the likelihood that many of them lied (Caldwell, 1972:96; Wilcox, 1983:3.10). Nevertheless, Commissioner Rogers expressed 'grave suspicion that there was some improper dealing' by the NSW Chief Secretary and Minister for Health (in Wilcox,

[20] Caldwell (1972:96) notes that the only difference between fruit machines and poker machines were the symbols on the reels.

1983:3.12-3.13). The Royal Commission reaffirmed the illegal status of poker machines in all venues under both the *Gaming and Betting Act 1912 NSW* and the *Liquor Act 1905 NSW*. Nevertheless, Commissioner Rogers alluded to some fundamental differences between clubs and hotels which foreshadowed reasons behind the eventual legalisation of poker machines in clubs:

> I cannot see any distinction between their (poker machine) use in clubs and their use in hotels, except as regards the evil results which may follow, which would undoubtedly be greater were they used in hotels. ...The discrimination between clubs and hotels seemed to have been based on the fact that successive Ministers took the view that club members using these machines were in reality contributing to the support of their own clubs, and that there was no element of private profit for the occupiers or owners of the premises.
>
> Apart from the matter of illegality, there may be some sound reasons for drawing a distinction; but if there is any sound reason for allowing their use in clubs, that is properly a matter for the Legislature and not for the administration.
>
> (Rogers, 1932:65 in Wilcox, 1983:3.10).

Nevertheless, the operation of poker machines persisted in clubs. Caldwell (1972:96-97) documents several instances of ambivalence, in both interpreting and policing the law. Confusion reigned over whether both poker machines and fruit machines were illegal, with police periodically taking steps to eliminate them. For example, in 1939, NSW Chief Secretary Gollan admitted the practice had been to confine poker machines to non-proprietary clubs because they were used privately and 'not for gaming purposes', as all profits had to be directed to member and community benefits. However, concerned at their increase, he called for a report in July 1939 and subsequently instructed police to stop their use and prosecute such clubs under the *Gaming and Betting Act 1906 NSW*. During that year over 100 machines were seized and destroyed (Anderson, 1985:n.p.).

However, by late 1939, an estimated 2,500 poker machines were still operating in NSW (*Sydney Morning Herald*, October 9, November 8, 1939 in Caldwell, 1972:97), with many clubs believing the 1921 ruling was still valid (O'Hara, 1988:198). Further, many clubs had become financially reliant on machines, collectively gaining up to £20,000 per year in machine profits (O'Hara, 1988:199). Anderson (1985:n.p.) notes that in 1939, a conference of secretaries from registered clubs in the Sydney metropolitan area found that:

> many small clubs in N.S.W. would have to close because of the decision to outlaw poker machines in non-proprietary clubs. The secretary of a large city club estimated that profits from each machine previously operating in his club were £1,500 a year.

During and immediately after the Second World War, poker machines received little media attention, although the *Sydney Morning Herald* reported in 1941 that police had seized and destroyed 240 machines in Sydney alone (December 8 in Caldwell, 1972:97), and that by 1950 machines were operating in some cafes (*Sun Herald*, January 29 1950 in Caldwell, 1972:97). However, attention refocused on the issue when a police official announced in late 1952 that non-proprietary clubs would soon be notified that poker machines were illegal, and counterclaims by NSW Premier Cahill and NSW Chief Secretary Kelly that this statement was not based on government directives and that no action would be taken against clubs. The clubs lobbied for the legalisation of poker machines, offering an annual tax on each machine and claiming financial hardship if they were removed (Caldwell, 1972:97). This aroused opposition from two main fronts - the industry association for hoteliers, the United Licensed Victuallers' Association (ULVA), and the NSW Council of Churches.

From the early 1950s, the growth of clubs, fostered by illegal poker machine profits and 1954 amendments to the *Liquor Act 1905 NSW* authorising additional club licences, began to seriously affect NSW hotels (Wilcox, 1983:3.20). In May 1956, the ULVA lodged an objection with the NSW Licensing Court against the renewal of a club liquor licence, claiming it was engaged in illegal poker machine operations. The ULVA explained it was seeking to protect the economic structure of the hotel industry from unfair competition (Caldwell, 1972:98). The Licensing Court upheld the ULVA's objections and subsequent objections to the applications of another 47 clubs. However, the club industry countered these arguments through successive delegations to the NSW Chief Secretary with claims that 2,000 club employees would be dismissed if poker machines were disallowed and that their revenue enabled clubs to provide members with amenities which other outlets would not supply. The trade union movement supported the club industry's stance in support of workers' rights to employment and recreation facilities. Impressed with claims by club officials that the clubs provided holiday camps, libraries, playing areas and other amenities for members, the NSW Chief Secretary agreed that clubs were part of the Australian way of life (Caldwell, 1972:98-100).

The ULVA's objections to renewal of club liquor licences was a 'grievous tactical error' placing the government in a 'politically intolerable situation' (Wilcox, 1983:3.20). Not only was the hotel industry unpopular, but the club movement was sufficiently strong that the government could not allow its demise. Clubs could not

survive without a liquor licence, and for most, without poker machine revenue.[21] The government's response was to announce on July 31 1956 that poker machines would be legalised in non-proprietary clubs subject to the payment of licence fees directly to the Hospitals Fund, expected to yield between £500,000 and £750,000 per year (Caldwell, 1972:102). The Premier noted that to prohibit poker machines would jeopardise the existence of many clubs and jobs. State Cabinet further noted it was in the public interest to legalise and control the machines, explaining they had previously ignored their illegal use in clubs because:

> 1) of their inaccessibility to the general public and children, 2) profits were used for the development of amenities and club improvement and not for individual enrichment and 3) they were basic to the economy of many bowling, golf and Returned Soldiers' clubs.
>
> (*NSW Parliamentary Debates*, 1956, Third Series, Vol, 17:1694, in Caldwell, 1972:101).

Caldwell (1972:100-102) relates how reactions to this decision varied markedly amongst stakeholders. In contrast to economic objections by the hotel industry, the NSW Council of Churches objected on moral grounds. It claimed poker machines increased the opportunity to gamble; were so simply operated that they were a strong temptation to the weak; could be easily rigged to extract greater profits for licence holders; presented grave economic dangers for families of those who fell victim to them; increased moral danger since the act of gambling was basically covetous; and would lead to the legalisation of other forms of gambling, encouraging further declines in public morality (*Sydney Morning Herald*, July 10, 1956 in Caldwell, 1972:100). The club industry was relieved about the decision, but voiced disappointment at taxation levels imposed. The media reported that the legalisation of poker machines in clubs would force hotels to provide better facilities and services, while ending the inconsistent, hypocritical attitude persisting in gambling legislation. However, the *Sydney Morning Herald* criticised the government for being too ready to rely on gambling as a source of revenue and warned that considerable danger lay in this dependence (August 1 1956 in Caldwell, 1972:101). The Minister for Cooperative Societies countered these arguments by pointing out that, for three decades, poker machines had been used by numerous decent, respectable and normally law-abiding citizens, who had suffered no moral dilemma in playing them (Caldwell, 1972:102). He argued the legislation was introduced because the government wanted control over widespread use of machines, and did

[21] For example, in Tattersall's Club, machines returned some £800 per month by the early 1950s when a ten ounce glass of beer cost 9 pence (Anderson, 1985).

not expect this to greatly increase gambling (in Charlton, 1987:244). However, he conceded the legislation might benefit the government 'a little financially' (*NSW Parliamentary Debates*, Third Series, Vol. 17 1694-1695, in Caldwell, 1972:102). After much debate in both houses of Parliament, the *NSW Gambling and Betting (Poker Machines) Bill 1956* was passed on 22 August 1956.

2.5.3 Reactions to the Legalisation of Poker Machines in NSW Clubs

Once NSW clubs were granted exclusive rights to operate gaming machines, demand to both establish and patronise clubs increased dramatically, with further changes to the *NSW Liquor Act 1905 NSW* authorising another 700 clubs which totalled 1,050 by 1958 (RCA, 1994:3). The RCA (1994:3) notes that:

> the major social impact of clubs came about as a direct result of the licensing of poker machines in the mid-1950s. This, together with licensing law amendments (which relaxed the limits on the number of clubs that could be licensed) and the atmosphere in which the machines were presented, saw an expansion of the club movement which was neither predicted nor planned, and has culminated in the huge leisure industry clubs represent today.

After 1956, the socio-economic environment, favourable legislation and lack of competition for gambling, provided ideal conditions for continued expansion of the NSW club industry. The period 1954 to 1962 was accompanied by a 223 percent increase in the number of clubs, and a doubling of club poker machines from 5,596 to 10,814 (NSW Department of Gaming and Racing, 1998:31). Even the original elitist clubs had come to rely on poker machines to remain competitive, as the following remark from Chairman Hickey of the Tattersall's Club in its July 1959 magazine reflects:

> As a Club we...must maintain certain sections and amenities for the benefit of members, even if they are not paying propositions, for we are not looking to the general public for support; we must depend on our members for it.
>
> Our sources of income are: Members subscriptions, Income from Trading Departments and Income from Property.
>
> Our only profitable departments are: Bars, in which poker machine income is included, Residential section and Laundry.
>
> All other departments show losses and therefore must be subsidised from other income. If it were not for the poker machines we would show a substantial loss in the year's operations.
>
> (in Anderson, 1985:n.p.).

Chairman Hickey's comments were aimed at refuting opposition to poker machines by some club members. Anderson (1985:n.p.) notes at the Tattersall's Club 'dyed-in-the-wool gamblers were usually ashamed to be seen playing them as it was a losing hazard. Others looked on the players with pity or contempt as weak individuals consumed by greed but very few gave more than a passing thought as to where the bulk of the money finished up'. There were no alternative sources of revenue for the club to survive its newly competitive environment, apart from a rise in annual subscriptions:

> Many failed to realise that, with the proliferation of licensed clubs since the advent of poker machines, the old established institutions had to work harder to get their share of the available cash. This sort of thinking was not unique to Tattersall's. In most clubs five to ten per cent of members subsidise the rest through the machines. The result of this is that many clubs expand their premises and their membership to attract replacements for the disillusioned losers and eventually find themselves in trouble when money becomes tight.
>
> (Anderson, 1985:n.p.).

Considerable opposition to poker machines was also voiced by churches, business interests, the liquor trade and housewives' associations (Wilcox, 1983:3.21), while a 1957 survey of NSW residents drawn from a random sample of the NSW Electoral Roll (Joel, 1957 in Caldwell, 1972:111) found that 60.1 percent of males and 70.5 percent of females disapproved of poker machines.

The ULVA continued its 'trial and error' approach to fighting the competitive threat of the clubs (Caldwell, 1972:106). However, a 1957 deputation from the ULVA to the Minister for Justice backfired. It sought a freeze on club numbers, limits on their liquor sales, curtailment of their poker machine operations to three years, limits on numbers of associate, honorary or temporary members clubs could have, extended hotel trading hours, and for rights of club members to be defined in legislation (Caldwell, 1972:107). In response, the press, Liberal-Country Party politicians and the public criticised the hotel industry for attempting to stifle competition, failing to meet the needs of the drinking public, and keeping hotels 'in the Dark Ages' (Caldwell, 1972:107-108). A public opinion survey, commissioned by the ULVA, reaffirmed these criticisms and found club popularity was not due to poker machines or longer trading hours, but to their cleanliness, comfort, quietness, good service, politeness and choice of company (Joel, 1957 in Caldwell, 1972:111).

The Protestant Churches also vocalised opposition to the spread of gambling through the press and public meetings, pressuring the government to ban poker machines, as well as some other forms of gambling, and to initiate an inquiry into the extent of

'chronic gambling' in NSW (Caldwell, 1972:112). However, government reliance on poker machine licence fees had grown to considerable proportions (Caldwell, 1972:114). The introduction of a supplementary poker machine tax in 1962 further entrenched this reliance, such that 'taxes derived from poker machines for budgetary purposes…virtually guaranteed the permanence of this form of gambling' (Wilcox, 1983:3.24).

The expansion of poker machine operations and the opposition referred to above began to arouse political concern soon after 1956. By the end of the 1950s, the NSW Cabinet had debated banning large denomination machines and restrictions on operating hours, while the NSW Country Party entered the 1959 election on a platform of outlawing 2 shilling machines. However, the Labor Party took the first steps towards trying to curb the growth of poker machine gambling. From January 1 1960, it doubled the licence fee on 2 shilling machines, directing additional income to the Housing Commission (Wilcox, 1983:3.21). However, these additional licence fees had little, if any, effect on the accelerating growth of clubs, particularly the larger ones (Wilcox, 1983:3.21).

2.5.4 The Growth of the NSW Club industry after 1956

Rapid expansion of the NSW club industry after 1956 and the working-class appeal of poker machines meant clubs were no longer the privileged domain of society's elite. While the range of clubs had broadened during the early 1900s, it was not until the post-war years and the legalisation of poker machines that clubs became major social outlets for ordinary Australians. By 1961, the largest NSW club, the NSW Leagues Club, had 14,700 members, while in May 1962, five clubs with a collective membership of around 25,000 declared combined trading profits of $647,400 (Caldwell, 1972:114–115). In commenting on the competitive advantages of clubs, Mackay (1988:14) notes that 'demand totally outweighed supply and being the marketing executive in the early days of Clubs (sic) history was just being game enough to open the doors because you could have been killed in the rush'.

However, this growth aroused concern. From newspaper accounts of the day, Caldwell (1972:116–117) identified six questions concerning unlimited club growth:

> (1) had private clubs become so diversified in their activities that they are now 'big business', and should they be subject to company and other Federal tax like any other normal commercial enterprises?; (2) had clubs - because of a ruling that a visitor may buy his own drinks - ceased to be private establishments and entered the field of general trading?; (3) was it safe politics to let clubs wax so strong on poker machine money that they dominated local community and business affairs and could sway even members of State Parliament?; (4) should poker machines be more heavily taxed?; (5)

> should there be a ceiling on the number of clubs?; and (6) should there be a limit on club membership numbers?

In response, the *Liquor (Amendment) Act 1969 NSW* was passed to limit individual club memberships to 6,250 for new clubs, increases of 25 percent for clubs with memberships between 5,000 and 10,000, and increases of 12.5 percent or 12,500, whichever was greater, for clubs with over 10,000 members (Caldwell, 1972:126–127). However, the Licensing Court could increase a club's membership if hardship for the club would otherwise result; if the purpose, activities or objectives of the club rendered it desirable; or if financial or other embarrassment would be caused to the club which, when the legislation commenced, could accommodate more members or had approved means to do so.

Caldwell (1972:128–131) identifies numerous factors prompting these limitations. First, some clubs were 'empire-building', going 'far beyond providing immediate benefits for members as envisaged in earlier legislation' and had encroached on community and commercial activity to the detriment of fair competition. Second, in their desire to expand their patronage and influence in community affairs, some clubs were attempting to wield political influence, and greater community benefit would result if power was not 'concentrated in the hands of a very few large clubs making substantial profits'. Third, huge gaming machine profits of large clubs and their resulting high standards of facilities and entertainment made it difficult for smaller clubs to compete. Fourth, it was difficult for new clubs to be established to meet a genuine and substantial need while existing clubs could continuously expand memberships. Finally, for members in large clubs to have due influence in club policy was a 'practical impossibility'. However, while limitations on club membership numbers still remain largely unchanged (*Registered Clubs Act 1976 NSW*), the existence of many clubs by the 1980s with memberships over the prescribed maximum suggests the NSW Licensing Court made liberal use of its discretionary powers (Wilcox, 1983:5.06).

By the 1970s, boosted by massive poker machine revenue, many clubs had grown dramatically in terms of assets, membership and facilities. For example, by the time of Caldwell's (1972) study into the Queanbeyan Leagues Club, established by thirteen members in 1961 (1972:205), the club had assets of $2.8 million, 12,620 members and 239 gaming machines (1972:215-222). Clubs established to promote rugby league were the largest at this time, with an average membership of 10,000. However, bowling clubs outnumbered other types of clubs, while returned soldiers (RSL) and ex-services clubs attracted the highest combined membership (Caldwell, 1972:138).

The structure of the NSW club industry in the 1980s was examined in the *Board of Inquiry into Poker Machines*, conducted to 'inquire into, report on and make recommendations upon whether poker machines should be permitted in Victoria' (Wilcox, 1983).[22] Wilcox identified three types of clubs in NSW (1983:5.03) with varying degrees of focus on machine gambling operations:

- sporting clubs providing members the opportunity to engage in a particular sport and in which most members actively participate. Golf and bowls clubs predominate, with membership normally numbered in the hundreds, perhaps small hundreds. While some income is derived from gaming machines, patron contribution to machine revenue is generally less significant than in the remaining two categories of clubs;
- sporting-social clubs, generally established as ordinary sporting clubs but expanded to include a large component of 'social' members not entitled to use sporting facilities. These clubs continue to provide facilities for active participation in a sport, but with memberships generally numbering a few thousand, it would be impossible for all members to participate;
- large social clubs with memberships usually in the tens of thousands, and with gaming machine revenues contributing to between 65 percent and 80 percent of income. These clubs are 'entirely a product of poker machine revenue'. Anyone willing to pay a 'token subscription' of a few dollars per year can join and 'in all but a very few cases the original restrictions have been swept away. The clubs function as general community clubs'.

Wilcox (1983) recognised the increasingly commercial orientation of many NSW clubs, criticising large NSW clubs for operating as 'public houses aggressively marketing food, liquor and entertainment at prices subsidised by poker machine revenue' (1983: Introduction), being 'indistinguishable in their operation from casinos' (1983:20.14). In reviewing their few membership requirements, ease of access to visitors, active pursuit of tourists, the income derived from non-members, lack of door controls to police entry of illegal visitors, aggressive marketing, limited community contributions and meagre charitable support (1983:5.06-5.28), Wilcox (1983:5.16) concluded that:

[22] The *Inquiry* was prompted largely in response to concerns about the cross-border leakage of gambling revenues, and concerns that the introduction of gaming machines in Victoria would be accompanied by the crime and corruption associated with machine gambling in NSW.

> ...it is very difficult to see the average NSW club, particularly the large social club, in terms of any traditional definition of a club. What is the 'common interest' which causes the members to join? Where no particular interest in any activity commonly associated with a club is required to be demonstrated, or even expressed, and where the annual membership fee is often less than the price of a picture theatre ticket the only distinction between a member and a visitor (legal or illegal) is compliance by the member with a statutorily enshrined ritual of nomination and election to the club - a procedure which must become more meaningless the larger the club becomes. At a certain point the question must arise as to why the ritual is persisted with. Such a club is, in essence, indistinguishable as a public open facility from a theatre which charges admission.

Few published studies have been conducted into membership characteristics of NSW clubs. However, research conducted by Vinson and Robinson (1970) and Caldwell (1972) suggests that, at least by the 1970s, clubs drew membership principally from middle and lower socio-economic groups. In an area probability sample of 755 Sydney adults, Vinson and Robinson (1970) found 24 percent were members of at least one registered club, with most members coming from the two lowest occupational status groups. However, Caldwell (1972) contended that members of the Queanbeyan Leagues Clubs came from 'all walks of life' (1972:238), although he speculated that underrepresentation of professionals and lower blue collar workers was due to the former's preference for 'small elite clubs' (1972:225) and the latter's preference for hotels.

Changes in club goals also were examined by Vinson and Robinson (1970:63) in terms of the typical evolution of voluntary organisations from initial devotion to fulfilling a special purpose to later emphasis on increasing organisational size, power and prestige. They observed that by 1970, Sydney clubs had tended to follow this lifecycle, replacing early goals of informal social interaction within comfortable premises of restricted size, with goals emphasising expansion and improvement, with club policy driven by the twin criteria of membership size and annual income. Caldwell (1972:219) also noted the 'special importance' placed by the Queanbeyan Leagues Club directors on a healthy balance sheet, large profits and growing membership as indicators of club success. He criticised clubs for over-emphasising physical and membership expansion, contending 'the large clubs must consider whether building bigger and more luxurious clubs is the best way in which they can serve their membership' (1972:346). He concluded (1972:343):

> Directors of large clubs are too often concerned with growth, efficiency, the difficulties of handling unions and making larger and larger profits, without giving sufficient weight to wider purposes. I see them as community leisure organizations and, while club Directors and Secretary/Managers recognise this purpose, it is sometimes lost in the day-to-day affairs of the clubs.

Thus, evidence from Vinson and Robinson (1970), Caldwell (1972) and Wilcox (1983) suggest that it took less than twenty years for large NSW clubs to gain a predominantly commercial orientation.

2.5.5 Summary

The legalisation of poker machines was a major victory for the NSW club movement, strongly differentiating the perceived role of clubs to that of hotels. Even in the years preceding 1956, the clubs seemed largely immune to official interference with illegal poker machine operations. They pointed to social benefits provided to members and the community, restricted access to clubs and their poker machines, and that poker machine profits did not accrue to individual business owners, as factors justifying concessions. The importance of the clubs' not-for-profit status, membership requirements and social role became even more explicit when the *Gambling and Betting (Poker Machines) Act 1956 NSW* was passed. These features of clubs stood in stark contrast to the purely economic defence put forward by the hotel industry. Financial viability of clubs, jobs protection, healthy competition for the hotel industry, and government desire to control the widespread operation of illegal machines also were influential.

From 1956 to the 1970s, the evolution of the NSW club industry was characterised by exponential growth in the number of clubs and club members, and increasingly popular appeal to working class people. Mackay (1988:14) identifies numerous privileges underpinning the appeal of clubs to less affluent social classes. First, more liberal trading hours meant the clubs had exclusive rights to trade on Sundays and Anzac Days, and on other days until 10 pm. while hotels were restricted to 6 pm. closing.[23] Second, clubs had exclusive rights to operate machine gambling, with their only competition in NSW being on-course betting, the state lottery and, after 1963, off-course TAB betting. Third, clubs were able to introduce a superior form of social drinking, with 'entertainment, carpeted lounges, a place to bring your wife or lady friend' (Mackay, 1988:14). Finally, Mackay (1988:14) contends there was very little legislation controlling clubs.

Thus, their increasingly popular appeal and the legitimation of club machine gambling through its links with social purposes cemented the institutionalisation of clubs and club gambling during this period. However, substantial gaming machine

[23] In fact, the Royal Sydney Golf Club Case (1947) had established the right to 24 hour trading in clubs (RCA, 1994:3).

revenues began to divert the attention of some club administrators from the social purposes of their clubs towards more commercially-oriented interests. Nevertheless, the implicit acceptance that community support automatically flowed from club gaming machine profits meant the growth of the NSW club industry and its machine gambling operations remained largely unchecked.

2.6 THE MATURATION PHASE: CONSOLIDATION OF THE NSW CLUB INDUSTRY 1970S-1990S

The 1970s marked the beginning of a shift in government policy on gambling, unshackling its former link with community benefit for more pragmatic, economic ends. A vast array of new gambling options were legalised, substantially increasing the competitive environment for machine gambling in NSW clubs, whose strategic advantage was eroded further by the legalisation of gaming machines in other states and NSW venues, diminished tax concessions and the entry of additional gambling operators. These developments prompted more aggressive marketing and expansion strategies in club machine gambling and more vocal, politicised attempts to protect their main revenue base.

Continued expansion of the NSW club industry since the 1970s was accompanied by increased industry concentration, and the emergence of very large clubs with extensive gaming machine installations, whose social benefit focus became increasingly blurred in striving to expand membership and patronage through superior facilities and services. Expanding and improving club assets and services rely on maximising gaming machine returns, which in turn encourages subordination of the public interest to more commercially-driven objectives and management. This weakening of the not-for-profit agenda, membership requirements and social objectives of clubs, which underpinned their legitimacy as dominant gambling providers, eroded political and public confidence in the social benefit which accrues from club machine gambling operations and diminished the historical nexus between clubs, the community and their role as gambling providers.

2.6.1 The Context: Gambling in Australia Since the 1970s

Australian gambling policies by the beginning of the 1970s were characterised by relatively liberal legislation, government ownership of the lotteries and TAB, tight regulation or restriction of private operators, such as clubs and bookmakers, and prohibition of machine gambling in all jurisdictions except NSW (McMillen, 1996d:13). However, economic pressures and social instability in the 1970s forced

governments to rethink existing policies and locate new stimulants for economic growth. Several factors have fuelled this transition (McMillen, 1996d:5-6). Social changes such as increased leisure time and community affluence, along with economic trends, such as the growth of tourism, have made gambling more attractive to private investors. New technology has enhanced management and control of gambling infrastructure and provided stable profits and taxes through predictable returns. The economic pressures of a series of recessions, cutbacks in federal funding, the implications of National Competition Policy, and an ideological move towards economic rationalisation, have forced cash-starved state governments to review existing policies and find new ways to stimulate economic growth.[24] While state government reactions to these developments have varied, they have all legalised a vast array of new forms of gambling, as shown in Table 2.1.

[24] Following Professor Fred Hilmer's review of national competition policy, Australian governments have endorsed a competition principle agreement that requires the review of any legislation that might be considered anti-competitive. This means that governments should ensure that legislation does not restrict competition, unless it can be demonstrated that this results in community benefits which outweigh the costs of restriction (Brown, 1997:8-9).

Table 2.1
Milestones in Legalised Gambling in Australia, 1897-1997

Year	Type of Gambling
1897	Privately owned Tattersall's Lottery in Tasmania
1920	State-owned Queensland Golden Casket Art Union
1931	NSW State Lottery
1932	Privately owned betting shops in Tasmania
1933	Privately owned betting shops in South Australia, Western Australian State Lottery
1954	Privately owned betting shops in Western Australia, Tattersall's Lottery in Victoria
1956	Poker machines in non-profit community NSW clubs
1960	State owned totalisator in Western Australia
1961	State owned totalisator in Victoria
1962	State owned totalisator in Queensland
1963	State owned totalisator in NSW
1964	State owned totalisator in South Australia
1966	South Australian State Lottery
1972	State owned totalisator in Tasmania, privately owned Lotto in Victoria
1973	Lotto in South Australia, Wrest Point Casino in Tasmania
1974	Soccer Pools in Victoria
1975	Soccer Pools in NSW, Queensland and Tasmania
1976	Poker Machines in non-profit community ACT clubs, Lotto in ACT
1978	Lotto in Western Australia and Northern Territory, Instant Lottery in South Australia, Soccer Pools in Northern Territory
1979	Lotto in NSW, Instant Lottery in Northern Territory, Soccer Pools in ACT, Diamond Beach Casino in Northern Territory (now MGM Grand)
1980	Soccer Pools in South Australia
1981	Lotto in Queensland, Instant Lottery in Victoria, Tasmania, ACT
1982	Instant Lottery in NSW and Western Australia, Launceston Country Clubs and Casino in Tasmania, Lasseters Casino in the Northern Territory
1984	Video gaming machines in NSW hotels, Instant Lottery in Queensland, Soccer Pools in Western Australia
1985	Jupiter's Casino in Queensland, Burswood Casino in Western Australia
1986	Video gaming machines in Tasmanian casinos, Adelaide Casino in South Australia, Breakwater Resort Casino in Queensland
1987	Gaming machines in ACT hotels
1990	Video gaming machines in Northern Territory
1991	Electronic gaming machines in Queensland clubs and hotels, Keno in NSW, Ozlotto (national lotto)
1992	Electronic gaming machines in Victoria, Casino Canberra in ACT, Keno in South Australia, Centrebet in Northern Territory
1993	Keno in Victoria
1994	Electronic gaming machines in South Australian clubs and hotels, Crown Casino in Victoria, Christmas Island Casino
1995	Conrad Treasury Casino in Queensland, Sydney Harbour Casino in NSW (now Star City Casino)
1996	Reef Casino in Queensland, electronic gaming machines in clubs and hotels in the Northern Territory, Powerball (national lotto)
1997	Electronic gaming machines in Tasmanian clubs and hotels, poker machines in NSW hotels, keno in Queensland clubs and hotels

Source: derived from Painter, (1996); Tasmanian Gaming Commission, (1997); RCA, (1998a).

As shown in Table 2.1, lottery-related products proliferated during the 1970s and early 1980s, with most jurisdictions legalising Lotto, soccer pools and instant lottery. Australia's first casinos were established in Tasmania and the Northern Territory, two jurisdictions most vulnerable to the 1970s economic slump (McMillen, 1996d:13). These were small, low-key developments, located in remote destinations, modelled on British club-style casinos and designed to draw tourist dollars to boost regional development. The second influx of casino developments in Perth, the Gold Coast, Adelaide, Canberra and Townsville in the mid-1980s and early 1990s also aimed to stimulate tourism, but differed markedly from their predecessors. Located in large urban centres, they drew most patronage from local residents and were 'fashioned on the glitter, luxury and showmanship of the American prototype' (McMillen, 1996d:14). The mid-1990s witnessed the third wave of Australian casino development, with mega casinos in the major urban centres of Melbourne, Sydney and Brisbane, and the popular tourist destination of Cairns, bringing the total number to fourteen. All state governments have now sanctioned casino developments, opting for private ownership with strict government controls and substantial, although diminishing, taxation rates.

Gaming machines also have been legalised in all Australian jurisdictions. The monopoly enjoyed by NSW clubs for twenty years ended with the introduction of gaming machines in clubs in the ACT in 1976. However, other jurisdictions were deterred by pressure from existing gambling operators opposed to increased competition, and by alleged corruption associated with the machines (O'Hara, 1988:199). For example, the *NSW Royal Commission into Greyhound Racing and Fruit Machines* (1932), the *Moffitt Inquiry* (1974) and the *Report of Board of Inquiry into Poker Machines* (Wilcox, 1983) revealed serious, widespread corruption by NSW gaming machine distributors, club operators and public officials. Nevertheless, under increased economic pressure, and with technologically improved control systems, all state governments, except Western Australia, have legalised gaming machines in clubs and hotels - Queensland in 1991, Victoria in 1992, South Australia in 1994, the Northern Territory in 1995, and Tasmania in 1996.[25]

[25] In Western Australia, Burswood Casino has exclusive rights to gaming machines until 2001.

In 1992, the first sports bookmaking licence in Australia was granted to Centrebet, then a private company operating in the Northern Territory.[26] It remains the largest sports bookmaker in Australia and has some 20,000 clients in over 70 countries betting by telephone and the internet 24 hours a day, seven days a week. It covers 50 to 60 sporting events each day, including rugby league, soccer, Australian Rules Football, horse racing and cricket (Lillis, 1998). Nearly 30 sports betting operations operated in Australia by the end of 1998, with a predicted collective annual turnover of $400 million (*Sydney Morning Herald*, 12 December 1998, p. 9).

Internet gambling has been operating since 1996 in the Northern Territory (IPART, 1998:13), with other jurisdictions likely to follow. At April 1999, the Queensland Government had passed legislation to regulate internet gambling, Victoria planned to introduce a related bill in its autumn session, while South Australia had established a legislative council committee on internet gambling to report to Parliament by July 1999 (Austin, 1999:5). Proliferating offshore internet operations potentially threaten the competitiveness of traditional forms of gambling and effective government regulation and taxation. All traditional forms of gambling are now available on the internet, including those provided at casinos (gaming machines, keno, table games and Sportsbook), clubs (gaming machines, raffles, keno), church and community halls (bingo), hotels (gaming machines, raffles), newsagents (Lotto, Pools, Instant Lottery) and the TAB (horses, greyhounds) (Toneguzzo, 1996b:53). Pay television provides access to another form of home-based gambling although, given the slower than expected take up of pay television in Australia, predicted short-term growth in home-based gambling seems more likely to occur through internet gambling. However, in the longer term, digital television is predicted to expand the home-based gambling market enormously (McMillen, cited in Austin, 1999:6).

Increased competition for the gambling dollar, as detailed above, has influenced the structure and performance of contemporary clubs in NSW. The ensuing discussion examines these aspects, which reflect increased importance placed by many clubs on commercial goals of market expansion, product development and profitability.

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[26] Sports betting is defined as 'the wagering on all types of local, national or international sporting activities (other than the established forms of horse and greyhound racing), whether on or off-course, in person, by telephone, or via the internet' (Tasmanian Gaming Commission, 1998).

2.6.2 The Contemporary Structure and Performance of the NSW Club Industry

In August 1998, there were 1,513 registered clubs in NSW (RCA, 1998a:11). More than 3 million people are members of NSW clubs, holding about 3.5 million memberships between them, while some 350,000 people use club services each day (RCA, 1998a:11). The industry employs over 60,000 people, with at least another 15,000 directors involved with the industry on an honorary basis (RCA, 1999a:6). Table 2.2 shows the number of NSW clubs of each type in metropolitan and country NSW at January 1999 for the 1,386 clubs who are members of the RCA, while Table 2.3 shows NSW club profits and government revenue derived from escalating numbers of gaming machines in a growing number of clubs since 1957.

Table 2.2
Number of NSW Clubs by Type, Total Membership and Average Membership

Type	Metropolitan	Country	Total Clubs
Bowls	152	314	467
Golf	74	184	258
Leagues	22	36	58
Workers	6	21	27
RSL/Ex-services	112	179	291
General	164	121	285
Total	531	855	1386

Source:RCA, (1999a:88).

Table 2.3
Registered Clubs, Gaming Machine Numbers, Club Net Profits and Government Revenue from Club Gaming Machines 1957-1997

Year	No. of Clubs	No. of Gaming Machines	Club Net Profits $ million	Government Revenue $ million
1957	952	5,596	n.a	1.5
1958	1,073	6,561	n.a	1.7
1959	1,135	7,289	n.a	1.8
1960	1,189	8,299	n.a	2.6
1961	1,228	9,614	n.a	3.4
1962	1,264	10,814	n.a	3.5
1963	1,274	12,299	n.a	6.6
1964	1,306	14,107	59.8	11.4
1965	1,335	16,273	74.0	13.7
1966	1,365	18,326	83.2	15.8
1967	1,394	19,617	94.1	19.7
1968	1,420	21,873	106.1	23.1
1969	1,438	24,004	122.1	26.3
1970	1,442	26,636	142.1	30.4
1971	1,453	29,887	162.7	34.8
1972	1,467	32,411	184.8	38.3
1973	1,475	34,709	205.8	42.6
1974	n.a.	n.a.	253.0	n.a
1975	1,494	40,264	314.7	71.9
1976	1,507	43,126	359.1	83.4
1977	1,506	44,400	387.6	92.0
1978	1,525	45,519	425.2	98.2
1979	1,534	47,182	482.4	107.9
1980	1,532	48,439	540.5	120.7
1981	1,539	49,208	607.9	139.0
1982	1,543	49,369	666.9	153.1
1983	1,547	48,285	665.3	152.7
1984	1,553	47,434	697.3	158.0
1985	1,544	47,314	704.4	167.5
1986	1,541	46,689	781.9	179.5
1987	1,530	47,963	n.a	191.8
1988	1,535	48,782	n.a	212.2
1989	1,521	50,705	n.a	239.4
1990	1,501	52,353	n.a	269.9
1991	1,499	54,992	n.a	284.4
1992	1,487	57,197	1,421.7	293.2
1993	1,468	58,534	1,472.0	306.1
1994	1,453	59,650	1,662.4	347.7
1995	1,439	62,219	1,926.6	407.5
1996	1,441	64,157	2,121.6	448.9
1997	1,433	66,527	2,258.9	481.0

Source: NSW Department of Gaming and Racing, (1998:31).

Gaming machine profits are not shared equally amongst contemporary clubs. Examining the current industry structure and performance of the NSW club industry reveals the extent of industry concentration. Statistics on the top 200 NSW clubs by gaming machine profit (NSW Department of Gaming and Racing, 1998:34) indicate that, while they represented only 14 percent of all NSW clubs operating gaming machines in 1996-97, they held over half of all club gaming machines. Further, they earned over 70 percent of total club gaming machine turnover and net profit and enjoyed average turnover and profits per machine substantially higher than the average for all NSW clubs. Table 2.4 compares the gaming machine performance of the top 200 clubs to the state average for the 1996-97 fiscal year.

Table 2.4
Gaming Machine Performance of the Top 200 NSW Clubs Compared to the State Average

	State Average	Top 200 Clubs
Average gaming machine turnover per club	$16,776,777	$86,013,911
Average gaming machine profit per club	$1,576,316	$7,969,821
Average turnover per gaming machine	$361,374	$483,822
Average profit per gaming machine	$33,594	$44,830
Assessed duty per gaming machine	$7,254	$10,114
Average number of machines per club	25	178

Source: NSW Department of Gaming and Racing, (1998:34).

A breakdown of the top 200 clubs by club type and gaming machine installation, shown in Table 2.5, emphasises the predominance of returned services and leagues clubs, such that 132 of these clubs operate over one-third of all NSW club gaming machines. The large gaming machine installations of workers and leagues clubs also are apparent.

Table 2.5
Top 200 NSW Clubs by Type, Number of Gaming Machines and Average Number of Gaming Machines Per Club

Type of Club	No. of Clubs	No. of Gaming Machines	% of State Total No. of Machines	Average No. of Gaming Machines per Club
RSL and Ex-Services	98	14,310	23.0	146
Leagues	34	7,178	11.5	211
Recreation/Social/ Sports	19	3,181	5.1	167
Bowls	15	2,158	3.5	144
Workers	12	2,590	4.2	216
Golf	5	990	1.6	198
Religious	4	787	1.3	197
Ethnic	2	250	0.4	125
Other	11	1,324	2.1	120
Total	200	32,768	52.7	164

Source: derived from NSW Department of Gaming and Racing, (1996a:6-10).

Results from a KPMG survey (1995) also shed light on the structure of the industry. Gaming machine revenue as a proportion of total revenue averaged 63 percent for all responding NSW clubs, but varied between 68 percent for leagues clubs to 18 percent for golf clubs. The sources of average revenue for all areas of club income are shown in Table 2.6, which demonstrates the dominance of leagues, workers and RSL clubs over club machine gambling revenue.[27]

[27] However, while KPMG claims 'the survey is representative of the entire Club Industry, from small to large Clubs and across all locations and Club type categories' (1995:2), a response rate of a little over 10 percent indicates that results should viewed cautiously.

Table 2.6
Sources of Average Revenue by Club Type for September Quarter 1995

Club Type	Gaming Machines $'000	Gaming Machines %	Bar Trading $'000	Bar Trading %	Food Trading $'000	Food Trading %	Other Trading $'000	Other Trading %	Total Average Revenue $'000
Leagues	3,519.2	68.1	726.7	14.1	502.5	9.7	422.3	8.2	5,170.7
Workers	1,974.1	59.6	599.3	18.1	192.4	5.8	544.2	16.4	3,310.0
RSL	1,122.0	65.8	316.7	18.6	179.6	10.5	86.8	5.1	1,705.1
Other	847.5	64.0	231.9	17.5	190.1	14.4	53.7	4.1	1,323.2
Other Sporting	365.3	55.1	202.1	30.5	45.2	6.8	49.9	7.5	662.5
Golf	83.1	18.2	108.8	23.9	51.6	11.3	211.9	46.5	455.4
Bowling	252.0	57.1	126.0	28.5	29.9	6.6	33.8	7.7	441.7
National /Cultural	16.8	20.0	35.4	42.2	28.7	34.2	3.0	3.6	83.9

Source: derived from KPMG, (1995:9).

From Tables 2.4 to 2.6, it is evident that the contemporary NSW club industry is characterised by a small proportion of very large clubs, usually returned services, leagues and workers clubs, often with some hundreds of gaming machines on which they rely for some two-thirds of their revenue and which earn far greater total gaming machine profits than machines operated by their smaller counterparts.[28] However, the bulk of the industry is comprised of many smaller clubs, predominantly bowling, golf and a range of general clubs which tend to operate far fewer machines, in turn yielding far less revenue. Consequently, smaller clubs usually rely on more diverse income sources, but also exist on a much smaller revenue base than larger clubs. Nevertheless, Table 2.6 indicates that, for most types of clubs, gaming machine revenue accounts for over one half of total club revenue.

Furthermore, while the number of NSW clubs operating gaming machines rose steadily after their legalisation in 1956 peaking at 1,553 in 1984, 120 clubs have since closed due to surrender or cancellation of registration and amalgamations,

[28] In fact, 44 NSW clubs have over 200 gaming machines, with the largest installations being at Panthers League Club with 1,262 machines, Canterbury-Bankstown League Club with 643, and South Sydney Juniors with 579 machines. A further three clubs have over 500 machines, an additional seven have more than 400 machines, and a further twelve have over 300 machines (*Sydney Morning Herald*, 28 August 1999, p. 41).

attributed mainly to economic reasons (NSW Department of Gaming and Racing 1998:3). In terms of industry evolution, the industry appears in the maturity stage, characterised by industry concentration and slowing overall growth, in turn fuelling a more commercial approach to club management and operations.

2.6.3 Changes in the Goals and Functioning of NSW Clubs

Industry dominance by large clubs deriving a substantial proportion of revenues from gaming machine profits undermines their traditional status as not-for-profit organisations existing to promote a common interest of members (Wilcox, 1983:5.16). Since the 1970s, the goals and functioning of many large clubs have tended to diminish emphasis on social aims to an increasingly economic focus. This shift is discussed below in terms of club membership, organisational structure, management reward systems, facilities and services, and community support.

Since the 1970s, and in contrast to the early NSW clubs, membership to most contemporary clubs has been far from exclusive. Although clubs must still be founded on a common interest, membership is generally open to anyone of age, given nomination by two existing members and payment of the required membership fee, often as low as a few dollars per year.[29] A category of 'social membership' means that all, or indeed most, club members are not required to participate in or pursue the common interest for which the club was established, but may use the club's main facilities and services, including gaming machines. As Wilcox (1983:5.25) has noted, 'when clubs grow the proportion of people who are fanatical about a particular purpose which brought them together...gets diluted by members who come to enjoy the social facilities'. In addition, non-members have unrestricted access to clubs, provided they sign a visitors' book and live more than five kilometres away (*Registered Clubs Act 1976 NSW* Part 3). Thus many clubs actively encourage day-trippers and tourists.

The organisational structure of many clubs also has changed. While a relatively flat, informal structure was appropriate for small, exclusive clubs prior to the 1950s, large contemporary clubs are generally structured along functional lines, with clear hierarchies of decision-making and responsibility. Drawing on Mintzberg's classic configurations of organisations (1979), the early clubs could be described as 'missionary' organisations, coordinated by shared values of members, strong

[29] *The Registered Clubs Act 1976 NSW* prescribes a minimum membership fee of $2 per year.

ideology, loose organisational structure and decentralised decision-making, all appropriate for the relatively simple, stable environment in which the clubs operated and their shared purpose amongst members. Today's clubs however approach Mintzberg's 'machine' organisations, with centralised decision-making, functional structure, narrow job specialisation and standardised work practices, aimed primarily at operational efficiency and profit maximisation. In larger clubs, involvement of members in determining club policy to any meaningful extent is questionable (Caldwell, 1972:296; Productivity Commission, 1999b:21.22).

Management reward systems in many clubs also appear to promote profit maximisation, with the Club Managers (State) Award determining salary rates partially based on annual poker machine taxation levels (RCA, 1998b). Thus, the award provides an indirect incentive through proportionately higher base salaries for club managers to attain larger gaming machine profits. However, many clubs pay above award rates to attract more professional managers, in recognition that successful financial club performance relies on the implementation of commercial management practices.

Clubs now cater mainly for middle and working classes and all but the smallest provide an extensive array of services and trade for long hours.[30] Rather than providing the close-knit social environments apparent in earlier clubs, most workers, leagues and returned services clubs, as well as some of the larger bowls, golf and general clubs, tend to be large and 'glitzy' venues, filled with the flashing lights and noise of gaming machines, horse and greyhound racing on television, keno updates on electronic screens and regular entertainment. Gambling and drinking are the main activities. Numerous Australian studies have found that gaming machines have their greatest appeal to people from lower socio-economic backgrounds (for example the State Government of Victoria, 1994; DBM Consultants, 1995; Prosser, Hing, Breen

[30] As an example of the scale and diversity of club operations now reached in NSW, the largest club, Penrith Rugby League Club, is today unrecognisable from its 'pokey single storey building with eight poker machines, one pool table, one bar and a small dedicated membership' when it was founded in 1956. In 1995, the club had 52,000 members, 900 staff and boasted 800 gaming machines, six bars, five restaurants, a nightclub, a cinema, tennis courts, a golf driving range, cable skiing, waterslides, a miniature railway and more than 200 four-star motel rooms set on its 81 hectares. On a busy day, some 6,000 patrons visited the club, contributing to the $72 million turnover the club reported in 1994-95. Some $40 million of this came from the club's poker machines (Martin, 1996:16), with the club providing about $650,000 a year for community charities and sporting organisations other than football (Verrender, 1996:39). The club has recently expanded its gaming machine installation to 1,262 machines (*Sydney Morning Herald*, 28 August 1999, p. 41).

and Weeks, 1996), so it makes economic sense for clubs to work hard at attracting and catering for the market providing most revenue. As will be discussed later in this chapter, aggressive marketing strategies encourage and reward gaming machine play and ongoing analysis of the popularity and profitability of individual gaming machines is serious business for both club management and gaming machine manufacturers. However, such marketing strategies would seem to increase the risk of problem gambling by providing inducements for frequent and sustained gambling sessions involving high expenditure.

However, because clubs cannot distribute profits to management, employees or members, excess gambling revenues are used to finance facilities and services for members and visitors, donations to charities, and community projects such as sporting and other facilities. However, according to a KPMG survey (1995:24-25), most of this support is spent in-house to improve club facilities rather than for charitable and community causes, as shown in Table 2.7. Indeed, a recent independent study of club contributions reported by Verrender (1996:39) found that while NSW clubs claimed charity and community donations of $700 million, most of this funded club renovations, with only $56 million in external donations. However, the RCA estimates the value of community support, excluding capital investment, provided by the NSW club industry in 1996-97 at $155 million (RCA, 1998a:3). Nevertheless, even in 1983, the *Wilcox Report* noted 'whilst some clubs have provided significant community benefits, for most, including many of the most wealthy clubs, the record is poor when the enormous profit they derive from poker machines is taken into account' (1983: Introduction).

Table 2.7
Average Community Support and In-House Capital Expenditure by Club Type for NSW Clubs September Quarter 1995

Club Type	Community Support				In-House Capital Expenditure	
	In-House Support $	External Grants $	In-Kind Support $	% of Average Gaming Machine Profit	In-House Capital Expenditure $	% of Average Gaming Machine Profit
Bowling	4,489	1,501	215	2.5	47,049	18.8
Golf	4,279	670	584	6.7	60,351	72.7
Other	2,776	2,343	4,523	1.1	364,760	43.0
Other Sporting	13,558	4,896	2,157	5.6	143,396	39.3
RSL/Community/ Ex-Services	5,622	8,163	6,073	1.8	343,896	30.6
Workers	6,107	17,652	2,500	1.3	396,469	20.1
National/Cultural	0	0	0	0	10,506	62.4
Leagues	146,615	15,720	650	4.6	703,186	20.0
Total	183,446	50,945	16,702	3.1	2,069,613	25.3

Source: derived from KPMG, (1995:24-25).

In summary, increased commercialisation of NSW clubs over the last few decades is evidenced by various characteristics which distinguish them from their earlier counterparts. These include their largely unrestricted membership and relatively open access for visitors, which detract from their original common interests. In addition, organisational structures and reward systems now promote profit maximisation, while aggressive marketing strategies are employed to increase patronage, tourism and gaming machine play. Further, most club profits are used to improve facilities to attract a larger member and visitor base, rather than to contribute to broader community projects.

The commercialisation of large NSW clubs reflects their strategic response to the competitive environment. The competitive advantages of NSW clubs have been eroded through the proliferation of alternative gambling options and, more particularly, through the three developments outlined below.

2.6.4 Erosion of Competitive Advantages for NSW Club Machine Gambling

Three critical developments have particularly eroded competitive advantages enjoyed by NSW clubs in their machine gambling operations. These are escalating competition for machine gambling, diminished taxation concessions on gaming machines, and, more recently, proposed involvement of the newly privatised NSW TAB Ltd in machine gambling. Each of these developments is outlined below.

Increased Competition for Machine Gambling

While Table 2.1 showed the increasing diversity of Australian gambling products, the most serious competition for NSW clubs has arisen from new gambling products within the state, and the introduction of gaming machines in the neighbouring jurisdictions of the ACT, Victoria and Queensland, and in other NSW venues.

The decade 1975-85 witnessed the introduction in NSW of Soccer Pools, Lotto, Instant Lottery and approved amusement devices (AADs) in hotels, to accompany the existing state lottery and on and off-course wagering. In addition, gaming machines in ACT clubs (and later hotels) and Jupiter's Casino became available only a few kilometres across state borders. In the 1990s, gaming machines were introduced into clubs and hotels in Queensland and Victoria, and are considered the major cause of lower gaming machine profits still experienced by NSW clubs on the northern and southern state borders (NSW Department of Gaming and Racing, 1998:31). In late 1995, the temporary Sydney Harbour Casino opened with 500 gaming machines and 150 tables, with its permanent venue, Star City Casino, operating 1,500 machines and 200 tables, opening in late 1997. In April 1997, the *Liquor and Registered Clubs Legislation Further Amendment Act 1996 NSW* authorised NSW hotels to operate up to 15 poker machines, with this limit increased to 30 in 1998. Thus, NSW clubs now compete directly with casinos and with the widely dispersed and readily available machine gambling in hotels.

Assessing the direct impact of additional forms of gambling on machine gambling in NSW clubs is fraught with difficulties, given fluctuations in the wider economy and in expenditure on substitute products and services. In addition, the true impact of some recently introduced gambling products may not be apparent for some time. However, preliminary estimates of the impact of the Sydney casino and the introduction of poker machines in NSW hotels have been made, based on a survey of 1,691 patrons of 11 Sydney clubs, eight of which were within five kilometres of the casino (Toms, Lynch and Veal, 1998). It found that 8 percent of respondents

who have visited the casino now visit clubs less frequently, while 3.3 percent attend clubs less often due to expanded hotel gambling facilities.

Despite the difficulties of accurately measuring the impact of additional gambling products, increased competition has prompted a more aggressively commercial approach by many clubs to their machine gambling operations, as discussed later in this chapter.

Diminished Taxation Concessions on Club Gaming Machines

In addition to increased competition, favourable tax concessions on club gaming machines also have been eroded. When first legalised in 1956, clubs were taxed annually according to the number of machines operated of each denomination *(Gaming and Betting (Poker Machines) Taxation Act 1956 NSW*). Amendments in 1959 increased licence fees on 2 shilling machines (NSW Department of Gaming and Racing, 1996b:iv) and in 1962, a supplementary licence tax was introduced based on a sliding scale and levied when a club's gaming machine income exceeded $10,000, a threshold raised in 1970 to $17,000, in 1973 to $30,000, and in 1986 to $100,000 (NSW Department of Gaming and Racing, 1996a:5).[31] After 1990, a net profit tax was introduced, with clubs paying 1 percent for the first $100,000 net profit on gaming machines and 22.5 percent on every dollar thereafter (NSW Department of Gaming and Racing, 1996a:5). From March 1997, annual duty rates for club gaming machines were levied at 1 percent for income between $100,001 and $200,000, at 22.5 percent for income between $200,000 and $2.5 million, and at 24.75 percent for income over $2.5 million (*Liquor and Registered Clubs Legislation Further Amendment Act 1996 NSW*). However, in its 1997 State Budget, the NSW Government proposed a top taxation rate of 30 percent for club gaming machine profits in excess of $1 million. This proposal was subsequently overturned and rates in 1998 were set at 20 percent for income between $200,000 and $1 million, and 26.25 percent for income over $1 million (*Liquor and Registered Clubs Legislation Amendment (Community Partnership) Act 1998 NSW*). Overall however, average annual state taxation on club gaming machines has increased from around 19 percent of net profit in 1964 to over 21 percent in 1996-97 (NSW Department of Gaming and Racing, 1998:31).[32]

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[31] Raising the exemption level for supplementary licence tax to $100,000 in 1986 eliminated the tax for 690 smaller clubs, saving them up to $15,000 in tax per year (RCA, 1994:4).

[32] 1964 is the first year for which government revenue from club gaming machines is officially recorded.

Involvement of the NSW TAB Ltd in Machine Gambling

By January 2001, all NSW gaming machines must be connected to a centralised monitoring system allowing collation and processing of data, including assessment and automatic debiting of duty, authorisation of changes to machine configurations, and testing of machine integrity (IPART, 1998:9). This requires clubs and hotels to ensure all machines are system compliant, necessitating gradual conversion to 'X Standard' machines at the venue's expense.[33] The NSW Government has granted the NSW TAB Ltd an exclusive 15 year licence to operate this central monitoring system, with venues to pay $26.10 per machine per month for this service (*NSW TAB Share Offer Document*, May 1998:32-33, 58 in IPART, 1998:9). Based on the average number of machines per club in 1996-97, the average annual cost will be $14,540 per club (NSW Department of Gaming and Racing, 1998:31). However, it will cost some hundreds of thousands of dollars per year for clubs with extensive machine installations.

The involvement of the NSW TAB Ltd in machine and other gambling operations in NSW has been further enhanced by its recently granted investment licence to own, supply and finance gaming machines in NSW hotels, proposed development of a numbers game to be linked across some NSW hotels, and a 15 year exclusive licence to conduct statewide linked jackpot games (TABLINK) for gaming machines in NSW clubs and hotels (IPART, 1998:9). Club participation in TABLINK will be voluntary, but will attract a fee.

Thus, in addition to incurring extra expenses in their gaming machine monitoring, increased involvement of the NSW TAB Ltd in machine and other gambling in NSW poses new competition for NSW clubs for their main revenue-producing product. However, it may also encourage further market expansion and increased income for clubs if the statewide linked machines prove popular without cannibalising income from existing machines.

2.6.5 Attempts by NSW Clubs to Protect Their Competitive Advantages in Machine Gambling

NSW clubs have reacted to the erosion of their competitive advantages in machine gambling in two key ways discussed below – commercial initiatives to enhance the appeal of their gaming machines, and political defence of their strategic advantage.

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[33] 'X Standard' is 'a protocol for gaming machine security' (IPART, 1998:9) and essentially refers to machines which meet the technical requirements to support centralised monitoring functions.

Contemporary Marketing and Expansion Strategies in NSW Club Machine Gambling

In response to competitive changes outlined above and reflecting increased focus on commercial objectives, many NSW clubs have intensified marketing and expansion strategies in their machine gambling operations.

Club gaming machines have become more widely accessible, with a twelvefold increase in the total number of gaming machines since their legalisation, representing an increased average from 5.8 to 43.2 machines per club, with the largest rate of increase since 1992 (NSW Department of Gaming and Racing, 1998:31). In addition, the number of clubs with gaming machines has increased over the same period from 952 to 1,433, although the machines are becoming more concentrated in the larger clubs. In terms of diffusion theory which has been used to explain the rate at which gambling spreads throughout a society (Cook and Yale, 1994), widespread participation in club machine gambling has been enhanced by the ease with which the machines can be observed, tried, used and accessed by patrons, as well as their compatibility with other leisure activities found in clubs. Thus, placement of machines in popular social venues has enhanced their appeal, along with increased accessibility which reportedly is associated with a higher prevalence of problem gambling (Productivity Commission, 1999b:2).

NSW clubs also have been instrumental in enhancing structural inducements in gaming machine play. One of the distinguishing features of poker machines is that they offer games of pure chance. Caldwell has described poker machine play as the ‘epitome of non-skill gambling’ (1974:16), ‘a purely mechanical task’ (1985:263), where ‘the banker, the Cabinet Minister, the housewife, and labourer are all equals...for skill and experience count for nothing’ (1974:69). Furthermore, he suggested that the high value Australians place on equality and fatalism partly explains ‘why Australians have a predilection for gambling and why the form of gambling is marked by a heavy reliance on chance and so little on skill’ (1974:20). Orford notes the prejudice against games of chance in favour of games of skill ‘not infrequently betrayed by those who write on the subject of immoderate gambling’ (1985:30). One of the reasons for such prejudice may be that the non-skill nature of gaming machines readily attracts new players due to ‘the initial perception that the likelihood of winning on the randomly generated outcomes of the machine permits the novice to start on an equal footing with the experienced player’ (Dickerson, 1996:158).

Additional structural characteristics of gaming machines have been identified which induce initial and continued play. While acknowledging that certain biological, psychological and situational variables are influential, Fisher and Griffiths (1995:241) identify 'frequent pay out and event intervals, arousing near miss and symbol proportions, multiplier potential, bettor involvement and skill, exciting light and sound effects, and significant naming' as being powerful influences on a player's decision to play and continue playing gaming machines. To this list Fabian (1995:253) adds the rapid gambling sequence and short pay out intervals, the wide variety of stakes and chances of winning, the attractive relation between the probability of winning and the amount of winnings, the number of small winnings, active involvement of the gambler in the course of the game, and the low stakes involved.

A number of writers have commented on structural characteristics of machine gambling which enhance operant conditioning of players (for example, Stotter, 1980; Walker, 1992; Dickerson, 1996). Stotter contends that 'never before' have the principles of behaviour modification 'been brought together and applied so expertly as in the Poker Machine' (1980:161). Stotter (1980:162-163) explains that the act of placing money in the machine is firstly reinforced by irregular payouts, a powerful method of conditioning, far stronger than fixed interval conditioning. Second, this intermittent reinforcement schedule is further enhanced by varying the strength of the reinforcer by varying prize amounts, with the possibility of large rewards helping to maintain play over a longer time period, making the behaviour more resistant to extinction. Third, the player is never submitted to a feeling of immediate failure, as it is the combination of symbols which determine a win, rather than their actual occurrence. As all symbols can potentially contribute to a winning sequence, the sense of loss is minimised, with the player subjected instead to a 'near miss'. Fourth, accompanying lights, music and cash drops into a noise-enhancing metal tray maximise the rewarding qualities of a win. Finally, the winner receives social reinforcement from other players whose attention is gained by the noise and lights, with the winner becoming the 'centre of attraction' for a short period (1980:163). Indeed, while acknowledging the entertainment value of gaming machines, Stotter (1980:164) contends 'there appear to be important ethical questions to be answered as to where the entertainment component ends and the straight out conditioning of human behaviour for monetary gains begins.' Further, with player persistence being the major aim of gaming machine manufacturers in developing new games and characteristics (Daley, 1986), researchers and community service organisations are concerned such developments increase player persistence and thereby increase gambling-related problems amongst machine players (for example, Dickerson,

1996:163; GAME, 1998; Local Community Services Association Inc., 1998; Shoalhaven Neighbourhood Centre, 1998; Wesley Gambling Counselling Service, 1998; Productivity Commission, 1999b: Chapter 16).

Many recently introduced gaming machine features are designed to increase both the rate of play and the average bet, thereby increasing gross machine profits. Verrender (1996:39) notes there are currently up to 30 game variations available in club gaming machines, with features such as multi-line and multi-coin betting, tokenisation, note acceptors, touch screen operation, linked machines, multi-game machines, cashless betting using player account cards, animation, interactive games and multi-terminal machines (Kelly, 1996a; 1996c). While technological innovations such as better video screens, faster processes and game concepts have been principally 'manufacturer driven', innovations which maximise machine profits, such as reduced game cycles and higher jackpots, have been 'customer driven' by the clubs (Toneguzzo, pers. comm.). That is, through the operation of market forces, gaming machines are designed for profit maximisation. Such developments continue to drive machine replacement programs in clubs, with manufacturers and operators both aiming for maximization of turnover and net profit (Kelly, 1996a:44).

The longevity of machine gambling in NSW clubs has nurtured a relatively mature market for gaming machines, with the predominantly local, regular players being more demanding and discerning than a tourist market which plays gaming machines less frequently (Kelly, 1996c:58). Kelly (1996c:58) contends that Australian gaming machine manufacturers lead the way in machine technology, each often developing ten to twelve new games per month to ensure players are 'stimulated by new and innovative options'.[34] Thus, with the 'productive life' of a machine in Australia estimated at between three and five years (Kelly, 1996c:58), most NSW clubs undertake extensive and ongoing machine replacement programs to ensure their machines remain up to date, with the RCA (1994:55) recommending that a minimum replacement of 25 percent of a club's gaming machines per year is required to meet technological advances and new game enhancements. Further, a KPMG study (1995:25) found a correlation between capital expenditure on gaming machines and the level of gaming machine revenue. At a purchase price of around $15,000 per machine (IPART, 1998:8), replacement programs represent a

[34] There are currently 17 gaming machine manufacturers licensed in NSW (NSW Department of Gaming and Racing, 1998:32). As an indication of the importance of technological developments in gaming machines, Aristocrat, Australia's biggest gaming machine manufacturer with a 52% market share, invests around 15% of its revenue each year in research and development (Kelly, 1996c:58).

substantial investment for many clubs, but on average each machine nets around $34,000 per year (NSW Department of Gaming and Racing, 1998:31).

In the last fifteen years, lobbying from both the club industry and gaming machine manufacturers has been successful in raising the maximum bet and prize money on gaming machines. For example, in 1982, manufacturers submitted successful requests to licence both multi-coin and multiplier machines which offered jackpots up to $5,000 (NSW Department of Gaming and Racing, 1996b:v). In 1986, the maximum jackpot for stand-alone machines was raised to $10,000, while in 1988 $1 and $2 machines were introduced and the maximum bet raised to $10 per play, regardless of denomination (NSW Department of Gaming and Racing, 1996a:5). In-house link progressive jackpot systems with jackpots up to $100,000 were introduced in 1988, while the 1990s has witnessed the advent of note acceptors on gaming machines (NSW Department of Gaming and Racing, 1996b:v) which tend to increase gaming machine turnover and, therefore, profits (Productivity Commission, 1999b:16.82). Both linked jackpots and note acceptors have been associated with exacerbating problem gambling (Productivity Commission, 1999b: 16.76-16.77,16.82).

Increasing player percentage returns from the machines above the 85 percent required by law (*Registered Clubs Act 1976 NSW*) is a further attempt to enhance the appeal of gaming machines, with return to players averaging 90.6 percent over all NSW clubs in the 1996-97 fiscal year, increasing from an average of 90.4 percent the previous year and 86.9 percent five years earlier (NSW Department of Gaming and Racing, 1998:30). Daley (1986) has suggested that many gaming machine players are ‘buying time’ and that, given limited financial resources, they choose machines to maximise playing time, making machines with higher player returns more attractive. However, while increased popularity of lower denomination machines (NSW Department of Gaming and Racing, 1996a:4) may represent attempts by some players to extend playing time, the popularity of multi-line machines which reduce average playing time by 50 percent (Daley, 1986:239-240) suggests that ‘buying time’ may not be a primary motive for some players. In any case, Lynch (1985:61-62) found a common complaint amongst the regular gaming machine players he interviewed was the ‘tightness’ of the machines, with some players noting that increasing player returns would encourage more players, provide incentive to play longer, and that players would probably put increased winnings back into the machine. Thus, while increasing percentage returns would appear to reduce gross profits for clubs, this may not hold true if it enhances the appeal of gaming machines and if players ‘recycle’ winnings.

Many NSW clubs undertake extensive promotions to both attract players and reward high spenders. These include complimentary tickets for meals or entertainment when a certain level of gaming machine change is purchased, vouchers for coin purchases redeemable for prizes or for entry into a draw to win major prizes, computer linked promotions, and player tracking where the expenditure of individual players is monitored and rewarded if sufficiently high. A KPMG survey of 157 NSW clubs (1995:12) found each spent up to 7 percent of gaming machine profits on in-house gaming machine promotions, with the highest expenditure by clubs with greatest reliance on gaming machine profits. While these statistics are limited by a small, non-representative sample, it appears gaming machine promotions are common in NSW clubs and actively encouraged by the RCA. For example, under the heading of 'enticement', the RCA recommends that indirect prizes, player tracking, and other forms of promotions, entertainment and games are activities which 'should be constantly tried, changed, renewed and on-going to extract the maximum potential from your gaming machine installations' (1994:56). The RCA further explains that:

> ...poker machines by themselves will not draw people into the club from the street. The Board should consider offering enticements to the members to visit the club. Once the Board has succeeded in getting them on the premises, then they can be encouraged to play the machines.
>
> (RCA, 1994:56).

Because clubs cannot distribute profits, many use surplus revenue to improve physical facilities and services in gaming rooms. Hing (1996) has noted attention to continual improvement of physical facilities in gaming areas, while Caldwell (1972:171-174) commented on the casino-type atmosphere, particularly in large and crowded club gaming rooms, where the noise and lights contribute to excitement. Dickerson (1996:157) comments that 'although the timeless divorce from reality achieved in contemporary theme casinos in Las Vegas may not be achieved', club gaming machines are typically in large, purpose built rooms increasingly advertised as 'casino' areas, which often have no exterior windows and are open for long hours. Many properties have themed gaming areas to provide 'an added value service in mature gaming markets' (Kelly, 1996a:44-45), while additional services such as call buttons on machines for purchasing drinks and payment of manual jackpots, free tea and coffee, and projection of other club entertainment onto large screens in gaming machine areas all represent attempts to keep patrons playing. The RCA (1994:55) points out the importance of an attractive, easily accessible gaming machine layout which is 'conducive to extensive and regular visits', advising that:

> The machines should be centrally located between the entrance, the bar and the main lounge areas. Do not encourage players to make a conscious effort to walk to a machine. Make it easy for him/her to reach their (sic) favourite machines by placing them in an established line of traffic.

In summary, many NSW clubs have responded to increased competitive pressure on their core product with aggressive marketing and expansion strategies designed to attract more players, increase player persistence and reward high expenditure. Continued growth in total club gaming machine expenditure suggests such strategies have been successful from an economic standpoint and reflect increased profit orientation in club machine gambling operations.

Political Defence of Competitive Advantages in NSW Club Machine Gambling

Erosion of competitive advantages for NSW clubs in their machine gambling operations, as described earlier, has attracted vocal opposition from the industry. Proposals to establish the Sydney Harbour Casino (now Star City), introduce and expand hotel machine gambling in NSW, to increase the taxation rates on club gaming machines in 1997, and involve the NSW TAB Ltd in machine gambling, prompted extensive political lobbying by the clubs, and the formation of the Registered Clubs Party in mid-1997. While these campaigns gained some concessions which marginally offset these competitive threats, they also drew public and political attention to the clubs' massive gaming machine profits, poor track record of community support and commercially driven agenda.

The Club Campaign Against Establishment of the Sydney Harbour Casino

While the legalisation of casinos in NSW had been proposed as early as the 1970s and the focus of two government inquiries (Lusher, 1977; Booth, 1982 in McMillen, 1993), concerted government efforts in the 1990s to establish a single, large Sydney casino attracted more vocal opposition from the club industry. In submissions to the *Inquiry into the Establishment and Operation of Legal Casinos in New South Wales* (Street, 1991) and an inquiry to examine 'the likely effect of the availability of slot machines in a casino on the operations and viability of the registered club and hotel industries' (Swan, 1992:3), the RCA forecast a $73.3 million loss in club revenue in 1997, increasing to $87.8 million by 2000 (RCA, 1992: Appendix IV, V). The RCA contended the NSW community would face a net loss of $24 million in 1997, increasing to $28.6 million by 2,000 (RCA, 1992:32) and that club financial support for charities, welfare, community projects and members' facilities would be severely curtailed. However, the Inquiry recommended the proposed Sydney casino be

allowed poker machines, slot machines which mimic table games, and video gaming machines (Swan, 1992:61). The Inquiry argued any reduction in club community support would be outweighed by the annual $260 million accruing to the gambling community and taxpayers once the casino was fully operational (1992:2).

Following the government's adoption of the Inquiry's recommendations, the RCA began campaigning, arguing 'the casino would be able to trade in unfair competition' by offering unlimited gaming machine prizes and 'free buses, drinks and food to entice club patrons' (*Sydney Morning Herald*, 2 March 1993, p. 5). However, the Opposition labelled the clubs 'greedy', noting they could offer million dollar prizes on ClubKeno and that clubs themselves used free or subsidised transport, meals and drinks to entice patrons (*Sydney Morning Herald*, 2 March 1993, p. 5). The RCA argued that 1,500 casino poker machines would cost 7,000 jobs, force some rugby league teams from the major state competition, reduce the $400 million per year given by clubs to community-based groups and charities because of 'their non-profit philosophy', and redirect profits from the 'little Aussie battler' to a private operator (*Sydney Morning Herald*, 10 March 1993, p. 4; *Sydney Morning Herald*, 21 March 1993, p. 7; *Sydney Morning Herald*, 10 September 1993, p. 6). However, State Parliament endorsed the proposed 1,500 machines in the casino in September 1993 (*Sydney Morning Herald*, 10 September, p. 6). By March the following year, the RCA had spent almost $1 million on a promotional campaign to 'lift the industry and boost club membership' (*Sun-Herald*, 27 February 1994, p. 5). Following the opening of the temporary casino in September 1995 and reports that Sydney clubs had lost 'tens of millions of dollars in poker machine revenue' (*The Northern Herald*, 10 October 1996, p. 13), individual clubs also boosted marketing to shore up membership prior to the opening of the permanent casino in November 1997 (*Sun-Herald*, 26 October 1997, p. 30).

The Club Campaign Against the Introduction of Poker Machines in NSW Hotels

Following announcement in early 1996 of the state Labor government's plans to allow 10 to 20 poker machines in NSW hotels, the club industry 'declared war' (*Sun-Herald*, 21 April 1996, p. 18), with the RCA announcing a '$1 million war chest to campaign against the Government at the next election and future by-elections' (*Sun-Herald*, 26 May 1996, p. 20). In June 1996, NSW publicans striked to accelerate the government's plans, with the Australian Hotels Association (AHA) warning 'many hotels would not last another three or four months faced with stiff competition from clubs which were heavily subsidised...out of control...(and) awash

with money...they don't know what to do with' (*Sydney Morning Herald*, 22 June 1996, p. 3).

While the AHA reputedly spent $300,000 on its campaign, the clubs spent an estimated $3.5 million (*Sydney Morning Herald*, 12 November, p. 5). Along with threats to challenge Labor at the next election, various clubs targeted individual MPs. For example, one had informed its local MP that a $35 million club redevelopment would be threatened, while others wrote to pensioners warning them they would lose their $1 lunches and could blame it on the government (*Sydney Morning Herald*, 12 November 1996, p. 5). Both industries commissioned research, with the RCA's claiming the top 200 NSW hotels would make 'super profits' (*Sydney Morning Herald*, 23 October 1996, p. 3), while AHA research estimated clubs spent only $56 million on community service organisations, not the $700 million claimed (*Sydney Morning Herald*, 16 November 1996, p. 44).

However, the club campaign seriously backfired, drawing public attention to the massive gaming machine revenues of large, tax-subsidised clubs. An editorial on 16 November 1996 (*Sydney Morning Herald* , p. 44) noted 'clubs with huge numbers of machines have become enormous money-making machines', with one club 'sitting on $17 million in funds'. It contested industry claims that most machine profits are returned to the community, contending instead they are 'used to entrench their privileged, tax-protected position and to indulge the club administrators'. The clubs, it noted, 'are reaching the situation where they may be abusing rather than using their tax exemption privileges' (*Sydney Morning Herald*, 16 November 1996, p. 44). *The Sun-Herald* (17 November 1996, p. 20) noted the 'wailing frenzy' of the club campaign, claiming 'the truth is that most clubs are rolling in money' due to 'unrestrained wealth'.

On 20 November, the *Liquor and Registered Clubs Legislation Further Amendment Act 1996 NSW* was passed allowing NSW hotels up to 15 poker machines, matched by equal numbers of AADs. However, the club industry won some concessions, including future introduction of statewide linked jackpots, and the right to operate multi-terminal gaming machines (*Sydney Morning Herald*, 19 February 1997, p. 8). In announcing the new package, the NSW Minister for Gaming and Racing noted that hotel poker machines would not affect club charity donations, as many clubs spent all profits on new buildings, new poker machines and cheap meals and drinks to entice poker machine players. Further, many clubs had been making bogus claims about charity donations and would be investigated (*Australian Hotelier*, December

1996, p. 6). By the end of the months' long campaign, political and public sentiment had turned markedly against the clubs.

Over the next two years, the NSW club industry continued its political battles, principally over proposed gaming machine taxation increases, and then over involvement of the NSW TAB Ltd in gaming machine operations. This culminated in the passing of the *Liquor and Registered Clubs Legislation Amendment (Community Partnership) Act 1998 NSW* which, amongst changes discussed below, then authorised NSW hotels to operate up to 30 poker machines.

The Club Campaign Against Gaming Machine Taxation Increases

The 1997 NSW State Budget proposed an increased top taxation rate on club gaming machines of 30 percent for profits over $1 million to raise $74 million for hospitals, police services and education. The clubs again 'declared war' and a meeting of about 1,000 club directors and managers developed 'an anti-government battle plan' (*Sun-Herald*, 11 May 1997, p. 10). The clubs claimed the increase would cost an additional $161 million per year, reduce community donations by $80 million, threaten nearly 9,000 jobs and cancel $340 million in capital works (*Sydney Morning Herald*, 14 May 1997, p. 6). However, the Premier dismissed these assertions as 'exaggerated' and a 'calculated fear campaign' (*Sydney Morning Herald*, 14 May 1997, p. 6), noting 'the community had to decide whether it wanted bigger and better clubs or better schools and hospitals' (*Sydney Morning Herald*, 5 June 1997, p. 11). The Treasurer released details that only 12 of 1,450 NSW clubs had claimed rebates for spending more than 1.5 percent of after-tax machine profits on community services the previous year (*Sydney Morning Herald*, 5 June 1997, p. 11).[35]

A proposal by a group of the largest clubs to raise 'much more than the desired $74 million without raising the tax rate' by allowing them to double machine jackpots and bets was rejected (*Sydney Morning Herald*, 7 June 1997, p. 7) and the taxation proposal passed, due to take effect from 1 February 1998 (NSW Department of Gaming and Racing, 1998:32).

[35] The rebate scheme allows clubs to retrieve $1 in poker machine taxation for every $3 donated to community services.

The Club Campaign Against Involvement of the NSW TAB Ltd in Club Machine Gambling

Political debate on taxation increases for club gaming machines also was fuelled by plans announced on 22 April 1997 to sell the NSW TAB through a public float estimated to raise about $1 billion. To enhance the share offer, the government proposed granting the TAB rights to operate a statewide linked jackpot system and a centralised monitoring system of gaming machines in NSW clubs and hotels. While statewide linked machines had been approved earlier, the clubs had expected to gain the licence for central jackpot pools (*Sydney Morning Herald*, 22 April 1997, p. 3). The RCA warned that 'without the co-operation of the club movement, the linked poker machine game would not work' (*Sun-Herald*, 20 April 1997, p. 43) and to expect only 5 percent of club machines to join the game, mostly from smaller clubs hoping to attract new customers (*Sydney Morning Herald*, 26 April 1997, p. 55). It also 'slammed' granting of the centralised monitoring licence to the TAB, noting 'they are our competitors. It is like allowing Coles to monitor the books at Woolworths' (*Sydney Morning Herald*, 26 April 1997, p. 55).

As the proposed float date of mid-June 1998 approached and the gaming machine taxation increase came into effect, the club campaign intensified. The RCA stated that, while the taxation increase remained in force, clubs would not support the sale of the TAB 'which was relying on a $400 million club component' (*Sun-Herald*, 1 February 1998, p. 35), a move that would 'greatly reduce' the TAB's value (*Sydney Morning Herald*, 7 February 1998, p. 2) and 'significantly affect the sale' (*Sydney Morning Herald*, 10 February 1998, p. 2). Further, the industry planned political initiatives to oppose the government at the 1999 state election, including funding for the Opposition's campaign, fielding of 'high profile candidates' against government MPs, and intentions by the Registered Clubs Party formed in mid-1997 to stand six candidates for the Upper House (*Sun-Herald*, 1 February 1998, p. 35; *Sydney Morning Herald*, 7 February 1998, p. 2).

A series of negotiations ensued. On 20 February 1998, the government announced club gaming machine taxation would be returned to former levels, but the taxation shortfall would be met by allowing NSW hotels to operate up to 30 poker machines without the former requirement of keeping equal numbers of less profitable AADs. As part of the deal, the clubs agreed to install at least 1,500 linked machines, to a 1.5 percent community levy on pre-tax gaming machine profits over $1 million for approved community support measures, and to publish an appropriately funded and enforceable problem gambling policy (*Sydney Morning Herald*, 21 February 1998,

p. 1; *Sydney Morning Herald*, 23 February, p. 6). These agreements were later formalised in the *Liquor and Registered Clubs Legislation Amendment (Community Partnership) Act 1998 NSW*.

In summary, politicised attempts to protect their competitive advantages during the 1990s backfired for NSW clubs. Not only did they fail to protect their monopoly over machine gambling, but they brought the clubs' profit levels, extensive gaming machine installations, favourable concessions and limited community service activities under closer scrutiny. Further, the government and public had become increasingly sceptical about the not-for-profit agenda, social benefit and community focus of clubs, prompting legislative requirements for club community support and for measures to address problem gambling.

2.6.6 Summary

In the context of increased competition for the gambling dollar since the 1970s and erosion of their competitive advantages, NSW clubs became more aggressively commercial in machine gambling operations and more politicised in attempts to protect their main revenue source. The marketing and expansion strategies commonly adopted in machine gambling operations, the industry's contemporary structure and performance, the emergence of many large clubs with extensive gaming machine installations, and the goals and functioning of these clubs, reveal that many have increasingly pursued the usual commercial goals of profit-oriented organisations. These include increasing market share, attracting maximum patronage, improving and diversifying their product mix, and generating substantial profits. Moreover, this pursuit of commercial goals subordinated the various common interests and community benefits for which clubs were established. This increased commercialisation undermined the role of many contemporary clubs as not-for-profit organisations existing for the benefit of members and pursuit of social purposes.

Historically, these factors had been instrumental for NSW clubs in both gaining and maintaining their competitive position. Erosion of these factors has weakened their legitimacy as dominant providers of gambling in the state, attracted public and political scepticism of their community focus, and raised community concern for problem gambling. As discussed in the next chapter, the community responded by becoming increasingly vocal in calling for greater social responsibility in the provision of machine gambling by the clubs, while the NSW Government imposed more rigorous requirements to enhance community benefit from machine gambling

operations and to address one of its costs, problem gambling. Legislation passed in 1998 aimed to re-establish the distinctive relationship between clubs and the community, a linkage on which their original rights to machine gambling was based, but whose unhinging has emanated from unrestrained growth of the clubs, their commercialisation, their increased political power, and the liberalisation of government policies on gambling.

2.7 CHAPTER CONCLUSION

The purpose of this chapter has been to demonstrate how the historical development of NSW registered clubs as major providers of machine gambling has been facilitated by their not-for-profit status, membership requirements and social benefit objectives. These three features provided the basis for the clubs' legitimacy as dominant gaming machine operators. However, increased commercialisation of NSW clubs gradually has undermined their distinctive relationship with the community, which stemmed from their role in pursuing and promoting the common interests of their members in sporting, recreational, social, cultural and community arenas. This change in focus from social to economic imperatives aroused public and political scepticism about the clubs' actual distinctiveness from profit-based organisations, the concessions they receive, and the costs and benefits of club machine gambling.

As this chapter has demonstrated, NSW clubs have increasingly violated the fundamental distinction of not-for-profit from profit-based organisations, which is to render a service rather than pursue profits (Koteen, 1991:10-14). Evolving from early NSW clubs established to promote a common interest of, and provide a range of services for members, contemporary clubs emphasise profit-based goals and embrace commercial management practices, with success now measured in financial terms rather than by how well their charter is fulfilled. Their main source of revenue is no longer membership dues, but gaming machine profits, prompting a shift in strategic management towards a market-oriented approach that seeks to maximise gaming machine returns, rather than fulfill the community service objectives for which clubs originally were established. This shift in focus has aroused criticism of favourable policy concessions given to NSW clubs. The clubs' increasingly aggressive pursuit of commercial, revenue-producing activities has been accompanied by criticism that they have exploited their favourable treatment to protect their machine gambling monopoly and other competitive advantages, to the subordination of their original social role.

Further, the implicit assumption that community benefit was built into club machine gambling has been seriously questioned. In response to an intensifying competitive environment, the emergence of very large clubs with extensive gaming machine installations, social memberships and non-member visitation, has undermined the original exclusive nature of clubs operating to foster a common interest of members. Additionally, their often meagre financial support for charities and community activities and their use of most gaming machine profits to improve club facilities and services to attract greater patronage and machine usage, have been exposed. Further, the aggressive marketing and expansion of club machine gambling has exacerbated its negative social impacts by increasing potential for gambling-related problems.

This apparent weakening of the clubs' fulfillment of their social contract to operate machine gambling for community benefit invites calls for greater social responsibility in club gambling operations. As will be argued in Chapter Four, societal expectations for responsible provision of gambling by the clubs may be heightened due to their not-for-profit status and community benefit charter and as a trade-off for their competitive privileges. First however, the next chapter will document the emergence of problem gambling as a social issue which gained unprecedented attention in Australia in the 1990s, accompanied by calls for greater social responsibility by gambling operators. Thus, Chapter Three retains an historical focus, but narrows the scope of discussion to the issue of problem gambling. Following a review that seeks to clarify some theoretical underpinnings of social issues management, the chapter examines the role of epistemic influences, governments, gambling operators and pressure groups in the emergence of problem gambling as a significant strategic issue for NSW registered clubs.

CHAPTER THREE

THE EMERGENCE OF PROBLEM GAMBLING AS A CORPORATE SOCIAL ISSUE

3.1 INTRODUCTION

This chapter represents Stage Two of this study (Figure 1.1) and addresses its second objective by explaining the emergence of problem gambling as a corporate social issue in Australia and its implications for NSW registered clubs.

The chapter tracks the lifecycle of the issue of problem gambling to analyse its evolution from being viewed as a mental health problem to a public health issue with social ramifications, a perspective now widely accepted in Australia. This evolution has extended the focus of concern from identification and treatment of individual problem gamblers to pressure on governments and gambling operators to minimise harm arising from problem gambling and to incorporate adequate consumer protection measures into gambling operations. Thus, the onus of responsibility to address problem gambling has shifted from individual gamblers to gambling providers and regulators, who are under unprecedented pressure to demonstrate more social responsibility towards what now has emerged as a significant social issue in Australia.

The chapter commences by clarifying key characteristics of corporate social issues and the concept of an issue lifecycle to provide a theoretical underpinning for analysing the emergence of problem gambling as a social issue of corporate concern to gambling providers. Consistent with a lifecycle model depicting issues as a function of their interpretation by dominant stakeholder groups (Mahon and Waddock, 1992), the chapter then analyses epistemic influences driven by researchers and experts in the field, along with those of governments, gambling operators and key pressure groups, in elevating concern for problem gambling in Australia. It documents how each stakeholder's stance gradually has diverged over time, leading to a widening of expectational gaps and the emergence of problem gambling as a corporate social issue. The chapter concludes by noting that this shift in focus on problem gambling from a mental health concern for individuals to a

public health issue with wide ranging social impacts has placed greater social responsibility on gambling providers such as NSW registered clubs, a responsibility that has strategic implications for how commercial gambling is managed.

3.2 CHARACTERISTICS OF CORPORATE SOCIAL ISSUES

One comprehensive definition of corporate social issues identifies three characteristics - impacts, controversy and expectational gaps - that distinguish them from more general social movements, trends and events (Wartick and Mahon, 1994). First, for a corporate social issue to exist, its impact must be felt within the organisation (Wartick and Mahon, 1994:295-296), an emphasis given in earlier definitions (Ansoff, 1975; Bigelow, Fahey and Mahon, 1991). Second, the existence of a corporate social issue requires controversy or contestability amongst corporate stakeholders (Wartick and Mahon, 1994:296-297). That is, corporate change demanded by one or more important stakeholders causes a corporate social issue to emerge (Wartick and Mahon, 1994:297). Third, stakeholder demands for corporate change arise from 'expectational gaps' between actual corporate performance and that desired by important stakeholders (Wartick and Mahon, 1994:298-299). That is, expectational gaps represent inconsistencies amongst societal or stakeholder views of what is, and what ought to be, corporate behaviour (Jacoby, 1971; Ackerman, 1973; Post, 1978). Zenisek further explained in his conceptualisation of corporate social responsibility (1979:366) that expectational gaps can arise from incongruence between societal expectations and corporate performance; societal expectations and managerial attitudes; and/or managerial attitudes and corporate behaviour. However, because no identifiable, homogeneous set of societal expectations exists, these are more usefully viewed as the aggregated expectations of stakeholders (Wartick and Mahon, 1994:303).

The existence of expectational gaps underlies various models of an issue lifecycle, a concept applied in this chapter to the emergence of problem gambling as a corporate social issue in Australia. Such models depict issues as moving over time through stages relating to stakeholder attention (Eyestone, 1978; Starling, 1980; Mahon, 1989; Carroll, 1993). In all stages, an expectational gap must be present for a corporate social issue to exist. Three types of change have been proposed as opening and expanding expectational gaps, thus initiating and progressing an issue through its lifecycle - a change in corporate performance while stakeholder expectations remain the same; a change in stakeholder expectations while corporate performance remains the same; or a change in both, but in divergent ways or at different rates (Wartick and Mahon, 1994:302). These gaps may lead to controversy, if

organisational legitimacy and survival are threatened and/or if stakeholders perceive present or future changes in their related costs and benefits. Thus, either changing corporate performance and/or changing stakeholder expectations lead to controversy as expectational gaps open and possible resolutions challenge corporate legitimacy or survival and stakeholder cost/benefit equations (Wartick and Mahon, 1994:303-304).

Wartick and Mahon (1994:306) incorporated the above considerations into their definition of a corporate issue as:

> ...(a) a controversial inconsistency based on one or more expectational gaps (b) involving management perceptions of changing legitimacy and other stakeholder perceptions of changing cost/benefit positions (c) that occur within or between views of what is and/or what ought to be corporate performance or stakeholder perceptions of corporate performance and (d) imply an actual or anticipated resolution that creates significant, identifiable present or future impact on the organization.

This definition recognises that issues requiring corporate attention are defined as being problematic to society by stakeholders capable of influencing company policies or the corporate environment. This interpretive function is critical to understanding how issues evolve (Mahon and Waddock, 1992:20). Because stakeholders interpret the sources, causes and solutions of an issue in different ways, simultaneous understanding of each stakeholder's perception of the stage of the issue and their stance regarding the issue is necessary to understand the state of an issue and its likely impact on society, corporations or the public policy agenda (Mahon and Waddock, 1992:25). An 'integrated issue lifecycle' model has been proposed to illustrate how the coordinated stance of three key stakeholders, who ultimately deal with business-social issues, evolves over time (Mahon and Waddock, 1992). These are public policy makers, corporate strategists and pressure groups, three perspectives underpinning earlier models of an issue lifecycle (Mahon and Waddock, 1992:21).

Further, the integrated issue lifecycle draws on Barnard's (1938) concept of 'zone of acceptance' to depict each stakeholder's stance as its position regarding its degree of rejection, indifference or acceptance of an issue as relevant to its affairs (Mahon and Waddock, 1992:25). If an issue is perceived as irrelevant to a stakeholder's interests, it will not receive attention or action, and is thus rejected as deserving energy, resources or interest. In the 'zone of indifference', the stakeholder may recognise the existence of the problem but feels no compulsion or responsibility to take action. Once the 'zone of acceptance' has been entered, the stakeholder takes action to address the problem. This may involve symbolic actions to set the agenda in terms

most favourable to the stakeholder's interests by presenting the sources, causes and solutions to the problem in ways congruent with ideologies of the stakeholder's 'allies', but which reframe the different stances of 'adversaries' (Mahon and Waddock, 1992:27). Additionally, more substantive actions may be taken involving definitive moves and allocation of resources to change or deal with the problem in specific identifiable ways (Mahon and Waddock, 1992:27). Plotting changes in stakeholders' stances over time according to their degree of rejection, indifference and acceptance of an issue results in a lifecycle model reflecting how an interplay develops which simultaneously projects an issue through its lifespan (Mahon and Waddock, 1992:29).

Mahon and Waddock's issue lifecycle model (1992) underpins analysis in this chapter of how changing roles of stakeholders have influenced the emergence of problem gambling as a corporate social issue for gambling operators as stakeholder stances of rejection, indifference and acceptance have evolved. Consistent with this model, the roles of governments, gambling operators and pressure groups are examined. However, because research increasingly has moved away from viewing problem gambling as an individual mental disorder to focus on its social and public health ramifications, the epistemic community is also considered a key stakeholder. Its influence is examined first to establish the basis from which contemporary discourse on problem gambling has evolved, before the roles of the other three stakeholders are analysed. A later section then plots these developments graphically and discusses their strategic implications for NSW clubs.

3.3 EPISTEMIC INFLUENCES ON THE EMERGENCE OF PROBLEM GAMBLING AS A CORPORATE SOCIAL ISSUE

Terminology to describe frequent, uncontrolled gambling behaviour causing a range of harmful results has included pathological, compulsive, addictive, excessive and problem gambling (Caldwell, Young, Dickerson and McMillen, 1988:36). The behaviour has been viewed primarily as a mental disorder, an addiction, excessive behaviour or, more recently, behaviour that leads to social, as well as individual, harm (AIGR, 1997:12). This section firstly describes the mental disorder model of problem gambling predominating amongst researchers and practitioners earlier this century, still perpetuated by related measures of the prevalence of problem gambling amongst the general population and its socio-demographic correlates. While an addictions view of problem gambling gained some favour after the 1970s, both this and the mental disorder model recently have been rejected in Australia in favour of a social impact view, one supported by increased empirical evidence of harm arising

from problem gambling. The section concludes by noting that the epistemic community of Australian researchers and experts in the field has increasingly advocated a public health approach to addressing problem gambling, one which might draw on harm minimisation strategies used for other potentially dangerous products and services, which focuses on primary, as well as secondary and tertiary intervention strategies, and which emphasises a key role for gambling operators in harm minimisation and consumer protection. This shift in expert opinion is now widely accepted in Australia and has moved the onus of responsibility for managing problem gambling from individual gamblers to gambling operators and regulators, signalling significant potential impact on the way in which gambling providers operate, manage and market gambling.

3.3.1 Problem Gambling as a Mental Disorder

The terms pathological, addictive and compulsive gambling describe the condition as a mental disorder. The work of Robert Custer has been most influential in defining the condition (AIGR, 1997:12), leading to its inclusion in the *Diagnostic and Statistical Manual of Mental Disorders* (DSM) of the American Psychiatric Association since 1980, which defined pathological gambling as:

> ...a progressive behavior disorder in which an individual has a psychologically uncontrollable preoccupation and urge to gamble. This results in excessive gambling, the outcome of which compromises, disrupts or destroys the gambler's personal life, family relationships or vocational pursuits. These problems in turn lead to intensification of the gambling behavior. The cardinal features are emotional dependence on gambling, loss of control and interference with normal functioning.
>
> (American Psychiatric Association, 1980).

The mental disorder view of problem gambling was nurtured by a psychoanalytic approach to explaining gambling behaviour, which gained favour from the 1920s (Walker, 1996:223-224). For example, gambling was viewed as regressive infantile behaviour (Simmel, 1920), an addiction emanating from an unresolved childhood Oedipus complex (Freud, 1928), neurotic behaviour stemming from a conscious desire to win but a more powerful unconscious desire to lose and be punished (Bergler, 1943; 1957), an unconscious attempt to regain the lost infantile feeling of omnipotence (Greenson, 1947), and 'an addictive illness in which the subject is driven by an overwhelming, uncontrollable urge to gamble' (Custer, 1977). More recently, the American Psychiatric Association has categorised pathological gambling as an impulse control disorder characterised by 'persistent and maladaptive gambling behavior that disrupts personal, family, or vocational pursuits' due to failure to resist an 'impulse, drive or temptation to perform an act

that is harmful to the person or to others' (1994). Further, Gamblers' Anonymous continues to use the term, compulsive gambling, reflecting its US origin and its modelling on Alcoholics Anonymous.

However, interpreting problem gambling as a mental disorder has been criticised on both conceptual and diagnostic grounds. Walker argues no pathology of the heavy gambler has been demonstrated (1996:239), nor does the condition have characteristics of classical compulsive neuroses (1996:224). Further, the AIGR (1997) contends the American Psychiatric Association's diagnostic criteria (1994) are inappropriate in the Australian context as they focus on a person's preoccupation with gambling, so are probably over-inclusive in a culture where gambling is 'a generally socially accepted and commercially important leisure activity' (1997:103). These criteria also ignore that harm arising from gambling is contextually based and that an observable continuum of gambling involvement, both between individuals and at different life stages, precludes a valid typology of gamblers (AIGR, 1997:103). Thus, the mental disorder view of problem gambling may fail to distinguish true pathological gambling from non-disordered gambling and may be inapplicable in certain situations and contexts (AIGR, 1997:15). Orford (1985:323) also has criticised medical models of problem gambling for over-reliance on clinical cases that are unrepresentative of the general population and for insufficient attention to 'troublesome appetitive behaviour' in the general population.

Nevertheless, the medical interpretation of problem gambling has been perpetuated by continued use of the South Oaks Gambling Screen (SOGS) (Lesieur and Blume, 1987), the most widely used measure in prevalence studies of problem gambling (Dickerson and Volberg, 1996:109). Originally validated against the American Psychiatric Association's criteria for pathological gambling (1987), the SOGS is a questionnaire instrument where 'yes' responses are summed for a score out of 20. Originally intended to diagnose individual cases of problem gambling amongst those presenting for treatment, it has attracted criticism when used as a general prevalence measure (AIGR, 1997:29; Allcock, 1995:88). Favouring reliability and replication at the expense of validity, various studies using the SOGS have found the prevalence of problem gambling in Australia is higher than in other jurisdictions with comparable statistics (Dickerson, Baron, Hong and Cottrell, 1996; Walker and Dickerson, 1996), with the prevalence in NSW 'the highest recorded' (AIGR, 1996:56).

Nevertheless, while prevalence studies using the SOGS have attracted increased criticism, they can serve useful political purposes to determine funding levels and

distribution of problem gambling services, and to establish base rates for longitudinal studies (Volberg, 1997:392). Prevalence studies in Australia (Dickerson and Baron, 1993; Dickerson, Walker and Baron, 1994; Dickerson *et al.*, 1995; Delfabbro and Winefield, 1996; AIGR, 1996, 1998f), often initiated to render legislation introducing or expanding gambling more publicly palatable, have also raised public consciousness about problem gambling and fuelled arguments for governments and gambling operators to address the issue.

Further, many prevalence studies have identified particular socio-demographic correlates of problem gambling. In a review of prevalence studies in fifteen US jurisdictions, respondents categorised as 'problem' and 'pathological' gamblers were more likely to be male, not married, under 30 years, non-Caucasian, have annual incomes under $25,000 and less likely to have graduated from high school (Volberg, 1996).[36] Socio-demographic profiles in Canada (Ladouceur, 1996) also characterise 'problem' and 'probable pathological gamblers' as male, under 30, unmarried, with an income under $30,000 and high school education. A national survey of gambling in New Zealand (Abbott and Volberg, 1996) found those most at risk of gambling-related problems were male, aged below 30, unemployed, not married and of Maori or Pacific Islander descent. In Germany, Holland and Spain, at least half of 'pathological gamblers' identified were under 30 (Becona, 1996).

In Australia, a survey conducted in four capital cities (Dickerson, Baron, Hong and Cottrell, 1996) found that most 'problem gamblers' were 19 to 29 year old males preferring gaming machines or off-course betting. A NSW survey (AIGR, 1996) found increased risk of gambling-related problems associated with younger, single males, preferring gaming machines or racing, individuals with annual incomes less than $20,000, and the retired or unemployed. A review of related research noted that the most consistent conditions in which problem gambling is reported occur when accessibility to legalised gambling increases; players live in the city; players participate in gambling more frequently and spend more money and time on each occasion; players prefer continuous forms of gambling, such as gaming machines, betting and casino gaming; players are single men under 30; and when women who gamble prefer gaming machines (AIGR, 1997:69).

[36] In most prevalence studies, problem gamblers have been defined as those scoring 3 or more on the SOGS, and pathological gamblers as those scoring 5 or more.

While such studies reporting socio-demographic correlates are based on questionable and contested measures of problem gambling, they have nonetheless reinforced the perception that commercial gambling preys on people in poor socio-economic circumstances, who also may be lonely, bored, uneducated and in minority groups.

3.3.2 Problem Gambling as an Addiction

From the 1980s, the psychiatric and psychological professions increasingly favoured a view of problem gambling as an addiction, drawing parallels with other addictive behaviours, such as eating disorders and alcohol, cigarette and drug use (Walker, 1996:224). Diagnosing problem gambling as an addiction has been part of a wider move to reject the medical model of addictions generally, and focus on loss or impairment of control as the central experience (AIGR, 1997:25-26). Related research has focused on processes which may lead to impairment or loss of control over gambling activities (AIGR, 1997:26), with explanations of addictive gambling behaviour including theories of excessive appetites (Orford, 1985), mood and affect (Dickerson, Hinchy and Fabre, 1987) and impulsivity (Blaszczynski, Steele and McConaghy, 1995).

However, interpreting heavy gambling as an addiction may be flawed, based on overrated similarities with other addictive behaviours (Walker, 1996:239). Further, the AIGR (1997:104) notes there is limited empirical evidence supporting a relationship between loss of control over gambling behaviour and generation of harmful effects, that gambling does not have to be frequent or repetitive to cause harm, and that there is no necessary link between loss of control and problems. Indeed, enjoyment of gambling may be heightened when not rigorously controlled or budgeted and so impairment of control may be the 'norm' in this and other leisure activities.

3.3.3 Problem Gambling as a Social Problem

Problem gambling now tends to be defined in Australia in terms of its social impacts, rather than medical causes or psychological processes which might underpin the behaviour. Drawing on a comprehensive literature review, international schools of thought, and interviews with numerous key informants, the AIGR has defined problem gambling as 'the situation when a person's gambling activity gives rise to harm to the individual player, and/or to his or her family, and may extend into the community' (1997:106). A key strength of this definition is recognition that any impacts from gambling, whether at the individual, family, or community levels, are

contextually based according to factors such as income, gender, lifecycle, traditions, and social norms and values (1997:107).

Impacts of gambling have been categorised into intrapersonal, interpersonal, vocational, financial and legal domains (Dickerson, 1993; AIGR, 1997), reflecting their possible extension beyond the gambler to significant others and the wider community. Intrapersonal impacts affect the individual gambler, interpersonal impacts affect the gambler's relationships particularly with significant others, while financial impacts may occur when gambling expenditure exceeds what can be afforded. More indirect impacts may be felt at the vocational level if gambling activities affect job productivity, absenteeism or employment, and in the legal domain if illegal activities are undertaken to fund gambling (AIGR, 1997:106-107). However, it is the nature and extent to which a person's gambling activities give rise to harm in any or all of these domains that define problem gambling. Clearly, this is contextually specific and essentially a value judgement made by individuals, families and the community (AIGR, 1997:107).

In the USA, where problem gambling has been viewed predominantly as a mental disorder, its impacts usually have been discussed for extreme clinical cases of diagnosed 'pathological gamblers'. For example, Lesieur (1996) adopted a similar typology to that above in describing the social costs of pathological gambling. Focusing on the intrapersonal domain, he cites depression, insomnia, intestinal disorders, anxiety attacks, cardiac problems, high blood pressure, migraines, suicidal tendencies, and other stress related disorders as typical problems in more advanced stages. The gambler's family also bears costs, particularly the financial burden. Added debt may mean fewer family expenditures, bills may be overdue, utilities cut off, belongings repossessed or sold, or the family left homeless. Spouses often are harassed by bill collectors, and may experience insomnia, stress-related problems and suicidal tendencies. The gambler's lies and deception compound marital problems, contributing to family dysfunction and increased likelihood of child abuse and neglect. In the workplace, lateness, absenteeism, extended lunch hours, and leaving work early are common occurrences, while people may misuse company time by gambling on the job, or through irritability, moodiness and poor concentration. They may borrow from work colleagues, seek advances on paychecks, or embezzle the company. After exhausting savings, rent money, and lines of credit, they may resort to illegal activities, including loan fraud, cheque forgery and bouncing, embezzlement and other white collar crimes, which in turn pose criminal justice, court and bankruptcy costs (Lesieur, 1996).

In Australia however, there is recognition that gambling activities may have negative social consequences even amongst those not diagnosed as 'pathological' or 'problem' gamblers. In fact, harmful impacts can arise from a single gambling session (AIGR, 1997:104). Nevertheless, research into the social impacts of problem gambling in Australia has focused on either regular gamblers or those identified by the SOGS as being 'problem gamblers'. This reflects lack of alternate methodologies, perpetuation of existing methodologies that allow comparisons, and difficulties of discerning the nature and extent of gambling-related harm in contextually diverse settings.

For example, the most comprehensive studies into the impacts of problem gambling in NSW (AIGR, 1996, 1998f) suffer from these shortcomings. Focusing on people who gamble at least weekly on non-lottery gambling, the study found many gambled for longer than planned (51%), felt depressed after losing heavily (47%) and tried to win back lost money (38%). For many, family or friends had criticised their gambling (27%), it had become more important than socialising (22%) and had caused arguments about money with family or friends (18%). Work-related problems included loss of efficiency (8%) and of work or study time (6%). Many reported spending more than they could afford on gambling (35%) and using gambling to attempt to pay gambling debts (19%). Some attended court appearances on gambling-related charges (4%) and misappropriated money to gamble (4%). The study estimated the measurable costs of problem gambling to the NSW community at $48 million per annum in 1996, a figure revised to $50 million in 1998 following a replicated study, as shown in Table 3.1 (AIGR, 1998f). Despite their shortcomings, the NSW studies have emphasised the importance of problem gambling as a social issue by quantifying its economic costs to the community, and by directing public attention to the diversity of social impacts gambling may have and the range of individuals and organisations affected.[37]

Table 3.1
Economic and Social Costs of Problem Gambling to the NSW Community

Impact in NSW	Estimated Annual Cost $'000

[37] More recently, and published after the completion of the primary research for this study, the Federal Government's inquiry into Australia's gambling industries (Productivity Commission, 1999:10.1) estimated the annual cost of problem gambling to be at least $1.1 billion Australia-wide.

Employment impacts	28,474	
- Productivity loss		20,796
- Job change		5,258
- Unemployment		2,420
Legal costs	17,846	
- Court costs		5,376
- Prison costs		9,978
- Police costs		2,492
Financial costs	66	
- Bankruptcy		66
Personal costs	732	
- Divorce		391
- Acute treatment		441
Existing services	3,191	
Total	50,309	

Source: AIGR, (1998f:86).

In summary, redefining problem gambling to focus on harm and to recognise that its impacts extend beyond individual gamblers has helped propel problem gambling into the public arena as an issue of social concern. It invites further research into the social impacts of gambling and strategies that might minimise harm and protect consumers of gambling products, rather than ways to cure or obtain abstinence from pathological gambling behaviour, as previous medical and addictions models had done (AIGR, 1997:17). As such, this redefinition extends the onus of responsibility to address problem gambling from individual gamblers, to gambling providers and governments which largely control the context in which legalised gambling is operated, managed and marketed. Further, it encourages examination of harm minimisation strategies in other industries providing potentially harmful products and services.

3.3.4 Approaches to Harm Minimisation

Harm minimisation strategies have their origin in dealing with alcohol and other drugs (Quinlan, 1996:279), part of a public health model emphasising protection and promotion of the community (Mellor, 1995:26). Harm minimisation in such fields aims to reduce the risk and severity of adverse consequences associated with the use of the product in question, without necessarily reducing that use *per se* (Plant, Single and Stockwell, 1997a:3-4). When applied to alcohol, for example, harm minimisation focuses on policies and programs aimed at reducing the level of tragedy, harm, pain and misery associated with certain patterns of consumption that increase the likelihood of harmful consequences (Plant, Single and Stockwell, 1997a:5-6). The aim is not to achieve some ideal usage level, but to implement preventative measures that reduce the chances of adverse outcomes (Plant, Single

and Stockwell, 1997a:7). Importantly, harm minimisation approaches need to be negotiated within specific political and cultural contexts so that they are socially and politically appropriate and acceptable (Plant, Single and Stockwell, 1997b:263-264).

Harm reduction strategies have been categorised as primary, secondary or tertiary (Quinlan, 1996:279). Primary harm minimisation involves intervention through consumer and vendor education, limiting aspects of availability through pricing and advertising controls, and through promoting alternatives to the activity. Secondary harm minimisation involves early intervention through, for example, the use of screening instruments to detect problems. Tertiary harm minimisation involves treatment of the person suffering harm through their behaviour.

As this and the following chapters will demonstrate, limited progress has been made in harm minimisation in gambling in Australia, especially when compared with harm reduction approaches adopted for other potentially dangerous products and services. For example, in the alcohol field, primary harm minimisation strategies include legislation on responsible service of alcohol and its marketing, community education through the media, schools and licensed venues, and training of venue staff. Secondary harm minimisation techniques include early intervention for excessive alcohol consumption through simple screening instruments and brief therapies used in primary health care settings (Elliott *et al*., 1994). A range of tertiary harm minimisation services for alcoholics exists, from the self-help group Alcoholics Anonymous to long-stay private clinics. Similarly, primary, secondary and tertiary harm minimisation techniques have addressed other social issues, such as smoking, drink driving, seat belt usage, birth control and safe sex (Elliott *et al.*, 1994:3).

However, most strategies to address problem gambling have been directed at tertiary harm minimisation, with few initiatives in primary and secondary areas. Quinlan (1996) criticises extensive availability, irresponsible marketing, and lack of education campaigns in gambling as areas where government and industry have learnt little from the drug and alcohol fields. Similarly, Mellor (1995:28) calls for strategic intervention to minimise harm from gambling, which he notes can be prevented or decreased to a significant degree (1995:28). Drawing parallels with the drug and alcohol fields, he advocated legislative amendments to ensure gambling venues display contact details for problem gambling services; more attention to consumer protection and occupational health and safety issues through providing clocks, windows and smoke-free zones in gaming areas, cooling-off periods for big winners, and win/loss odds, and by locating EFTPOS machines away from gambling

areas; restricted advertising and promotion of gambling; better prevention of underage gambling; and further research and funding to address problem gambling. McMillen (1997c:12) also notes that much can be learned from programs to reduce road accidents, drug abuse or risky sexual practices that can be applied to problem gambling, and that programs that encourage both self-limiting behaviour and development of socially responsible policies and industry practices are more likely to succeed. She argues for a reorientation from the current reactive response to problem gambling to a preventative health approach that focuses not only on gamblers, but their material and social circumstances (1997c:10).

While governments and health and welfare services can advance tertiary and secondary harm minimisation strategies in gambling, primary intervention requires active participation by gambling operators. As discussed later in this chapter, pressure is increasing on gambling operators such as NSW clubs to adopt primary, as well as to facilitate secondary, harm minimisation strategies in gambling, as the issue of problem gambling gains prominence amongst concerns of dominant and influential stakeholders. If parallels can be drawn with the alcohol field, it appears that harm minimisation strategies in gambling will most likely be implemented effectively when accompanied by public and political perceptions that there is a serious problem (Plant, Single and Stockwell, 1997b:265). Thus, it is important to assess those perceptions amongst dominant stakeholder groups.

3.3.5 Summary

Epistemic influences in Australia have been critical in advancing the interpretation of problem gambling from earlier mental disorder and addictions models to one now emphasising harm arising from problem gambling and its subsequent social impacts. Redefining problem gambling as a social, rather than individual, concern has propelled problem gambling into the public health arena and focused attention on responsibilities of governments and gambling operators to minimise harm and increase consumer protection in gambling. For the epistemic community, problem gambling has moved into the ‘zone of acceptance’ (Barnard, 1938) reflected in advocacy for gambling operators and regulators to treat problem gambling as a public health issue by providing a more responsible gambling environment. In terms of an issue lifecycle of problem gambling, this marks a shift in this stakeholder’s stance, which formerly was indifferent to any role for gambling providers in addressing what was then considered a medical and individual problem. However, since the 1980s, expert opinion has increasingly reframed problem gambling in ways that place a social responsibility on gambling operators and governments to address

problem gambling, and which has fuelled arguments of pressure groups for structural changes to gambling provision. Thus, the epistemic community now perceives the issue of problem gambling as requiring management and regulatory changes that would have significant corporate impacts on gambling providers if the gap between corporate performance and stakeholder expectations is to be narrowed.

The next section examines the role of governments in the emergence of problem gambling as a corporate social issue, contending that increasingly expansionist and economically driven policies have subordinated social concerns in gambling, including concern for problem gambling.

3.4 GOVERNMENT INFLUENCES ON THE EMERGENCE OF PROBLEM GAMBLING AS A CORPORATE SOCIAL ISSUE

As public policy makers, governments play a key role in corporate social issues by determining the policy framework within which businesses operate and by establishing minimum legal and regulatory requirements for corporate performance. Governments can influence whether public concerns for corporate social impacts develop into a corporate social issue through providing a political and regulatory environment that rejects, is indifferent to, or accepts these concerns. This section reviews how governments in Australia, and more particularly the NSW Government, have influenced the emergence of problem gambling as a corporate social issue. This has occurred through policy shifts that gradually have subordinated links between legalised gambling and social benefit for increased emphasis on its economic returns, through mandating minimal initiatives by gambling operators to address problem gambling, and through initiating limited strategies themselves to allay related public concerns. As government policy on gambling has evolved from a prohibitionist approach to selective liberalisation to an expansionist agenda, the stance on problem gambling by Australian governments generally has declined from one of indifference to one of rejection (Barnard, 1938). The section concludes that government policies on gambling have fuelled public scepticism about the adequacy of consumer protection, fair trading, harm minimisation and community benefit in commercial gambling in Australia, thus elevating problem gambling to an issue of significant community concern. However, in reaction to this concern, some governments in the 1990s have increased funding and direct services for problem gambling and introduced regulatory requirements for some gambling operators to be more responsible providers of gambling. This signals a movement to greater acceptance of problem gambling as an issue worthy of government attention and resources.

3.4.1 Shifts in Government Policy on Gambling

In Australia, the regulation of gambling is a state government responsibility. In NSW, the current regulatory objectives have been identified as:

- keeping the industry free of criminal activity;
- ensuring consumers are protected from unscrupulous and irresponsible conduct;
- ensuring that gambling is conducted fairly;
- minimising social and personal harm associated with consumer participation;
- ensuring that an appropriate revenue share is paid in taxation for the benefit of the whole community.

(IPART, 1998:ii).

Accordingly, the underlying principles of gambling regulation in NSW can be identified as integrity, consumer protection, fair trading, harm minimisation, revenue raising and community benefit. However, this section will demonstrate that these principles have not received equal priority and that revenue raising in particular has come to dominate contemporary government policy on gambling. Trends in government policy on gambling have been categorised into three distinct shifts, from a period of selective prohibition, to liberalisation, then to market stimulation and competition (McMillen, 1996c:4). Reviewing these stages will illustrate how government policy has evolved from emphasising social considerations in commercial gambling to a more recent focus on its economic returns.

As discussed in Chapter Two, a principle of prohibition dominated government gambling policy in Australia until the 1920s, although applied selectively, tolerating illegal gambling by powerful propertied classes which conformed to Anglo-Saxon traditions and values, while imposing heavy penalties on working class gambling and ethnic games favoured by Europeans and Chinese (Caldwell, Young, Dickerson and McMillen, 1988:18). Thus, government policy on gambling largely expressed the values of the upper socio-economic classes and, to a lesser extent, middle class Protestant morality. However, while the working classes had little power in public policy decisions, their stance was evident through persistent participation in

gambling, even in the face of strict penalties. Even though prohibitionist government policies on gambling emphasised minimisation of social and personal harm, illegal gambling proliferated.

Between the 1920s and 1970s, gambling policy was driven by a softening government position, made palatable by more liberalised public attitudes prepared to prioritise social fund-raising over moral concerns, with government control and regulation designed to instill public confidence (Brown, 1997:3). Gambling gained new respectability through association with welfare purposes (McMillen, 1996c:5). The dominant principle underlying government policy on gambling was community benefit, achieved through selective legalisation, government control to enhance integrity, fair trading and consumer protection, and use of gambling revenues for social causes.

Since the 1970s, gambling policy has been characterised by market stimulation and competition, escalating tensions between the economic objectives and social responsibilities of state governments (McMillen, 1994:72; 1996c:5). Existing commercial gambling operations increasingly have been privatised and gambling expansion has been mainly through private, for-profit operators (McMillen, 1996c:1), eroding public confidence in the social benefit principle which underpinned gambling expansion in the mid-1900s.[38] Gambling has been explicitly incorporated into regional economic development strategies (McMillen, 1996c:1) and recognised as an important contributor to economic well-being (Brown, 1997:10-11). State governments increasingly have become dependent on gambling taxes, which now raise an average of 10.7 percent of total taxation revenues (Australian Bureau of Statistics, 1997 in NSW Treasury, 1998:5).[39] While 'politically palatable and invisible' (McMillen, 1996c:3), and able to be 'manipulated without fear of electoral backlash' (Blaszczynski, 1987:312), gambling taxes are regressive (Johnson, 1985:84; Smith, 1998:53-57; Productivity

[38] Further, in some jurisdictions where gaming machines and casinos have been recently legalised, some forms of charity gambling have experienced declining revenues (Department of Family Services and Aboriginal and Islander Affairs, 1995; Praxion, 1995; Tasmanian Gaming Commission, 1998).

[39] While NSW is less reliant on gambling taxes than most other states in percentage terms (NSW Treasury, 1998:5), 36.1 percent of all 1996-97 gambling taxes in Australia accrued to the NSW Government, while real NSW gambling revenues (adjusted for inflation) have increased exponentially from $200.49 million in 1976-77, to $597.67 million in 1986-87, to $1,236.21 million in 1996-97 (Tasmanian Gaming Commission, 1998: Table 107).

Commission, 1999b:19.1), an effect exacerbated as lower income earners tend to spend most on certain forms of gambling, especially gaming machines (State Government of Victoria, 1994; DBM Consultants, 1995; Delfabbro and Winefield, 1996). 'Mounting national concern' about the possible 'discriminatory and inequitable' structure of gambling taxes (McMillen, 1996c:8) and reliance for government revenue on products which can cause social costs and hardships have provoked 'commonplace' public commentaries (McMillen, 1994:70) that 'gambling is merely a 'milch cow' for self-interested and expansionist governments all too willing to exploit the public and industry by imposing rents on gambling operators' (McMillen, 1996c:7). Further, widespread perception that some commercial gambling interests hold privileged positions in policy processes has provoked political retaliation from concerned community groups (McMillen, 1996c:2), with governments criticised for allowing the interests of gambling industries to predominate over broader public interests (Council of Social Service of NSW [NCOSS], 1998a:7; Public Interest Advocacy Centre [PIAC], 1998:1).

Thus, while gambling has attracted wide participation in Australia for many years, its legitimacy has rested on operation by not-for-profit organisations and governments for stated social purposes, with inbuilt mechanisms to enhance integrity and public confidence. Australians have tended to believe that if gambling supports a worthwhile charity or pastime, and if it is fairly run, then it is an acceptable activity (Caldwell, Young, Dickerson and McMillen, 1988:17). However, this implicit social contract has been significantly eroded. Where government policy on gambling was traditionally part of social policy, it is now an important component of economic policy. The principle of revenue raising now dominates, with gambling development determined by economic and commercial criteria, diluting the historical link between gambling and social causes. This has nurtured a climate of 'moral panic' (McMillen, 1997a:251), 'rising level of concern...(and) heightened community anxiety' (Brown, 1997:13) about the social effects of gambling, reflecting escalating divergence between government policy and public opinion on commercial gambling operations. McMillen (1996c:2) notes this is important because, 'after decades of relative consensus, debates over gambling policy have raised questions about the consequences for society and even for the continued economic viability of the gambling sector itself'. She contends that the economic performance of commercial gambling relies on adequate social protection of citizens and that the gambling sector can only achieve positive economic outcomes if the social implications of gambling expansion are met (1996c:3). While she considers this responsibility to sit primarily with governments (1996c), her contention

recognises that gambling operators have much at stake if the social ramifications of gambling are not addressed to the satisfaction of the broader community.

However, social outcries about current government policies on gambling have not gone unnoticed in the political arena. Both the current Australian Prime Minister, John Howard, and his predecessor, Paul Keating, expressed concern about the pace and scope of gambling expansion (McMillen, 1996c:12), the No Pokies Party won a Legislative Council seat in a 1997 South Australian election, and the government's gambling policy became a key issue in Victoria's 1996 state election (McMillen, 1996c:2). The release of the Victorian Casino and Gaming Authority's annual survey of community attitudes to gambling (1997) prompted the Shadow Minister for Gaming to comment 'there are some startling findings in this report that clearly show that the government is not adhering to the aspirations and concerns of Victorians in the way it allows the industry to be run' (Hulls, 1997:188). In NSW, the Director-General of the NSW Department of Gaming and Racing also conceded it is in the area of public policy that Australian governments are experiencing increased pressure to protect consumer rights in gambling (Brown, 1997:12-13). While such statements primarily can be considered political grandstanding, they demonstrate that certain politicians acknowledge community objections to current gambling policies and the potential political mileage from empathising with these concerns. However, this recognition is reflected only marginally in gambling-related legislation and regulation aimed at ensuring gambling operators adhere to principles of integrity, consumer protection, fair trading, harm minimisation and community benefit.

3.4.2 Public Interest Principles in Key NSW Gambling Regulations

In the interests of principles which underpin gambling regulation, all Australian state governments have enacted legislation specifying minimum rates of return to players from each type of gambling, outlawing underage and credit betting, and providing substantial monitoring and control systems (McMillen, 1996c:3).

Legislation specific to some gambling operators contains additional measures, although the extent of these appears related to the level of public scrutiny accorded to each particular type of gambling. In NSW for example, the most specific requirements to enhance integrity, consumer protection, fair trading and harm minimisation are applied to Star City Casino, a result of protracted, highly publicised debates and inquiries over establishing legal casinos in NSW (Lusher, 1977; Booth, 1982; Street, 1991; Swan, 1992). Under the *Casino Control Act 1992*

NSW, guidelines are provided for conducting staff training in identifying 'problem gamblers' (Section 64); the Casino Control Authority must approve all casino games and game rules with regard to consumer protection issues (Section 66); the casino is required to make available for patrons information about game rules, the operation of games, minimum and maximum wagers, and mode of payment of winnings (Section 72); restrictions are placed on cheques and deposit accounts (Section 75); exclusion and self-exclusion of patrons are permitted (Section 79); the public can direct complaints to the Director of Casino Surveillance (Section 110); regulations may be applied to casino advertising and the placement of notices about problem gambling counselling services (Regulations); and the Casino Control Authority can implement further directives to ensure responsible gambling practices are implemented (General).

In contrast, legislation and regulations applying to NSW registered clubs to enhance principles of consumer protection, fair trading and harm minimisation in gambling are more limited. While the *Registered Clubs Act 1976 NSW* and its amendments, as well as NSW Department of Gaming and Racing regulations, contain provisions for gaming machine approvals and licensing, outlaw practices that threaten the integrity of gaming machines, and require information to be displayed on machines about wagers, winning combinations and payouts, they have no provisions for licensing of gaming staff, staff training in problem gambling, self-exclusion of patrons with gambling problems, information about problem gambling counselling services, or an independent complaints mechanism.

While NSW clubs also are subject to broader regulations for the conduct of business and employment, as well as principles of common law, concerns have been raised about enforcement of such requirements. For example, PIAC provided evidence of 'systematic breaches' of Section 9A (5A) of the *Registered Clubs Act 1976 NSW* which outlaws cash advances to patrons on club premises (1998:2), of the *Trade Practices Act*, the *Fair Trading Act*, the *Contracts Review Act* and the *Credit Act*, as well as of the common law duty of care on service providers in relation to patrons (1998:2-3). Similarly, the Wesley Gambling Counselling Service noted that, despite evidence of continual breaches of credit betting legislation in clubs, there has never been a single prosecution by the Department of Gaming and Racing (1998:3). They criticised existing regulations for failing to prevent venue staff dismissed for dishonesty in gambling operations from obtaining immediate employment in another gambling venue, an emphasis on winning in 'nearly all' gambling advertising, and cashing of third-party cheques (1998:6-11). The Department of Fair Trading (1998:3) also called for greater enforcement in prohibiting credit betting, noting

transactions can be ‘structured to evade the law’. Inadequate consumer protection and enforcement of current regulations in NSW clubs were amongst the reasons cited by IPART in recommending an overhaul of the regulatory structure of gaming in NSW (1998:iii), with many submissions to their inquiry noting an inherent conflict of interest between the NSW Department of Gaming and Racing’s dual functions of promoting gambling and protecting the public interest.

Inadequacies in current gambling regulation to ensure gambling operators adhere to its underlying principles would be of minor concern if gambling operators voluntarily adopted effective compensatory measures. While existing measures will be discussed in the next chapter, it is fair comment that gambling operators have restricted their acknowledgement of social responsibilities in gambling largely to imposed legal and regulatory requirements, to the neglect of broader public sentiment. This appears a risky strategy, given these requirements may not adequately reflect contemporary public opinion on what responsible provision of gambling should entail. However, the NSW Government has recently elevated the importance of public benefit in gambling in NSW clubs by establishing a legislative framework for responsible provision of gambling, described later in this chapter.

3.4.3 Recent Government Initiatives to Address Problem Gambling in Australia

Despite exponential expansion of commercial gambling in Australia, state governments have taken initiatives only recently to minimise and treat problem gambling, apart from the regulatory responses outlined above. Recent initiatives include direct services for problem gambling and broad-based education programs, supported to varying degrees by legislation, government departments, auspicing agencies, advisory groups, and funding from gambling levies (Dickerson, 1995:82-84). Table 3.2 summarises funding mechanisms, direct services, and community education programs relevant to problem gambling for each Australian jurisdiction, with details discussed below. From this discussion, it will be evident that government initiatives to address problem gambling are diverse and fragmented, requiring a variety of inputs from governments, gambling operators and community service agencies, and reflecting varying levels of government commitment to social responsibility in gambling.

Table 3.2
Government and Industry Initiatives in Responsible Gambling in Australia

State	Mechanism	Details
ACT	Funding mechanism	Government funding for 2 counsellors.
	Direct services	2 specialist counsellors working with Lifeline.
	Community education	None.
NSW	Funding mechanism	2% of casino gross revenue to the Casino Community Benefit Fund for allocation to projects addressing social and economic impacts of gambling.
	Direct services	A telephone hotline (G-Line) and range of welfare organisations and private clinics operating, but no coordinated statewide service.
	Community education	None.
NT	Funding mechanism	25% of hotel gaming machine expenditure to the Community Benefit Fund for distribution to community organisations; turnover tax on hotel and club gaming machines for charitable, benevolent and philanthropic organisations; government funding for Amity House.
	Direct services	Amity House which provides gambling counselling, a toll-free telephone crisis line, a website for self-assessment and a directory of local agencies, and an advisory and training service for other community agencies in the NT.
	Community education	Limited to that provided by Amity House.
QLD	Funding mechanism	1% of casino gross revenue to the Casino Community Benefit Fund and tax on hotel and club gaming machines to the Gaming Machine Community Benefit Fund.
	Direct services	A telephone hotline (G-Line), limited network of Break Even services funded by the Department of Family, Youth and Community Services, and an Advisory Committee on Responsible Gambling.
	Community education	Community education and liaison officers from Break Even, a 'gambling module' for the secondary school curriculum.
SA	Funding mechanism	Gaming machine levy to the Charitable and Social Welfare Fund, voluntary funding for counselling services from the hotel and club industry associations.
	Direct services	Statewide network of Break Even services funded by industry through the Gambling Rehabilitation Fund, telephone counselling service.
	Community education	Community education and liaison officers from Break Even.
TAS	Funding mechanism	2% of club gaming machine gross revenue and 4% of hotel gaming machine gross revenue to central fund, 50% of which is to be distributed for research, counselling, community education and other health services.
	Direct services	Telephone counselling service (GABA) funded by the government and the Federal Group, network of counselling services recommended by the Tasmanian Gambling Industry Group.
	Community education	Recommended by the Tasmanian Gambling Industry Group.
VIC	Funding mechanism	1/12th of hotel gaming machine profits to Community Support Fund, 1/3 of club gaming machine profits to Hospital and Charities Fund and Mental Hospitals Fund.
	Direct services	Telephone hotline service and statewide network of Break Even services funded by the Community Support Fund.
	Community education	Media campaign in 1995/96, community education and liaison officers from Break Even.
WA	Funding	TAB, Lotteries Commission, Gaming Commission, Burswood Casino and the WA Bookmakers' Association contribute funds for a pilot program of services for problem gamblers.
	Direct services	A telephone hotline (G-Line) and pilot program of counselling services (CentaCare).
	Community education	None.

Source: derived from personal communication with Margo McGregor, Community and Public Relations Manager, Australian Hotels Association (SA), David Greenhouse, Policy Branch, NSW Department of Gaming and Racing, David Spencer, Gaming Machine Operations, ACT Revenue Office, David Ford, Executive Director, QLD Office of Gaming Regulation, Gary Moriarty, Executive Officer Gaming, NT Racing and Gaming Authority, Anne Rahilly, Public Relations Officer, Victorian Casino and Gaming Authority, Maxinne Schlanders, Corporate Services Division, WA Office of Racing, Gaming and Liquor; Anglicare, (1996, 1997); Dickerson, (1996); AIGR, (1998f).

Funding Mechanisms for Problem Gambling Strategies

As shown in Table 3.2, all jurisdictions, except Western Australia and the ACT, impose a levy on certain gambling sectors, usually casinos, hotels and clubs, to raise funds for specific community projects. Projects usually eligible for funding include those which directly address problem gambling, as well as more general community projects involved with tourism, sport, recreation, youth affairs, community services and general health. In addition, the Lotteries Commission of Western Australia makes grants directly to many community and charity groups (Stewart, 1998).

In NSW, the *Casino Control Act 1992 NSW* requires Star City Casino to pay 2 percent of its gross gaming revenue to the Casino Community Benefit Fund for allocation to projects addressing social and economic impacts of gambling. However, no community levy specifically directed at addressing the social fallout from gambling is payable by other gambling operators in the state, although the *Liquor and Registered Clubs Legislation Amendment (Community Partnership) Act 1998 NSW* recently has required NSW clubs with gaming machine profits in excess of $1 million to donate 1.5 percent of this excess to approved community projects or pay the equivalent in tax.

Many criticisms have been levelled at the NSW Government regarding the amount, source and allocation of funding directed at addressing the social impacts of gambling. Summarising relevant submissions to the *NSW Gaming Inquiry*, IPART noted that 'claims have been made that there has been insufficient spending on support services for problem gamblers and their families, too much spending on general community programs, insufficient relevant research funded, lack of strategic planning and poor administration' (1998:64-66). Many submissions called for additional gambling providers to contribute to a community benefit fund (NCOSS, 1998; Star City Casino, 1998a; Uniting Church in Australia, 1998) or for a percentage of gambling taxes to be allocated to address problem gambling (Family Support Services Association, 1998). Numerous submissions also called for funding to be overseen by an independent body, separate from the Department of Gaming and Racing which currently oversees the Fund but which also has a role in revenue collection and promotion of gambling (NCOSS, 1998; Shoalhaven Neighbourhood Centre, 1998; Uniting Church in Australia, 1998; Wesley Gambling Counselling Service, 1998). Concerns were expressed that any dedicated industry levies not be used by the state government to reduce its spending responsibilities in human and health services (NCOSS, 1998), and about lack of transparency, accountability and prioritisation in current funding allocation (NSW Council on Problem Gambling,

1998; NCOSS, 1998; University of Technology Sydney, 1998; University of Western Sydney, 1998).

Direct Services for Problem Gambling

While a myriad of community, health, welfare, financial and legal services in Australia deal indirectly with problem gambling, specific services have been established only recently, other than self-help groups like Gamblers Anonymous and Gam-Anon (Anglicare, 1996:8). Direct services for problem gambling comprise financial or addictions counselling based in local resource centres, with counselling approaches varying widely with little research basis for favouring any particular approach (Dickerson, 1996:82-83). Problem gambling services are funded either through recurrent gambling levies (for example, Queensland, Victoria, Tasmania), gambling industry contributions (for example, South Australia, Western Australia), government funds (for example, ACT, the Northern Territory), welfare organisations (for example, Lifeline, Wesley Mission), or on a fee-for-service basis by private practitioners. A mixture of funding sources exists in NSW.

The current model of service provision for problem gambling in NSW has been criticised on a number of grounds, including questionable types of treatment, varying quality of problem gambling counsellors, lack of public knowledge about available services, inadequate services for regional areas, specific ethnic groups and residential treatment programs, lack of coordination, and inadequate funding arrangements (IPART, 1998:59-60).

Broad-Based Community Education Programs

Broad-based education programs aim to minimise harm from gambling through education about responsible gambling strategies, and symptoms and effects of problem gambling (Anglicare, 1997:26). This might involve school curricula to increase understanding of win/lose probabilities; information to encourage skilful gambling, money management strategies and avoidance of high risk behaviours; and community education aimed at harm minimisation (AIGR, 1996:68). The aim is prevention and problem recognition before the gambler reaches crisis point (Anglicare, 1997:26-27).

Despite their acknowledged importance, broad-based education programs in Australia have been confined to Victoria, a one-off campaign to increase community awareness of the existence and nature of problem gambling, and to increase the number of people with gambling problems who seek assistance (Wootton,

1996:189). In other states, community education has been limited mainly to the work of Break Even officers who liaise with industry, community health and welfare agencies, and the general community (Anglicare, 1996:67). By mid-1999, no jurisdictions, including NSW, had a comprehensive, ongoing community education program.

In NSW, lack of community education on problem gambling has attracted criticism, most recently in submissions to the *NSW Gaming Inquiry* (IPART, 1998). Strategies advocated included a module on gambling in the senior school curriculum, a television campaign promoting awareness of problem gambling such as those used in other public health areas, mandatory training relating to problem gambling for gambling-related staff, and an information program for families of people with gambling problems (IPART, 1998: 43-44).

3.4.4 Recent Government Initiatives to Address Problem Gambling in NSW

A Social Conscience Stand on Gaming (NSW Labor Party, 1995) appears to be the first recent articulation of policies relating to responsible provision of gambling by the incumbent NSW Government, reflecting a shift in its stance on problem gambling towards the 'zone of acceptance' (Barnard, 1938). It articulates the responsibility of the NSW Labor Party to 'redress any inefficiencies within the Gaming Industry, and community, which may contribute to the problems of gambling addiction'. It defines key principles underpinning its position as the importance of protecting the public 'from the pitfalls of gambling addiction', the urgency of addressing the issue of problem gambling, and recognition that gambling 'will always exist' and is 'preferable in an open and controlled environment' that respects 'freedom of choice for people' and 'the wealth that it can create by revenue-raising'. The key challenge identified was 'find(ing) a situation whereby the government continues to raise revenue and allows freedom of choice whilst maintaining community support and preventing gambling dependency.'

These sentiments were echoed in March 1997 in a conference paper presented by the Director-General of the NSW Department of Gaming and Racing (Brown, 1997). While emphasising the importance of the economic benefits of gambling in shaping future regulation of gambling, he also drew attention to the importance of legal compliance and consumer protection, noting that governments are facing increasing pressure to deliver gaming and wagering services in 'a public policy context'.

However, he also noted the potential role of gambling providers in responsible provision of gambling:

> ...in these times of community sensitivity about many aspects of commercial gaming, gaming operators should also consider their broader social responsibilities to conduct gaming activities in a manner which respects that rising level of concern. In the same way that the liquor industry is showing its responsiveness to the message of responsible service of liquor, so might the gaming and wagering industry reflect on the desirability of being responsible providers of gaming services.

This shift towards the 'zone of acceptance' (Barnard, 1938) has culminated in the four-pronged approach now adopted by the NSW Government in addressing problem gambling (*Liquor and Gaming*, December, p. 14). This comprises:

- dedicated funding through the Casino Community Benefit Fund, which is 'the central initiative which provides financial assistance for projects which aim to reduce the harm associated with gambling'[40];

- the establishment of G-Line, a 24 hour, toll-free, multi-lingual, telephone counselling service that operates seven days a week. The Department states that the service is accessible to all NSW residents and provides immediate crisis counselling, provides information and contact details of financial, legal and face-to-face counselling agencies throughout NSW, and ensures confidentiality and anonymity for callers;

- development of legislative and other regulatory controls on gambling operators which give effect to public interest issues through ensuring credit is not provided for gambling purposes, ensuring minors cannot access gambling facilities, controls on hotel and club advertising relating to gambling, and controls on advertising that misleads patrons about the nature of a venue's gambling facilities;

- encouragement and fostering of industry based 'patron care' initiatives through specifying a range of 'best practice strategies' for gambling providers that can supplement adherence to statutory requirements. (These will be reviewed in Chapter Seven.)

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[40] A press release by the NSW Treasury on 20 February 1998 noted that the Casino Community Benefit Fund had spent more than $15 million, 'of which more than $10 million has gone to research, education, treatment and rehabilitation of problem gamblers'.

(*Liquor and Gaming*, December 1997, p. 14)

3.4.5 Recent Government Initiatives to Address Problem Gambling in NSW Clubs

For the first time in its forty-three year history of machine gambling, NSW registered clubs now have a legal responsibility to address the issue of problem gambling, as contained in section 87AA, Problem Gambling Policy, of the *Liquor and Registered Clubs Legislation Amendment (Community Partnership) Act 1998 NSW*. Through this legislation, the NSW Government has retained its primary focus on revenue raising from commercial gambling, while shifting the onus onto industry to address perceived deficiencies in consumer protection, harm minimisation, fair trading and community benefit.

As discussed in Chapter Two, historical development of machine gambling in NSW clubs has followed a pattern of increased commercialisation at the expense of strategies to optimise community benefits from gambling. Public criticism of this agenda has increased as NSW clubs continually have expanded gaming machine installations, marketed them more aggressively, and directed profits into revenue raising areas rather than direct community support. Competitive threats to their dominance over machine gambling have fuelled political retaliation from the clubs, accompanied by greater public and government scrutiny of their priorities in machine gambling. Such scrutiny has raised questions over adherence of contemporary clubs to their not-for-profit agenda, social purposes and community focus, factors that were instrumental in gaining dominance over machine gaming in the state. The *Liquor and Registered Clubs Legislation Amendment (Community Partnership) Act 1998 NSW* encourages NSW clubs to now restore social objectives to their former importance in machine gambling operations.

In foreshadowing the *Liquor and Registered Clubs Legislation Amendment (Community Partnership) Bill 1998 NSW*, a media release on 20 February 1998 heralded it as a 'community partnership (which) protects clubs, pubs and community' (Treasurer of NSW, 1998). The Bill was introduced to Parliament on 29 April 1998, with the Minister for Gaming and Racing contending it would deliver significant tax relief for clubs, greater certainty for clubs and hotels, 'a co-ordinated and systematic approach to dealing with problem gambling', and potential benefits for the NSW TAB, while 'preserving government revenue derived from gaming machine operations' (*NSW Legislative Assembly Parliamentary Debates*, 29 April 1998, pp. 4150-4153). He noted the legislation would rectify the fact that some clubs had 'strayed' from their commitment to the community, which had been 'the

cornerstone for their establishment' (*NSW Legislative Assembly Parliamentary Debates*, 5 May 1998, p. 4404). Key elements of the Bill relating to NSW clubs, hotels and the NSW TAB are shown in Table 3.3.

Table 3.3
Key Elements of the *Liquor and Registered Clubs Legislation Amendment (Community Partnership) Bill 1998 NSW*

NSW Clubs:
• Club poker machine tax rates set for 3 years at 26.25% ($1 million plus) and 20% (200,000 to $1 million), backdated to February 1998 and to be reviewed after 3 years.
• Allowance of up to 1.5% of poker machine profits over $1 million for amounts spent on approved community support measures, to replace the existing welfare expenditure scheme under the *Registered Clubs Act 1976 NSW*.
• Clubs which operate from more than 1 location to treat each premises as a separate entity for duty purposes.
• The RCA to publish an appropriately funded and enforceable problem gambling policy by 31 May 1998. For every month delay in doing so, the term of the guaranteed tax rate is reduced by 2 months.
NSW Hotels:
• Maximum number of gaming devices remains at 30, but hotels are no longer required to operate any AADs.
• A competitive sale of 2,300 additional poker machine licenses to hotels, but subject to a maximum of 30 per hotel, with no further licenses for 3 years.
• A freeze on hotel gaming machine duty rates until at least 1 February 2001.
NSW TAB Ltd:
• TAB allowed to enter into voluntary agreements with individual hotels to purchase stand-alone or statewide links machines, or to place machines in hotels and share in profits derived from those machines.
• TAB authorised to own, supply and finance gaming machines connected to the clubs' statewide links system.

Source: derived from *Liquor and Registered Clubs Legislation Amendment (Community Partnership) Bill 1998 NSW*, Second Reading Speech, *NSW Legislative Assembly Parliamentary Debates*, 29 April 1998, pp. 4150-4153).

The Bill was hotly debated in Parliament. Many MPs accused the government of prioritising revenue raising over social concerns. For example, the Deputy Leader of the Opposition and Member for Miranda argued that, by creating 'a gambling den on every corner', the legislation would 'increase the dependency of the Carr Government upon socially harmful gaming revenue...at the expense of people in our society who suffer from a family destroying addiction' (*NSW Legislative Assembly Parliamentary Debates*, 29 April 1998, p. 4397). MP Elisabeth Kirkby commented that it was difficult to understand how any government can 'provide more opportunities for people to become gambling addicts, to destroy themselves and their families, to impact on their friends, and still call itself a responsible government' (*NSW Legislative Council Parliamentary Debates*, 6 May 1998, p. 4462). Independent MP, Richard Jones, noted that 'while government revenues from gaming were once explicitly tied to social welfare...that nexus is now severed. ...As

a community we must come to grips with our dependence - which is mostly economic at government, club and hotel level - on gambling revenue' (*NSW Legislative Council Parliamentary Debates*, 6 May 1998, pp. 4463-4464). Greens MP, Ian Cohen, commented that 'encouragement to gamble and the increased number of poker machines in the community are a sad indictment of the economic functions of any society, which often ride on the backs of the vulnerable in our society'. He called for comparable gaming machine taxation rates in NSW to other jurisdictions, and provisions relating to community support expenditure and problem gambling policies to be applied to hotels as well as clubs (*NSW Legislative Council Parliamentary Debates*, 6 May 1998, p. 4465). Christian Democrat MP Reverend Fred Nile questioned 'whether we as a community may have created a monster', noting 'revenue raised through gambling will be eaten up by the cost of social destruction'. He called for problem gambling provisions also to be applied to the NSW TAB Ltd and for a cap on the number of gaming machines in NSW clubs (*NSW Legislative Council Parliamentary Debates*, 6 May 1998, pp.4469-4470).

Other MPs accused the government of succumbing to powerful industry imperatives. For example, the Member for Manly noted the bill 'provides some welcome relief for clubs, but it does so at a shocking price. The political force that both clubs and pubs are imposing on political parties is irresistible' (*NSW Legislative Assembly Parliamentary Debates*, 5 May 1998, p. 4402), a point reiterated by MP Jones (*NSW Legislative Council Parliamentary Debates*, 6 May 1998, p. 4463). The Member for Miranda accused the government of backing down on its earlier tax increases for club poker machines because of 'enormous loss of support in the broad community' and because a 'South Sydney rugby league legend and Labor stalwart George Piggins threatened to stand against the Premier in his electorate of Maroubra' (*NSW Legislative Assembly Parliamentary Debates*, 5 May 1998, p. 4397).

A further issue of contention was the self-regulatory model proposed for clubs to address problem gambling. Greens MP, Ian Cohen, argued that:

> The sheer size of the gambling industry in New South Wales does not lend itself to industry self-regulation. Problem gambling is a serious social and health problem which requires intervention by Government rather than by industry. There is no evidence of any commitment on the part of industry to embrace harm minimisation strategies. Uniformity would be essential for any industry code of practice to be effective. This would require a co-operative approach by the various peak industry bodies which, in view of the poor relations between the AHA and the RCA, could not be achieved. An industry code of practice would not be binding on all industry members. Sanctions or penalties for non-compliance could not be enforced. This would seriously diminish its effectiveness.

(*NSW Legislative Council Parliamentary Debates*, 6 May 1998, p.4468).

The Member for Manly echoed this point, calling for a mandatory, uniform code of practice for industry rather than self-regulation, as the latter was 'not in their interests; they are looking only to expand' (*NSW Legislative Assembly Parliamentary Debates*, 5 May 1998, p. 4403). The Member for Miranda accused the government of trying to 'placate community outrage about the social problems of gambling' by putting 'bandaids over the problems' (*NSW Legislative Assembly Parliamentary Debates*, 29 April 1998, p. 4398). However, the Minister for Gaming and Racing countered that 'it will take some time to overcome a problem that has been neglected for years' and that he was committed to a review of regulatory controls 'to ensure that they continue to reflect contemporary community expectations' (*NSW Legislative Assembly Parliamentary Debates*, 29 April 1998, pp. 4406-4407).

A final key issue to emerge in debates over the Bill was the need for an inquiry into gambling in NSW. The Member for Miranda reminded the government it had promised an inquiry when in Opposition (*NSW Legislative Assembly Parliamentary Debates*, 5 May 1998, p. 4398) and the Deputy Leader of the Opposition subsequently moved an amendment. The government finally agreed, sensing it was instrumental to the passing of the Bill. Thus, the end of the Parliamentary session saw the passage of the *Liquor and Registered Clubs Legislation Amendment (Community Partnership) Act 1998 NSW* with key provisions of the bill retained, as outlined in Table 3.3, but with an additional obligation to conduct a state inquiry into gambling in the second half of 1998.

3.4.6 Summary

The expansionist agenda characterising government policy on gambling during the last three decades principally has been driven by powerful government and industry imperatives to the diminution of social concerns. In contrast to earlier policies of prohibition and selective liberalisation, these contemporary economic imperatives are reflected in both the content and enforcement of regulations pertaining to commercial gambling which emphasise the principle of revenue raising, to the subordination of consumer protection, harm minimisation, fair trading and community benefit mechanisms which adequately meet public expectations. While these mechanisms have not become weakened in contemporary regulation, questions have been raised over their effective enforcement, while their effect has been diluted as commercial gambling has expanded and become more competitive. Thus, the stance of Australian governments on problem gambling has evolved from one close

to indifference when prohibitionist and selectively liberalised gambling policies dominated, to one nearing rejection in the context of market stimulation and competition.

Consequently, many stakeholders have expressed concern over inadequate regulatory obligations for gambling operators to be more responsible providers of gambling and lack of other government initiatives to address the issue. This, along with pressure from the epistemic community to treat problem gambling as a social and public health issue, has prompted governments to allocate further resources to address problem gambling and to tighten regulatory requirements for gambling operators to provide a more responsible gambling environment. This marks a recent shift in the stance of Australian governments towards more acceptance of problem gambling as an issue worthy of substantive action. This has been reflected in NSW by a four-pronged government approach to address problem gambling and recent legislation requiring the RCA to develop a problem gambling policy.

Despite this shift, its recency means public concerns over contemporary government policies on gambling have yet to be allayed. Funding, direct services and community education for problem gambling generally are perceived as fragmented and under-resourced, while statutory requirements for gambling operators to introduce initiatives to address problem gambling largely are considered inadequate. Even where such requirements have become more stringent, as in the case of NSW clubs, the early stage of response to such requirements means they have yet to diminish community concerns about problem gambling. Thus, the expectational gap that exists between government policies on gambling and public and epistemic expectations, is valuable in understanding the emergence of problem gambling as a corporate social issue. This emergence also has been influenced by gambling operators, as discussed in the next section.

3.5 CORPORATE INFLUENCES ON THE EMERGENCE OF PROBLEM GAMBLING AS A CORPORATE SOCIAL ISSUE

Escalating gambling expenditure in Australia over the last two decades (Tasmanian Gaming Commission, 1998; Productivity Commission, 1999a, 1999b) demonstrates that commercial gambling continues to provide robust returns. Private investors have capitalised on gambling's apparent immunity to harsh economic conditions, adopting an expansionist approach nurtured by sympathetic government policies. Legacies of this expansion include unprecedented access to gambling, particularly continuous forms, increased diversity of gambling options, and aggressive marketing

strategies adopted by gambling operators in the face of intense competition for the gambling dollar. In turn, these factors have deterred widespread implementation by gambling operators of responsible gambling strategies that might threaten profitability. Thus, since the early 1970s, the stance of gambling operators on problem gambling has declined from one of relative indifference when gambling was limited in scope and provided for social benefit, to one of rejection in the context of intense competition for the gambling dollar. It is argued in this section that these factors have increased the likelihood of gambling-related problems in the community, whilst heightening public concern for problem gambling. In the 1990s however, some gambling operators have adopted some responsible gambling strategies, signalling increased acceptance of problem gambling as an issue necessitating their intervention. While these strategies will be reviewed in Chapter Four, suffice to note here they have been the exception rather than the rule, have been criticised for ineffectiveness, and as yet have not allayed public concerns for problem gambling, nor quietened calls from pressure groups or the epistemic community for more active intervention by gambling operators and governments.

3.5.1 Increased Access to Gambling

As detailed in Chapter Two, the scope and diversity of Australian commercial gambling has expanded exponentially since the 1970s. However, lack of baseline and follow-up studies preclude hard evidence for any resulting increase in problem gambling. Nevertheless, the Productivity Commission (1999b:8.1) concluded that 'there is sufficient evidence from many different sources to confirm a significant connection between greater accessibility – particularly to gaming machines – and the greater prevalence of problem gambling', although conceding that 'causation is hard to prove beyond all doubt'. The AIGR (1997:60) provides tentative evidence to support this connection, speculating that a proportionately higher level of problem gambling found amongst city compared to country respondents in a survey of NSW residents is partially influenced by ease of access to gambling facilities. In the USA, prevalence rates of problem gambling in states where commercial gambling has been legal for over twenty years are higher than in states with legalised gambling for less than ten years (Volberg, 1994). Indeed, some scholars have concluded that increased social availability of gambling outlets is the primary factor precipitating at-risk individuals into problem gambling (Moran, 1970; Cornish, 1978; Dickerson, 1984). It has been proposed that the higher the proportion of the community that gambles, the more the incidence of problem gambling will increase (Blaszczynski, 1987:307). Further, expansion of many forms of gambling into licensed venues increases

potential loss of control due to alcohol-impaired judgement (Blaszczynski, 1987:313).

In the absence of empirical research into a connection between gambling accessibility, the incidence of problem gambling, and any attendant harm, recent experiences of practitioners dealing with gambling-related problems can be reviewed, although client data from practitioners can be influenced by patterns of service availability and community awareness (AIGR, 1997:60). Nevertheless, since Star City Casino opened and poker machines have operated in NSW hotels, the Family Support Services Association of NSW (1998:2-3) notes several branches have reported increased problems with gambling, while Gamblers Help Line has reported a ten-fold increase in client numbers (1998:1). Based on data from treatment agencies in Australia, Walker (1997:381) concluded that the introduction of legalised casino gambling in urban centres is likely to be associated with large increases in problem gamblers seeking treatment. Various agencies in Sydney also have experienced increased demand since the opening of Sydney's casino and the introduction of poker machines in NSW hotels (Prosser, Hing, Breen and Weeks, 1997b). However, no research has been conducted into the association between the introduction and expansion of machine gambling in NSW clubs and changes in gambling problems, although a higher incidence of problem gambling was found amongst a random sample of 3,000 members of six large Sydney clubs compared to the general population (Prosser, Hing, Breen and Weeks, 1997a).

Despite inconclusive evidence to support a relationship between access to gambling and problem gambling, an important point is that the community perceives such a relationship exists (IPART, 1998:40). Such a perception has heightened community concern that the incidence of problem gambling is increasing, along with its attendant social impacts.

3.5.2 Increased Diversity of Gambling Venues and Products

There is evidence that some social groups not attracted to previously available forms of gambling have found new products and venues appealing. For example, the introduction of bingo in Australia after the 1940s prompted new levels of female participation in gambling (McMillen, 1996c:5). More recently, increased availability of gaming machines has increased women's involvement in gambling (Ohtsuka *et al.*, 1995; Johnson and McLure, 1997), such that females now gamble more than ever before (Brown and Coventry, 1997). Further, greater numbers of women seeking treatment for gambling problems have been reported since gaming machines

were introduced in Queensland (Dickerson *et al.*, 1995) and in Victoria (Wootton, 1995), and since the opening of Sydney's casino and the introduction of poker machines in NSW hotels (Prosser, Hing, Breen and Weeks, 1997b). This is consistent with a conclusion by the AIGR that an increase in problem gambling has been reported when women who gamble prefer gaming machines (1997:61).

The introduction of casino and hotel machine gambling in NSW also has been accompanied by increased numbers of young people and people from non-English speaking backgrounds seeking assistance from Sydney agencies (Prosser, Hing, Breen and Weeks, 1997b). Lifeline reported increased numbers of Chinese, Vietnamese and Indonesian clients, St Edmund's Private Hospital reported increased numbers of young people, while a doubling of meeting attendees and phone calls experienced by Gam-Anon between mid-1995 and mid-1997 has come from younger people and those from Asian backgrounds (Prosser, Hing, Breen and Weeks, 1997b).

While evidence for an association between levels of problem gambling and diversity of legalised gambling options is tentative, the public may logically equate increased diversity of gambling options with emergence of gambling problems amongst new markets and the extension of harm into more diverse community sectors.

3.5.3 Expansion of Gambling into Low Socio-Economic Areas

Concerns about increased accessibility and diversity of gambling options also have extended to the types of locations where gambling has expanded. Numerous studies have found that machine gambling disproportionately attracts people in lower socio-economic situations. For example, the State Government of Victoria (1994) found that 'big spenders' on poker machines in NSW and the ACT tend to have below average income and are over-represented by recipients of social benefits and public renters. A community survey of gambling patterns in Victoria (DBM Consultants, 1995) concluded that gaming machines have their greatest appeal amongst lower white collar workers and those on low incomes. In NSW, resident populations spending highly on club poker machines generally have a lower socio-economic profile than those spending less (Prosser, Hing, Breen and Weeks, 1996).

In NSW, concern has been expressed that gambling is geographically concentrated in low income areas where high numbers of people on pensions and benefits gamble in hope of improving their existing situation (NCOSS, 1998:5). A concentration of gaming machines in low socio-economic areas is supported by the NSW Department

of Gaming and Racing's list of the top 200 NSW clubs by gaming machine profits which shows the distribution of machine numbers (1998:34). While poor socio-economic circumstances may not necessarily increase vulnerability to problem gambling, they increase its potential impacts due to inability to sustain high levels of gambling expenditure over time.

3.5.4 Expansion of Continuous Forms of Gambling

Most types of gambling recently introduced and expanded in NSW, as well as other Australian jurisdictions, are continuous forms such as gaming machines and casino table games, which provide opportunities for repeated gambles within the same session of play, due to short time intervals between stake, play and outcome. Numerous studies have consistently found problem gambling more frequently associated with continuous, rather than non-continuous, gambling (Dickerson Baron, Hong and Cottrell, 1996:174; AIGR, 1996:54, 1997:61-63; Delfabbro and Winefield, 1996:98; Abbott and Volberg, 1996:150; Productivity Commission, 1999b:6.1).

Gaming machines in particular are considered to have high potential for encouraging problem gambling. For example, Fisher and Griffiths (1995:239) point out that gaming machines are now the predominant form of gambling activity by 'pathological' gamblers treated in numerous countries, while research in NSW suggests about 15 percent of regular gaming machine players may have significant personal, financial and family problems arising from their gambling (Dickerson, 1996:163). Surveys of treatment services for problem gambling in Sydney also reveal wide acceptance that machine gambling is responsible for loss of control amongst many clients (Keys Young, 1995; Prosser, Hing, Breen and Weeks, 1997b). The only study measuring the incidence of problem gambling for poker machines in particular found that poker machines, either alone or in conjunction with other types of gambling, were responsible for 65.5 percent of the cases of problem gambling amongst 3,000 Sydney club members (Prosser, Hing, Breen and Weeks , 1997b:125).

While NSW has had legalised machine gaming in clubs for over forty years, its recent expansion into NSW hotels and Star City Casino has drawn increased attention to their association with problem gambling. Not surprisingly, some of this attention has been directed at registered clubs as the largest providers of machine gambling in the state.

3.5.5 Marketing of Gambling Products

Expansion of legalised gambling and the resultant competitive environment have prompted gambling operators to market their products more aggressively.[41] As discussed in Chapter Two, gaming machine operators, such as NSW clubs, are relying on technological advances, venue enhancement and increased promotional efforts to remain competitive. Inducements rewarding player persistence, regular patronage and high expenditure, all of which have been associated with problem gambling (AIGR, 1997:69), along with intensified marketing in most sectors, have increased the visibility of gambling and fuelled public concerns about the likelihood of increased problem gambling. For example, the majority of non-industry submissions to the *NSW Gaming Inquiry* (IPART, 1998) expressed concerns about the way in which commercial gambling is marketed, leading to recommendations for development of advertising standards, mechanisms to limit inducements to gamble, particularly free alcohol and free poker machine credits, and more responsible practices for frequent player points schemes (IPART, 1998:76-77).[42]

3.5.6 Responsible Gambling Initiatives by Gambling Operators

Proactive industry strategies in responsible gambling have been initiated by some gambling operators in some jurisdictions, either cooperatively with other gambling sectors, or at a sector or venue specific level. While these strategies will be reviewed in Chapter Four, suffice to note here they have been the exception amongst Australian gambling operators. While the extent of responsible gambling strategies in NSW clubs forms part of the later empirical investigation in this study, no industry-endorsed or statewide program had been implemented in the clubs by mid-

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[41] For example, property upgrades, image repositioning, market research to better target local residents, interstate and overseas junket programs, and increased promotion have characterised recent casino marketing (Kelly, 1996d). Lotteries have released a continual stream of new products and more frequent draws, developed interstate linkages allowing bigger prizes, and are experimenting with distribution through pay television (Kelly, 1995). TABs have continued to increase betting options and extend live race coverage, have benefited from more numerous race meetings and shorter time intervals between races, and are now looking to pay television and product expansion to offer further forms of sportsbetting (Blaszczynski, 1987:307; Hyland, 1998).

[42] In late 1999 when this thesis was nearing completion, the Reverend Fred Nile introduced the *Gambling (Anti-Greed) Advertising Prohibition Bill 1999 NSW* to the NSW Legislative Council. Its objectives are to 'discourage the proliferation of all forms of gambling by prohibiting advertising of existing forms of gambling and gambling facilities; prohibiting advertising and other promotional activities aimed at publicising new forms of gambling and new gambling facilities; prohibiting the use of any form of gambling to support the sponsorship of any government or community activities, including but not limited to sporting activities; and requiring studies and assessments to be made of the impact of proposed gambling legislation on families and the community' (*NSW Council Parliamentary Debates*, 15 September 1999, p.25).

1999, although a trial responsible gambling program had been implemented in nineteen NSW clubs in late 1998 (AIGR, 1998e).

Further, existing responsible gambling models have attracted substantial criticism for their passive approach to the issue which places the onus on individual gamblers to recognise a gambling problem and seek assistance, inadequate mechanisms to overcome limitations of self-regulation regarding monitoring, compliance and evaluation, and their few initiatives to address irresponsible practices by gambling operators that may facilitate or exacerbate problem gambling and its harmful effects. As detailed in Section 3.6, such programs have had minimal success in closing the expectational gap between corporate practices of gambling operators and those expected by relevant pressure groups. Nevertheless, the adoption of responsible gambling strategies by some gambling operators has provoked wider criticism of less proactive operators and heightened public awareness of the potential role that gambling operators can play by adopting harm minimisation and consumer protection strategies aimed at minimising problem gambling and its impacts.

3.5.7 Summary

Expansionist government policies on commercial gambling since the 1970s have been mirrored by the actions of gambling operators, resulting in increased accessibility and diversity of gambling, particularly continuous forms, and aggressive marketing strategies to cope with an intensely competitive environment. Unlike the earlier indifferent stance of gambling operators to problem gambling accompanying restricted availability, explicit ties to social benefit and less active marketing, the actions of most contemporary gambling operators reflect a rejection of problem gambling as an issue which should impose on their current approach to gambling operations, management and marketing. While empirical evidence is tenuous, public perception is that the marketing and expansion strategies of gambling operators have resulted in higher levels of gambling-related problems and their flow-on community effects. This has widened an expectational gap between corporate performance in responsible provision of gambling and public and epistemic expectations of these.

In attempting to narrow these expectational gaps, governments have imposed more stringent requirements on some gambling operators, such as NSW clubs, to meet their social responsibilities in gambling. In the case of NSW clubs, the government has taken a legislative approach to achieve greater congruence between the expected role of clubs in providing social benefit from their machine gaming, and their actual

social performance. In addition, since the 1990s, a minority of gambling operators have demonstrated greater acceptance of problem gambling as requiring their intervention through strategies aimed at harm minimisation. To date however, both industry and government initiatives to address problem gambling have been criticised as inadequate to resolve the issue and the accompanying expectational gaps between key stakeholders. As detailed in the next section, this has been reflected in increasingly vocal pressure on gambling operators to be more responsible providers of gambling and on governments to introduce a more responsible regulatory and policy environment.

3.6 PRESSURE GROUP INFLUENCES ON THE EMERGENCE OF PROBLEM GAMBLING AS A CORPORATE SOCIAL ISSUE

In reviewing influences on Australian attitudes to gambling, Caldwell (1972:44) maintains that 'Australian social history reflects an important and divisive tension between individuals and groups practising hedonistic values and those who have supported Puritan morality'. This tension was greatest from the early 1800s to the early 1900s when opposition to gambling by the churches and conservative middle classes largely was based on moral grounds. However, with increased secularisation, more liberal social attitudes and the institutionalisation of gambling as a culturally acceptable leisure activity during the second half of the 1900s, arguments against gambling have focused increasingly on its social impacts and emanated from a wider variety of stakeholders, more often advocating restriction and control rather than abolition. The following discussion takes an historical approach to demonstrate that arguments by various pressure groups against gambling have evolved from a focus on moral objections to concerns for a wider variety of social impacts, particularly problem gambling. This evolution has helped shift the onus of responsibility from individual gamblers to resist the temptation of gambling, to gambling providers to operate, manage and market gambling in ways that limit its harmful effects. It also reflects a shift in the stance on problem gambling by pressure groups from indifference to acceptance as an issue worthy of their attention, resources and lobbying.

3.6.1 Moral and Theological Arguments Against Gambling

Probably the most vocal, avid and longstanding opponents to gambling in Australia have been the Protestant Churches which object to gambling on moral and theological grounds. A more liberal view has been adopted by the Catholic Church, which considers gambling harmful only in excess or under unfair circumstances.

Both religious groups have been active pressure groups in gambling policy since the late 1700s, as the following section discusses.

The Moral Reform Movement in the 19th Century

The bases for Protestant opposition to gambling emphasise their moral and theological underpinnings. Protestants oppose gambling *per se*, as it is against the Christian ethic and way of life the church exists to uphold and extend. Gambling, no matter how small an amount, is a vice because the moral values it expresses - luck, greed, covetousness, chance and the associated corruption, exploitation, racketeering and graft - are contrary to Protestant teachings (Lusher, 1977:69-71). However, as discussed in Chapter Two, the Protestant moral reform movement in the nineteenth century enjoyed little success in curbing either legal or illegal gambling.

One reason for the limited success of the moral reform movement was that, unlike the united religious stance on drinking and sexual immorality, the Protestant Churches faced opposition from the Catholic Church which viewed gambling as harmless in itself and only bad in excess (Inglis, 1985:12). The Catholic stance is that gambling is not morally evil, but that evil may emerge according to the extent and circumstances under which it is done (Lusher, 1977:70). Gamblers have the right to dispose of their property as they wish, as long as this does not render them less capable of fulfilling individual, family, social or charitable duties and does not involve taking advantage of the weak. For gambling providers, as long as the type of gambling provides a degree of equality and understanding between the parties, provides fair return for labour and capital, is legal, free from fraud, and does not encourage the underprivileged to gamble, then it is morally acceptable (Lusher, 1977:70).

Thus, the more tolerant Catholic position on gambling differs markedly from the hostile Protestant one. However, in both views, gambling to excess is considered morally wrong, capable of undermining the work ethic and responsibility to others. Thus, while problem gambling was not an issue of importance to gambling providers during the 19th century, both major faiths recognised that harm might emanate from excessive gambling.

The Churches' Opposition to Gambling in the 20th Century

Neither the Protestant nor Catholic Churches have softened their stance on gambling since the 1800s. However, increasing secularisation of Australian society meant theological arguments continued to have limited influence either on public policy or

public participation in gambling. While both religions maintained vocal interest in debates over gambling policy, their arguments have evolved from emphasising moral objections to concerns about excessive and unfair gambling. Thus, their attention turned more to the way in which gambling is conducted, rather than the moral weaknesses of its participants.

Two campaigns in NSW illustrate church failure to garner opposition to gambling on moral and theological grounds. The Protestant campaign against the legalisation of poker machines in NSW clubs emphasised the moral dangers of gambling, with the NSW Council of Churches noting the machines tempted the weak, offered 'easy money', encouraged covetousness, and increased moral danger (*Sydney Morning Herald*, July 10 1956 in Caldwell, 1972:100). The Australian Council for the World Council of Churches issued a resolution stating 'we believe that gambling is a social evil and also that the legalization of lotteries, poker machines and other forms of gambling is not only a step to moral degradation, but will have the effect of perverting the true spirit of adventure in Australian life' (*Sydney Morning Herald*, August 4, 1956 in Caldwell, 1972:102). The Protestant Churches campaigned in 1958 to reverse the spread of commercial gambling, advocating a government inquiry into the extent of 'chronic gambling' in NSW (Caldwell, 1972:112). At one campaign meeting, the Methodist Reverend Alan Walker referred to NSW clubs as 'cesspools of iniquity' which destroyed the highest levels of personality, wrecked homes and filched people's money (Caldwell, 1972:112). In contrast, the Catholic Church refused to condemn poker machines on moral grounds as long as they were played moderately (Caldwell, 1972:120). However, neither the strict moral Protestant stance nor the more liberal Catholic view could prevent the legalisation of poker machines, with legislators noting they were already played by decent, law-abiding citizens experiencing no moral crisis as a consequence (in Caldwell, 1972:102).

Twenty years later when the state government called an inquiry into legalising casinos in NSW, the churches reiterated their arguments (Lusher, 1977). However, the inquiry recommended legalised casinos in NSW, noting:

> there is no unanimity of world opinion that gambling is a wicked, immoral or socially destructive activity. In fact, its legality exists and is well established and is currently being developed and accepted in most civilized western and Christian oriented communities.
>
> (Lusher, 1977:73).

These sentiments were later echoed in Victoria in the *Report of Board of Inquiry into Casinos* (Connor, 1983) which concluded that 'even if the better view were that gambling is in itself immoral it seems clear that such a view is not shared by thousands of Victorians. ...I believe that legislation inspired solely by religious or moral objections to gambling would lack public support' (in Wilcox, 1983:11.01).

Successive failures to provide a convincing theological or moral argument against gambling prompted a somewhat different tack in church submissions to the *Board of Inquiry into Poker Machines* in Victoria (Wilcox, 1983). While the Protestant submission reiterated its traditional moral objections, it also criticised particular features of poker machine gambling, referring to it as 'pressure gambling' depending on 'psychological stimulants through the conditioning effect of the mechanism for gambling' (in Wilcox, 1983:11.04). The church was particularly concerned about the rapid turnover of money on poker machines, the strong incentive to gamble irrationally, joylessly and beyond the players' means, and the destruction of positive elements of play. The 'means contrived to encourage playing beyond the gambler's means' meant 'rationality is no longer being exercised in decision making' leading to reduced player freedom 'so that their actions become confused and compulsive rather than free and deliberate' (Wilcox, 1983:11.04). The end result was 'failure in justice to pay their debts or failure in charity to their family or the ever widening circle that appeals to them for help out of their superfluity' (Wilcox, 1983:11.04).

The Protestant stance was consistent with Catholic concerns for fair play and reflected some merging of their positions. The Catholic submission to the *Wilcox Report* (1983) contended poker machine gambling should be judged differently from other gambling as 'it destroys the very nature of play' and 'substitutes for freedom a highly contrived set of environmental stimulants (as in casinos or even clubs) and psychological stimulants (as in poker machines)' that 'mesmerise the gambler into a strange ritual in which money is quickly consumed...without time to revise or control decisions' (Wilcox, 1983 11.05). The submission further contended poker machines sacrifice social and diversionary functions of gambling for 'self-centred avarice', because of the 'mindless repetition and cumulative anxiety' and the 'compulsive tug of the handle with the bait of tinkling coins, the intermittent reinforcement of rewards just sufficient to sustain the drive, and the rapid supersession of free processes by those of conditioned brute' (Wilcox, 1983:11.05). Because poker machine gambling increases the quantity of money gambled 'beyond acceptable limits', it risks fulfillment of other obligations of the gambler (Wilcox, 1983:11.05).

More recently, the *NSW Gaming Inquiry* (IPART, 1998) attracted only one church submission mentioning moral opposition to gambling. Moreover, this was coupled with concern for problem gambling. The Uniting Church in Australia noted 'the Christian church has traditionally opposed gambling because of its association with greed and because it holds out rewards without effort. Also, the church has always recognised the negative impact of addictive gambling, especially on dependents of gambling' (1998:1). The submission did not argue for the abolition of gambling, but made recommendations for an appropriate regulatory framework.

This overview of arguments against gambling advanced by key religious groups over the last two centuries demonstrates gradual progression from concern for its moral dangers to concerns about its social consequences. In terms of Mahon and Waddock's issue lifecycle model (1992), the churches' stance has shifted to greater acceptance of problem gambling as their key objection to gambling. Reid explains that church moral opposition to gambling has not always been received sympathetically, with traditional arguments having little impression on the community, being 'passed off as just another case of religious wowserism', and often not even heeded by the churches' own people (1985:195). This failure of moral reform arguments to educate gamblers on the error of their ways partly explains why objections to gambling have shifted from its immorality to its unacceptable social consequences (Sylvan and Sylvan, 1985:223), and the movement of problem gambling into the 'zone of acceptance' for the churches (Barnard, 1938). That is, lacking support that gambling itself is immoral, acknowledgement that gambling produces significant welfare problems requiring interventions or restructuring gave credibility to the churches' stance (Sylvan and Sylvan, 1985:220; Blaszczynski, 1996:1). This laid the basis for social arguments against gambling impacts, as discussed below.

3.6.2 Social Arguments Against Gambling Impacts

More recent arguments of gambling reformers have focused on its social impacts. Three of the most vocalised have been that gambling is associated with crime, is socially disruptive, and has harmful impacts on individuals, families and the community. The first two arguments are briefly reviewed to demonstrate how their bases have diminished over time, such that the third is now the most commonly advanced and accepted by pressure groups as their most influential argument for gambling reform. This has contributed to the emergence of problem gambling as a significant corporate social issue through calls for gambling providers to adopt strategies to minimise the harmful effects of gambling.

The Criminal Involvement Argument

Sylvan and Sylvan contend 'there is little doubt that certain types of gambling in Australia and elsewhere are regularly conjoined with criminal activity, and more important, with organised criminal activity' (1985:224). The association between gambling and crime has underpinned much opposition to gambling, most notably when the legalisation of casinos and gaming machines has been proposed in various Australian jurisdictions. This has occurred largely in the last three decades, as documented in numerous government inquiries (Moffitt, 1974; Lusher, 1977; Connor, 1983; Wilcox, 1983; Street, 1991). Clearly these objections failed to stem the spread of casino gaming and gaming machines to every Australian jurisdiction, although they did delay their introduction (McMillen, 1993).[43] Faced with overwhelming evidence of widespread criminal involvement with illegal casinos and illegal gaming machine operations, all state governments have opted for legalisation with strict regulatory controls, accompanied by a taxation or revenue generating mechanism. Effective regulation and tax collection have been facilitated by technological advances in monitoring and control, earning Australia 'a deserved international reputation' for integrity, prevention of criminal influence, and an absence of major scandals in legalised gambling (McMillen, 1997a:247). The effective deterrence of criminal activity in Australian gambling and its relative success in curbing illegal gambling have weakened crime-related arguments against gambling.

The Social Disruption Argument

McMillen (1996b:12-15) notes that a perception of gambling as socially disruptive stems from numerous sources, including the Protestant notion that gambling is an attempt at 'easy money' thus undermining the work ethic and threatening production; an assumption of economic studies that gambling is devoid of useful economic functions; social science theories that present gambling as harmful to the individual and society; and sociological studies that portray gambling as deviant behaviour. Many such arguments fail to distinguish between different types of gamblers, conveniently categorising most as lazy, non-productive, covetous or deviant (Sylvan and Sylvan, 1985:220-223).

[43] Gaming machines have been legalised in clubs and hotels in every Australian jurisdiction, except in Western Australia where their operation is restricted to Burswood Casino. Cashless video lottery terminals, however, do operate in West Australian hotels and clubs.

However, along with increased legalisation and respectability, a more positive view of gambling as a rewarding leisure experience (McMillen, 1996b:15) has helped undermine this argument. For example, sociological analyses present a mainly positive explanation of gambling as a legitimate and natural leisure activity, offering participants intrinsic value, such as entertainment, hope, challenge and excitement, diversionary value as an escape from boredom and everyday life, and external rewards, such as social and monetary gains (McMillen, 1996a:15). Further, there is increasing recognition that adequate leisure is necessary for productive work and a questioning of all but a heavily qualified work ethic (Sylvan and Sylvan, 1985:221). Thus, a view of gambling as a positive leisure experience has been nurtured in recent decades, undermining former perceptions of gambling as inherently socially disruptive.

However, sociological analyses which present gambling as fulfilling useful social functions have been counterbalanced by more numerous studies into its social impacts, as discussed earlier in this chapter. Such social impact studies have added fuel to arguments for gambling reform based on concerns for problem gambling and its impacts.

The Problem Gambling Argument

Accompanying a decline in moral, crime-related and social disruption arguments against gambling, gambling reformers have increasingly focused on problem gambling and its harmful social effects as their major concern in gambling policies and practices. Public commentary on problem gambling has emanated from many sources, including community surveys, the media, the welfare sector, the medical and legal professions, and special interest groups, as discussed below. These pressure groups have placed the responsibility to address problem gambling squarely on the shoulders of governments and gambling operators, with individuals experiencing gambling-related problems often depicted as victims of predatory and irresponsible practices.

Recent surveys have highlighted broad community concerns for problems which can emanate from gambling. For example, a NSW survey (AIGR, 1996:37) reported that 79.1 percent of respondents strongly agreed that gambling results in serious problems for some individuals. In Victoria, a community survey (Victorian Casino and Gaming Authority, 1997) found most respondents agreed gambling is too widely accessible, gambling providers should not be allowed to advertise, gambling-related problems have worsened over the last three years, the number of gaming

machines should be reduced, people having problems with gambling are those least able to afford it, the community needs to do more for the families of problem gamblers, and additional steps are needed to avoid adverse consequences of gambling. The Federal Government's inquiry into Australia's gambling industries (Productivity Commission, 1999b:3) found that around 70 percent of people surveyed believed that gambling does more harm than good and that 92 percent did not want to see an increase in gaming machines. Such surveys demonstrate general contemporary community agreement on the potential for gambling to cause serious social harm and the perception that insufficient is being done to address the issue.

These perceptions likely have been fuelled by recent extensive media coverage of commercial gambling, and their 'never-ending...stories publicising the harmful results of problem gambling' (Brading, 1997:30). No formal studies have been conducted into how, or the extent to which, the media portrays gambling. However, Brading (1997:30) contends journalists are now raising the issue of consumer protection for gamblers and the community, and that contemporary inaction does not satisfy the media nor the community to whom they report. Certainly a cursory glance at media articles on gambling suggests stories of social hardships arising from gambling have featured frequently in recent years, especially when new forms of gambling have been introduced, the results of social impact studies released, or statistical information on gambling industries published.

The welfare sector also has been increasingly vocal about the social fallout from commercial gambling, calling for governments and operators to address the issue. New special interest groups have been formed, such as the Centre for Problem Gambling Research and the Interchurch Task Force on Gambling in Victoria, and in NSW the Gambling Issues Forum and the NSW Council on Problem Gambling. Additionally, general welfare and consumer protection agencies have begun lobbying about gambling policies and practices. For example, the peak body for the social and community services sector in NSW, NCOSS, recently vocalised its concern about the social ramifications of commercial gambling through submissions to the *NSW Casino Control Authority Section 31 Investigation Public Interest Forum* in late 1997 and the *NSW Gaming Inquiry* in late 1998. The NSW Department of Fair Trading (1998) and PIAC in NSW (1998) also have expressed concerns about consumer protection in gambling. At a national level, proceedings from recent conferences held by the National Association for Gambling Studies (O'Connor, 1995; Tolchard, 1996; Coman, Evans and Wootton, 1997) reveal a predominance of papers from the welfare sector directed at the issue of problem gambling, with a consistent theme being the call for governments and gambling operators to act in a

more socially responsible manner to minimise associated harm. Such calls for consumer protection, harm minimisation and fair trading in gambling have helped broaden the notion of problem gambling beyond behavioural and medical models.

The medical profession also has recognised the public health dimensions of problem gambling, with a project recently initiated by the Australian Medical Association (AMA) (NSW) aimed at 'decreasing the negative impact of gambling on the community' through a general practitioner awareness program, establishing a network of general practitioners and service providers, and a media and community awareness campaign (1998:2). The AMA (NSW) has issued a *Position Statement on Gambling-Related Problems* (in AMA, 1998) that recognises gambling as a public health issue which 'should be addressed accordingly', that supports the development of harm minimisation strategies 'including the promotion of responsible gambling programs', and that states a commitment to raising awareness amongst the community and medical fraternity of the adverse impacts of problem gambling, its incidence, the role of medical practitioners, and 'the social, cultural and material dimensions of problem gambling'.

Members of the legal profession also have cautioned governments and gambling operators of their responsibilities in commercial gambling. For example, questions have been raised over the liability of gambling operators for breaching a duty of care to patrons when, for example, operators know a gambler is losing more than he/she can afford, when they fail to enforce self-exclusion, or when they extend credit to someone they know has a gambling problem (Brading, 1997:29). In NSW, several such cases were being prepared by the Wesley Community Legal Service at the time of writing (Russell, 1998:10).

Contemporary community concerns about problem gambling also are reflected in submissions to the *NSW Gaming Inquiry* (IPART, 1998). Table 3.4 summarises key concerns relating to problem gambling expressed in selected, non-industry submissions.

Table 3.4
Summary of Concerns about Problem Gambling in Selected Submissions to the NSW Gaming Inquiry

Atheist Association of NSW Inc.: • inadequate counselling and control of addicts. • devastation gambling causes to people's lives.

Australian Institute for Gambling Research (Professor Jan McMillen):

- independent commission needed to, amongst other functions, monitor and control responsible management of gambling and consumer protection, commission and publish research on community impacts of gambling, and develop needs-based strategic plans for service delivery, research, community education and general community projects.
- gambling industry ombudsman needed to receive and resolve consumer complaints.
- responsible gaming advisory committee needed to assist and advise on responsible gambling.
- enforceable whole of industry and statewide responsible gambling program should be developed, implemented and evaluated in 1999.
- recommends development and support for an integrated network of community agencies rather than problem gambling specific services.
- responsible gambling program should be developed emphasising prevention rather than treatment and which is sensitive to cultural differences.
- recommends a multi-media community education program to encourage safe and controlled gambling.
- a players' charter should be developed for NSW.
- an updated register of relevant community agencies be compiled and maintained.
- NCOSS should coordinate network of existing service agencies funded, trained and assisted to support those with gambling-related problems.
- recommends a statewide database of research and information on gambling in NSW and extended research into gambling impacts.
- whole of industry levy needed to fund a commission, statewide responsible gambling program and service agencies.

Australian Medical Association:

- recognises gambling as a public health issue.
- highlights potential adverse effects of gambling on health, eg: hypertension, peptic ulceration, headaches, alcohol and drug dependence, irritability, anxiety, depression and suicidal ideation.
- recommends further research on health effects of problem gambling and methods of treatment.
- identifies increase in people with gambling problems presenting to GPs.
- recommends evaluation of service provision to problem gamblers and their families.

Department of Fair Trading:

- calls for more attention to enforcing prohibition of credit by gambling institutions.
- recommends representation or consulting with consumer protection and financial/credit counselling sectors in any gaming commission.

Family Support Services Association of NSW:

- gambling found to be a significant issue for 5% to 6% of clients.
- families with gambling problems were more likely to report domestic violence, drug/alcohol abuse, physical abuse, neglect of children, and past sexual abuse.
- families with gambling problems were more likely to be complex cases, requiring more intensive and longer term support.
- anecdotal evidence that families presenting with gambling problems have increased since the opening of Star City Casino and the introduction of poker machines in NSW hotels.
- gambling problems often result in family breakdown with negative effects on women.
- gambling problems adversely affect children *via* inadequate diet, clothing, entertainment and educational opportunities, homelessness, domestic violence, lack of parental attention, over-reliance on older children to look after those younger, being left unattended outside gambling venues, emotional problems, loss of trust of parents, and modelling parents' gambling behaviour.
- high rates of gambling problems noticed in Aboriginal, Arabic, Chinese and Vietnamese communities.
- recommends funding for support services on a needs basis, more attention to the need for local services, more funding of existing service networks, more counsellor training in gambling issues, community awareness program on potential adverse effects of gambling, venue imposed limits on time spent on gaming machines by those known to have gambling problems, controls on amount of money that can be put through gaming machines in a set time period perhaps by lowering maximum bet, restricting multiple plays, or increasing returns to players, and adequate research into socio-economic impacts of gambling on families.

Gam-Anon:

- Believes problem gambling is an addiction that can lead to total loss of control and emotional illness, and that it is a destructive force to family and friends of the gambler, financially, emotionally and spiritually.

Gamblers' Helpline:

- clients have increased from 350 p.a. to 3,500 p.a. since the opening of Star City Casino and the introduction of poker machines in NSW hotels.
- recommends gaming commission to control gambling in NSW so it is more responsibly provided, coordination of problem gambling measures across industry sectors, monitoring and funding of all support services, a consistent responsible gambling slogan and warning signs for all sectors, a 1% levy on all gambling operators for service delivery, and evaluation of G-Line.

GAME: Gambling Counselling Service of St Vincent de Paul:
- gambling industry has a poor ethical track record and needs restraint and oversight of a gaming commission.
- criticises inaccurate advertising of gambling, programming of gaming machines to elicit problem gambling behaviour, use of touts and incentives to gamble, and illusionary and fanciful decor in gambling venues.
- recommends training of gambling venue staff to recognise problem gambling, machines to display total amount spent by patrons, and better coordination and scrutiny of problem gambling services.

Local Community Services Association Inc.:
- gambling destroys communities and their social capital, destroys families, harms children, disproportionately hurts low income and marginal people and groups, results in severe problem gambling for a significant minority, and is paid for through under-resourced services.
- believes government should reduce and discourage gambling, give the public interest priority over revenue-raising, limit the number, variety, placement and concentration of gambling opportunities, monitor and control advertising, marketing and incentives for gambling, highly tax all gambling to fund services for problem gambling and social infrastructure.
- recommends a code of conduct for gambling operators to ensure gamblers are informed about their chances, unfair inducements are not allowed, gamblers are informed about support services, there is a consumer redress system, self-exclusion from gambling venues is available, and the environment does not encourage uncontrolled gambling.
- recommends better funding, coordination and training of support services, community education, and further research into impacts of gambling.

Council of Social Service of NSW (NCOSS):
- identifies research that suggests welfare and family support agencies report 5% to 10% of clients have gambling-related problems, gambling has a net social cost, disadvantaged groups are more likely to experience adverse effects, gambling can cause family hardship through financial losses, increasing reliance on welfare, stealing, violence and deteriorating health, a high incidence of problem gambling amongst members of Sydney clubs, wide social, economic and cultural costs from problem gambling, gambling is heavily concentrated in low income areas, and 70% of problem gamblers play poker machines.
- recommends an immediate moratorium on the introduction of more poker machines in NSW, a gambling commission to limit the expansion of gambling, develop and enforce a mandatory code of practice for all gambling operators to ensure consumer protection, an industry levy to fund welfare, social services and problem gambling treatment programs, appointment of industry and community liaison officers to implement responsible gambling programs and undertake community education, gambling operators be required to advertise the true value of prizes and odds of winning, research be conducted into the extent and impact of inducements to gamble, inclusion of gambling information in school curricula, consumer health warnings on gambling, and increased resources for problem gambling services.

NSW Council on Problem Gambling:
- recommends better allocation of funding to support services, and a sustained community education and information campaign.

Public Interest Advocacy Centre (PIAC):
- identifies systematic breaches by gambling venues of prohibition of credit gambling, the *Trade Practices Act*, the *Fair Trading Act*, the *Contracts Review Act* and the *Credit Act*, and common law duty of care.
- recommends an independent regulatory body with community and consumer representation to ensure gambling services do not exploit customers, to monitor the industry and enforce consumer protection provisions, develop and enforce a mandatory code of practice for gambling operators, organise research on the impacts of gambling, handle customer complaints and disputes, develop and disseminate information about the negative effects of gambling, develop a staff training program about gambling problems, enforce self-exclusion orders, and restrict signage.

Rationalist Association of NSW Inc.:
- concern for health effects of gambling and inadequate counselling and treatment for problem gambling.

Shoalhaven Neighbourhood Centre:
- opportunities for people to gamble are too easy, accessible and glamourised by the industry.
- extent of problem gambling goes unnoticed and without public debate.
- insufficient research and public awareness campaigns on the impacts of gambling.
- problem gambling causes family devastation, marriage breakdown, damage to children, financial deprivation, health problems, loss of security and accommodation, shame, secretiveness, lack of trust and coping ability, suicide, and the costs of lower productivity, sickness, debt, crime, unemployment, welfare and support services.
- insufficient support services for problem gamblers and families, which need to have trained staff and be adequately available, advertised and resourced.
- prevention programs need to be developed, eg: skills development, social programs, education.
- recommends mandatory provision by gambling venues of patron information on support services, responsible gambling policies, and staff education, and more limits on cheque cashing, access to ATMs, and access to change.
- recommends no more poker machines, a community welfare levy to support local services, regulation of gambling environments to discourage disengagement form reality, regulation of machine manufacturers to avoid abuse of psychological inducements to gamble, limits on advertising that emphasises winning, health warnings, and limits on inducements to gamble.

Uniting Church in Australia:
- recognises the negative impact of addictive gambling, especially on dependents.
- additional gambling facilities should be approved only when they are in the public interest.
- recommends mandatory policies for gambling venues in consumer protection and proper policies for addressing problem gambling, eg: proximity to ATMs, credit facilities, staff training, signage about support services, exclusion procedures.
- advocates a whole of industry levy to fund a gambling council with community representation to develop and provide gambling policy, measures to prevent and treat gambling-related problems, research, public education, counselling and treatment services, advertising guidelines, assess social impacts of additional gambling, handle consumer complaints and fund community benefit in general.

University of Technology Sydney (Associate Professor Rob Lynch):
- recommends a gambling commission to promote industry best practice, ensure the honest conduct of gambling, and coordinate problem gambling policies and actions to minimise harm.
- recommends that a responsible gambling environment would be fostered by more opportunities for public debate, continually updated legislation communicated to relevant agencies and the public, staff training, coordinated funding and policy of problem gambling support services, coordinated responsible gambling policies across the industry, more patron education, restriction of advertising of gambling, more responsible advertising, and more research.

University of Western Sydney (Professor Mark Dickerson):
- recommends the Department of Community Services or Department of Health should hold the mandate for developing and managing a strategic plan for services for problem gamblers and their families, funded by the Casino Community Benefit Fund.

Wesley Gambling Counselling Service:
- supports need for a gaming commission to protect interests of problem gamblers and families, as numerous clients complain about inadequate policies and oversight of gambling, massive inducements to gamble, constant gambling advertisements and easy access to gambling.
- recommends gaming commission to examine new machines for their impact on problem gambling, investigate customer complaints, perform random checks on harm minimisation efforts of the industry, set minimum standards for harm minimisation measures, develop an advertising code for gambling, coordinate a public awareness campaign on the dangers of gambling, and provide information about problem gambling to the community.
- identifies greater need for consumer protection relating to credit gambling, underage exposure to gambling, fairness and honesty in gambling provision, warning signs and cautionary literature, inducements to gamble, gaming machine characteristics, numbers of poker machines, controls on promotions and advertising, prize limits, access to ATMs, self-exclusion, and intervention by gambling providers.
- criticises NSW gambling providers for doing little and being behind other states in responsible provision of gambling.
- notes that problem gambling services are insufficient and insecurely funded.

Women and Gambling Project:
- notes that women's participation in gambling has increased with availability and now approximates male participation.
- cites research that women want gambling venues to maintain a semblance of reality, provide adequate staff training in responsible gambling, restrict seductive advertising, bounties and inducements, provide non-gambling games and entertainment, improve machine payment practices, establish warning systems and other prompts to be responsible, provide realistic portrayal of gambling facilities and education about the odds, and ban ATMs from gambling venues.
- recommends an industry code of practice to ensure responsible and ethical provision of gambling.
- problem gambling policies and services need better coordination and should reflect female and multi-cultural needs.

Source: derived from submissions to the *NSW Gaming Inquiry*, (IPART, 1998).

From Table 3.4, numerous areas of concern relating to problem gambling are evident. Many submissions highlighted emotional, financial, health, legal, vocational and interpersonal impacts of problem gambling, not just for the gambler but also for spouses and children, with associated costs extending to specialist, health, community and legal services, employers and others. Thus, the submissions reflect the escalation of problem gambling to an important public health and social issue with ramifications that extend beyond the individual gambler into many other community sectors.

In treating gambling problems, there was common acknowledgement in the submissions that current services are inadequate especially for some groups and in some geographical areas, are poorly and inconsistently resourced, require better coordination and staff training, and should be informed by needs analyses and research into effective treatment methods. As such, they further identify the expectational gap that exists between community expectations and government efforts to establish an appropriate framework for tertiary intervention strategies to minimise harm from problem gambling. Additional unresolved expectations of the NSW Government raised by the submissions were further research into the social impacts of gambling and an independent body to oversee the gambling sector in NSW.

Another concern raised in the submissions was current gambling industry practices which promote problem gambling or exploit those at risk, such as misleading advertising, inducements to gamble, illusory design of gambling venues, easy access to gambling money, and failure to adhere to current consumer protection legislation. Numerous suggestions were made for how gambling operators can be more responsible providers of gambling services, with many submissions contending such requirements should be mandatory. While these will be analysed in more detail in Chapter Seven, suggested operator strategies included codes of conduct, patron and community education, staff training in responsible gambling, self-exclusion

programs, cautionary signage, information about support services, changes to machine design and the provision of industry funding to address problem gambling. While these stakeholder expectations for gambling operators to incorporate strategies to address problem gambling will be compared to current industry practices in NSW clubs in Chapter Seven, it can be noted here that few of these initiatives are currently implemented by other gambling operators in Australia. As discussed in Chapter Four, gambling operators who have adopted responsible gambling programs have tended to include codes of conduct, patron information, staff training, self-exclusion options, cautionary signage and information about support services, but have stopped short of altering machine or venue design, providing industry funding to address problem gambling or avoiding misleading advertising, gambling inducements and easy access to gambling money. Thus, the submissions reflect unresolved public expectations for a more responsible approach to gambling provision, one that has strategic implications for gambling operators.

3.6.3 Summary

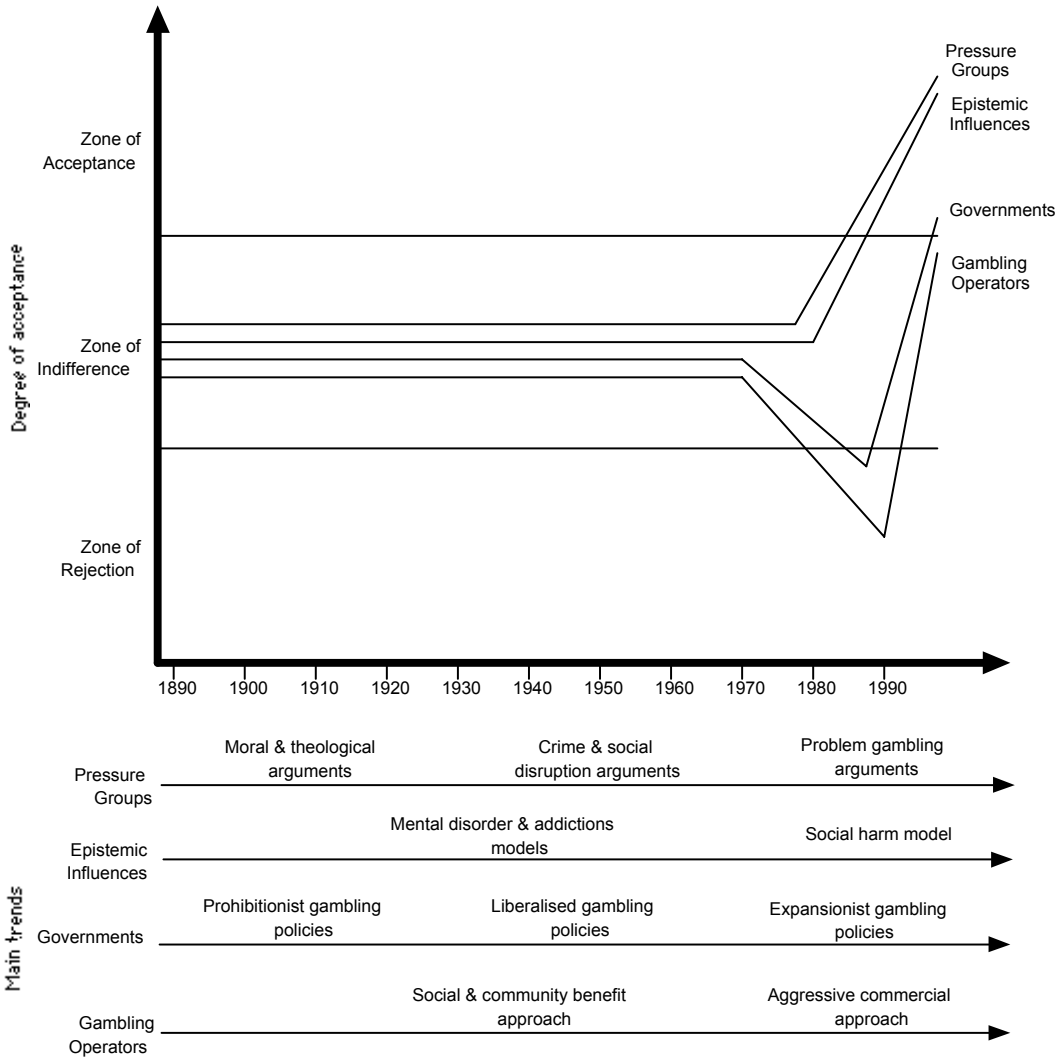
The preceding section has discussed the evolution of key arguments of various pressure groups seeking to abolish, restrict or reform gambling policies and practices, from a stance largely indifferent to problem gambling to acceptance of the issue as deserving attention, resources and lobbying. Early moral and theological objections, advanced principally by the churches and conservative middle classes, largely have evaporated with changing social attitudes and a broadening democracy resisting the imposition of sectional moral perceptions (Sylvan and Sylvan, 1985:226). For a time, these arguments were replaced or complemented by association of gambling with crime and social disruption. However, improved regulatory structures and monitoring and control mechanisms largely have dispelled fears of criminal infiltration in contemporary gambling, while a modern view of gambling as a natural and legitimate leisure activity has replaced the earlier view of gamblers as necessarily lazy, deviant or covetous. This more positive sociological perspective on gambling recognises that levels of gambling involvement are contextually based and has encouraged a broader view of gambling-related problems, not simply restricted to those diagnosed as ‘problem gamblers’. This has focused increased attention on the broader context in which gambling operates, and the obligations of governments and gambling operators in providing a responsible environment. Thus, the onus of responsibility has shifted from individual ‘problem gamblers’ needing assistance to overcome their affliction or weakness, to governments and gambling operators to enact structural changes to minimise gambling-related problems and the harm they generate. Contemporary arguments on

gambling reform reflect the importance of a strategic approach to managing the issue of problem gambling for gambling providers such as NSW clubs, with various pressure groups advocating changes to the ways in which gambling is operated, marketed and managed.

3.7 THE LIFECYCLE OF THE ISSUE OF PROBLEM GAMBLING

As discussed earlier in this chapter, Mahon and Waddock (1992:25) propose that a simultaneous understanding of key stakeholders' perceptions of the stage of an issue and their stance regarding the issue is necessary to understanding its lifecycle, current state and likely future impacts. In this chapter, evolving perceptions and stances relating to problem gambling of four key stakeholders have been examined. This evolution can be plotted over time to depict the interplay between these four stakeholders that has advanced the issue of problem gambling through its lifecycle. This depiction is shown in Figure 3.1 and discussed below.

Figure 3.1
A Lifecycle Depiction of the Issue of Problem Gambling in Australia 1890s-1990s



Source: adapted from Mahon and Waddock, (1992:26).

Figure 3.1 depicts the issue of problem gambling as a function of its interpretation by four key actors - pressure groups, the epistemic community, governments and gambling operators. It is an integrative model which recognises that, while a social problem may exist objectively, it only becomes an issue requiring managerial attention when defined as problematic to society by a key stakeholder or group of stakeholders (Mahon and Waddock, 1992:20). This occurs when one or more stakeholders accept the problem as relevant to their affairs and in need of a response. Following Mahon and Waddock's (1992) incorporation of Barnard's concept of 'zone of acceptance' (1938) in the issue lifecycle model, the position of each

dominant stakeholder is depicted in Figure 3.1 according to its degree of rejection, indifference or acceptance of the issue at various stages of its evolution

The lifecycle model in Figure 3.1 represents an approximation, with no quantitative measures for more accurate depiction. It shows how four dominant 'actors' have influenced the progression of problem gambling and shaped the agenda for corporate action since the 1890s. Until the 1970s, problem gambling received little awareness and attention from any stakeholder. Since then however, as expectational gaps between stakeholders have diverged, problem gambling has emerged as a significant corporate social issue for gambling operators in the 1990s. This widening of expectational gaps has arisen due to changes in expert opinion about problem gambling (epistemic influences), in the expectations of pressure groups for gambling operators and governments to address problem gambling, in shifting government policies on gambling, and in changes in the corporate performance of gambling operators. These changes are discussed below to summarise how trends in perceptions and stances of these four stakeholders have progressed problem gambling through its lifecycle to a stage where it now threatens to have significant strategic impacts on the future management of commercial gambling operations.

In Figure 3.1, epistemic influences and pressure groups are depicted as leading concern for the issue of problem gambling since the 1970s, prompted towards symbolic and substantive action by expansionist government policies on gambling and a more aggressively commercial approach by gambling operators. A redefinition of problem gambling by the epistemic community in terms of social harm, rather than a medical disorder, has been instrumental in projecting problem gambling into the social and public health arena, and in focusing demands to address problem gambling on governments and gambling operators rather than on individual gamblers. This change in focus has assisted and been mirrored by pressure groups seeking gambling reform, who have shifted their arguments away from an earlier emphasis on moral and theological objections and an association of gambling with crime and social disruption, to focus on social harm arising from problem gambling as their dominant concern. Thus, by the 1990s, both the epistemic community of researchers and experts in the field and pressure groups had taken the symbolic action of reframing the issue of problem gambling in terms of social harm, and they increasingly have undertaken substantive action by pressuring governments and gambling operators for gambling reform.

In Figure 3.1, the stance of Australian governments on problem gambling is depicted as descending from the 'zone of indifference' (Barnard, 1938) prior to the 1970s

when limited commercial gambling operations restricted social harm to levels acceptable to key stakeholders, to the 'zone of rejection' (Barnard, 1938) until the 1990s. From the 1970s to the 1990s, government policy on gambling shifted towards an expansionist approach where social benefit from gambling was superseded by economic imperatives. Some consumer protection measures were incorporated in gambling legislation, but lack of government initiatives to address problem gambling and a shift towards a policy environment that nurtured an aggressive commercial approach by gambling operators demonstrate that governments largely rejected problem gambling as an issue deserving attention. However, with increased pressure from the epistemic community and pressure groups, governments in the 1990s have taken at least symbolic action to incorporate mechanisms to address problem gambling into gambling policy, especially when they have legalised new forms of gambling. Government efforts have, however, fallen short of significant substantive action, shifting responsibility to problem gambling treatment providers and some gambling operators to address problem gambling. Governments have tended to allocate funding for the treatment of problem gambling and to require some gambling operators to adopt some harm minimisation and consumer protection measures, but have not enacted policy changes themselves which might impede their expansionist approach and the economic benefits it yields.

The role of gambling operators in advancing the issue of problem gambling through its lifecycle is depicted in Figure 3.1 largely as mirroring that of governments, shifting from the 'zone of indifference', to the 'zone of rejection' (Barnard, 1938), towards limited acceptance by some gambling operators of the need to address problem gambling. Prior to the 1970s, most gambling operators were licensed to conduct gambling to provide social and community benefits. Further, a restricted competitive environment meant gambling operators did not need to market their products vigorously. After the 1970s however, the social benefit agenda of legalised gambling was superseded by an aggressively commercial approach, fuelled by intense competition, a sympathetic policy environment and increased privatisation of gambling. These economic imperatives were pursued with minimal concern for any social ramifications of gambling, reflected in rejection of problem gambling as an issue warranting corporate attention and resources. During the 1990s however, pressure from experts, pressure groups and in some instances governments, has resulted in greater corporate attention to problem gambling and allocation of resources by a minority of gambling operators to address it. In most such instances however, these corporate efforts have not been substantial, often representing symbolic actions to improve corporate image.

From the preceding analysis, it is evident that problem gambling has now emerged as a significant corporate social issue in Australia, embodying the essential three characteristics of issues identified by Wartick and Mahon - impacts, controversy and expectational gaps (1994:306). In terms of impacts, influences from the epistemic community, pressure groups and governments now mean the issue of problem gambling is beginning to affect the way some operators manage and market gambling, and appear likely to have more widespread impact in the future. In terms of controversy, the opinions of pressure groups and the epistemic community conflict with current actions of gambling operators and governments to address problem gambling and their allocation of resources to the issue, even for those who have developed some responsible gambling strategies. This demanded change to gambling policy and management reflects expectational gaps between the four stakeholders examined in this chapter, a result of sustained divergence between current practices and stakeholder expectations for more responsible conduct of gambling. Thus, resolution of the issue relies on narrowing these gaps through substantive actions to address problem gambling.

Further, NSW registered clubs have not been immune from the influences of the four stakeholders examined in this chapter on the emergence of problem gambling as a corporate social issue. While demands by the epistemic community and pressure groups to take corporate actions to address problem gambling often have focused on commercial gambling in general, greater emphasis has been given to those forms more usually associated with problem gambling. As noted previously, one of these is machine gambling for which NSW clubs are the major providers in both NSW and Australia. Epistemic influences have helped identify the association between machine gambling and problem gambling along with the social harm that can arise, while pressure groups have increasingly vocalised their objections to lack of restraint over machine gambling operations and marketing.

However, NSW clubs had been able to ignore the issue of problem gambling for many decades. The implicit assumption that club machine gambling yielded important social benefits deflected public concern and government action. However, as NSW clubs joined other gambling providers in taking an aggressively commercial approach to their gambling operations to cope with an intensifying competitive environment, the social benefit foundation and not-for-profit focus of their machine gambling have been undermined. Their expansion and aggressive marketing of machine gambling have been pursued with disregard for its social ramifications and the increased commercial orientation of the clubs has driven attempts to attract more players, increase player persistence and encourage high machine expenditure. The

resulting public outcries over expansionist commercial gambling operations and a trade-off by the clubs to reduce taxation levels on gaming machines to former levels have catalysed a legislative response from the NSW Government which required the RCA to address problem gambling through developing a problem gambling policy and related strategies. Thus, responsible conduct of gambling was no longer an ethical issue for NSW clubs by 1998, but a legal and management issue. This has forced NSW clubs to shift their stance on problem gambling away from the 'zone of rejection' (Barnard, 1938) towards one that accepts more responsibility for addressing problem gambling. However, because of the early stages of their response to the requirements of Section 87AA of the *Liquor and Registered Clubs Legislation Amendment (Community Partnership) Act 1998 NSW*, an expectational gap still existed between the corporate actions of clubs in addressing problem gambling and those expected by other stakeholders by 1998.

Closing this expectational gap has strategic implications for the management of machine gambling in NSW clubs, by requiring allocation of resources and implementation of strategies to address problem gambling, if the clubs' legitimacy as responsible gambling providers is to avoid further challenge. The next chapter pursues this theme by examining theoretical models of corporate social responsibility and applied models of responsible gambling to evaluate their relevance to NSW clubs in their strategic management of the issue of problem gambling.

3.8 CHAPTER CONCLUSION

This chapter has focused on the second stage of the research design (Figure 1.1), drawing on secondary data to explain the emergence of the issue of problem gambling in Australia and its implications for NSW registered clubs. This analysis was conducted by examining the influence of four key stakeholders in defining the issue of problem gambling and in shaping the agenda for corporate action. The changing stances on problem gambling by the epistemic community, governments, gambling operators and pressure groups were analysed and then plotted over time to develop a lifecycle model of the issue of problem gambling.

Epistemic influences and pressure groups were shown to have led the emergence of problem gambling as an issue of corporate social concern. Through redefining problem gambling as a public health issue, the epistemic community of researchers and experts in the field has propelled problem gambling into the social arena with attendant responsibilities for gambling policy-makers and providers to enact

structural changes to minimise harm and increase consumer protection in gambling. Pressure groups also have established problem gambling as a corporate social issue by reframing their arguments for gambling reform to emphasise social harm from gambling and by calling on governments and gambling operators to be more responsible providers of gambling. Such pressure has been fuelled by the expansionist approach of Australian governments, their lack of initiatives to address problem gambling, their nurturing of an increasingly competitive environment for gambling, and the aggressive commercial response to this environment by gambling operators. The opening and divergence of expectational gaps between government and corporate performance in gambling and the expectations of other stakeholders has thus witnessed recent prominence of problem gambling as a significant corporate social issue.

Resolving the issue of problem gambling has strategic implications for gambling operators, such as NSW registered clubs. It is likely to require alterations to the management and marketing of commercial gambling operations in ways that require the allocation of corporate resources and a softening of their vigorous economic agenda to incorporate concerns for the social ramifications of gambling. While contemporary demands by stakeholders for NSW clubs to better manage their social responsibilities in gambling will be taken up in Chapter Seven, the next chapter examines theoretical models of corporate social responsibility and applied models of responsible gambling to assess how the issue of problem gambling might best be managed at the corporate level.

CHAPTER FOUR

ADDRESSING PROBLEM GAMBLING: RELEVANCE OF THEORETICAL AND APPLIED MODELS OF SOCIAL RESPONSIBILITY TO NSW CLUBS

4.1 INTRODUCTION

This chapter represents Stage Three of this study (Figure 1.1) and addresses its third objective by considering the relevance of theoretical models of social responsibility and applied models of responsible provision of gambling to NSW registered clubs in addressing the issue of problem gambling.

The field of study primarily drawn upon in this chapter relates to corporate social responsibility, specifically theoretical principles, processes and outcomes proposed to manage the social performance of organisations in congruence with stakeholder expectations. This focus on the corporate literature is necessary, as research into social responsibility in not-for-profit organisations largely has been ignored, as noted in Chapter One. Thus, a key task in this chapter is to assess the relevance of fundamental concepts in corporate social responsibility to not-for-profit NSW clubs in addressing problem gambling at the organisational level.

To achieve this firstly requires considering whether theoretical foundations for social responsibility in profit-based organisations have relevance for NSW clubs in explaining their social obligations to address problem gambling. Thus, the next section in this chapter (Section 4.2) argues that, because the not-for-profit status and social role of NSW clubs means their legitimacy principally is derived from their social, rather than economic, role, the clubs have greater public responsibility to address the consequential impacts of their core product. They also are answerable to a broader range of stakeholders, their managerial discretion for addressing the issue of problem gambling is narrower, and societal expectations for ethical behaviour are heightened, when compared to their profit-based counterparts.

Section 4.3 then reviews key concepts relating to managing social responsibility in profit-based organisations. When applied to not-for-profit clubs, this review reveals

theoretical explanations for why their social performance in machine gambling operations has not met stakeholder expectations in the past, and provides some direction for improving their social performance in the future through attention to socially responsible principles, socially responsive processes and outcomes of organisational behaviour. This review also provides a basis for considering the relevance of existing models of responsible provision of gambling to NSW clubs. This assessment (Section 4.4) concludes that deficiencies in socially responsible principles, processes and outcomes are inherent in these models. Further, their applicability to NSW clubs is questioned, due to the clubs' not-for-profit status and social role and the elevated expectations of their stakeholders for more responsible provision of gambling.

Section 4.5 then develops a framework to structure the empirical research into the status of NSW clubs in managing problem gambling to the satisfaction of key stakeholders by 1998. The framework is derived from theoretical models of corporate social performance, while taking into account the needs and limitations of empirical research. It is developed to assess the congruence between principles and practices adopted in machine gambling operations by NSW clubs to address problem gambling, and those expected by key stakeholders in 1998.

The chapter is structured so the discussion is broadly consistent with issues raised in the research objectives identified in Chapter One, with their progressive focus on examining the past performance, current status and future direction of NSW clubs in managing problem gambling.

4.2 RELEVANCE OF THEORETICAL FOUNDATIONS OF CORPORATE SOCIAL RESPONSIBILITY TO EXPECTATIONS FOR RESPONSIBLE PROVISION OF GAMBLING BY NSW CLUBS

Most researchers would agree that the field of study concerned with social responsibility is in its infancy. While early forms of corporate social responsibility were practised (Bowen, 1953; Eells and Walton, 1961, 1969; Heald, 1970; Bremner, 1987), less than fifty years of scholarly input have passed since Howard Bowen sparked the 'modern era of social responsibility' (Preston, 1975:435; Carroll, 1979:497; Wartick and Cochran, 1985:759) with his landmark book, *Social Responsibilities of the Businessman* (1953). By the late 1960s, corporate-society research was emerging as a legitimate field of study and managerial concern (Preston, 1986). Early literature was dominated by debates between scholars subscribing to the traditional economic view of business, and those advocating expanded interpretation of corporate social responsibility in recognition that

institutional legitimacy also is gained from the social domain. Later arguments relating to public responsibility, stakeholder responsibility, issues management and ethical decision-making then focused on identifying particular social responsibilities of individual businesses and their managers.

This section reviews these theoretical foundations for corporate social responsibility to assess their relevance for NSW clubs in managing the issue of problem gambling. The ensuing discussion argues that the not-for-profit status and social role of NSW clubs means their legitimacy is derived principally from their social, rather than economic, function. Further, compared to profit-based firms, it is argued that these features of NSW clubs mean they have greater public responsibility to address the consequential impacts of their core product, that they are answerable to a broader range of stakeholders, that managerial discretion for addressing the issue of problem gambling is narrower, and that societal expectations for ethical behaviour are elevated.

4.2.1 Organisational Legitimacy Foundations for Social Responsibility in NSW Club Gambling

As discussed in Chapter Two, legal gambling operations in Australia prior to the 1970s had assumed a substantial supportive social role, largely being restricted to not-for-profit organisations and governments. Legalised gambling became institutionalised by gaining legitimacy in fulfilling certain functions within the social system. Gambling operators were assumed to meet their social contract by diversion of profits to social benefit and through their role in deterring illegal gambling operations. Gambling revenues were directed at community support, charitable organisations, public infrastructure and the advancement of socially desirable activities such as sport and recreation. For NSW clubs, gambling revenues supplemented government expenditure on public amenities and social and charitable projects at the local community level, and it was assumed their not-for-profit status would deter exploitation of their monopoly over machine gambling to pursue commercial objectives such as profit maximisation, asset accumulation, and market and product development.

This social, not-for-profit role of NSW clubs and other Australian gambling operators prior to the 1970s differs from the conventional role of for-profit organisations, whose economic focus traditionally was underpinned by a fundamentalist view of business. This view, particularly promoted in the United States between the 1950s and early 1970s, held that ‘whatever social responsibilities

corporations have are exhausted by marketplace performance' (Buchholz, 1991:19). The most ardent proponent was Milton Friedman who argued 'there is one and only one social responsibility of business - to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in free and open competition without deception or fraud' (1962:133). Friedman (1962, 1970) considered that corporations should pursue only their economic self-interest, that corporate responsibilities extended solely to stockholders, that the one concern of stockholders was financial return, and that government was the single legitimate vehicle for addressing social concerns. He reasoned that promoting corporate social responsibility was morally wrong, a misuse of corporate funds and risked undermining the market mechanism for allocating resources. In short, Friedman contended that 'the business of business is business' (1962:135), a view supported by Sheldon (1923), Levitt (1958) and fellow Chicago economist, Friedrich von Hayek (1960).

While the legitimacy of for-profit businesses may be derived principally from their economic function, successful marketplace performance alone is an inappropriate basis for the organisational legitimacy of NSW clubs. Unlike for-profit organisations, NSW clubs have an explicit responsibility to serve member and community interests rather than their own self-interests, and have no economic responsibility to produce profits for shareholders. In fact, by law, NSW clubs cannot distribute excess revenues. Further, the social function of NSW clubs has been instrumental in protecting them from unfettered competition for gambling. Thus, no natural market mechanism has operated to temper gaming machine revenues; the expectation has been that their not-for-profit status and social role would prevent clubs from exploiting their protected position for economic ends. As discussed in Chapter Two, this protection was granted by the NSW Government as a way of delegating some responsibility for addressing social concerns to the clubs, in return for their provision of social benefit financed by gambling revenues. Thus, organisational legitimacy for the clubs principally is derived from their social, not economic, function.

However, the legitimacy of organisational practices, and by implication, that of organisations, are ongoing societal and organisational concerns (Sharfman, 1994:238). Organisational legitimacy can be undermined when organisational goals and practices diverge from the basis of that legitimacy. As discussed in Chapter Two, such divergence has occurred in NSW clubs, where increased commercialisation of machine gambling operations has diminished their social

benefit role, and now risks their ongoing legitimacy as dominant providers of machine gambling.

Organisational legitimacy also can be undermined when the basis for that legitimacy changes. From the 1970s, proponents of social contract theory argued, in the context of for-profit organisations, that business legitimacy arises from a broader context than

the economic environment and that business has social, as well as economic, roles and therefore obligations (for example, Anshen, 1983; Donaldson, 1985; Bowie, 1991). In contrast to the fundamentalist view of business, they contended a 'highly implicit social agreement', specifying rights and duties of individuals and groups in society (Anshen, 1983), evolves through 'the continuing process of organizational legitimation' (Preston, 1978/1990:66). Because economic progress is no longer equated with social progress, the social contract of business now included social responsibilities (Dunstan, 1976:9; Anshen, 1983; Buchholz, 1991:21). Thus, while the social contract of NSW clubs had been explicit since their inception, their shift away from this basis of legitimacy has occurred in the context of mounting pressure for even profit-based businesses to fulfill their social contract by assuming social, as well as economic, responsibilities. Thus, to adopt Preston's terminology (1990:4-5), the 'social legitimacy' of NSW clubs is under threat of being undermined by increased concentration on their 'market legitimacy', a trend that clearly defies calls for organisations to strengthen, rather than diminish, their social contract.

Proponents of social contract theory also pointed to the social power of organisations to argue that social responsibility accompanies corporate trusteeship over society's resources, and their opportunity, capacity, and potential for broad social impact (Berle, 1954; Davis, 1990). Davis (1973:314) articulated this in his Iron Law of Responsibility that 'society grants legitimacy and power to business' such that 'in the long run, those who do not use power in a manner which society considers responsible will tend to lose it'. While these authors were referring to for-profit organisations, not-for-profit organisations also can wield substantial social power. For NSW clubs, this power derives from the integral role of gambling in the Australian social fabric and the clubs' dominance in gambling provision in a context where permission to operate gambling is considered a privilege not a right. Accompanying this power then, is a responsibility to manage their gambling operations in a manner sensitive to societal values and expectations, if clubs are to avoid social control mechanisms in retaining their role, power and legitimacy (Davis, 1973:314). As discussed in Chapter Three, the emergence of problem gambling as a social issue and criticism directed at clubs for irresponsible practices which exploit the gambling public and for their failure to incorporate socially responsible practices to minimise harm and protect consumers of gambling products, reflects perceived misuse of their social power and the emergence of social control mechanisms attempting to reduce that power.

4.2.2 Public Responsibility Foundations for Social Responsibility in NSW Club Gambling

Acknowledgement that business has social consequences and attendant social obligations prompted efforts during the mid-1970s to relate these to specific organisational circumstances, at least in the context of for-profit businesses. However, as discussed below, the contention that public policy provides an appropriate source of direction for determining particular social responsibilities an organisation might have (Preston and Post, 1975; Buchholz, 1977) also has relevance for not-for-profit organisations such as NSW clubs.

Defining public policy as 'the broad pattern of social direction reflected in public opinion, emerging issues, formal legal requirements, and enforcement or implementation practices' (1981:57), Preston and Post asserted that, along with the market mechanism, public policy is 'the source of guidelines and criteria for managerial behavior' (1975:55). While the market dictates direction for an organisation's 'primary involvements' or its essential economic tasks, the public policy process provides direction for its 'secondary involvements' obligated by the consequential impacts of its primary involvement activities (Preston and Post, 1975:10-11). Thus, corporations face dual public responsibilities - to the market and to the public policy process (Wartick and Cochran, 1985:761).

As discussed in Chapter Three, pressure groups and public commentators increasingly have sought to influence the public policy process relating to gambling because discretionary responses of most gambling operators, including NSW clubs, have proved inadequate in addressing problem gambling to the satisfaction of the general public. The result has been escalating community groundswell and public backlash against the inaction of gambling operators, propelling problem gambling into a significant social issue. This has been accompanied by the introduction of legislative requirements for some gambling operators to adopt harm minimisation and consumer protection measures to better reflect the broad pattern of social direction in gambling. However, continued public attention to the issue of problem gambling suggests the public policy process thus far has been inadequate to resolve it to the satisfaction of key stakeholders. It may be expected then, that public pressure on gambling operators to address one of the main consequential impacts of its primary involvement activities, problem gambling, will continue to escalate. For NSW clubs, with their explicit community benefit and public interest role, public expectations to be responsive to the public policy process may be even greater than for their profit-based counterparts, while expectations of the clubs' responsibility to

the market may be comparatively less. However, as discussed earlier, increased commercialisation of club machine gambling appears to have limited this responsiveness. The recently enacted *Liquor and Registered Clubs Legislation Amendment (Community Partnership) Act 1998 NSW* represents a legislative attempt to improve the responsiveness of clubs to the public policy process relating to problem gambling.

4.2.3 Stakeholder Responsibility Foundations for Social Responsibility in NSW Club Gambling

While the notion of public responsibility helped focus attention on identifying the scope of organisational responsibilities, stakeholder theory, which gained prominence in the 1980s, delineated to whom an organisation should be responsible. Key elements of stakeholder theory are discussed below to consider their relevance for NSW clubs in addressing problem gambling.

R. Edward Freeman (1984) is credited with popularising stakeholder theory, laying the foundation for continuing efforts to build stakeholder frameworks and theories (Clarkson, 1995:105) which recognise that organisational responsibilities extend beyond those to shareholders to a much wider constituency (Ansoff, 1965; Bruono and Nichols, 1990). Stakeholder theory reconceptualises the organisation as a network of constituents with a legitimate stake, claim or interest in its operations and decisions (Freeman, 1984; Carroll, 1991a:43; Freeman and Liedtka, 1991:96; Clarkson, 1995:110). Neil Chamberlain (1953) was amongst the first to link stakeholder relationships to social responsibility by arguing that the latter 'can only be satisfied by performance of obligations to particular individuals or stakeholders' (1953:13). Retaining the support of key stakeholders is crucial to organisational survival and success (Meznar, Chrisman and Carroll, 1990; Waddock and Mahon, 1991:232; Clarkson, 1995:110) because stakeholder perceptions can potentially affect the reputation, status or performance of an organisation, or influence external factors such as legislation which affect its ability to operate under prevailing conditions (Waddock and Mahon, 1991:233). Further, organisational-stakeholder relationships undergo continuous change, with challenges from dissatisfied stakeholders requiring adaptation of organisational behaviour. Failure to address such challenges leads to a widening of expectational gaps between organisations and their stakeholders which ultimately may lead to the emergence of a social issue, and attendant reduction in managerial discretion over organisational behaviour.

As examined in Chapter Three in the context of problem gambling, numerous stakeholders exert differing pressures on gambling operators and increasingly have vocalised their expectations and demands. Their influence on elevating problem gambling to an issue demanding the attention of gambling operators already has been discussed. However, for NSW clubs, problems of stakeholder relationships may be exacerbated by their not-for-profit status. Unlike profit-based businesses, not-for-profit organisations always have a multitude of constituencies with whom they must manage a relationship (Drucker, 1990:83,123). Further, the management agenda of not-for-profit organisations is dominated by stakeholder tensions over who is, or should be, determining organisational policy, and the need to ensure the organisation maintains responsive relationships with shareholders, government departments, the local community, all levels of staff and customers (Billis, 1993:327, 335). In the absence of clear performance indicators such as profitability, numerous authors have advocated the central role of stakeholders in evaluating the effectiveness of not-for-profit organisations and the importance of balancing stakeholder demands (Taylor and Sumariwalla, 1993; Murray and Tassie, 1994; Drucker, 1990). For NSW clubs, support is needed by a range of primary stakeholders, including management, Boards of Directors, staff, club members, other patrons and government departments, while they also are subject to the influence of secondary stakeholders such as local communities, pressure groups and the media. While this diversity of stakeholders may complicate policy decisions, particularly regarding an issue as sensitive as problem gambling, it also means that clubs may be subject to wider scrutiny in their gambling operations.

Further, the complexity and ambiguity endemic to the multiple purposes of not-for-profit organisations (Mason, 1984) may exacerbate difficulties in balancing stakeholder demands. For NSW clubs which increasingly have sought to achieve economic, along with traditional social goals, this complexity and ambiguity may be heightened. Indeed, it appears that the trend in NSW clubs to adopt more commercial management techniques risks diminishing the role of key stakeholders in the way predicted by Billis when not-for-profit organisations adopt ‘business concepts’ (1993:336). While commercial businesses rely on a hierarchical chain of command underpinned by accountability to shareholders and authority granted by superiors, not-for-profit organisations are accountable to, and derive authority from, a much wider constituency. Thus, by adopting a more commercial approach to their machine gambling operations, NSW clubs have diminished the priority given to stakeholder expectations for a social benefit focus in club gambling, with a consequent widening of expectational gaps between organisational performance and stakeholder expectations in gambling.

4.2.4 Social Issues Foundations for Social Responsibility in NSW Club Gambling

As analysed in Chapter Three, problem gambling has emerged as a social issue of importance to gambling operators, including NSW clubs. A brief review of social issues foundations for corporate social responsibility is presented below to explain how NSW clubs might be faced with higher expectations for addressing this issue than are profit-based gambling operators, with attendant limitations on the amount of managerial discretion clubs might enjoy.

Increased attention to social issues management by both researchers and business organisations has been prompted by an increasingly turbulent business environment, corresponding shifts in public expectations of business, the emergence of well-organised, vocal interest groups and intensified public attention to corporate impacts since the 1970s (Greening and Gray, 1994:468; Waddock and Mahon, 1991:231). Thus, managing these impacts has become 'a subject of vital interest to corporate survival and managerial autonomy' (Wood, 1991b:383-384), not just for profit-based organisations but also for not-for-profit organisations when their social impacts are extensive and controversial. Both institutional and resource dependence theories acknowledge that organisations respond to external pressures for change to maintain legitimacy and stability (Oliver, 1991; Meyer and Rowan, 1977). Institutional theory explains how organisations are rewarded by increased legitimacy, resources and survival capabilities when they adopt practices consistent with public opinion and the preferences of institutionalised pressure groups (Greening and Gray, 1994:470-471). Resource dependence theory recognises that organisations are constrained by, and depend on, other institutions that control critical resources for them and that organisations attempt to manage the accompanying uncertainty by interpreting external demands, by managing their public image, and by dealing with social issues (Greening and Gary, 1994:471-472). Thus, both institutional pressures faced by organisations and the strategic judgement of top management determine their responses to environmental pressures (Judge and Zeithaml, 1992; Oliver, 1991). Issues management is therefore both an institutional response and a strategic adaptation to external pressures (Greening and Gray, 1994:492).

The functions of issues management are to use information obtained from environmental scanning to devise issue-specific strategies to minimise 'surprises' emanating from a turbulent business environment, to integrate social policy into organisational policy, and to prompt systematic and interactive responses to

environmental change (Wood, 1991b:395; Wartick and Cochran, 1985:766). Further, the overriding purpose of issues management relates directly to organisational survival and success. Failure to assess environmental changes and threats and to respond quickly and thoroughly to issues that command intense public, governmental and media attention risks destruction of organisational reputation and credibility, litigation, ill-conceived legislation and regulation, and forfeiture of legitimacy as an acceptable organisation within society (Litz, 1996:1361). As expectational gaps widen between organisational behaviour and the expectations of key stakeholders, and as external stakeholders learn to exert influences that necessitate organisational responses, the 'zone of managerial discretion' narrows such that options available for organisational action begin to close and alternative actions diminish (Mahon and Waddock, 1992:29). Thus, the extent of expectational gaps and therefore the 'zone of managerial discretion' depend not only on organisational responses to an issue, but also the expectations of key stakeholders.

For NSW clubs, their not-for-profit status and social role may heighten stakeholder expectations to address the issue of problem gambling because these features mean that clubs are answerable to a broad constituency, are expected to prioritise public interest over self-interest, and are obligated to fulfill their charter to contribute to social, rather than economic, benefit. These heightened expectations of clubs for responsible provision of gambling would appear to narrow their 'zone of managerial discretion' (Mahon and Waddock, 1992:29), such that failure to address the issue of problem gambling correspondingly heightens the risk of loss of reputation, legitimacy and credibility in the public view. Indeed, the *Liquor and Registered Clubs Legislation Amendment (Community Partnership) Act 1998 NSW* already has narrowed this zone substantially, through a legislative, albeit self-regulatory, approach by the clubs in responsible management of gambling. However, it remains to be seen whether the clubs will effectively implement an adequate response which meets the heightened expectations of key stakeholders and which resolves the issue of problem gambling to their satisfaction.

4.2.5 Ethical Foundations for Social Responsibility in NSW Club Gambling

As noted earlier, it is not only institutional pressures faced by organisations that determine responses to environmental pressures, but also the strategic judgement of top management (Judge and Zeithaml, 1992; Oliver, 1991). Accordingly, ethical

foundations are also important in corporate social responsibility, but may attract even higher expectations for not-for-profit organisations, as discussed below.

While early theorists had attempted to ascribe moral agency to organisations (Ackoff and Emery, 1975; Goodpaster and Matthews, 1982; Donaldson, 1985; Werhane, 1985; Hoffman and Frederick, 1986; French, 1990; DeGeorge, 1990), later literature turned to ethics in management to advocate a moral role for organisational participants. From the mid-1980s, a strong emphasis on business ethics and managerial discretion in decision-making emerged amongst corporate-society scholars to reflect that 'a company's social responsibilities are not met by some abstract organizational actor; they are met by individual human actors who constantly make decisions and choices' (Wood, 1991a:699). That is, the organisational conscience was viewed as a logical and moral extension of its principals (Pava and Krausz, 1997:338). Wood reasoned that managers have ethical responsibilities in business because they operate in an organisational and societal environment full of choices, because organisational procedures and policies do not totally prescribe their actions, and because they are moral actors at work, as in other life domains (1991a:699). Thus, managers cannot avoid responsibility for how they exercise their substantial discretionary power.

Two bases for ethical values are commonly discussed (Jeavons, 1994:187-188). The first derives ethical standards from philosophical absolutes or higher moral principles, such as rights, justice, impartiality and fairness. The second derives ethical standards from the reference point of social or community standards for what is expected or acceptable. These two standards often are intertwined such that community expectations for ethical organisational behaviour often are grounded in moral principles (Jeavons, 1994:188). However, the corporate-society literature has tended to interpret ethical behaviour as that which adheres to the standards, norms, values and expectations of organisational stakeholders (Carroll, 1979; Wartick and Cochran, 1985). While this approach has been criticised (Swanson, 1995), the corporate-society literature increasingly has recognised that corporate social responsibility involves transcending what is required through law and regulation, to embrace voluntary corporate behaviour that fulfils ethical expectations. Thus, given their discretionary power, managers have a responsibility for ethical decision-making that influences corporate social behaviour and organisational responses to social issues (Wood, 1991a, 1991b). To avoid this responsibility risks social backlash if organisational behaviour conflicts with higher moral codes or community standards.

Further, community expectations for appropriate discretionary responses to social issues may be heightened for not-for-profit organisations, such as NSW clubs. Jeavons (1994) argues that, by virtue of the unique historical and societal dimensions of the character and function of not-for-profit organisations, expectations for their ethical behaviour are greater than for profit-based firms. Based on their function and responsibility to serve the public good, not-for-profit organisations are given special standing and certain legal and taxation advantages, thus strengthening their implicit social contract and public expectations that they will honour moral and humanitarian values and avoid self-serving actions (1994:186). That is, as vehicles for preserving, transmitting and promoting social values, not-for-profit organisations are objects of particular community expectations that they embrace moral principles of integrity, openness, accountability, service and charity, and will elevate the public good and concern for others above their own self-interest (1994:191-192).

As previously discussed, NSW clubs receive certain privileges and advantages not available to their for-profit counterparts on the assumption they serve the public good by pursuing or promoting social interests. Considerable trust is placed in clubs to avoid abusing their machine gambling privileges to advance their positions of power and influence instead of advancing the social objectives for which they were established. If trustworthiness is one of the most basic expectations the public holds for not-for-profit organisations (Jeavons, 1994:192-193), then NSW clubs have an ethical responsibility to maintain integrity in operating machine gambling for the public good, to retain public trust through being open to public scrutiny and publicly accountable for the use of machine gambling revenues for mutual benefit and community interests, and to be charitable through committed concern for the welfare of others. Thus, fulfilling the clubs' social contract involves a reciprocal duty to act in the public interest in return for their machine gambling, and other, privileges. Failure to do so violates both higher moral principles which not-for-profit organisations are expected to adhere to and community expectations for ethical behaviour. In terms of problem gambling, NSW clubs may therefore be expected to take a more proactive approach than their for-profit counterparts by avoiding actions which might exacerbate the problem and by adopting measures to minimise its harmful consequences.

4.2.6 Summary

This section has drawn upon various theoretical foundations for social responsibility in profit-based firms and assessed their relevance in explaining expectations for

NSW clubs in responsible provision of gambling. While NSW clubs are not-for-profit organisations, their increasingly commercialised approach to machine gambling operations and their evolution from donative mutual organisations to commercial entrepreneurial ones (Hansmann, 1980), suggest they are not immune from societal expectations for corporate social responsibility. In fact, such expectations are heightened due to their explicit social benefit charter. Because the social contract of clubs underpins their rights as major gambling providers, violation of this contract has undermined their legitimacy and prompted criticism of how clubs have exploited their influence and power to elevate economic concerns above social responsibilities. Until recently, they largely have ignored their public responsibility to address one consequential impact of their machine gambling operations, problem gambling, fuelling increased attempts by various stakeholders to influence the public policy process. Further, retaining stakeholder support is particularly important for NSW clubs which, as not-for-profit organisations, derive legitimacy from a wider constituency than their profit-based counterparts. However, failure to retain this support has resulted in the elevation of problem gambling to a significant social issue for contemporary clubs, reflected in widening expectational gaps between club performance and stakeholder expectations for a social benefit focus in club gambling which incorporates ethical concerns for meeting community standards.

In summary, the organisational legitimacy, public responsibility, stakeholder responsibility, issues management and ethical responsibility foundations for corporate social responsibility appear relevant in understanding expectations for NSW clubs to be socially responsible providers of machine gambling. However, while such concepts are valuable in understanding the emergence of social responsibility in gambling as a management issue, they provide little theoretical direction for how clubs and other gambling operators might address these responsibilities. This chapter now turns to three key scholarly perspectives on managing corporate social obligations to assess their potential theoretical contribution to the management of responsible provision of gambling by NSW clubs.

4.3 RELEVANCE OF THEORETICAL FOUNDATIONS IN CORPORATE SOCIAL PERFORMANCE FOR MANAGING RESPONSIBLE PROVISION OF GAMBLING IN NSW CLUBS

The management of social performance in not-for-profit organisations has attracted minimal research because it is assumed irrelevant to organisations with an explicit

social function (Mahon and McGowan, 1991). Thus, this section primarily draws on literature pertaining to profit-based firms to uncover theoretical explanations for why the performance of NSW clubs in their machine gambling operations has not been considered socially responsible in the past, and to assess its potential theoretical relevance to not-for-profit clubs in responsible conduct of gambling. The review also establishes a basis for assessing existing models of responsible provision of gambling for their potential relevance for NSW clubs in managing problem gambling.

Litz (1996:1357-1358) notes that contemporary discourse on corporate social responsibility began amidst the affluence of 1950s post-war America, advocating that corporations accept social obligations arising from their prominent and powerful position in society. However, moral contemplation of corporate social responsibility was supplemented in the 1970s by the more action-oriented corporate social responsiveness. Since the 1980s, an expanded framework of corporate social performance has been proposed, integrating concepts of corporate social responsibility, corporate social responsiveness, and corporate social outcomes as the grounding principles, processes and outputs that comprise the study of corporate-society relationships. The following review of theoretical developments in the management of corporate social obligations is structured according to these three orientations, with attempts made to assess the applicability of key concepts to not-for-profit clubs in both explaining why they have not been considered responsible providers of gambling, and in providing theoretical direction for future management of the issue of problem gambling.

4.3.1 Principles of Corporate Social Responsibility and their Relevance for NSW Clubs

While the rationale for corporate social responsibility had gained some clarification by the mid-1970s, early conceptualisations of the nature of corporate social responsibilities were typically ‘amorphous and fuzzy’ (Buchholz, 1991:23). Definitions such as pursuing the ‘objectives and values of society’ (Bowen, 1953:6), fulfilling ‘expectations of the public’ (Frederick, 1960:60), adhering to ‘ethical principles’ (Eells and Walton, 1961:457-458), meeting obligations ‘beyond’ economic and legal obligations (McGuire, 1963:144) and accomplishing ‘social benefits’ (Davis, 1973:312) provided few normative guidelines for managerial behaviour. The operational meaning of corporate social responsibility remained extremely vague (Sethi, 1975), providing little guidance for what should be done beyond ‘something more’ than the generation of profits (Ackerman and Bauer,

1976:7). However, from the mid-1970s, efforts to define the concept more precisely were directed at identifying the types of social responsibilities a firm might have.

For example, Steiner (1975:169) conceptualised corporate social responsibilities as a continuum, from 'traditional economic production' to 'government dictated' to a 'voluntary area' and lastly to 'expectations beyond reality'. His definition was amongst the first to explicitly incorporate economic, legal *and* voluntary domains, as did Frederick's contention that corporate social obligations may affect corporate operations and profits either positively or negatively and be discharged voluntarily or coercively through government directives (1978/1994:151). The Committee for Economic Development (1971:15) recognised three levels of social responsibility - (1) 'clear-cut basic responsibilities for the efficient execution of the economic function'; (2) 'responsibility to exercise this economic function with a sensitive awareness of changing social values and priorities'; and (3) 'newly emerging and still amorphous responsibilities that business should assume to become more broadly involved in actively improving the social environment'. In agreement with Preston and Post (1975), this definition explicitly acknowledged that, as society's expectations changed over time, so would an organisation's social responsibilities.

One conceptualisation of corporate social responsibility which proved resilient was proposed by Carroll (1979). He considered the social responsibility of for-profit businesses to encompass 'the economic, legal, ethical and discretionary expectations placed on organizations by society at a given point in time' (1979:499). In explaining this categorisation, Carroll noted that the 'first and foremost' social responsibility of business is economic, to produce goods and services which consumers want at an acceptable level of profit (1979:500, 1991a:41). However, because society lays down laws and regulations under which business is expected to operate, organisations have legal responsibilities as part of their social contract (1979:500, 1991a:41-42). While certain ethical norms about fairness and justice are embodied in economic and legal responsibilities, Carroll (1979:500, 1991a:41) maintained that additional ethical behaviours are expected of business, and embody 'those standards, norms, or expectations that reflect a concern for what consumers, employees, shareholders, and the community regard as fair, just, or in keeping with the respect or protection of stakeholders' moral rights' (1991a:41). The fourth domain, discretionary responsibilities, encompasses voluntary corporate actions in response to society's expectation that businesses be good corporate citizens, and promote human welfare or goodwill by contributing resources to the community to improve quality of life (1991a:42). While inaccurate to view these as

responsibilities, due to their discretionary nature, Carroll argued such actions are certainly desired, if not expected, of corporations (1979:500).

Carroll's (1979) conceptualisation proved to have wide appeal (Wood, 1991b:388), with the conceptual validity of his four domains later supported by empirical studies (Aupperle, 1982; O'Neill, Saunders and McCarthy, 1989; Pinkston, 1991; Ibrahim and Angelidis, 1993, 1995). Importantly, the model recognised and accepted the importance of economic responsibilities as a subset of social responsibilities and helped reconcile former dilemmas arising from treating economic and social responsibilities as mutually exclusive (Wartick and Cochran, 1985:764). Further, these four domains of corporate social responsibility endured in later models of corporate social performance (Carroll, 1979; Wartick and Cochran, 1985).

Thus, by the end of the 1970s, there was substantial agreement in the literature that economic responsibilities should be included within the construct of corporate social responsibility, that social responsibilities are linked to societal values and expectations, and that they change over time. Further, meeting these responsibilities requires business to undertake voluntary and ethical actions beyond those dictated by law, regulation and corporate economic concerns. However, these scholarly developments relating to the construct of social responsibility were directed specifically at profit-based firms, with their relevance for not-for-profit organisations such as NSW clubs yet to be established. The ensuing discussion assesses this relevance.

Principles underpinning corporate social responsibility, as discussed above, were directed at for-profit businesses, whose fundamental economic function provides the rationale for their existence. Thus, fulfillment of economic responsibilities was considered the most basic level of corporate social responsibility (Steiner, 1975; Committee for Economic Development, 1971; Carroll, 1979), an assumption that, at face value, seems not to apply to not-for-profit organisations. However, many not-for-profit organisations are concerned with profit generation, even though they do not distribute that profit to shareholders (Massarsky, 1994:384). Indeed, fulfillment of the social function of many not-for-profit organisations relies on the generation of excess revenues (Hammack and Young, 1993:2-3). This is the case with NSW registered clubs, as they are essentially self-funding and rely on the generation of profits to fulfill their charter. Thus, models of social responsibility that incorporate economic principles may still apply to not-for-profit organisations, such as NSW clubs. Further, additional principles of legal compliance, ethical obligations and

voluntary actions to contribute to social benefit, as identified in these models, would seem equally applicable to not-for-profit as profit-based organisations.

However, what may differ between socially responsible principles adopted by for-profit and not-for-profit organisations is the relative priority placed on these principles. Carroll's (1979) model with its emphasis on the relative priorities given to its four domains – economic, legal, ethical and discretionary - appears to have particular value in identifying principles of social responsibility adopted by not-for-profit clubs and how these might influence the management of their social responsibilities in gambling. The social benefit foundations of NSW clubs (their not-for-profit status and social role) imply they would accord more priority to legal, ethical and discretionary responsibilities and relatively less to economic ones when compared to their profit-based counterparts. Paradoxically however, the history of club development (Chapter Two) has demonstrated an increasingly commercial focus in club machine gambling operations, shifting fundamental principles from the provision of gambling for social benefit to those more concerned with the usual commercial imperatives of profit maximisation, asset accumulation and market share.

When viewed in terms of Carroll's (1979) four-part construct, NSW clubs appear to have compromised their legal, ethical and discretionary responsibilities in machine gambling for greater focus on economic concerns. For example, Chapter Three identified numerous areas where NSW clubs have breached their legal obligations, providing cash advances for gambling, cashing third party cheques, and breaching the *Trade Practices Act*, *Fair Trading Act*, *Contracts Review Act* and *Credit Act*, as well as their common law duty of care. Such non-compliance appears aimed at facilitating and inducing higher gaming machine expenditure, reflecting an emphasis on economic concerns in contemporary club machine gambling. Similarly, the few initiatives by NSW clubs to enhance harm minimisation and consumer protection in their machine gambling operations by 1998 demonstrate little emphasis on ethical concerns. Further, the discretionary functions of clubs to provide community and charitable support have diminished over time in favour of diverting gambling profits to improving club facilities and services to attract greater patronage and gaming machine play.

Importantly, Carroll's (1979) conceptualisation defined corporate social responsibility in terms of societal *expectations* for organisations to fulfill obligations in these four domains. Societal expectations of the relative priority given to these four domains by not-for-profit organisations might be expected to vary from those

for profit-based firms. For NSW clubs, less priority on the economic domain, and relatively more on legal, ethical and discretionary responsibilities might be expected due to their explicit social benefit charter. However, as discussed in Chapter Three, there appears to be heightened community concern that the pursuit of economic objectives in gambling has increased social harm, requiring remedial and strategic action to restore balance. As a result, external stakeholders increasingly have advocated more emphasis on the legal and ethical principles of consumer protection, fair trading, harm minimisation and integrity in gambling, and to the discretionary principle of community benefit. However, the increased priority given to economic principles by NSW clubs in their machine gambling operations is at odds with pressure for greater attention to social principles. Thus, Carroll's (1979) construct of social responsibility appears useful in illuminating how NSW clubs have failed to prioritise underlying principles adopted in their machine gambling operations in congruence with stakeholder expectations and how clubs might improve this congruence by re-ordering the relative priority given to Carroll's four domains to adhere to priorities implicit in their charter and expected by the community. Indeed, the passage of the *Liquor and Registered Clubs Legislation Amendment (Community Partnership) Act 1998 NSW* reflects a legislative attempt to re-establish the traditional, but eroded, links between clubs and the community, as discussed in Chapter Two. Through its requirements for clubs to address problem gambling and direct a percentage of machine profits to approved community and charitable projects, the Act aims to enhance ethical and discretionary principles in club machine gambling.

Further, community values and expectations of gambling operators to be socially responsible have not remained static, but have become elevated through a redefinition of problem gambling as a public health issue, the mobilisation of vocal and well informed interest groups seeking gambling reform, and in response to the diminution of social concerns in gambling for economic ends, as analysed in Chapter Three. Consistent with the corporate-based literature on social responsibility which depicts societal expectations for corporate social responsibility as continually evolving, NSW clubs are not immune from the need to adjust their operations to meet changing stakeholder demands. Thus, while NSW clubs have operated machine gambling for many decades with little attention to problem gambling, their contemporary operation of machine gambling needs to meet heightened stakeholder expectations if they are to be considered responsible providers of gambling.

In summary, while the literature pertaining to principles of social responsibility has focused on profit-based firms, the preceding analysis has demonstrated the relevance

of key concepts to not-for-profit NSW clubs. These concepts help to explain why the clubs' prioritisation of economic principles in machine gambling, at the expense of social principles, has not been considered socially responsible. These key concepts also appear promising in providing some direction for managing club machine gambling according to socially responsible principles.

4.3.2 Processes of Corporate Social Responsiveness and their Relevance for NSW Clubs

While principles of corporate social responsibility gained clarity during the 1970s, these conceptual developments provided little direction for their implementation. As discussed below, from the late 1970s many scholars turned to the more promising concept of corporate social responsiveness to focus attention on various processes organisations might use to identify, prioritise and develop appropriate responses to their social obligations.

Defined by Frederick (1978/1994:154) as 'the capacity of a corporation to respond to social pressures', corporate social responsiveness provided an 'action dimension' to express principles of corporate social responsibility (Wood, 1991b:391). Being the 'literal act of responding to, or of achieving a generally responsive posture' (Frederick 1978/1994:154), corporate social responsiveness shifted emphasis from social obligations to social response processes (Wartick and Cochran, 1985:762). This helped progress the corporate-society debate from the normative and philosophical overtones of corporate social responsibility, to practical management of a company's societal relationships (Frederick (1978/1994:155). Corporate social responsiveness took the 'moral heat' off business (Frederick, 1978/1994:158), being managerial in tone and approach.

Ackerman's (1975) work was particularly influential, describing three characteristic behaviours of a responsive firm - (1) monitoring and assessing environmental conditions; (2) attending to stakeholder demands; and (3) designing plans and policies to respond to changing conditions. This categorisation is noteworthy, first because it reflected growing acknowledgement that continual adaptation to environmental change was essential to business survival. Applying this ecological concept to the business sector emphasised the importance of environmental monitoring to corporate strategic management. Catalysed by turbulent social and political changes (Wood, 1991a:704, 1991b:392) and recognition that environmental uncertainty was a central problem for organisations (March and Simon, 1958; Thompson, 1967), several influential works encouraged an interest in what Strand

(1983:93) later labelled 'boundary-spanning activities' (Wood, 1991b:392). These included frameworks for scanning environmental trends and events (Wilson, 1977), and more sophisticated techniques integrating environmental assessment into the strategic management literature (for example, Fleming, 1981; Aaker, 1983; Fahey, King and Narayanan, 1983; Wack, 1985).

Ackerman's (1975) categorisation also foreshadowed later scholarly attention to stakeholder management, defined as 'the process by which managers reconcile their own objectives with the claims and expectations being made on them by various stakeholder groups' (Carroll, 1991a:43). Numerous scholars have focused on processes firms use to manage stakeholder relationships (Clarkson, 1988, 1991, 1995; Gray, 1989; Carroll, 1991a; Waddock and Mahon, 1991; Waddock and Post, 1995). For example, Carroll (1991a) identified five components in the process, while Clarkson (1995:351) advocated a seven step approach.

Ackerman's (1975) third characteristic behaviour of a responsive firm, designing plans and policies to respond to changing conditions, drew attention to organisational mechanisms aimed at responding to environmental change and stakeholder demands and expectations. These include structural changes such as new departments, committees or specialists to assist the firm in dealing with social issues, and intangible mechanisms such as formal policies, organisational development activities, changes in personnel practices and reward structures to modify management goals and values (Strand, 1983:94). In short, these were mechanisms to manage issues which environmental and stakeholder monitoring identified as important to a firm's continuing survival and prosperity.

Thus, the corporate social responsiveness literature helped focus attention on processes of interaction, emphasising anticipatory behaviour, direct participation in the public policy process, and internal change in corporate structure and practices, rather than *ad hoc* reactions to external developments (Preston, 1990:19). The ultimate goal was to change the way firms make decisions, not simply the decisions themselves (Preston, 1990:19), thus preventing the escalation of unfulfilled societal expectations of firms into corporate social issues. These key concepts underpinning corporate social responsiveness will now be drawn upon to explain why the responsiveness by NSW clubs to rising concern for problem gambling has been considered inadequate and to assess their potential usefulness in the management of responsible provision of gambling by NSW clubs.

As discussed in Chapter Three, the emergence of problem gambling as a significant social issue now demanding an appropriate organisational response from NSW clubs reflects their past shortcomings in adequately anticipating changes in public sentiment, in effectively managing the changing and varied demands of stakeholder groups, and in devising organisational mechanisms to deal with problem gambling in a manner acceptable to the community. With their community benefit charter and acknowledged responsibility to act in the public interest, a responsive approach to dealing with problem gambling might be expected of NSW clubs, one which is cognisant of community expectations for how machine gambling should be managed, that adopts an inclusive approach to developing appropriate responses, and that adapts organisational structures and practices to more closely meet community standards. However, as discussed in Chapter Three, attention by NSW clubs to trends in the social environment have been suppressed to the prioritisation of the economic environment in setting parameters for the way in which their machine gambling operations are managed. With their protected position in machine gambling, there has been little incentive for the clubs to develop mechanisms to keep abreast of changing environmental conditions, while the recent intensification of competition for the gambling dollar has prompted them to focus more exclusively on competitive, rather than societal, threats.

Similarly, the clubs' attention to stakeholder demands has been restricted largely to the legal obligations imposed by government, rather than pressure groups calling for reform in the operation, marketing and management of commercial gambling. Indeed, the relationship between gambling operators such as NSW clubs and pressure groups largely has been adversarial. Far from an inclusive approach to developing policy on gambling, pressure groups have tended to be excluded from policy-making on gambling, at both public policy and organisational levels. This is reflected in the clubs' failure to address, until recently, Ackerman's (1975) third characteristic of a responsive firm - to develop plans and policies to respond to changing environmental conditions. For NSW clubs, few initiatives had been taken to establish mechanisms to address problem gambling until recent legislation required it.

In summary, key concepts in the corporate social responsiveness literature help explain the emergence of problem gambling as an important social issue for NSW clubs, given their avoidance of anticipatory, inclusive and responsive mechanisms to align their decision-making with community expectations and with changing environmental conditions. Such an alignment would appear particularly important for NSW clubs, given their responsibilities to act for community benefit and in the

public interest. Despite their not-for-profit status, the corporate social responsiveness literature also appears relevant to NSW clubs in managing their social obligations in machine gambling by highlighting the importance of anticipatory behaviour, participation in the public policy process, and internal change in organisational practices so that external changes that have potential to affect the clubs' future prosperity can be continually identified, evaluated and acted upon. This would appear important in both resolving the issue of problem gambling to the satisfaction of key stakeholders and in meeting future stakeholder expectations in responsible management of gambling.

4.3.3 Outcomes of Corporate Social Behaviour and their Relevance for NSW Clubs

While early proponents of corporate social responsiveness (Ackerman, 1975; Sethi, 1975, 1979; Ackerman and Bauer, 1976) considered it a 'genuine replacement' for corporate social responsibility (Frederick, 1978/1994:154; Wartick and Cochran, 1985:762), its shortcomings in managing, researching and explaining corporate-society relationships were later identified (Frederick, 1978/1994:160-161; Carroll, 1979; Wartick and Cochran, 1985:763; Wood, 1991b:391). Along with principles of social responsibility and processes of social responsiveness, outcomes of the social behaviour of firms also need consideration in managing social obligations, as discussed below.

Early debate over principles of corporate social responsibility largely arose from the juxtaposition of two key philosophies - the fundamentalist view of business and the social contract view. While the former focused on provision of economic benefits as the only required social outcome of business (Wood, 1991a:708), the latter contended that the impacts of business, and therefore its responsibilities, were inevitably broader. Thus, the issue of corporate social impacts, and ways to manage and respond to these, remained at the core of efforts to meet these broader responsibilities. After all, it was actual corporate behaviour and its subsequent social consequences which had sparked attention to corporate-society relationships to begin with. However, inherent difficulties in isolating the social impacts of business (Post, 1978/1990:90; Tuzzolino and Armandi, 1981:21; Strand, 1983:91; Jones, 1983:559) led to an expanded framework of corporate social outcomes to also include corporate social policies and programs (Wartick and Cochran, 1985; Wood, 1991a). That is, when underpinned by socially responsible principles and processes, corporate social policies and programs provide the dominant mechanisms for firms to manage their social impacts to the satisfaction of key stakeholders (Wood, 1991a).

The ensuing discussion now turns to assessing the usefulness of the corporate social outcomes perspective in explaining why the performance of NSW clubs in their machine gambling operations has not been considered socially responsible in the past and to assess its potential contribution for clubs in managing their social obligations in machine gambling in the future.

The emergence of problem gambling as an important social issue for NSW clubs reflects stakeholder concerns for the social impacts of club gaming machine operations, although no comprehensive research has been conducted into problem gambling arising specifically from NSW club machine gambling. However, as discussed in Chapter Three, increased access to club gaming machines, their concentration in low socio-economic areas, a recognised association between problem gambling and machine gambling, and intensified and aggressive marketing of club gaming machines, has likely led to increased incidence and severity of gambling-related problems. Coupled with a lack of club policies and programs to address problem gambling, these trends help to explain why the performance of NSW clubs in their machine gambling operations has not been considered socially responsible in the past. Indeed, submissions to the *NSW Gaming Inquiry* (IPART, 1998) reflect widespread contemporary concern for the social impacts of club machine (and other) gambling and criticism of the clubs' (and other gambling operators') lack of policy and program development to minimise gambling-related problems arising from their core product and to provide greater consumer protection in their gambling operations.

Further, the importance of developing and implementing responsible gambling policies and programs in NSW clubs also is heightened due to inherent difficulties in identifying and measuring the incidence and severity of gambling-related problems, particularly those accruing from specific gambling venues. Thus, the social performance of NSW clubs in managing their social obligations in machine gambling is more likely to be judged by stakeholders according to the existence and perceived adequacy of more visible policies and programs to address the issue, than by the less readily recognisable criteria of any increase or decrease in social impacts relating to problem gambling. Thus, the quality and effective implementation of policies and programs to address problem gambling would seem an important consideration for the clubs if they are to be considered responsible providers of gambling by key stakeholders.

4.3.4 Summary

From the preceding review of key concepts in corporate social performance for profit-based firms, it is evident that managing social obligations requires corporate attention to related principles, processes and outcomes. The normative overtones of the literature suggest that if a firm's management of social concerns are motivated by socially responsible principles, incorporate socially responsive processes, and involve socially responsible outcomes, then its social obligations will be discharged. Further, socially responsible principles, processes and outcomes primarily are defined by society at large, or in the case of a particular social concern, by key stakeholders. That is, corporate social performance is a subjective construct dependent on its interpretation by an organisation's constituencies.

As discussed above, these concepts appear relevant for not-for-profit NSW clubs in providing theoretical explanations for why their performance in machine gambling has not been considered socially responsible in the past. From an explanatory perspective, the preceding discussion has argued that prioritisation by NSW clubs of economic principles over legal, ethical and discretionary ones in machine gambling has failed to meet stakeholder expectations and prompted the emergence of problem gambling as an important social issue for the clubs. In turn, the emergence of this issue reflects inadequate social responsiveness by the clubs to identify salient trends in the social environment, to manage the demands of their various stakeholders, and to develop appropriate organisational responses. The outcomes of the clubs' social behaviour has therefore spawned substantial criticism of their lack of policies and programs to address one of the main social impacts of their machine gambling operations, problem gambling.

Key concepts in the corporate literature on social performance also have relevance in providing theoretical direction for NSW clubs in managing problem gambling. Due to their not-for-profit status and social benefit role, NSW clubs may need to re-order their priorities to give greater emphasis to legal, ethical and discretionary principles over economic ones in their machine gambling operations, if they are to meet stakeholder expectations and resolve the issue of problem gambling to the satisfaction of these constituencies. Further, their community benefit charter and acknowledged responsibility to act in the public interest suggests a socially responsive approach to dealing with problem gambling might be expected of NSW clubs, one which takes into account community expectations for how machine gambling should be managed, that promotes an inclusive approach to developing appropriate responses, and that adapts organisational practices to more closely

adhere to community standards. Finally, despite their not-for-profit status and social benefit agenda, machine gambling operations in NSW clubs have recognised social impacts. Thus, the corporate literature on social outcomes underpins the importance for NSW clubs of developing appropriate policies and programs to address problem gambling, if clubs are to be considered responsible providers of gambling by key stakeholders.

The preceding review of key principles, processes and outcomes in corporate social performance also provides a useful framework for assessing existing models of responsible gambling, as pursued in the next section. By utilising this framework, inherent theoretical strengths and weaknesses in these models can be identified so their potential relevance for NSW clubs in managing problem gambling can be assessed.

4.4 RELEVANCE OF EXISTING MODELS OF RESPONSIBLE GAMBLING FOR NSW CLUBS

Proactive industry strategies in responsible gambling have been initiated by some gambling operators in some jurisdictions, either cooperatively with other gambling sectors, or at a sector or venue specific level. The following discussion will review the most comprehensive of these and provide an overview of others to illuminate how these gambling operators have interpreted their social responsibilities in managing problem gambling. This review provides a brief description of key elements of each model, and then identifies their strengths and weaknesses according to principles, processes and outcomes related to corporate social performance.

4.4.1 American Gaming Association

First published in 1996, the American Gaming Association's (AGA) *Responsible Gaming Resource Guide* (1996, 1998) has influenced many Australian responsible gambling packages. The most recent edition defines problem gambling as 'any gambling behavior that is damaging to the individual, the family, the community, the workplace or the business' and responsible gaming programs as 'any strategy, policy or program instituted by a gaming company to proactively address problem gambling and/or underage gambling' (1998:1-5). Key elements of the package are shown in Table 4.1.

Table 4.1
Key Elements of the American Gaming Association's Responsible Gambling Model

Acknowledgement of problem gambling, through creation of mission and policy statements and employee pledges.
Implementation structures to support mission statements and policies, perhaps utilising in-house staff, consultants, responsible gambling committees, corporate-wide programs, responsible gambling manuals and community resource organisations.
Employee assistance programs, incorporating training of employee assistance professionals, communicating the program to employees, training of supervisory staff, reimbursed care for problem gamblers, and professional certification for the treatment of problem gamblers.
Customer education and awareness, through displaying collateral materials including information about a gambling hotline, alliances with community resource organisations, public service announcements and community activities.
Credit policies, such as including a problem gambling statement on credit extension forms, special consideration for debt repayment by patrons undergoing treatment, denying credit for admitted problem gamblers, termination of promotional mail to admitted problem gamblers, and training of credit managers in responsible provision of gambling.
Partnerships with mental health organisations, such as local treatment providers and the National Council on Problem Gambling.

Source: derived from American Gaming Association, (1998).

Numerous strengths and weaknesses of this model can be identified in terms of theoretical principles, processes and outcomes of corporate social performance.

First, the AGA model does not appear to be underpinned by a set of clear principles and does not promote a consistent set of objectives. It is left to individual operators to develop their own mission or policy on responsible provision of gambling which may or may not have measurable objectives and clear definitions against which progress can be evaluated. That is, gambling operators themselves must decide what constitutes responsible provision of gambling. In addition, the model contains no guidelines on what might constitute irresponsible conduct of gambling through, for example, unethical advertising or inducements to gamble. Certainly, resulting principles underpinning an individual casino's responsible gambling package may reflect a balance between economic, legal, ethical and discretionary principles that meets stakeholder expectations, but the model provides few guidelines on what an appropriate balance might be, nor how to achieve this.

However, the model does promote mechanisms that may encourage responsiveness to social trends, concerned stakeholders and social issues relating to problem gambling. Responsible gaming committees, external consultants, community resource organisations and partnerships with mental health organisations all represent potential mechanisms through which social responsiveness could be enhanced, although involvement of these parties is left to the discretion of individual venue operators. Most emphasis is placed on consultation with internal casino

management and employees, perhaps with assistance from an external consultant, with the roles of other external stakeholders promoted primarily as information dissemination and treatment for those with gambling problems.

In terms of corporate social outcomes, while the model suggests a range of policies and programs to address problem gambling, perhaps the most serious flaw is the absence of compliance mechanisms, relying instead on corporate goodwill to develop and implement a package. While an organisation might derive public relations benefits from its program, there are no deterrents or sanctions for non-compliance. Additionally, the package contains no monitoring mechanisms for measuring how widely and comprehensively suggested strategies are implemented. Finally, there are no evaluation procedures, independent or otherwise, for measuring the effectiveness of suggested strategies in reducing problem gambling or in meeting stakeholder expectations for addressing the issue.

4.4.2 Victoria

One of the most proactive Australian states in addressing problem gambling has been Victoria, where a responsible gambling package was launched in February 1997. It represents a cooperative effort by TabCorp, Tattersall's, the Crown Casino, the Australian Hotels and Hospitality Association (AHHA) and the Licensed Clubs Association of Victoria (LCAV) 'to ensure that all gaming machine play is conducted responsibly and in line with expected community standards' (Victorian Gaming Machine Industry, 1996). Table 4.2 contains key elements of this model.

Table 4.2
Key Elements of the Victorian Responsible Gambling Model

Gaming Machine Industry Accord, an agreement between the signatories to develop and promote guidelines and programs for responsible gaming machine play while promoting economic development, the development of the gaming machine industry and an enhanced public image; to adhere to the various Codes of Practice; to periodically consult with key community groups in reviewing the Codes of Practice; to maintain programs and training in responsible gaming; and to provide timely and effective resolution of gaming machine-related complaints through an independent complaint resolution process.
Gaming Machine Industry - Advertising Code of Ethics, to deter false, misleading or deceptive advertising of machine gaming; to ensure such advertising is in good taste and targets audiences of 18 years and over; and to discourage association with excessive alcohol consumption in gaming advertisements.

Gaming Machine Operators Code of Practice, an agreement between TabCorp and Tattersall's to give preference for gaming machine installations to venues who provide public facilities which can be used by patrons for purposes other than gaming machine play (restaurants, entertainment, sporting facilities, etc.); which can demonstrate experienced and professional management; which plan to reinvest a reasonable proportion of gaming machine proceeds into enhanced leisure, entertainment and sporting facilities for patrons; which comply with the Codes of Practice; which contribute to and participate in the local community; which are bona fide hotels or clubs with appropriate mixes of customer facilities; and which are not located in major shopping complexes. The signatories will also promote responsible gaming through appropriate marketing, information, referrals and self-exclusion programs for problem gamblers, and providing training for venue operators; and they will maintain an active program of community support.

Licensed Venue Operators Code of Practice, an agreement between the AHHA and the LCAV to abide by the spirit of the Codes of Practice and Advertising Code of Ethics; to ensure gaming is an ancillary activity to a range of hospitality services; to prevent minors, intoxicated persons and self-excluded persons entering gaming rooms; to assist problem gamblers through self-exclusion programs, signage and brochures; to prevent credit betting; to encourage big winners to have a cooling off period and take payment by cheque; to ensure staff have completed courses in responsible gaming and responsible service of alcohol; to clearly mark machines which are unplayable; to cooperate with other sectors of the Victorian Gaming Machine Industry and the independent complaints resolution process; and to subscribe to an annual levy to cover the costs of compliance with the Codes and the self-exclusion program.

Crown Limited Code of Practice, which has provisions for entry controls; patron safety and security; assisting problem gamblers through self-exclusion programs and the Crown Assistance Program; cooperation with treatment and counselling services; patron assistance including disabled and non-English speaking patrons; staff training in responsible gaming and responsible service of alcohol; player information about gaming machine play; controls on cheque cashing, ATMs, EFTPOS and credit; customer complaints procedures; staff policies; provision of community support; and legislative compliance.

Source: derived from Victorian Gaming Machine Industry, (1996).

The Victorian package has been one of the most inclusive in Australia, involving many industry sectors. However, an evaluation of the package (Stephens, 1998) has exposed similar weaknesses to those identified for the AGA's initiatives. These criticisms can be grouped into those associated with socially responsible principles, processes and outcomes.

Weaknesses in underlying principles for gambling venues comprise unmeasurable objectives, failure to acknowledge that gambling is potentially harmful and has associated risks, and lack of definitions for responsible gaming, responsible provision of gaming, community standards, and other key terms (Stephens, 1998). Those relating to processes include lack of mechanisms for identifying 'legitimate community concerns' with these restricted only to what the model addresses, and lack of consultation in developing the package with the key community service funded to address problem gambling in Victoria, Break Even (Stephens, 1998). Criticisms of outcomes of the model comprise lack of monitoring and compliance mechanisms, either sanctions or rewards; lack of publicity and community awareness about the package, particularly about complaints and self-exclusion mechanisms; questionable uniform compliance of gambling operators with the advertising code; no commitment to developing training programs to assist gambling

venues; lack of clarity on what materials venues should display, where they should be displayed and who should provide them; and generally vague parameters on suggested venue practices (Stephens, 1998). The signatories to the package also have acknowledged that further community awareness, consultation with community groups, definitions of key terms and refinement of advertising standards are needed (Victorian Gaming Machine Industry, 1998:3).

4.4.3 South Australia

In South Australia, the Licensed Clubs Association of South Australia (LCASA) and the Australian Hotels Association South Australia (AHA-SA) have developed a responsible gambling package, with key elements contained in Table 4.3.

Table 4.3
Key Elements of the South Australian Responsible Gambling Model

Guidelines for the Responsible Provision of Gaming Machine Services, a publication for licensees, managers and staff of clubs and hotels to assist them in managing a gaming venue in a lawful manner and in sympathy with community expectations. The *Guidelines* contain an industry code of practice, customer service strategies for delivering responsible gaming services, guidelines for being sensitive to gaming related problems, agencies which can help patrons with gambling problems, options on exclusion provisions, and legal obligations.
Smart Play: Every Players Guide, a publication designed to provide gaming machine players with information on how machines work in order to maximise enjoyment and minimise risks of excessive gambling. It also contains helpful hints if things go wrong or if players believe they have a problem. Venues provide Smart Play free to patrons and the Association ensures venues are sent additional copies twice yearly. Internal communication mechanisms continuously remind members to have stocks replenished, while regular regional meetings throughout the state also are a distribution and discussion point.
Voluntary funding of $1.5 million per annum for nine Break Even agencies to provide counselling for individuals who develop a gambling problem and for family members.
Developing positive relationships and ongoing liaison with key welfare service providers and other agencies involved with gaming.
Training programs for licensees and staff on being sensitive to gambling problems.

Source: derived from LCASA and AHA-SA, (1996); Margo McGregor, Community and Public Relations Manager for the Australian Hotels Association South Australia, (pers. comm., 1997).

Similar weaknesses are inherent in the South Australian package as those identified for the AGA and Victorian models. Shortcomings in socially responsible principles include lack of definitional clarity and measurable objectives and no guidelines for what constitutes irresponsible conduct of gambling. However, sections in the *Guidelines for the Responsible Provision of Gaming Services* remind operators of their legal obligations in machine gambling, and identify strategies to improve ethical practices in harm minimisation and consumer protection, while voluntary funding to Break Even agencies reflects concern for discretionary principles. However, limited community consultation in establishing these principles means their congruence with stakeholder expectations is not known.

Various mechanisms also are promoted which may enhance social responsiveness, such as developing positive and ongoing relationships with community agencies, although few guidelines are provided for how this might be achieved. Because funding for problem gambling services is industry controlled, this may enhance such links, although it raises concerns about independent allocation of service delivery funds to these agencies on a needs basis.

As in the previous models reviewed, effective outcomes of the package are limited by the absence of monitoring, compliance and evaluation mechanisms, while lack of

involvement by the racing, casino and lotteries sectors may deter implementation of strategies by the signatories that may compromise their competitiveness.

4.4.4 Other Australian States

Other Australian jurisdictions have developed cooperative responsible gambling initiatives for gambling operators and a brief overview is given here. In Western Australia, the TAB, Lotteries Commission, Gaming Commission, Burswood Casino and the Bookmakers' Association contribute funds for problem gambling services, each sector displays material with information about these services, and Burswood Casino has a self-exclusion program. In Tasmania, the Australian Hotels Association (AHA-TAS) has published a *Responsible Serving of Gaming Course Support Manual* (1997). However, it provides no indication of how suggested strategies are to be monitored or enforced, and little advice for venues on how to implement strategies. In the Northern Territory, the casinos have implemented some responsible gambling initiatives and, along with the Northern Territory Government, contribute funds to Amity House which provides problem gambling services. A Responsible Gambling Advisory Committee recently has been established in Queensland, while the ACT Government outlines strategies in its *Australian Capital Territory Gaming Industry Voluntary Code of Practice* (1997). The code was developed by the Australian Hotels Association (AHA-ACT), Casino Canberra, the Gambling Crisis and Counselling Service, the Licensed Clubs Association of the ACT, Lifeline Gambling and Financial Counselling Service, the ACTTAB, the Office of Financial Management of the ACT Government, and the ACT Consumer Affairs Bureau. It was modelled principally on the Victorian codes and so contains the same strengths and weaknesses.

4.4.5 Sector-Specific Responsible Gambling Models in NSW

In NSW, the Australian Hotels Association (AHA-NSW) and Star City Casino have taken some formal initiatives in responsible provision of gambling, as reviewed below. In contrast, NSW clubs did not launch an industry-wide package until March 1999.

Australian Hotels Association-NSW

At the time of writing, the AHA-NSW initiative consisted only of the *NSW Hotels Gaming Code of Practice* (1997a) designed for display in individual venues and a *Player's Guide* (1997b) with suggestions for responsible gambling and a list of agencies for problem gambling, although a more comprehensive patron care package is reportedly under development (AHA-NSW, 1998:18). Key provisions of the code

are contained in Table 4.4, where it is evident that it contains minimal acknowledgement of problem gambling, no preventative measures to reduce problem gambling, no proactive mechanisms to encourage responsible gambling, and no mechanisms to enhance uniformity and compliance. Even in tandem with the *Player's Guide*, these initiatives place the onus of harm minimisation and problem resolution solely on the gambler rather than the venue. Thus, at this early stage of development, the package does not appear to comprehensively embrace socially responsible principles, processes or outcomes.

Table 4.4
Key Elements of the Australian Hotels Association (NSW) Gaming Code of Practice

Spirit of the code specifies that the hotel conducts all facets of gaming machine operations 'in a professional and responsible manner'.
Customer service specifies that the hotel ensures 'all management and staff conduct themselves in a professional, supportive and courteous manner'.
Gaming legislation specifies that the hotel will ensure all management and staff are aware of and will abide by the *Liquor Act 1982 NSW* and regulations, 'in the interests of the industry and the broader community'.
Prizes specifies that the hotel will pay all prizes and winnings in cash or cheque at the time of winning or within 48 hours at the latest.
Gaming machine management specifies that the hotel undertakes to maintain machines 'in a premium condition' and will switch off and clearly mark defective or unplayable machines.
Community support specifies that the hotel 'recognises that some players may have difficulty in controlling their level of expenditure on gaming machines' and that management and staff will direct players to the 'appropriate support Agencies'.
Credit specifies that the hotel will not provide or advance credit to players for gaming purposes.
Dispute resolution specifies that the hotel will seek to ensure the satisfactory resolution of player complaints and, 'where appropriate', refer unresolved complaints to 'the appropriate Agencies'.

Source: derived from AHA-NSW, (1998: Appendix A).

Star City Casino

Table 4.5 shows the main elements of Star City Casino's responsible gambling package, which supplements legislated and regulated components identified in Chapter Three.

Table 4.5
Key Elements of Star City Casino's Responsible Gambling Model

Slogan of 'Bet with your head...not over it'.
1-800 Helpline connects callers to a multilingual telephone counselling and referral service. Plaques informing patrons of the service are placed throughout the casino complex.
Multilingual brochures and pamphlets throughout the casino on the issue of problem gambling and services available for assistance.
Free initial counselling assessment for patrons who may have a gambling problem.
Self-exclusion program, valid for 6 months with a $2,200 fine for a breach. The patron has his or her photo taken, signs the self-exclusion contract, and is informed that casino staff can remove the patron from the casino while the order is in force. Pamphlets around the casino inform patrons of this program.
Employee assistance program, a free, confidential and professional counselling and referral service for casino employees and their immediate family.
Compulsory staff training in 'gambling awareness' for security, VIP and slot hosts, pit managers, cocktail servers, bar staff, beverage supervisors, restaurant supervisors, cage cashiers, communications staff and bus drivers. The course lasts 1.5 hours and covers the casino's philosophy and approach to problem gambling, a brief overview of 'the gambling issue', stages and processes of 'addiction', symptoms and warning signs of problem gambling, appropriate intervention strategies, and services available to staff with gambling problems.

Source: derived from Star City Casino, (1998).

Star City Casino articulates the philosophy underlying its responsible gambling program as seeking 'to prevent abuse of gaming entertainment and to provide support for the treatment of gaming addiction' (Star City Casino, 1998b:n.p.). Along with legal obligations in the areas of harm minimisation and consumer protection (discussed in Chapter Three), this package thus seems to embrace some socially responsible legal and ethical principles, while support for more than 100 community and problem gambling projects through the Casino Community Benefit Fund (Star City Casino, 1998b:n.p.) also indicates some commitment to discretionary principles in its gambling operations. However, it is not known how closely these principles adhere to community expectations, as an external consultant developed the package with little community consultation. Socially responsive processes in responsible provision of gambling are managed by the casino's community liaison officer.

Being venue specific, the Star City Casino model has advantages over industry-wide models in controlling such outcomes as program implementation, monitoring and enforcement. However, there has been no evaluation, either of how consistently its elements are implemented, or of their effectiveness in reducing gambling-related problems. Certainly the program has not been effective in preventing criticism of some of Star City Casino's marketing campaigns. For example, the slogan 'Bet with your head...not over it' has been criticised for being vague (Wesley Gambling

Counselling Service, 1998:9) and for having little meaning for some ethnic patrons (Women and Gambling Project, 1998:2). In addition, a $10 promotional package providing a return bus trip to the casino, a free or subsidised lunch and $10 in gambling chips, has been criticised for leaving people 'stuck at the casino for 4 or 5 hours with nothing to do except gamble on the machines' (Wesley Gambling Counselling Service, 1998:10). IPART (1998:51) also notes that practical ability of the casino to enforce exclusion programs is limited by the casino's 26 entry points and the size of its security staff (200). As noted earlier, many submissions to the *NSW Gaming Inquiry* (IPART, 1998) and Sydney agencies surveyed (Prosser, Hing, Breen and Weeks, 1997b) reported that demand for problem gambling services has increased markedly since the opening of the casino.

NSW Registered Clubs

As noted in Chapter Three, NSW clubs did not develop and implement a statewide industry package on responsible provision of gambling until after mid-1999, although a trial program was implemented in nineteen NSW clubs in late 1998. Prior to this, some initiatives may have been implemented in some individual clubs, although there is no prior evidence to identify the nature and extent of these. Prior to this, there had been minimal industry direction provided for how NSW clubs might address problem gambling, and a consistent, uniform approach to responsible management of gambling had not been implemented.

4.4.6 Summary

This section has reviewed prominent applied models of responsible gambling in accordance with theoretical underpinnings of corporate social performance which propose that attention to socially responsible principles, processes and outcomes are needed for an organisation to meet its social obligations. While some strengths of these applied models were acknowledged, inherent weaknesses also were identified which limit their potential applicability for NSW clubs if they are to meet stakeholder expectations for a responsible approach to gambling provision. In general, these existing models are not underpinned by a coherent set of socially responsible principles, lack mechanisms to promote social responsiveness by gambling operators, and are limited in effective outcomes by lack of monitoring, compliance and evaluation mechanisms. Further, while such models promote strategies that, if implemented, may improve responsible provision of gambling, they do little to limit irresponsible practices that may facilitate problem gambling amongst patrons of gambling venues.

In addition, the applicability of such models to NSW clubs also may be limited because these models have been developed principally by for-profit organisations whose stakeholders may have different expectations than those expected of not-for-profit clubs. As discussed earlier in this chapter, the legitimacy of NSW clubs is derived principally from their social, rather than economic, function, such that stakeholders may have heightened expectations for the clubs in responsible provision of gambling, if they are to adhere to their social benefit and public interest charter. Further, while signatories to some existing models have included the club sectors in other jurisdictions, none of these sectors has operated machine gambling for as long and as extensively as have NSW clubs. This implies that a contextually specific approach to responsible management of gambling by NSW clubs may be needed if they are to address the issue of problem gambling to the satisfaction of stakeholder expectations.

Informed by theoretical models of corporate social performance and applied models of responsible provision of gambling, this chapter now turns to developing a framework to structure the empirical research into the current status and future direction of NSW clubs in managing problem gambling to the satisfaction of key stakeholders.

4.5 DEVELOPING THE EMPIRICAL RESEARCH FRAMEWORK

It must be emphasised that the aim of this section is *not* to develop a model of corporate social performance universally applicable to all organisations, industries and contexts, but to select elements of previous models that best suit *this* study and its objectives. Principal concerns to be addressed in developing such a framework include the evaluative nature of the research objectives, the limitations of empirical research, and the need for conceptual clarity, as discussed below.

4.5.1 Addressing the Need for Evaluative Criteria

As detailed in the research objectives (Chapter One), the empirical research in this study is concerned with both description and evaluation. Objectives Four and Five focus on describing how both NSW club managers and their key stakeholders interpreted the social responsibilities of clubs in addressing problem gambling by 1998, and also on assessing the congruence between these interpretations. Thus, a framework to structure this empirical research needs to reflect the comparisons to be conducted. However, the rationale for these comparisons first needs clarification.

Given that research into corporate social performance was motivated, in the first instance, by social impacts of corporate behaviour (Wood, 1991a:708), it could logically be concluded that organisational effectiveness in minimising negative social impacts or maximising positive social impacts of organisational behaviour should provide the most appropriate benchmark for assessing the social performance of an organisation. Such benchmarks may well be suitable when corporate social impacts can be measured accurately. For example, reduction or elimination of pollution emanating from one factory, or increase or decrease in the number of minorities employed by a particular firm, could be used as measurable standards by which to judge corporate social performance in these areas. However, the extent of problem gambling and its subsequent social impacts have defied such precise measurement. As discussed in Chapter Three, this has been due largely to problems of defining the concept, of developing a valid instrument to measure its prevalence, and of measuring its effects. Problem gambling is not a binary concept. In fact, there is growing recognition that it is more appropriately viewed as a continuum, ranging from non-existent to severe, rather than existing or absent (AIGR, 1997; Productivity Commission, 1999b:6.1). This is why attempts to determine whether an individual is a 'problem gambler' or not and to identify the prevalence rate of 'problem gamblers' in a community have come under heavy criticism (AIGR, 1997; Allcock, 1995). In short, such measurements ignore that one does not need to be a 'problem gambler', as defined by instruments such as the South Oaks Gambling Screen (SOGS) (Lesieur and Blume, 1986) or the DSM-IIIR criteria for pathological gambling (American Psychiatric Association, 1987), to experience and generate gambling-related problems. This has been recognised by the redefinition of problem gambling from earlier mental disorder and addictions models to one now emphasising harm arising from problem gambling and its subsequent social impacts.

Thus, evaluating a gambling operator's corporate social performance by measuring an increase or reduction in the number of 'problem gamblers' or in the incidence of problem gambling is fraught with difficulties. Such difficulties are also confounded because it may take many years for problem gambling to manifest and for remedial corporate actions to influence gambling behaviour. Relying on an increase or reduction in problem gambling to measure corporate social performance ignores such time lags. Further, it would appear extremely difficult to identify the influence of one gambling operator's social actions on gambling behaviour in a community amongst the myriad actions of other gambling operators and wider societal influences. Determining whether an increase or reduction in problem gambling is due to an individual firm's behaviour would seem impossible. Thus, the social impacts of gambling operators, as determined by the extent of problem gambling in

their communities or amongst their patrons, are an inadequate basis for evaluating their corporate social performance, at least at the level of individual firms.

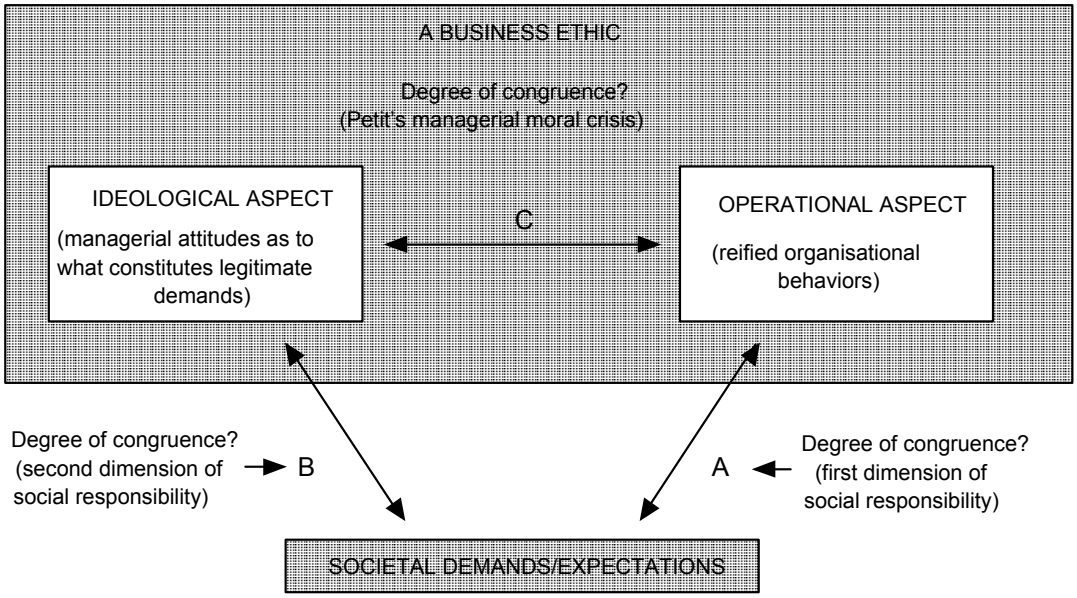
An alternative measure of the corporate social performance of gambling operators might be to measure the extent to which they implement practices that minimise problem gambling. However, unlike pollution controls or quota systems for minority employment, such ideal practices are unclear in gambling (Productivity Commission, 1999b:16.87). That is, while certain practices such as product warnings, truth in advertising or self-exclusion from gambling venues may be expected to reduce problem gambling, there is no proof that they do. Thus, measuring a firm's corporate social performance by its adherence to a set of ideal practices which minimise problem gambling is not a valid approach.

In the absence of a more precise indicator, it is argued that a suitable measure of an organisation's social performance in addressing problem gambling is adherence to the *expectations of key stakeholders*. This view is premised on the arguments of many scholars who contend that a firm's social responsibilities are defined by the expectations of society and that corporate social performance can be judged by comparing exhibited corporate behaviours and attitudes with societal norms (for example, Bowen, 1953; Eells, 1960; Frederick, 1960; Preston and Post, 1975; Carroll, 1979; Zenisek, 1979). More specifically, it takes into account the importance of stakeholders in determining what social responsibilities a firm has and how it should meet them (Freeman, 1984; Freeman and Liedtka, 1991; Clarkson, 1995). This approach recognises that, when a judgement about corporate social performance is made, it is ultimately made by a key stakeholder (Freeman, 1984), or a dominant coalition of stakeholders (Cyert and March, 1963), outside the firm (Waddock and Mahon, 1991). That is, social performance is usually judged by the congruence between stakeholder expectations and organisational behaviour. As discussed earlier in this chapter, stakeholder expectations for clubs may be distinctive due to the clubs' community benefit charter. This view also is consistent with predominant theories in the field of issues management, reviewed in Chapter Three, which propose that expectational gaps amongst key stakeholders are critical to the emergence of social issues and that failure to close these gaps prolongs an issue's lifecycle. Further, this approach recognises the importance of stakeholder perceptions to a firm's survival and prosperity. Thus, examining the congruence between the behaviour of clubs in responsible provision of gambling and the expectations of their key stakeholders appears a valid approach to assessing their social performance in addressing problem gambling.

However, a review of prominent models of corporate social performance reveals that, while most have potentially strong descriptive powers, they cannot be considered to have evaluative powers. Key multi-dimensional models of corporate social performance (Carroll, 1979; Wartick and Cochran, 1985; Wood, 1991a) might assist researchers to paint a comprehensive picture of a firm's motivating social principles, processes of social responsiveness and types of social outcomes. Nevertheless, because they do not provide normative guidelines or depict corporate social performance as related to stakeholder expectations, they are unsuitable as a framework to structure the empirical research in this study.

However, one multi-dimensional model (Zenisek, 1979) conceptualised corporate social performance as the degree of fit between societal expectations and what a firm's managers consider to be legitimate societal demands, and societal expectations and a firm's actions. Key strengths of Zenisek's (1979) model are its integration of previous conceptual developments in the field, its evaluative emphasis and its potential for empirical and practical application. His model was amongst the first to integrate both principles of corporate social responsibility with outcomes of corporate behaviour. It provided a basis for evaluating corporate social behaviour in terms of meeting expectations of 'prime beneficiary groups' (Blau and Scott, 1962) or what are now more commonly termed stakeholders. Further, if managerial attitudes, organisational behaviours and societal expectations are measured and compared, the model can evaluate a firm's corporate social behaviour, assess the degree of fit between societal expectations and organisational practice, and identify areas of change required to achieve a state of attitudinal and behavioural congruence. Zenisek's (1979) model is shown in Figure 4.1.

Figure 4.1
Zenisek's Model of Corporate Social Performance



Source: Zenisek, (1979:366).

In summary then, lack of evaluative criteria apparent in most prominent models of corporate social performance (Carroll, 1979; Wartick and Cochran, 1985; Wood, 1991a) can be overcome by adopting stakeholder expectations as the benchmark against which the corporate social performance of gambling operators can be judged, a perspective promoted by Zenisek's model (1979). While conceding this may be a less than perfect measure, absence of more precise concepts and measures in problem gambling necessitates this approach. However, while adopting stakeholder expectations as the primary benchmark overcomes problems of evaluation, it does not address the question of 'stakeholder expectations about what?' That is, it does not overcome the second concern in developing a framework to structure this study's empirical research, namely conceptual clarity. However, defining corporate social performance as the congruence between stakeholder expectations and corporate behaviour facilitates a more pragmatic approach to identifying concepts in previous models that are *most* relevant to the current study. These concepts can identified by answering the question, 'what *aspects* of a firm's corporate social performance are most important to stakeholders in defining and evaluating its social performance?'

4.5.2 Addressing the Need for Empirical Pragmatism

Most recent models of corporate social performance (Wartick and Cochran, 1985; Wood, 1991a) depict three key aspects as comprising the construct– principles, processes and outcomes. However, given the pragmatic need to constrain the

empirical research within manageable limits, this study intends to examine only socially responsible principles and outcomes in NSW clubs in responsible provision of gambling, as it is contended these are the major determinants of how stakeholders define and evaluate an organisation's social performance. While the remaining element, corporate social responsiveness (Carroll, 1979; Wartick and Cochran, 1985; Wood, 1991a), may *influence* how effectively principles are translated into corporate action, these are more a concern for organisational management than external stakeholders. After all, stakeholders are unlikely to judge an organisation's social performance by the amount or quality of its environmental scanning, by processes used to analyse and prioritise stakeholder concerns, or by mechanisms or structural changes adopted to manage the issue, if these are not translated into actual policies and programs to address the organisation's social impacts. Indeed, stakeholders are often not privy to organisational processes associated with social responsiveness, but rely on observable behaviours resulting from these processes and/or the values that appear to underpin them.

The selected focus on socially responsible principles and outcomes also is consistent with Zenisek's (1979:362) contention that, to be acceptable to society, both ideological and operational aspects of an organisation's 'business ethic' must be compatible with prevailing social ideologies and expectations. Further, Wartick and Mahon (1994:304) contend that Zenisek's (1979) model of corporate social performance has come closest to developing a taxonomy for expectational gaps relating to social issues. Zenisek's model (1979) depicts the extent of two gaps as defining a firm's corporate social performance - the gap between management and stakeholder values, and the gap between actual organisational behaviour and stakeholder expectations of that behaviour (Figure 4.1). Other efforts to develop a taxonomy of expectational gaps between organisational behaviour and stakeholder expectations regarding social issues also have recognised the importance of principles and outcomes (Thompson, Wartick and Smith, 1991; Waddock and Mahon, 1991:235). Thus, there appears broad acceptance that organisational-stakeholder congruence on socially responsible principles and outcomes is integral to assessing the social performance of an organisation in relation to a particular social issue.

In summary, the preceding discussion has attempted to integrate key tenets in the fields of social issues management and corporate social performance to identify important components of a framework to structure the empirical research in this study. The discussion in Chapter Three of lifecycle models of corporate social issues and an application of Mahon and Waddock's (1992) model to the emergence of

problem gambling, has revealed the importance of closing expectational gaps between stakeholders if an issue is to be resolved. Further, the review of theoretical foundations in the corporate-society literature provides clues for where these expectational gaps may lie and how they might be resolved. The two expectational gaps identified by Zenisek (1979) comprise two of three elements in prominent models of corporate social performance - social principles and social outcomes. An organisation's social principles underpin the values it holds regarding a particular corporate social issue, while its behaviour in response to a particular social issue is a subset of its more general organisational social outcomes. Thus, two of the key foundations in the corporate social performance literature can be drawn upon to explain the status of a corporate social issue, if compared to stakeholder values and the corporate behaviour they expect.

Thus, in drawing on previous models of corporate social performance to develop a framework to meet the needs of this study, various concerns have been prioritised. To allow an evaluative approach, corporate social performance has been defined according to congruence with stakeholder expectations. For pragmatic reasons, key elements of the model have been restricted to principles of corporate social responsibility and corporate social outcomes. What remains is to more closely identify the sub-elements of corporate social responsibility and corporate social outcomes to be examined.

4.5.3 Addressing the Need for Conceptual Clarity

As noted above, stakeholders may rely on an organisation's adherence to socially responsible principles to judge its social performance. Wood (1991a) depicted these principles as an institutional principle of legitimacy, an organisational principle of public responsibility, and an individual principle of managerial discretion. She argued these represent the underlying motives for a firm's corporate social behaviour. However, given that this study emphasises congruence with stakeholder expectations as the criteria for evaluating corporate social performance, it is questionable whether these principles have relevance for stakeholders outside the firm. An earlier conceptualisation of corporate social responsibility as encompassing economic, legal, ethical and discretionary domains (Carroll, 1979; Wartick and Cochran, 1985) shows more promise in being relevant to both stakeholders and organisations. For example, some stakeholders, such as shareholders and investors, may expect an organisation to adhere only to economic principles in managing its social involvement. Others, such as regulatory agencies, may be concerned primarily with legal compliance. Consumer rights organisations, public advocacy bodies and

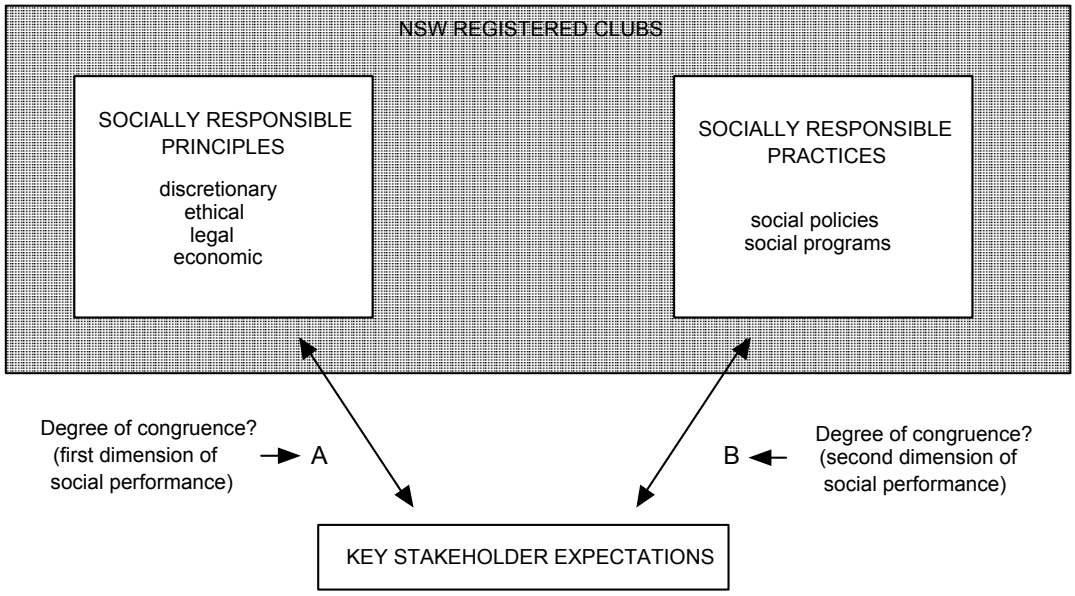
welfare organisations are more likely to expect the organisation to embrace ethical principles, while local communities may expect some positive duty to social betterment also to underpin organisational actions. These four categories of corporate social responsibility also have relevance for organisations, because how organisations *prioritise* these four types of responsibilities would seem to influence heavily the extent and nature of their social practices in a manner depicted in Zenisek's (1979) and Wartick and Cochran's (1985) models. In addition, the usefulness of this four-dimensional construct of corporate social responsibility in this study is enhanced by the existence of a validated instrument to measure the relative importance placed on these four domains (Aupperle, 1982). Thus, the framework for this study incorporates economic, legal, ethical and discretionary responsibilities as encompassing those that might underpin corporate social initiatives in addressing problem gambling.

For the second key element included in the research framework, corporate social outcomes, this study will not attempt to measure impacts of organisational actions in minimising problem gambling for reasons already discussed. Instead, and consistent with the view that stakeholders judge an organisation's social performance on actions it takes to address a social issue, corporate social outcomes are depicted in the framework as comprising the socially responsible practices of social policies and programs to minimise problem gambling. However, these are not compared to any ideal policies and programs, but to stakeholder expectations of the nature, content and implementation of these.

4.5.4 Proposed Theoretical Framework for the Empirical Research

Having established the rationale for reformulating previous models of corporate social performance to better suit the needs of this study, the research framework and an explanation of its elements are presented below. Because only some elements from previous models of corporate social performance have been retained, it is referred to as a framework for evaluating corporate-stakeholder congruence, as shown in Figure 4.2.

Figure 4.2
A Framework for Assessing Corporate-Stakeholder Congruence Relating to Principles and Practices to Address Problem Gambling by NSW Registered Clubs



Source: adapted from Zenisek (1979:366).

Figure 4.2 depicts the blueprint structuring the empirical research for this study. Application of this framework to address the related research objectives (Objectives Four and Five) is explained below.

To address Objective Four, which assesses how NSW club managers interpreted the social responsibilities of their clubs in addressing problem gambling in their machine gambling operations by 1998, the research will assess the relative priorities given by NSW club managers to economic, legal, ethical and discretionary responsibilities in their machine gambling operations and identify the clubs' policy and program responses to addressing problem gambling in 1997-98. As noted in Chapter One and explained in detail in ensuing chapters, interviews, case studies and a survey questionnaire provide the necessary data.

Objective Five assesses the congruence between principles and practices adopted in machine gambling operations by NSW registered clubs to address problem gambling and those expected by key stakeholders in 1998. Interviews with selected stakeholders and submissions to the *NSW Gaming Inquiry* (IPART, 1998) provide the data needed to identify the principles and practices expected by key stakeholders for NSW clubs in addressing problem gambling, and these are then compared to the

findings of Objective Four to assess the degree of congruence between the two parties.

4.6 CHAPTER CONCLUSION

This chapter has addressed the third objective of this study by considering the relevance of theoretical models of social responsibility and applied models of responsible provision of gambling to NSW registered clubs in addressing the issue of problem gambling.

The chapter commenced by drawing on theoretical foundations for social responsibility in profit-based firms to assess their relevance for not-for-profit NSW registered clubs. It was concluded that, compared to their for-profit counterparts, the not-for-profit status and social role of NSW clubs mean they derive legitimacy principally from their social, rather than economic, function, that they have greater public responsibility to address the consequential impacts of machine gambling, that they are answerable to more diverse constituencies, that managerial discretion for addressing problem gambling is narrower, and that societal expectations for ethical behaviour are heightened. These foundations assisted in explaining the emergence of problem gambling as a social issue for the clubs and the elevated stakeholder expectations for them to address problem gambling in a socially responsible manner.

Three key concepts relevant to managing social responsibility in profit-based firms - socially responsible principles, socially responsive processes, and outcomes of corporate social behaviour - were then reviewed to illuminate theoretical reasons for why the social performance of NSW clubs in their machine gambling operations has been criticised. Priorisation of economic over social principles in club machine gambling, the clubs' avoidance of anticipatory, inclusive and responsive mechanisms to align their decision-making with community expectations in responsible conduct of gambling, and their lack of widely implemented policies and programs to reduce problem gambling have contributed to this criticism.

This tripartite view of managing corporate social responsibility also provided a basis for assessing existing models of responsible gambling and informed the framework developed to structure the empirical research presented in the next three chapters. The framework was derived from theoretical models of corporate social performance, but addressed the need for evaluation, pragmatism and conceptual clarity in the primary research undertaken.

The next chapter presents a qualitative analysis of how NSW club managers interpreted the social responsibilities of their clubs in addressing problem gambling in their machine gambling operations by 1998 (Objective Four). It draws on the findings of interviews with nineteen NSW club managers and case studies of six NSW clubs which have implemented responsible gambling strategies to illuminate key principles and practices, according to the research framework depicted in Figure 4.2.

CHAPTER FIVE

PRINCIPLES AND PRACTICES IN ADDRESSING PROBLEM GAMBLING IN NSW CLUBS: A QUALITATIVE MANAGEMENT PERSPECTIVE

5.1 INTRODUCTION

The preceding chapter addressed the third objective of the study, by considering the relevance of theoretical models of social responsibility and applied models of responsible provision of gambling to NSW registered clubs in addressing the issue of problem gambling. This chapter represents Stage Four of the study (Figure 1.1) and begins to narrow its focus from an industry to organisational perspective, an historical to contemporary timeframe, and secondary to primary research. With Chapter Six, it addresses the fourth research objective by assessing how NSW club managers interpreted the social responsibilities of their clubs in addressing problem gambling in their machine gambling operations by 1998.

This chapter provides a qualitative analysis to supplement the quantitative analysis presented in Chapter Six. It is informed by two main data sources - interviews with managers of nineteen NSW clubs and case studies of six NSW clubs with strategies for responsible provision of gambling. The data analysis seeks to illuminate the principles and practices adopted by these clubs in addressing the issue of problem gambling prior to the publication of the RCA's *Problem Gambling Policy* (AIGR, 1998a) in May 1998.

Accordingly, the interviews were structured to:

- gather opinions of the club managers about the NSW club industry's responsibility for addressing the issue of problem gambling;

- explore attitudes of the club managers to adopting strategies in existing models of responsible provision of gambling;

- identify the main opportunities and barriers to adopting strategies in existing models of responsible provision of gambling in NSW clubs.

The case studies were structured to:

- describe the clubs' responsible provision of gambling policies;

- identify the impetus for the clubs' responsible provision of gambling programs;

- describe key elements of the clubs' responsible provision of gambling programs.

The first half of this chapter focuses on the nineteen interviews with NSW club managers. A detailed summary of the interview findings is contained in Appendix B, while this chapter provides a more concise summary and analysis. After clarifying the research design in Section 5.2, Section 5.3 summarises the interviewees' opinions about the NSW club industry's responsibilities in addressing gambling-related problems. Section 5.4 explores the attitudes of the club managers to adopting industry-level strategies in responsible provision of gambling. Attitudes to adopting venue-level strategies in responsible provision of gambling are discussed in Section 5.5, while Section 5.6 focuses on club support for agencies and research for problem gambling. Section 5.7 is concerned with compliance to legal obligations in machine gambling in the participating clubs, while the main opportunities and barriers to adopting responsible gambling strategies in NSW clubs are presented in Section 5.8. Section 5.9 analyses the interview findings according to the principles and practices adopted by the clubs in addressing the issue of problem gambling. Specific attention is given to their apparent prioritisation of economic, legal, ethical and discretionary principles in their machine gambling operations and to policies and programs implemented at club level to address problem gambling.

The second half of this chapter focuses on the six case studies of NSW clubs. A detailed summary of the cases is provided in Appendix D, while this chapter contains a more concise summary and analysis. After describing the related research design in Section 5.10, Section 5.11 summarises the cases in terms of each club's responsible gambling policy, the impetus for its responsible gambling program, and its key program elements. It compares elements of the clubs' responsible gambling packages and analyses the cases according to economic, legal, ethical and

discretionary principles apparent in their machine gambling operations and policies and programs implemented to address problem gambling.[44] Section 5.12 integrates key findings from the nineteen interviews and six case studies, while Section 5.13 concludes the chapter.

5.2 RESEARCH DESIGN FOR STAGE FOUR: THE INTERVIEWS

A two-step research design was used to collect the interview data. The first involved designing the interview schedule. Being qualitative exploratory research, semi-structured interviews with open-ended questions were deemed most appropriate to ensure all relevant areas were addressed while allowing respondents to expand on their views. Accordingly, the first section of the interview schedule sought to gather opinions about the NSW club industry's responsibility for addressing problem gambling. It asked respondents about their understanding of gambling-related problems, where they thought responsibility for addressing such problems lay, and the nature and extent of the NSW club industry's responsibilities for minimising problem gambling. The next four sections of the interview schedule aimed to explore the attitudes of respondents about adopting responsible gambling strategies in NSW clubs. In the absence of a set of acknowledged practices in responsible provision of gambling, core elements of existing responsible gambling models were identified. Models adopted in the USA, Victoria, South Australia, the ACT and Star City Casino, as reviewed in Chapter Four, were drawn upon to identify a set of strategies currently in use. These were categorised as industry initiatives, venue initiatives, support for agencies and research for problem gambling, and legal obligations. Open-ended questions were then designed to elicit the respondents' attitudes to adopting such strategies, and any additional strategies they could nominate, in NSW clubs. The sixth section of the interview schedule aimed to identify the main opportunities and barriers, as perceived by the respondents, to more responsible conduct of machine gambling in NSW clubs. Again, open-ended questions were used. The final section of the interview schedule sought some general information on each club - its type, membership, number of gaming machines and

[44] The findings of these interviews and case studies were used to guide development by the AIGR of a trial responsible provision of gambling program for the RCA (AIGR, 1998e). It should be noted that the interviews were designed and conducted between March and July 1997, before problem gambling was widely acknowledged as a social and public health issue. At this time, concern for harm minimisation in gambling predominated over concerns for consumer protection and fair trading. The interviews thus reflect this focus.

gaming machine revenue. Table 5.1 shows key areas in the interview schedule, contained in full in Appendix A.

Table 5.1
Key Areas in the Interview Schedule for Club Managers

General Area	Specific Area
SECTION 1: Perceived responsibility for gambling-related problems.	Understanding of gambling-related problems. Responsibility for harm minimisation. Responsibility of NSW clubs.
SECTION 2: Industry-level initiatives in responsible provision of gambling.	Responsible provision of gambling guidelines for venues. Code of practice. Training in responsible provision of gambling. Cooperative efforts amongst gambling operators. Industry accord. Independent disputes resolution body.
SECTION 3: Venue-level initiatives in responsible provision of gambling.	Provision of patron information about problem gambling. Self-exclusion programs. Access to cash for gambling. Product information. Advertising and promotion of gambling.
SECTION 4: Support for agencies and research for problem gambling.	Liaison. Funding. Non-financial support.
SECTION 5: Legal obligations in machine gambling.	Main legal obligations. Adherence to legal obligations.
SECTION 6: Adopting responsible gambling strategies in clubs.	Opportunities. Barriers.
SECTION 7: Club information.	Type of club. Number of members. Number of gaming machines. Gaming machine revenue.

Source: derived from the interview schedule for the 19 clubs interviewed for this study.

The second step comprised interviews with managers from a small sample of NSW clubs. The main concern in selecting the sample was to capture input from clubs of a range of types, membership numbers, gaming machine numbers, reliance on gaming machine revenue and locations. However, limited resources of the researcher and concerns about the willingness of clubs to participate also restricted sample selection. Thus, the sample of clubs was restricted to two geographical locations - the Sydney metropolitan area and the north coast of NSW where the researcher was based. Assistance was sought from the Club Managers' Association Australia (CMAA) in sample selection and arranging the interviews. The Sydney sample comprised eleven clubs identified by the Education Manager of the CMAA; the

north coast sample comprised eight clubs identified by the CMAA Training Manager for the North Coast Zone as willing to participate in the interviews. While relying on recommendations of the CMAA for sample selection risked potential bias, the sampling process had two advantages. First, the interviews were arranged by the CMAA personnel, thus facilitating access by the researcher which could have been difficult given the sensitive nature of the topic under study. Second, because the interviews were endorsed by the CMAA, the respondents felt less threatened and so were more likely to give honest responses. Given the exploratory nature of this stage of the study and its use of other data sources to supplement the interview findings, it was felt this trade-off was worthwhile and the resulting sample sufficient to reveal major relevant issues. Indeed, data redundancy was evident by the nineteenth interview in that emerging themes and issues appeared exhausted.

Fifteen managers from the nineteen participating clubs were interviewed face-to-face for about one and a half hours, with interviews taped for later analysis. Another four opted to provide written responses which, while less detailed than the personal interviews, were considered valuable in either confirming opinions of other participants, or by providing more considered responses. All participants were either the general manager or gaming manager of their club, with each club nominating the most appropriate person. Participating managers were assured confidentiality to encourage honest responses.

These data were collected between March and July 1997. Data were analysed by transcribing the interviews and summarising responses of the nineteen participants for each question. Within the set of responses to each question, common opinions were identified and the number of respondents holding each opinion ascertained where possible. In some instances however, participants provided conditional responses, and so it was not always possible to categorise these quite so neatly. Nevertheless, because this stage of the study is exploratory, this is not considered problematic. Indeed, the data help reveal the complexity of the topic under study and the difficulties of resolving the issue of problem gambling from a club perspective.

Table 5.2 shows the location, types, membership size, number of gaming machines and percentage of club income generated by gaming machines for the nineteen participating clubs. Amongst these, membership ranged from 49,000 to 1,400, number of gaming machines ranged from 461 to 31, while percentage of club revenue attained from gaming machines varied between 95 percent and 50 percent.

Table 5.2
Main Characteristics of the Nineteen Clubs Interviewed

Club	Location	Type	No. of Members	No. of Gaming Machines	% Revenue from Gaming Machines
1	Sydney	Leagues	49,000	318	84
2	Sydney	Community	35,593	396	92
3	Sydney	Catholic	32,000	286	60
4	Sydney	Sports	29,600	400	63
5	Sydney	RSL	27,000	461	90
6	Sydney	RSL	22,000	170	59
7	Regional	RSL	15,500	181	65
8	Sydney	Leagues	15,100	237	85
9	Regional	RSL	15,000	220	60
10	Regional	Workers	13,500	150	89
11	Sydney	Leagues	9,500	123	60
12	Regional	Bowls	9,000	212	60
13	Sydney	RSL	7,224	125	74
14	Sydney	RSL	6,500	166	65
15	Sydney	RSL	6,000	145	95
16	Regional	RSL	5,400	82	50
17	Regional	Bowls	2,000	104	80
18	Regional	Bowls	1,800	63	63
19	Regional	RSL	1,400	31	50

Source: derived from the 19 clubs interviewed for this study.

5.3 PERCEIVED RESPONSIBILITY FOR ADDRESSING GAMBLING-RELATED PROBLEMS

This section presents a summary of findings from the first part of the interview schedule (Table 5.1) that gathered opinions of nineteen club managers about the NSW club industry's responsibility for addressing the issue of problem gambling. Two sub-sections focus on the club managers' perceptions of gambling-related problems and responsibility for addressing these. A more detailed summary of these findings is presented in Appendix B.

5.3.1 Perceptions of Gambling-Related Problems

Club managers were asked six questions about gambling-related problems. These related to whether respondents thought gambling causes problems for some people, the extent of problem gambling in both the community and amongst club patrons, types of problems encountered by those who lose control of their gambling, and types of gambling and club gambling most associated with loss of control.

While all but three managers agreed problem gambling causes serious problems for some people, two did not know, and one commented that 'excessive, compulsive behaviour' rather than gambling was the problem. Three managers considered gambling-related problems extensive in the community, sixteen considered they affect a small minority of gamblers, although one implied the problem was virtually non-existent. There was no knowledge amongst the interviewees of published prevalence statistics on problem gambling.

When asked about the extent of gambling-related problems in general amongst club patrons, three respondents considered them extensive, due to the large number of clubs and their accessibility to local residents. Seven reported they had not seen or heard of any problems and considered problem gambling to be a minor issue because of the limited types of club gambling available. Nine respondents were unsure, because it was difficult 'not to confuse big gamblers with problem gamblers', they 'don't see the effects away from the club' and due to difficulties in defining a gambling problem. The number of 'problem gamblers' who had come to the attention of the respondents was minimal, ranging from none to seven members who had handed back their membership cards because of gambling.

When asked about types of problems encountered by people who lose control of their gambling, it was clear the interviewees recognised the seriousness of problem gambling's repercussions. Without prompting and consistent with a typology of gambling problems (Dickerson 1993; AIGR, 1997), interviewees identified potential difficulties in the individual, interpersonal, employment, financial and legal domains.

However, a diversity of views was apparent when asked about the types of gambling people have most difficulty controlling. Less than half the interviewees identified gaming machines, with the remainder not recognising that gaming machines are the favourite form of gambling for many people with gambling problems in NSW (Keys Young 1995; Dickerson 1996; Prosser, Hing, Breen and Weeks, 1997b). Limited bet size and the passive nature of the game were proposed as reasons why gaming machines are less problematic than casino and TAB betting which were seen as providing a 'quick fix', an 'adrenaline rush' and opportunities for unlimited bet sizes. When asked what types of gambling offered by clubs that patrons might have most trouble controlling, diverse views again were apparent. Twelve respondents identified gaming machines, pointing to their 'large numbers, high visibility and more prizes offered'. Five managers identified the TAB, while two contended all forms of gambling could cause problems.

5.3.2 Responsibility for Addressing Problem Gambling

Club managers were asked about responsibility for minimising gambling-related problems, and the extent and appropriateness of responsibility currently taken by the NSW club industry. [45]

Fifteen club managers thought gambling venues, including clubs, should play some role in minimising gambling-related problems, with nine believing the state government also should be actively involved. However, there was less agreement that clubs should fund responsible gambling strategies, with nine believing the state government alone should fund them due to its substantial gambling taxes and continued expansion of gambling. Nevertheless, seven respondents felt clubs and other stakeholders, such as other gambling industries and machine manufacturers, also should contribute. Two respondents considered gambling problems wholly the responsibility of individual gamblers.

Seventeen managers conceded the NSW club industry is not currently taking sufficient responsibility in harm minimisation in gambling, especially given growing public and media attention to gambling problems. Sixteen thought it in the industry's best interests to be more proactive. Adopting a more responsible approach would benefit the industry's reputation and public image, and fulfil a moral duty to patrons. It also makes good 'business sense' to attract gamblers who use other club facilities and to prevent a legislative approach. However, there was some reluctance to adopt such measures unless consistent across all gambling industries because of potential loss of business and because an individual approach by a club may simply shift the problem elsewhere.

5.3.3 Summary

Amongst the nineteen club managers interviewed, there was limited understanding of the nature of problem gambling, its extent amongst the community and club patrons, the types of gambling people have most difficulty controlling, and the associated role of gaming machines. However, there was a positive attitude towards shouldering more responsibility for gambling-related problems and acknowledgement that the NSW club industry was insufficiently active at the time of the interviews. The club managers recognised that gambling problems increasingly

[45] It should be noted that these interviews were conducted prior to the passage of the *Liquor and Registered Clubs Amendment (Community Partnership) Act 1998 NSW* and its legal obligations for NSW clubs to address problem gambling.

are becoming a social concern and that public pressure for harm minimisation may well increase. Thus, there was little objection to a more proactive approach by NSW clubs, as long as this responsibility was shared with government and other gambling sectors.

5.4 ATTITUDES TO IMPLEMENTING INDUSTRY-LEVEL RESPONSIBLE GAMBLING STRATEGIES

This section summarises findings from the second part of the interview schedule (Table 5.1) that explored attitudes of the club managers to adopting industry-level strategies distilled from existing models of socially responsible provision of gambling, as reviewed in Chapter Four. These comprised industry guidelines in responsible provision of gambling, a self-regulating code of practice, training in responsible provision of gambling, a cooperative approach to responsible management of gambling amongst gambling industries, an industry accord to develop and periodically review responsible gambling strategies and liaise with key community groups, and an independent disputes resolution body. A more detailed summary of these findings is presented in Appendix B.

5.4.1 Responsible Provision of Gambling Guidelines

There was consensus amongst all club managers that the industry needs a set of guidelines in responsible gambling, although less agreement on who should develop and fund it. Eight felt guidelines should be developed specifically by and for the club industry. Conversely, four managers thought a range of stakeholders should be involved. Three interviewees felt the government should develop responsible gambling guidelines, with industry input, while two considered they should be developed by representatives from all gambling sectors through their industry associations. Whatever the approach, substantial input from the club industry in developing suitable guidelines was considered paramount. All but one manager felt that development of guidelines should receive substantial funding from the state government, and if applied to all gambling industries, that other sectors should contribute.

Many practical suggestions were made, unprompted, for the content of guidelines, including:

- procedures for identifying, approaching and assisting problem gamblers;

- where to refer them for help;
- the provision of signage, slogans and printed material;
- background information on the nature and extent of problem gambling;
- legal parameters in addressing the issue.

However, it was recognised there would be some resistance to adopting guidelines, particularly amongst smaller, less professional and less profitable clubs. While about half the managers felt guidelines would be widely adopted, the remainder felt economic interests would prevail over ethical ones unless legislation required similar guidelines across all gambling industries. Substantial education and marketing would be necessary for any guidelines to be consistently adopted in the absence of legislative requirements.

5.4.2 Self-Regulating Code of Practice

All but one club manager supported a club industry code of practice in responsible provision of gambling. Interviewees advocated substantial input from the club industry in its development, with the RCA or CMAA considered the most appropriate coordinator. Again, many suggestions were made for what a code should contain, similar to those identified for guidelines in responsible gambling. Codes of practice from other states could be drawn upon to facilitate the task. However, when asked about likely adherence to a code, fifteen interviewees expressed doubts over a self-regulatory approach, particularly if only the club industry was involved. They felt a code would be adopted, but not consistently implemented or enforced, with two advocating a legislative approach. Economic concerns and general apathy were identified as major barriers to voluntary adoption of a code.

5.4.3 Training in Responsible Provision of Gambling

All except one interviewee agreed training would be necessary to effectively implement any guidelines and code of practice. However, there was debate over whether training should involve all club staff, with many advocating strict guidelines to operative staff for referring problem gamblers to senior management. Again, the managers advocated industry involvement in developing suitable training, perhaps with input from other stakeholders involved with gambling and from training providers. The current approach to training in responsible service of alcohol was

cited as a suitable approach. Many suggestions were made, unprompted, for the contents of a training program, including:

- causes, nature, consequences and extent of problem gambling to build understanding and empathy;
- procedures for identifying, approaching, handling and treatment of problem gamblers;
- associated legal parameters;
- provision of support material such as signage and brochures.

Nine managers felt training would be reasonably well adopted, particularly if the industry had significant input into its development and if required across all gambling sectors. However, seven thought it needed to be mandatory for widespread implementation.

5.4.4 Cooperative Efforts Amongst Gambling Operators

When asked if industry initiatives such as guidelines, a code of practice and training in responsible provision of gambling should be developed cooperatively amongst all gambling operators in the state, seventeen managers agreed. As well as encouraging a uniform approach, cooperation would consolidate funding and effectiveness. However, barriers to cooperation were identified, relating mainly to competitive rivalry, power struggles and economic interests. Only two respondents felt each gambling sector should develop independent strategies to suit their different types of gambling, markets and environments.

5.4.5 Gambling Industry Accord

About half the interviewees approved of an industry accord to develop and periodically review responsible gambling strategies and liaise with key community groups. Resulting benefits would be shared responsibility, learning from others' experiences, a way to involve community groups, and increased effectiveness in dealing with regulatory, economic, technological and product changes in gambling. However, two managers qualified their agreement with concerns about the types and agendas of community groups involved. Others pointed out that while an accord sounds 'good in theory', it would be 'very time consuming' and may be 'difficult in getting off the ground'.

5.4.6 Independent Disputes Resolution Body

With advanced technology of gaming machines and their ability to replay the last game, the managers reported that machine-related disputes are becoming less common. Current procedures for dealing with gaming machine malfunctions and patron awareness of these were considered adequate by all interviewees. Along with lock-up mechanisms on malfunctioning machines, all clubs had procedures to minimise problems, to alert patrons if machines are out of order, and to handle machine related disputes. Because the interviewees reported that major disputes can usually be resolved in-house, all but two managers considered there was no need for an independent disputes resolution body to deal with gaming machine related disputes or unethical practices in machine gambling. One manager described the idea as 'overkill', explaining that recourse available to players through club management, machine manufacturers, the Department of Gaming and Racing and the court system provided sufficient avenues.[46]

5.4.7 Summary

From responses to questions about industry-level strategies in responsible provision of gambling, it appears that, while there is support amongst club managers for guidelines, a code of practice and training in responsible gambling, certain conditions would have to be met and hurdles overcome for effective and widespread implementation, especially without government funding and similar obligations for all gambling sectors. Their development would require substantial input from the club industry, followed by an education and marketing program to sell the benefits to the industry. Most managers advocated a cooperative approach to industry-level strategies involving all gambling sectors, although natural rivalry and a history of non-cooperation would pose barriers. Funding would be another barrier. The interviewees considered it unlikely the club industry would contribute financially, unless the state government and other gambling industries did likewise. There also was majority opposition to an independent disputes resolution body to handle customer complaints relating to club machine gambling operations.

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[46] Nevertheless, the *NSW Gaming Inquiry* (IPART, 1998:49) recommended an improved consumer complaints mechanism to overcome deficiencies in the NSW Department of Gaming and Racing's current processes, as noted in some submissions to the inquiry.

5.5 ATTITUDES TO IMPLEMENTING VENUE-LEVEL RESPONSIBLE GAMBLING STRATEGIES

Venue initiatives in existing models of responsible gambling reviewed in Chapter Four include providing patron information on problem gambling, self-exclusion programs, restricting access to cash for gambling, providing more product information, and restrictions on advertising and promotion of gambling. Interviewees were asked their opinion on adopting these measures in NSW clubs (Section Three in Table 5.1).

5.5.1 Provision of Patron Information on Problem Gambling

Consistent with strategies in existing models of responsible gambling (South Australia, Victoria, USA, ACT, Star City Casino), interview questions about provision of patron information on problem gambling related to house policies, signage on responsible gambling, information on how to recognise a gambling problem and what to do about it, staff awareness of problem gambling, and club referrals for assistance.

Although only one club had implemented a house policy on responsible gambling, another sixteen managers supported the idea, with the remaining two preferring an industry-wide policy. Suggestions for its contents included mechanisms for increasing awareness, detection and empathy for gambling problems, procedures for dealing with problem gambling, a commitment to education and responsible promotion of gambling, provision of signage and support material, and policies on self-exclusion, cheque cashing and access to cash.

All interviewees agreed signage could be an effective component of a responsible gambling strategy, provided it was simple, to the point, non-offensive, and sufficiently eye-catching to be noticed amongst other club signage. Suggestions for printed material included leaflets and cards for patrons, contact details for counselling services or a designated in-house person, slogans, house policies, and messages on machine screens. However, six managers felt signage would be resisted, particularly if too prominent. None of the participating clubs provided any signage in languages other than English, even though estimates of non-English speaking (NES) patronage were as high as 25% in one club. While nine managers felt multi-lingual information was unnecessary, other barriers were the sheer diversity of NES groups and general reluctance to accommodate other languages.

All except three interviewees recognised the difficulty people have in recognising and admitting a gambling problem. However, certain barriers were perceived as limiting the clubs' ability to help:

- there was little a club could do unless the player firstly acknowledged and was willing to confront the problem;

- clubs are often not aware of who might have problems, especially with note acceptors and coin-dispensing machines;

- privacy rights of patrons and anti-discrimination legislation would preclude a confrontational approach.

Clubs could assist, however, though staff training to recognise gambling problems, displaying self-assessment checklists and 'memory jolts', and advice in patron pamphlets. Of particular concern is that most managers consider players are insufficiently aware of what to do if they think they have a gambling problem. More positively, all interviewees agreed clubs should make this information more accessible through signage, printed material, their house policy and advice from staff. Sixteen managers would not object to notices in their clubs of a telephone hotline service for problem gamblers, while three were unsure.[47]

All responding managers agreed clubs should ensure staff can recognise signs of problem gambling, and that related training was necessary. However, there were very mixed responses when asked if and how people with gambling problems could be identified. Four managers thought it nearly impossible, others considered it possible but difficult, while the minority thought it easy. Numerous indicative signs were suggested relating to behaviour, appearance, expenditure, and time spent gambling, although respondents pointed out none was reliable in isolation.

Unprompted, the interviewees were able to suggest various measures to take if a person admitted a gambling problem, although they had little direct experience. These included prevention from entering the club, from playing machines and from cashing cheques, imposing cooling-off periods after big wins, providing relevant information and referrals to counselling, and direct counselling of the patron. Eleven

[47] G-Line, the telephone hotline service for problem gambling, was introduced in NSW in October 1997, after these interviews were conducted.

managers had been approached for help for gambling problems. Their responses included self-exclusion from the club, restrictions on playing machines, direct counselling and referrals to counselling services.

Fourteen managers thought most clubs would not know where to refer patrons with gambling problems for help. One argued that welfare and counselling services 'certainly haven't made themselves known to clubs...you think they would come to the source'. However, all agreed this is information clubs should know and provide.

5.5.2 Self-Exclusion

While only four of eleven managers approached by people with gambling problems had excluded or restricted their access to club gambling, all but two of the nineteen agreed people with gambling problems should be barred from playing gaming machines, but only if they admitted the problem and requested exclusion. Concern was raised that, unless there was a standard approach, 'barring them without their approval will just lead them to another gaming venue', which would mean 'you've just moved the problem elsewhere and lost your revenue'.

When asked how an exclusion program might be implemented, most managers thought it should be voluntary, that they would seek written patron agreement, request they relinquish their membership card or seek a court order, and that they would then inform staff through a list of names or photographs. If such persons were later found in the club or found playing gaming machines, management would remove them. Only one manager considered his Board of Directors would bar a patron solely on request from a family member.

However, potential problems were mentioned in implementing self-exclusion. These were difficulties for staff in monitoring and identifying barred persons entering the club and playing machines, particularly as note acceptors mean people do not have to use change facilities; that patrons could easily join and access the club under another name; and that the system would be ineffective unless cooperation from all local gambling venues was obtained. Another manager stated he would need legal advice on the right of clubs to exclude members. One manager considered self-exclusion programs 'garbage' as excluded patrons would just gamble elsewhere.

While seventeen managers were willing to implement self-exclusion, three of these were reticent about promoting it as it would not be in their 'best interests'.

5.5.3 Access to Cash for Gambling

Strategies limiting access to cash for gambling included in existing responsible gambling models in other sectors (South Australia, Victoria) include imposing a cooling-off period by paying big winners by cheque, preventing credit betting, limiting cashing of cheques for gambling, and restricting withdrawals and access to EFTPOS facilities and ATMs.

Most interviewees disagreed with a cooling-off period for players after big wins. This was because big winners are not necessarily heavy gamblers, most wins are paid as automatic credits, it would impose on individual rights, and it would lessen the clubs' ability to recover winnings. However, where a prize is not paid automatically, most clubs currently offer a cheque rather than cash, primarily for security reasons and as a precaution against machine malfunctions, illegal activity or staff mistakes. Nevertheless, respondents reported that most patrons insist on cash as they wrongly believe gambling winnings are taxable.

All clubs had some controls on cheque-cashing, either outlawing it, restricting it to members, setting limits on amount and frequency, or using a computerised checking system to review the patron's cheque-cashing history. Cheque cashing policies had been progressively tightened in the clubs to prevent dishonoured cheques. Only one club has ceased cashing cheques because management was concerned people were doing so specifically to play gaming machines.

While all but two clubs had EFTPOS facilities, three did not allow cash to be withdrawn, with use restricted to meals, goods, entertainment and fees. All but three clubs had ATMs, with ten clubs installing them in or at the entrance to gaming machine areas, and the remainder locating them in the foyer or other club areas. One club had removed its ATM from the gaming room to help people make a 'wiser decision' about withdrawing cash for gambling.

5.5.4 Providing Product Information

A key element of responsible gambling strategies in existing models in other sectors (South Australia, USA) is provision of information for players outlining how gaming machines work and how to play to maximise enjoyment and minimise risks of problem gambling. Signage and player information in brochures are the main vehicles.

When questioned about providing additional information to players on how machines work, their different features and payback rates, many managers responded cautiously. While nearly all respondents considered most patrons are sufficiently aware of their chances of winning and losing on gaming machines, they conceded that the chance nature of the game and how payback percentages work are not well understood. However, about half the managers expressed concern that, if payback percentages are publicised, patrons might expect this return every time. Another concern was the inequity of publicising payback percentages from gaming machines without other gambling operators doing likewise. Two managers felt that publicising this information would achieve little in behavioural change amongst players.

Another aspect of gaming machines potentially misunderstood by players is how various features, such as machine denomination, tokenisation, multi-line and multi-game features, can influence the amount bet.[48] When asked if players are sufficiently aware of these, nearly all managers recognised different levels of understanding between regular and novice players, and that novice players may well 'get caught a few times'. While nine managers felt clubs should make this information more accessible to players, six were unsure and four disagreed. Three of these four considered it the responsibility of machine manufacturers and could be part of legislative requirements, with two also stating it was the players' responsibility to 'review the artwork and the machine features before spending their money'. One felt that providing such information would serve no useful purpose as players prefer to remain 'blissfully ignorant'. Even for those agreeable to providing more patron information about machine features, major barriers were identified as rapid changes to machine technology, the diversity of machines, and the large number of employees who would need to be familiar with all machine features.

In terms of providing information for players on budgeting gambling expenditure, about half the interviewees were confident most players control expenditure within pre-planned or manageable limits. Eight managers were adamant they had no right to advise patrons on how to spend their money, while five noted difficulties in establishing appropriate budgets and monitoring player expenditure. Given that providing information on budgeting gambling expenditure largely was considered

[48] Since the interviews were conducted, the Productivity Commission (1999b:16.76-16.77) has drawn attention to the influence of note acceptors on gaming machines in exacerbating problem gambling. However, the club managers interviewed for this study were not asked about these.

impractical and an invasion of privacy and individual rights, prohibiting credit betting and cheque-cashing controls were considered adequate means to address the issue, along with reminders to players to 'bet with their head and not over it' through signage, brochures and newsletters.

5.5.5 Restrictions on Advertising and Promotion of Gambling

As identified in Chapter Four, responsible gambling strategies in some jurisdictions such as Victoria include an advertising code of ethics to deter false, misleading or deceptive advertising of machine gambling, to ensure such advertising is in good taste and targets audiences 18 years and over, and to discourage association of gambling with excessive alcohol consumption. The interviewed club managers were asked to describe their club's gaming machine advertising, whether gaming machine advertising by the club industry in general is appropriate in its content and message, and whether there should be advertising restrictions.

When describing the main content and message of their gaming machine advertising, managers drew a distinction between external advertising practices and in-house gaming machine promotions. Two clubs did not advertise gaming machines externally, while thirteen respondents considered their clubs advertised the whole club concept, rather than predominantly focusing on machine gambling. All participating clubs conducted numerous in-house gaming machine promotions publicised through various media, communications with members and within the club. The importance of gaming machine promotions in 'trying to encourage patrons away from our competitors' was stressed by one manager, while others noted 'that's our income', it is 'the big dollar', 'that's the major cashflow' and 'there's no doubt it's all linked to gaming machine revenue in the long run'. One manager commented that 'internally, I think that clubs market the machines fairly aggressively'.

Fourteen managers felt that promotion of gaming machines is conducted responsibly by the club industry, although many exceptions to this by other clubs were cited. While it was not considered beneficial for the club industry's public image to advertise gaming machines too blatantly, of concern was that, with increased competition from poker machines in NSW hotels, clubs may be pressured to promote their machines more heavily. Eight interviewees felt there should be some restrictions to machine promotion to prevent targeting vulnerable groups or access to minors, although there was no consensus on how this should be done. Suggestions were through a code of conduct, or by limiting promotion to in-house merchandising or mail-outs to members. Conversely, eight club managers were opposed to any

restrictions, with three considering it unfair censorship, another feeling it unnecessary as the clubs already advertised responsibly, and four that it would serve no purpose as young people are not influenced by club advertising and that a person needs to be 18 years old to play the machines.

5.5.6 Summary

It is apparent from the interview findings relating to venue-level strategies in responsible gambling, that few of these were implemented in the nineteen participating clubs at the time of the interviews. The most commonly implemented strategies were cheque-cashing controls which all clubs had introduced to reduce the incidence of dishonoured cheques, and location of ATMs away from gambling areas by six clubs with a further three having no ATM. Five clubs did not provide or limited EFTPOS withdrawals for gambling, while three imposed a cooling-off period for big winners. Four clubs had a self-exclusion program, three provided written information on problem gambling counselling services, two did not advertise gaming machines, one had a house policy on responsible provision of gambling, and one displayed signage about responsible gambling. No other strategies examined in this section were implemented in the participating clubs.

However, the low level of implementation of responsible gambling strategies in the clubs was juxtaposed to the interviewees' verbal support for the introduction of some initiatives. Strategies most acceptable to the interviewees were providing patron information on problem gambling through house policies, signage about responsible gambling, written information on problem gambling counselling services and a telephone hotline service. The introduction of self-exclusion programs also received wide support, provided it was voluntary, that related legal parameters were clarified, and that difficulties of monitoring entry and use of gambling facilities by self-excluded persons could be overcome.

However, restricting access to cash for gambling, providing more product information, and restrictions on advertising and promotion of gambling received greater opposition from the nineteen interviewees. More than half the managers opposed moving ATMs away from gambling areas, limiting EFTPOS withdrawals for gambling and imposing a cooling-off period for big winners. Eight managers opposed providing written information for patrons on how to budget gambling expenditure and six were opposed to providing information about how gaming machines work. Eight managers were also opposed to restrictions on the advertising and promotion of gaming machines.

Thus, as discussed later in this chapter, the interviewees clearly preferred a passive approach to responsible provision of gambling at the venue-level, favouring strategies relating to providing information about problem gambling and assistance once help was sought, over a more proactive approach involving preventative harm minimisation and consumer protection measures which might diminish the commercial appeal of gaming machines and reduce their profitability.

5.6 SUPPORT FOR AGENCIES AND RESEARCH FOR PROBLEM GAMBLING

This section is concerned with the fourth part of the interview schedule (Table 5.1). Building positive relationships with relevant agencies, along with providing financial and other support for counselling services and gambling research, have been key elements of responsible gambling strategies in other sectors such as in South Australia, as discussed in Chapter Four. The interviewees were asked their opinions on providing similar support from NSW clubs.

5.6.1 Liaison with Problem Gambling Services

Seventeen of the club managers interviewed agreed the NSW club industry should liaise more closely with the welfare sector to minimise gambling-related harm. The sector's expertise could raise awareness of the extent of gambling-related problems, particularly amongst club patrons, assist in developing guidelines for responsible management of gambling, and help club managers identify and assist people with gambling problems. However, one of these managers felt the welfare sector should only become involved if and when a patron sought help. A further two of these managers would only consider closer ties if the welfare sector 'has identified the fact that the problem is coming from the clubs', with one contending that the role of clubs was to 'provide the service and try and make as much money as possible' and that unless the welfare sector could prove clubs were part of the problem, he was not going to deter gambling expenditure. Only two managers were opposed to building closer links with welfare bodies. One of these considered that welfare officers employed by some clubs adequately handle the issue, while the other felt 'the welfare sector should change its ways...(so) when a person receives a welfare payment, part payment should be paid to rent and food'.

When asked, unprompted, on how closer relationships between clubs and the welfare sector could be developed, the preferred mechanism was a cooperative committee or forum which also might involve representatives from the state government and

machine manufacturers (eight respondents), although six thought welfare agencies should make first contact with clubs, two felt the RCA or CMAA should establish these links, and one considered the sector could be involved in staff training in responsible conduct of gambling. Closer links with welfare organisations would seem important, given that most interviewees considered most clubs would not know where to refer problem gamblers to for assistance if approached.

5.6.2 Financial and Other Support for Problem Gambling Services

There were mixed feelings about contributing funds to problem gambling counselling services. Sixteen interviewees thought the state government should contribute funds. Nine of these thought funding should come wholly from the state government, while seven thought it should contribute along with industry and other stakeholders. However, one manager contended more funding should be received from hotels and casinos as 'they are profit maximising organisations'. Another manager considered the RCA should provide funding, while one thought charities which 'receive extensive funds from clubs' should fund it. One manager thought individual gamblers who use counselling services should fund them.

Of those who agreed with financial contributions from clubs to counselling services, five thought a levy imposed as a percentage of taxable gaming machine income most appropriate, two thought it should be a flat dollar contribution, while another considered grants should be made from industry associations on behalf of clubs. Another two managers preferred donations to services in the local community. Another contended the severity of the problem needed assessment before clubs contributed funds, while another pointed out the possible reluctance of welfare organisations to 'be seen as taking a benefit from the people who are creating the problem'. It appeared widespread financial contributions from clubs to counselling services would only be forthcoming if firstly it was established that clubs were causing gambling problems, if a similar levy was applied across all gambling industries, if the funding was guaranteed to reach counselling services, and if counselling services were made accountable for funded expenditure. However, most managers would agree to providing in-kind support for counselling services, such as advertising space, assistance with fund-raising, facilitation of referrals and use of club facilities.

5.6.3 Financial and Other Support for Problem Gambling Research

Mixed responses were apparent when interviewees were asked if clubs should donate funds for problem gambling research. Seven managers felt the government should

fund research into gambling-related problems, while another thought research funding should come from both clubs and the government. Another felt all 'gambling agencies' should contribute. However, five managers thought clubs should contribute. Of these, one contended that contributions should be 'something clubs do on an individual basis', while two felt the RCA or CMAA should be 'the forum through which funds from clubs are channelled into research'.

Suggestions for in-kind support for gambling-related research included access to club information and personnel, allowing researchers to survey club patrons, publishing the clubs' own research, use of club facilities, and club surveys to identify the extent and severity of gambling problems.

5.6.4 Summary

While most of the nineteen respondents thought NSW clubs could benefit from closer relationships with the welfare sector, and were generally supportive of in-kind support for counselling services and research into gambling problems, there was a diversity of views about contributing funds. Less than half the interviewees thought clubs should make financial contributions, with two stipulating this should be a decision for individual clubs. A levy system would be acceptable only if an association between club gambling and problem gambling was established, if other gambling sectors also contributed, and if adequate levels of accountability for funding expenditure were in place. The vast majority of interviewees advocated financial support from the state government, to either replace or supplement club donations.

5.7 LEGAL OBLIGATIONS IN MACHINE GAMBLING

Codes of practice and other guidelines in existing responsible gambling models, such as in South Australia and Victoria, remind venue operators of legal obligations in machine gambling, particularly gambling on credit and by minors, intoxicated and self-excluded persons, as well as the responsibility to ensure machines are working correctly.

The club managers interviewed appeared very aware of legal responsibilities in machine gambling, with compliance considered paramount. Responsible management, checks by the Board of Directors, producing required reports, electronic surveillance, staff training, financial accounting procedures, gaming

machine analyses, written procedures, adequate supervision and floor staff, and advice from the RCA were mechanisms cited to enhance legal compliance.

To prevent machine tampering, theft, fraud and money laundering, the clubs had various mechanisms in place, although these varied between clubs. Mechanisms included gaming machine analyses, financial reconciliations, attention to a person's cheque-cashing history so aberrations are noticed, use of vouchers redeemed for cash rather than receipts so the person has no transaction record to launder money, electronic surveillance, machine alarms, staff training on counterfeit notes, notification to management if someone requests changing large amounts of money, staff vigilance, close relations with local police, and having gaming machines in view of staff.

Clubs in the sample used a variety of procedures to prevent gambling by minors and intoxicated persons. These included front door surveillance, including requests for proof of age and identification, displaying necessary signage, management surveillance, staff training and vigilance, employee empowerment to refuse service or ask for identification, and security cameras.

As only four managers had ever self-excluded people with gambling problems, there was little comment on how clubs ensure such persons do not play gaming machines. Displaying photos of the person, accompanied by door checks, staff awareness and security cameras, were the most common mechanisms.

In summary, the interviewed club managers appeared knowledgeable and to place great importance on adhering to their legal obligations in machine gambling. Although mechanisms to enhance legal compliance varied between clubs, all were confident these were effective in ensuring compliance. While no objective data were gathered to verify these claims, findings by the *NSW Gaming Inquiry* (IPART, 1998) suggest some clubs regularly breach certain provisions of the *Registered Clubs Act 1976 NSW* which outlaw cash advances to patrons on club premises, of the *Trade Practices Act*, the *Fair Trading Act*, the *Contracts Review Act* and the *Credit Act*, as well as of the common law duty of care on service providers in relation to patrons, as discussed in Chapter Three. In addition, regular reports of breaches of machine gambling legislation reported in *Liquor and Gaming*, a regular NSW Department of Gaming and Racing newsletter, provide evidence that lapses do occur. Thus, it appears the nineteen interviewees are unduly confident of existing mechanisms to ensure effective compliance to legal obligations in club machine gambling.

5.8 PERCEIVED OPPORTUNITIES AND BARRIERS TO RESPONSIBLE GAMBLING STRATEGIES IN NSW CLUBS

This section presents results for the sixth part of the interview schedule (Table 5.1) by identifying the main opportunities and barriers to adopting more responsible gambling strategies in NSW clubs as perceived by the interviewees.

5.8.1 Perceived Opportunities in Responsible Provision of Gambling in NSW Clubs

Interviewees identified the following strategies as most likely to be accepted by NSW clubs (numbers in brackets indicate the number of respondents):

- standard guidelines, codes of conduct, house policies and procedures which could be used across the club industry or adapted for use by individual clubs (10);

- standard guidelines, codes of conduct, house policies and procedures to be used by all gambling industries (3);

- printed materials and signage, such as posters and brochures for patrons to allow self-assessment of gambling problems and contacts for counselling services (3);

- education of club managers and staff in responsible provision of gambling (2);

- a consultative committee of representatives from all stakeholders in gambling industries to plan a strategy (1);

- a telephone hotline service for problem gamblers (1).

5.8.2 Perceived Barriers in Responsible Provision of Gambling in NSW Clubs

When asked what they considered the main barriers to clubs adopting responsible gambling practices, the interviewees identified the following:

- potential loss of profits, because ‘gaming is their lifeblood’, ‘some...would rather have the money than anything else’ and ‘in this climate, there’s a lot of clubs doing it tough (and) the last thing they want is to scare punters away’;

- apathy and resistance to change unless legislation requires it;

- lack of awareness and ‘hard facts’ about the extent and severity of gambling-related problems amongst club patrons and lack of ‘any real contact with anyone with a serious gambling problem’;

- uniformity amongst all gambling sectors and difficulties of bringing all sectors into line, particularly given the ‘us and them’ attitude between gambling industries which may hinder cooperation. That is, ‘knowing the background of the RCA and the AHA confrontation (over) the last couple of years, I see that as an early barrier’;

- ‘ignorance’, lack of education and professional management, where ‘some clubs are from the old school’ and ‘basically, people don’t give a rats’;

- lack of support from club directors, as ‘in many clubs, the secretary manager has very little say’;

- potential problem of ‘sending...gambler(s) to another venue because you have mistakenly targeted them as problem gamblers’;

- time and resources to implement responsible practices, particularly for smaller clubs without full-time management who will ‘see it as another imposition’;

- difficulties in people admitting they have a gambling problem, which would be a barrier to adopting responsible gambling practices.

Some suggestions were made for overcoming these barriers:

- presenting responsible practices ‘in a clear fashion’, precisely and ‘not clouded with all sorts of funny issues to decide’;

- legislation to apply to all clubs, with club input in development;

- legislation to apply to all gambling venues, with industry input into development;

- education of directors, management and staff of the nature, extent and seriousness of the problem and ‘that it is our responsibility’ to minimise harm in gambling;

- gathering of ‘hard facts’ to encourage understanding of the extent of problem gambling amongst club patrons;

- requiring adoption of responsible practices as a prerequisite to membership of gambling industry associations;

- a government advertising/education campaign to help people recognise symptoms of gambling problems, its effects and solutions;

- development of club-wide guidelines for handling patrons with gambling problems and resolving their problems.

5.8.3 Summary

There were numerous opportunities and barriers identified by the nineteen managers in implementing responsible gambling strategies. At the very least, standard guidelines, codes of conduct, house policies and procedures for identifying, approaching and dealing with problem gamblers would be reasonably well accepted in the industry. However, major barriers to adopting more comprehensive strategies were identified as lack of knowledge and awareness, apathy, resistance to change, lack of support from club directors, insufficient time and resources, and a perceived threat to club revenue. Nevertheless, overcoming these barriers could be enhanced by raising awareness amongst club management of problem gambling and the role gaming machines might play, pursuing a cooperative approach to responsible provision of gambling amongst all gambling sectors, and seeking substantial club input into how elements of a responsible gambling strategy might best be implemented. Implementation then could be enhanced by an education campaign for club managers and directors to increase awareness of problem gambling, to emphasise the need for a proactive response, and to allay fears about loss of income, and by extensive assistance to individual clubs through developing and disseminating standardised policies, procedures and support materials, and through adequate training.

5.9 PRINCIPLES AND PRACTICES ADOPTED BY THE INTERVIEWEES IN ADDRESSING PROBLEM GAMBLING

The ensuing discussion analyses key principles and practices adopted by the participating clubs to address problem gambling behaviour associated with their machine gambling operations.

5.9.1 Principles of Corporate Social Responsibility in Addressing Problem Gambling

As explained in Chapter Four and depicted in Figure 4.2, principles of social responsibility in machine gambling operations in NSW clubs will be assessed in terms of Carroll's (1979, 1991a) categories of economic, legal, ethical and discretionary responsibilities. Carroll maintained that the total corporate social responsibility of organisations entails simultaneous fulfillment of these four responsibilities (1991a:43) and that the proportional value associated with each component defines the corporate social responsibility of an organisation at any point in time (Aupperle, 1982:55). Analysing the interview findings according to the priority given to these four responsibilities will illuminate key principles driving machine gambling operations in the participating clubs and provide a way of describing the clubs' level of social responsibility in their machine gambling operations. This analysis will be structured in three parts - perceived responsibility for addressing problem gambling, attitudes to adopting responsible gambling strategies, and perceived opportunities and barriers for more responsible provision of gambling in NSW clubs.

Principles Underlying Perceived Responsibility for Addressing Problem Gambling

There was limited understanding amongst the interviewees of the nature and extent of problem gambling and the types of gambling people find most difficult to control, but a generally positive attitude to the concept of responsible provision of gambling by clubs. Their underlying reasons for this revealed concern for all four of Carroll's (1979, 1991a) principles of social responsibility, although with varying degrees of priority. As discussed below, economic responsibilities were the primary concern of the interviewees, with less concern given to ethical and discretionary responsibilities in machine gambling operations.

Many interviewees qualified responses in ways reflecting economic concern for their revenue base and for competitive disadvantages that might arise from a more

responsible approach. For example, fifteen managers considered all gambling venues, not just clubs, should shoulder some responsibility for minimising gambling problems and were reluctant to adopt responsible measures unless consistent across all sectors because of potential loss of business. This was because interviewed managers generally thought gambling problems can be associated with many forms of gambling, with six considering TAB betting and casino gambling more problematic than gaming machines. Over half the respondents did not acknowledge gaming machines as conducive to problem gambling due to their limited bet size and passive nature. However, whether this reflects lack of knowledge or defence of the clubs' main revenue base is difficult to know.

There was also recognition that shouldering responsibility for addressing problem gambling may incur direct expenses, and nine managers thought the state government should contribute funds from gambling taxes. Seven called on all stakeholders who benefit financially from gambling to contribute to a 'fighting fund', not just clubs.

Sixteen respondents thought it in the best interests of the club industry to be more proactive in responsible management of gambling. Two cited specific economic reasons for this. They pointed out that it was more profitable to have numerous regular customers spending a moderate amount than fewer players who overspend. As one explained 'most clubs have the attitude they would rather make $20 or $30 out of every time someone visits than bleed them dry. If you have a customer that spends $100 in your premises once a fortnight, then you have got them for the next ten years and they are worth a lot of money to you'. However, one manager noted that even though he thought being more proactive was morally responsible, it was not in the best interests of the industry 'from an economic side' as 'when poker machines are anywhere from 60% to 70% of revenue, it's their livelihood'. One manager thought it in the best interests of NSW clubs to take more responsibility in addressing problem gambling purely to prevent legislation, while two nominated ethical reasons, that 'if you're providing a service...and the service is hurting somebody, we should...assist in trying to fix the problem', and that 'if you provide something, you need to do it fairly'. Two managers noted that being more proactive would give clubs the opportunity to be 'good corporate citizens', a discretionary concern. However, both seemed more concerned about public image than tangible community benefits, with one advocating an advertising campaign to generate maximum public exposure.

Responses to questions relating to perceived responsibility for addressing problem gambling reflect inherent tensions between the commercial interests of the clubs and social responsibility in machine gambling. With most managers pointing to the need for their competitors to also shoulder some responsibility for addressing and funding gambling problems, it appears that ethical concerns for fairness, patron care and harm minimisation, and discretionary responsibilities to be responsible corporate citizens, are secondary to economic concerns of revenue protection in a highly competitive environment.

Principles Underlying Attitudes to Adopting Responsible Gambling Strategies

Economic concerns also underpinned principles underlying the attitudes of the nineteen managers to adopting responsible gambling strategies, again taking priority over ethical and discretionary responsibilities.

Table 5.3 shows the distribution of responses to questions about possible industry initiatives in responsible provision of gambling. It indicates that nearly all managers approved of guidelines, a code of practice and training in responsible gambling. Most also believed these should be developed cooperatively amongst all gambling operators in the state, again reflecting concern for a consistent approach and a 'level playing field' so clubs are not disadvantaged. However, many identified practical difficulties of a combined approach, due to competitive rivalry, power struggles and economic interests amongst the different gambling sectors.

All but one manager felt that developing guidelines should receive substantial funding from the state government, and if applied to all gambling industries, that other sectors should contribute. Similarly, the majority thought government and all gambling sectors should fund a code of practice and training programs.

It was recognised there would be some resistance to adopting guidelines and a code, particularly amongst smaller, less professional and less profitable clubs, with only four interviewees considering they would be widely adopted because clubs are professional enough to fulfill their ethical responsibilities. Four managers felt unless legislation required it, economic interests would prevail over ethical ones. Most however felt training would be reasonably widely adopted, particularly if the club industry had significant input in development, if required across all gambling sectors, and if legislated.

Responses to possible industry initiatives in responsible provision of gambling again reflect the natural conflict between economic concerns and social responsibility in gambling. The managers predicted that ethical responsibilities may be subsumed by economic concerns in certain clubs, with some suggesting they needed to be a legal responsibility to be widely adopted.

Table 5.3
Summary of Interviewee Responses to Possible Industry Initiatives in Responsible Provision of Gambling

Industry Initiatives:	Agree	Disagree	Unsure
Responsible provision of gambling guidelines	19	0	0
Self-regulating code of practice	17	1	1
Training in responsible provision of gambling	18	0	1
Co-operative approach to responsible provision of gambling	17	2	0
Industry accord in responsible provision of gambling	15	0	4
Independent disputes resolution body	1	17	1

Source: derived from the 19 interviews conducted for this study.

Table 5.4 summarises respondents' attitudes to adopting certain venue initiatives in responsible provision of gambling. It is apparent they favour a passive approach, comprising a house policy, written information on identifying gambling problems and counselling services, staff training to recognise signs of problem gambling, self-exclusion programs, signage, closer liaison with the welfare sector, and policies on cheque cashing. Again, interviewees qualified responses in ways that further revealed their priorities in social responsibility in gambling.

Discussions about a house policy, signage, written information on identifying and acting on gambling problems, staff training, self-exclusion programs, and closer liaison with the welfare sector revealed the managers favoured an informational, educative approach for club personnel and patrons, focused primarily on self-identification and assistance for individuals with gambling problems, rather than structural changes to prevent or minimise problem gambling. That is, interviewees felt the onus is on gamblers to act on their problem although clubs would assist if approached. This was due to legal concerns about privacy, defamation and anti-discrimination, but also because they felt even if people with gambling problems could be identified, any assistance would be ineffective unless the person admitted the problem and wanted help. Even once the gambler sought help, effectiveness of club assistance was seen to be limited by difficulties in staff monitoring an excluded person's entry to the club and use of gaming machines due to the volume of patrons, limited identification required for club membership, and note acceptors on machines. However, no respondents felt they had a responsibility to overcome these difficulties.

Venue strategies that might directly threaten gaming machine profitability were less favoured by respondents. These included removing ATMs from gaming areas, prohibiting cash withdrawals from EFTPOS machines, having very prominent signage, publicising payback percentages on machines, advice on budgeting gambling expenditure, facilitating more controlled gambling expenditure by encouraging cheque payment of big wins or by setting lower limits on cash payments, restrictions on advertising and in-house promotions, actively promoting a self-exclusion program, and imposing additional controls on machine malfunctions and disputes. While all clubs favoured restrictions on cheque cashing, in all cases these were advocated to protect clubs from dishonoured cheques rather than to decrease access to cash for gambling. Thus, economic and legal priorities in machine gambling operations appeared to override ethical and discretionary concerns in discussions about these strategies.

For example, all but three clubs had ATMs, ten of these in or at the entrance to their gaming machine areas and all but two clubs had EFTPOS facilities, although three did not allow cash to be withdrawn either at all or specifically for gambling. Clubs providing these facilities relied on bank limits to restrict cash withdrawals for gambling purposes, reflecting concern for legal rather than ethical parameters. Those providing ATMs and EFTPOS facilities in gambling areas clearly recognised the economic benefits of facilitating access to cash for gambling. Similarly, most interviewees disagreed with cooling-off periods for players after big wins. Two pointed out that big winners are not necessarily heavy gamblers so the club had no responsibility to restrict their access to cash, three felt this would lessen opportunities for clubs to recover winnings, while four considered they had a legal obligation to pay cash if requested. However, most recommended clubs pay big winners partly by cheque for security reasons and to protect clubs against machine malfunctions, staff mistakes or machine tampering. Similarly, most managers opposed providing player information on budgeting gambling expenditure, considering it a transgression of privacy legislation. Some considered controls on credit betting and cheque-cashing adequately address the issue, while others suggested a passive approach such as signage reminding players to ‘bet with their head and not over it’ would suffice.

Economic motives also emerged in discussions about providing written information to players on how gaming machines work, with most interviewees conceding some machine features are not well understood by some patrons. While there was concern that providing more information would lead patrons to expect a set return every time they played, two managers felt if this was required of clubs it should be required of

all gambling venues and three that advertising higher payback percentages of machines compared to other forms of gambling could be an effective promotional strategy. Another considered more information might lessen the attraction and profitability of gaming machines by removing the perception that some skill is involved. While about half the managers agreed this information should be more accessible, many thought it the responsibility of machine manufacturers and the government.

Competitive concerns also were expressed about restricting advertising and promotion of gaming machines. Of seven managers who agreed with restrictions, five noted these should apply to all gambling sectors to ensure clubs are not disadvantaged. Another thought advertising the size of machine installations was poor publicity as it drew attention to how much money the industry makes from machines. However, five felt there were ethical reasons for preventing targeting of or access to advertisements by minors. Of eight managers opposed to restrictions, two considered the industry already advertises responsibly, three thought it unfair 'censorship' by lessening the 'opportunity to promote as we see fit', four contended it would achieve little as exposure to advertisements did not influence the level of gambling by minors, while one felt clubs may be pressured to advertise machines more aggressively with increased competition from NSW hotels. Internal merchandising in all the clubs focused on machine promotions with no managers suggesting restrictions on these. Thus, it appears economic concerns for retaining customer loyalty in the face of increased competition is a priority for most interviewed club managers in advertising and promoting gaming machines.

In terms of legal obligations in machine gambling, all managers maintained that current procedures ensured compliance and prevented theft, fraud, money laundering, and access by minors and intoxicated persons. All respondents considered legislation adequate to ensure consumer protection relating to machine malfunctions and dispute resolution and were opposed to further written patron information. However, as noted earlier, independent assessment reflects less confidence in the clubs' legal compliance (IPART, 1998; *Liquor and Gaming*, ongoing).

While most respondents agreed the NSW club industry could benefit from closer relationships with the welfare sector, there were mixed feelings about discretionary responsibilities such as contributing funds to problem gambling services and gambling-related research. Less than half agreed clubs should provide some funding, with two stipulating this should be an individual club's decision. A levy system

would only be acceptable if it was first established clubs were causing gambling problems, if applied across all gambling industries, if the full funding was guaranteed to reach welfare services, and if services were accountable for related expenditure. Some managers favoured financial support from the state government supplementing, or instead of, club donations. Most agreed to a range of in-kind support for welfare services and research, indicating they are not opposed to providing assistance, but reticent about expending financial resources on it.

In summary, it appears most clubs in the sample would be willing to be more responsible providers of machine gambling, but only if this did not unduly affect gaming machine revenue and profits. Economic considerations seem paramount, especially in light of increased competition for gambling revenue and the desire for clubs not to be disadvantaged financially by strategies that would either incur direct expenses to implement, or reduce the awareness and appeal of gaming machines or access to cash to play them. However, meeting legal responsibilities also was considered important in maintaining both the integrity of machines and consumer protection, and in setting parameters on initiatives clubs can take in responsible conduct of gambling. However, most clubs were resistant to strategies that would extend or provide more rigorous monitoring of their legal obligations in machine gambling. While some managers recognised ethical responsibilities in harm minimisation in machine gambling, the majority subordinated these to commercial interests. Harm minimisation strategies considered most acceptable were those representing a passive approach, primarily relying on individual gamblers to recognise a problem and seek help from the club, rather than structural changes that might prevent or minimise problem gambling. That is, they represent a reactive, not proactive approach to harm reduction. Lack of emphasis on ethical responsibilities was recognised by those advocating a legislated approach to achieve widespread and effective implementation of responsible provision of gambling across all gambling sectors. Discretionary responsibilities seemed the least important to the clubs, at least if they involved a financial commitment to strategies and services aimed at addressing problem gambling.

Table 5.4
Summary of Interviewee Responses to Possible Venue Initiatives in Responsible Provision of Gambling

Venue Initiatives:	Agree	Disagree	Unsure
House policy on responsible provision of gambling	17	0	2
Signage about responsible gambling	19	0	0
Notices on telephone hotline service for problem gambling	16	0	3
Written information on how to recognise a gambling problem	13	0	6
Written information on problem gambling counselling services	19	0	0
Train staff to recognise signs of problem gambling	19	0	0
Self-exclusion program	17	0	2
Cheque cashing policy	19	0	0
ATMs away from gambling areas	9	10	0
EFTPOS limits for gambling other than bank limits	5	14	0
Cooling off period for cash payments to big winners	4	12	3
Written information on how gaming machines work	9	6	4
Written information on how to budget money for gambling	2	8	9
Advertising restrictions	7	8	4
Written information on dealing with machine malfunctions & disputes	0	19	0
Closer liaison with the welfare sector	17	0	2
Funding for counselling services	8	7	4
Funding research into problem gambling	7	7	5

Source: derived from the 19 interviews conducted for this study.

Principles Underlying Perceived Opportunities and Barriers for More Responsible Provision of Gambling

The main opportunities perceived by the respondents for clubs to be more responsible providers of gambling again reflect the preferred passive approach to harm minimisation, with the most commonly identified being standard guidelines, codes of conduct, house policies and procedures, signage that allows self-assessment of gambling problems and contacts for counselling services, and training of club personnel. As discussed above, these are the strategies least likely to affect profitability and reflect the priority given to economic concerns in machine gambling operations.

This priority also is reflected in key barriers identified by respondents to more responsible provision of gambling in NSW clubs. Of the nine barriers outlined in Section 5.8.2, four relate directly to economic and competitive factors - potential loss of profits, unwillingness of different gambling sectors to cooperate, loss of

patrons to other gambling venues, and unwillingness of clubs to devote resources to addressing the issue. Other barriers identified relate mainly to lack of knowledge, awareness and attention to the issue, reflecting the low priority given to seeking community input into machine gambling policies and practices.

5.9.2 Corporate Social Practices Adopted in Addressing Problem Gambling

As explained in Chapter Four and depicted in Figure 4.2, socially responsible practices in machine gambling operations will be assessed in terms of policies and programs implemented in the clubs, reflecting their responses to the issue prior to mid-1999. Drawing on the nineteen interviews, the existence of these are summarised at the industry level in Table 5.5, and at the venue level in Table 5.6.

Table 5.5
Summary of Industry Policies and Programs Implemented in Responsible Provision of Gambling in the NSW Club industry

Industry Initiatives:	
Responsible provision of gambling guidelines	No
Self-regulating code of practice	No
Training in responsible provision of gambling	No
Co-operative approach to responsible provision of gambling	No
Industry accord in responsible provision of gambling	No
Independent disputes resolution body	No

Source: derived from the 19 interviews conducted for this study.

Table 5.6
Summary of Venue Policies and Programs Implemented in Responsible Provision of Gambling in the Interviewed Clubs

Venue Initiatives:	Yes	No
House policy on responsible provision of gambling	1	18
Signage about responsible gambling	1	18
Written information on how to recognise a gambling problem	0	19
Written information on problem gambling counselling services	3	16
Train staff to recognise signs of problem gambling	0	19
Self-exclusion program	4	15
Cooling off period for cash payments to big winners	3	16
Cheque cashing policy	19	0
EFTPOS limits for gambling other than bank limits (2 clubs had no EFTPOS)	3	14
ATMs away from gambling areas (3 clubs had no ATM)	6	10
Written information on how gaming machines work	0	19
Written information on how to budget money for gambling	0	19
Written information on dealing with machine malfunctions & disputes	0	19
Do not advertise gaming machines	2	17
Close liaison with the welfare sector	0	19
Funding for counselling services	0	19
Funding research into problem gambling	0	19

Source: derived from the 19 interviews conducted for this study.

No industry level policies or programs in responsible gambling existed in the NSW club industry at the time of the interviews (1997), although some clubs had venue level policies and programs. All clubs had policies on cheque cashing for the reasons outlined in Section 5.5.4 and not specifically to minimise problem gambling behaviour. The next most widely adopted initiatives were locating ATMs away from gaming machine areas (6 of 16 clubs with ATMs), limiting cash withdrawals from EFTPOS for gambling (3 of 17 clubs with EFTPOS), imposing a cooling-off period for cash payments to big winners (3 clubs), and providing written information on problem gambling counselling services (3 clubs). Two clubs maintained they did not advertise gaming machines at all, although all clubs held numerous in-house gaming machine promotions. One club had a house policy on responsible gambling and signage about problem gambling. Thus, minimal responsible gambling policies and programs reportedly were in place in the nineteen clubs at the time of the interviews.

5.9.3 Summary

The nineteen interviews analysed in this chapter have identified principles and practices adopted by a small sample of NSW clubs in addressing problem gambling associated with their machine gambling operations by 1997. Interviews with managers of nineteen clubs sought to gather opinions about the NSW club industry's responsibility for addressing the issue of problem gambling, explore attitudes to adopting existing models of responsible gambling, and identify perceived opportunities and barriers to more responsible conduct of gambling in NSW clubs.

Given the priority accorded to economic considerations in machine gambling over social concerns, it was not surprising the interviews revealed that minimal policies and programs, as contained in other responsible gambling packages, have been implemented either at industry level or in the participating clubs. While not philosophically opposed to being more responsible providers of gambling, the interviewees favoured a passive approach to address problem gambling, one that relies on providing information to allow individual gamblers to self-assess whether they have a problem and to facilitate assistance by the clubs. However, resistance was apparent to implementing structural changes to machine gambling operations that might threaten profitability.

While limited by the convenience sample in that the results cannot be considered representative of the industry, the exploratory interviews served a key purpose of illuminating issues for further investigation in later stages of this study. First, the findings informed interviews for the case studies of clubs with responsible gambling programs (Section 5.11) by drawing attention to attitudinal and practical barriers to implementing existing responsible gambling models. Thus, a key concern of the case studies was to ascertain whether and how these barriers had been overcome by these clubs in their responsible gambling programs. Second, the interviews informed design of a survey instrument to gather quantitative data on the issue (Chapter Six). Third, along with the case studies and quantitative analysis, the interviews provided baseline data which will be compared to principles and practices key stakeholders expect venue operators to adopt in responsible provision of gambling (Chapter Seven). Finally, the analysis in this chapter also provided baseline data against which the RCA's progress in developing a responsible gambling program for the NSW club industry during 1998-99 can be compared (Chapter Eight).

This chapter will now present and analyse case studies of six NSW clubs that had implemented policies and programs in responsible gambling prior to legislation in May 1998.

5.10 RESEARCH DESIGN FOR STAGE FOUR: THE CASE STUDIES

Clubs chosen for the six cases represent a convenience sample identified through consultation with the RCA, CMAA, and the AIGR. Snowball sampling also was used, whereby clubs known to have responsible gambling policies and programs were asked to identify other clubs implementing such packages. It was felt six clubs comprised an adequate sample to identify key principles and practices adopted to address problem gambling associated with machine gambling. Because the RCA, CMAA and AIGR could not identify any clubs with responsible gambling packages in other areas, the sample was restricted to clubs in the Sydney metropolitan area. Thus, findings may be limited by characteristics peculiar to this geographical area.

Table 5.7 shows the main characteristics of the six clubs and indicates a predominance of leagues clubs, clubs located in the western suburbs of Sydney, and clubs with extensive membership, gaming machine installations, and machine profits. While the sample does not include all NSW clubs with responsible gambling packages, it was not surprising the sample was skewed in this way, given the higher public profile of larger clubs, the dominance of leagues clubs in gaming machine operations in NSW, and the concentration of gaming machines in the western suburbs of Sydney (Prosser, Hing, Breen and Weeks, 1996).

Table 5.7
Main Characteristics of the Six Case Study Clubs

Club	Location in Sydney	Type	No. of Members	No. of Gaming Machines	Ranking in NSW Clubs by Gaming Machine Profit[a]	Ranking in NSW Clubs by Profit Per Gaming Machine[a]
A	Outer west	Leagues	34,000	557	2	2
B	Outer west	Community	50,000	478	6	23
C	Outer west	Leagues	30,000	350	4	1
D	North west	Leagues	25,000	182	41	25
E	Inner west	Leagues	22,000	322	21	17
F	Inner west	RSL	6,000	145	90	107

[a] NSW Department of Gaming and Racing (1998).

Source: derived from the six case study interviews conducted for this study.

The six clubs were telephoned to request an interview and to explain the research. Each club nominated its staff member most familiar with its responsible gambling package and an on-site interview arranged. Two clubs nominated their assistant general manager and four clubs their gaming manager. Each then spent about two hours with the researcher responding to a semi-structured interview format where extensive notes were taken. Each also conducted a tour of the club to demonstrate responsible gambling initiatives and provided copies of supporting material used in its responsible gambling package. The interviews were conducted in mid-May 1998, prior to the release of the RCA's *Problem Gambling Policy* (AIGR, 1998a). The interview format is contained in Appendix C, while Appendix D contains a detailed summary of the cases. Key elements of the interview format are summarised in Table 5.8.

Table 5.8
Key Areas in the Interview Schedule for the Six Case Studies

General Area	Specific Area
Background to the club	When established. Membership and patronage. Gambling facilities. Reliance on gambling revenue.
Club's responsible provision of gambling policy	Objectives. Impetus for development. How it was implemented.
Club's responsible provision of gambling program	Components. Role of directors, management and staff. Program monitoring and evaluation. Opportunities and obstacles to effectiveness.
Tour of the club	Gambling facilities. Evidence of responsible gambling strategies.
Supporting material	Copies of policy, signage, patron information, staff information, club publications.

Source: derived from the interview schedule for the six case study clubs.

5.11 CASE STUDIES OF CLUBS WITH RESPONSIBLE GAMBLING PACKAGES

The six cases are presented in detail in Appendix D according to each club's background, responsible gambling policy, impetus for its responsible gambling package, and key elements of its package. Use of these categories to summarise the

cases facilitated comparative analysis of the clubs and allowed their principles and practices in responsible provision of gambling to be identified and evaluated (Section 5.12). This section contains a more concise summary of the cases.

5.11.1 Club A

Club A's approach to responsible provision of gambling was described as 'proactive' but 'low-key'. To ignore problem gambling was considered 'short-term gain for long-term loss' as the club needed to be 'responsible and community focused' due to its 'high profile' and the potential for clubs to become 'scapegoats'. Club A started 'thinking about' responsible provision of gambling four to five years ago after management attended an AGA course in Nevada. Recent attention to responsible service of alcohol also was an impetus for a responsible approach to gambling, as was a recent incident with a member who appeared to have a serious gambling problem. Components of Club A's responsible gambling program are G-Line posters in multiple languages, a player guide, a self-exclusion program, cheque cashing limit of $200 per day, no third party cheques, and regular staff training on the program. The club initiated its own program but has been approached by a private consultant offering to develop a program for it.

5.11.2 Club B

Club B's approach to responsible management of gambling was described as 'passive'', relying on patron information. The policy is not written down. The underlying club philosophy appears very community oriented, as it is 'not good business to have problem gamblers'. The program had been operating for about 12 months at the time of the interview. On the initiative of the general manager and triggered by increased media attention to problem gambling, the club developed its *Guide to Responsible Gaming*. Components of the program are signage (multi-lingual G-Line posters in club toilets and its *Guide to Responsible Gaming* in all club foyers, and at cashiers in gambling areas), self-exclusion options, and attempts to convince players to take most of any large winnings by cheque. The club also has a professional occupational health specialist available for free consultation to anyone who feels they may have a gambling problem. His contact number is listed in the club's *Guide to Responsible Gaming*, along with another 15 counselling services.

5.11.3 Club C

Club C's philosophy of responsible provision of gambling is restricted to helping people who ask for assistance, rather than taking any initiative, even though 'there are quite a few people with problems'. Even when a relative approaches the club

with concern about a patron's gambling, the club does not take action as the relative's concern could be a 'vendetta' against the patron. The gaming manager feels 'this is all we can do' and that the club 'can't assist anyone till they admit a problem and seek help'. The club 'doesn't think it should be responsible' for such problems, rather it is the 'individual player's responsibility'. However, it does have a written policy on responsible provision of gambling, although this is not displayed. It is a single page document, with the only relevant reference being:

> Having a flutter on the poker machines, Club Keno or Club TAB can be fun, but for some people, gambling gets out of control and can start to mess up their lives. People worried by their own gambling or that of a relative or friend will be helped by a call to **G-Line**. Club C's advice is keep it fun and **BET WITH YOUR HEAD, NOT OVER IT**.

While no external advice was sought for developing the club's responsible gambling policy, the club worked with a consultant in late 1997 to develop a twelve months business plan, as the club wants 'to be leaders, not followers, in the industry'. Following this, the responsible gambling package was initiated by the general manager, and received no opposition from club directors, 'as long as it has no impact on poker machine profits'. A facilitating mechanism to gain support of directors for new initiatives was that each has his/her own area of responsibility, such as gaming or marketing, and so takes special pride in it. Components of the program are signage (G-Line posters with 'indicators for self-assessment' of a gambling problem added by the club and displayed in English only in club toilets), a multi-lingual version of the G-Line poster with additions in communication to members such as the Annual Report and three-monthly newsletters, a brochure on problem gambling being developed by the club, self-exclusion options which are not, however, publicised, a written policy on cheque cashing allowing one cheque per day up to $1,000, and payment of winnings over $5,000 by cheque which cannot be cashed at the club.

5.11.4 Club D

Club D's *Responsible Gambling Policy* identifies the club's commitment to 'the issue of responsible gambling' and 'protecting the privacy and interest of members', but states that no employee is to initiate an approach to patrons regarding their gambling but are to refer the matter to senior management who are to follow the club's *Responsible Gambling Procedure*. The club will honour self-exclusion from club facilities, services or membership. The policy also enables patrons to suspend their own cheque cashing facility and for senior management to talk to families of members with gambling problems. The club instigated its policy in response to increased focus on the issue by the RCA and government, and because of its work

with a local service provider funded by the Casino Community Benefit Fund. Components of the program are signage (G-Line and the local Gambling Counselling and Support Services [GCSS] information displayed in toilets, foyers and at change counters), a written

self-exclusion policy, removal of ATMs from gambling areas, cheque cashing limits of $100 per day with no third party cheques cashed, and limits on cash payment of winnings of $1,500 for members and $1,000 for visitors.

5.11.5 Club E

Club E's responsible gambling strategy was initiated in mid-1997, although it is still developing, being a 'living, breathing thing'. It involves liaison with Wesley Mission's counselling service that the club funds annually, with funding committed for five years. There is no written responsible gambling policy, although all club polices are explained at a three to four hour 'face to face' staff induction. 'No particular issue' provided impetus for the program, but the club felt it 'owed it to the community'. Initiated by management, the program has full support from the Board, although there was some staff scepticism that the club was being hypocritical, perhaps explaining why Wesley business cards and notices continually disappeared when first provided. Components of the program are signage (G-Line posters displayed above coin dispensers and ATMs and Wesley business cards at every cashier, reception and the TAB), a 'section on responsible gambling' in every club bulletin distributed to members and all households in a 5 kilometre radius of the club, self-exclusion but only on a lifetime basis (applied to 'four or five people in 18 months'), and cheque cashing limits of $250 in 14 days with no third party cheques cashed. However, payment of large wins by cash or cheque is decided on a case by case basis, but the club is conscious of security, escorting winners home if they wish. The club claims it conducts 'very restricted' advertising of gaming machines in the local media and only by letter box drops, but does not advertise gaming machines *per se*. Radio advertising does not mention gaming machines, except when the club installed some multi-terminal machines and wanted to 'create awareness'.

5.11.6 Club F

Club F has a written *Responsible Service of Gaming: Detailed Strategy* containing a position statement on problem gambling, a brief explanation for 'why problem gambling is a problem', that the club can help prevent problem gambling through not providing credit for gambling and access to minors, appropriate staff actions if approached by a patron seeking assistance, and contact details of the local Gambling Counselling Support Services and G-Line. If a patron seeks help, staff are instructed to point to material available, or call a manager if a patron insists. The program was initiated in late 1997 following management attendance at AGA workshops in Nevada and examination of related material in Las Vegas casinos. The club claims the program is viewed positively by management, directors and staff. Components

of the program are signage (wallet cards with contact details for G-Line and local Gambling Counselling Support Services and with the club's responsible gambling logo on the back: 'Don't let the game get out of hand. It's entertainment', displayed at the cashier's desk and TAB terminal), self-exclusion (applied once in six years), the Transacts telechecking system and a $200 per day limit on cheque cashing with no third party cheques cashed, and limits on cash payment of winnings of $2,000 for members and $1,000 for visitors.

5.12 PRINCIPLES AND PRACTICES ADOPTED BY THE CASE STUDY CLUBS IN ADDRESSING PROBLEM GAMBLING

Aspects of the six case study clubs' responsible gambling policies and programs are compared in this section and their principles and practices in addressing problem gambling analysed. This analysis reveals the diversity, varying levels of commitment and fragmentation of the clubs' responsible gambling packages in terms of their policies, sources of impetus and program components.

Comparison of Responsible Gambling Policies

Key aspects of the six clubs' responsible gambling policies are summarised in Table 5.9. These varied from 'proactive' to 'passive' by the clubs' own definition, and from one club which had a detailed written policy to three clubs with no written policy. None of the three written policies was publicised to club patrons, but they were intended to inform staff of the club's stance on problem gambling and recommended actions and limitations. When discussing their responsible gambling policies, all clubs acknowledged responsibility to their local communities, while four clubs noted that a motivating factor was the image and reputation of the club and the desire to be seen as a good corporate citizen. Only three clubs stated that a key motivation was to prevent or minimise problem gambling.

Table 5.9
Key Aspects of the Responsible Gambling Policies of the Six Case Study Clubs

Club	Key Aspects of Responsible Gambling Policy
Club A	'Proactive from a low-key viewpoint'. No written policy. Driven by community responsibility and long-term reputation of the club.
Club B	'Passive approach relying on patron information'. No written policy. Driven by community responsibility and long-term reputation of the club.
Club C	Restricted to helping patrons who seek assistance, rather than being 'in your face'. 5 lines on a poster that is not displayed in the club. Driven by desire to prove the club is 'for the community'.
Club D	'Committed to the issue of responsible gambling and protecting the privacy and interests of members'. Limited written policy outlining staff actions to be taken if approached for assistance, cheque cashing suspension and self-exclusion. Driven by community responsibility and concern to minimise harm for individuals.
Club E	A passive approach as we are 'not our brother's keeper'. No written policy. Driven by community responsibility and desire to minimise the problem.
Club F	'Diligent compliance with all laws and regulations, proactive education/information and reactive resource identification and information'. Written policy distributed to management outlining related mission statement, policy statement, some information about problem gambling, and directions for staff. Driven by being 'in the unique position to take action to prevent, or minimise, gambling related harm, and to demonstrate our broader commitment to the local community...and because it makes good business sense to be sensitive to our customers' needs'.

Source: derived from the six case study interviews conducted for this study.

Comparison of Main Impetus for Responsible Gambling Policy and Program

Table 5.10 summarises key stimuli for each club's responsible gambling policy and program. Only one club (Club C) had been motivated through a conscious effort to identify issues salient to the future strategic management of the club, while the others had seemingly been motivated by *ad hoc* events. Nevertheless, potential value of education about problem gambling is demonstrated by the two clubs motivated into action after a course by the AGA, while approaches from local problem gambling counselling services were successful in prompting two additional clubs to devote financial and other resources to the issue.

Table 5.10
Main Impetus for the Responsible Gambling Policy and Program of the Six Case Study Clubs

Club	Main Impetus for the Responsible Gambling Policy and Program
Club A	AGA course, call about a possible 'problem gambler' from the NSW Department of Gaming and Racing, recent attention to responsible service of alcohol.
Club B	Media attention to problem gambling.
Club C	Identified as an issue as part of developing a business plan for the club.
Club D	Increased RCA and government attention, approach from a problem gambling counselling provider.
Club E	Approached by Wesley Mission.
Club F	AGA course, increased public attention to problem gambling.

Source: derived from the six case study interviews conducted for this study.

Comparison of Components of the Responsible Gambling Programs

Table 5.11 indicates that the six clubs had limited consultation with outside sources when developing their responsible gambling programs. Two undertook no consultation, two were exposed to general advice not specific to their clubs or to the Australian environment when attending AGA courses, while two clubs had worked closely with local problem gambling counselling services to develop their programs. This variety of approaches did not appear related to the clubs' resource capacity and their ability to absorb associated costs.

Table 5.11
Outside Consultation in Developing Responsible Gambling Programs by the Six Case Study Clubs

Club	Outside Consultation Sought
Club A	American Gaming Association course.
Club B	None identified.
Club C	None identified.
Club D	A private problem gambling counselling service.
Club E	Wesley Mission.
Club F	American Gaming Association course, GCSS.

Source: derived from the six case study interviews conducted for this study.

Tables 5.12 to 5.18 summarise key components of the responsible gambling programs implemented by the six clubs. In terms of signage (Table 5.12), all clubs either displayed G-Line posters or included the G-Line number on their own posters. Four clubs displayed these in toilets, three in gambling areas, and one in its annual report and club bulletin. Three clubs had developed their own brochures for display in gambling and other areas, containing general advice, possible indicators of problem gambling and contacts for assistance, with two of these providing a responsible gambling slogan. Two clubs displayed material from local counselling services, while only one club had developed a player guide explaining how to bet on different types of gambling. However, this did not explain odds of winning or different features which affect bet size, but focused more on promoting prizes to be won and how to place bets. Further, observation in the clubs revealed that signage and brochures were not particularly prominent, often being small in size, placed in club foyers amongst a wealth of other information, or outside of gambling areas. Some clubs provided these only in English, despite large proportions of NES patrons, while in others, multi-lingual information was restricted to G-Line posters which lack more comprehensive information such as indicators of gambling problems and strategies to minimise the potential for developing gambling problems. This information would seem important given the tendency for self-denial of gambling problems.

Table 5.12
Signage Components of the Responsible Gambling Programs of the Six Case Study Clubs

Club	Signage Components
Club A	Brochures in gambling areas outlining general advice, 10 indicators of possible problem gambling and the G-Line number and services. Multi-lingual G-Line posters in toilets. Gaming Guide providing basic information on how to bet on machines, multi-terminal machines, keno and the TAB.
Club B	Brochure in club foyers and in gambling areas outlining general advice, 10 indicators of possible problem gambling, contacts for the club's occupational health specialist and 15 counselling services, and slogan 'Never bet over your head'. Multi-lingual G-Line posters in toilets.
Club C	G-Line posters with extra advice added in toilets. English G-Line poster with additions in Annual report and club newsletters.
Club D	Multi-lingual G-Line posters in toilets and in gambling areas. G-Line wallet cards in gambling areas. GCSS brochures in club foyer outlining its contact details and services.
Club E	G-Line posters in gambling areas. Wesley Mission business cards in gambling areas and reception. Advice on responsible gambling in club bulletins.
Club F	Brochure in gambling areas outlining general advice, 3 possible indicators of problem gambling and contacts for G-Line and GCSS. Poster and wallet cards in gambling areas with contacts for G-Line and GCSS and slogan 'Don't let the game get out of hand. It's entertainment'.

Source: derived from the six case study interviews conducted for this study.

As shown in Table 5.13, only one club had a written policy on self-exclusion, although the remainder either had unwritten policies or intended procedures. All clubs considered self-exclusion needs to be voluntary and no time frame was applied, except in Club E where a lifetime exclusion was the only proposed option, an approach likely to deter, rather than encourage, patrons to self-exclude and which has dubious legal bases. Apart from this club, all would allow a self-excluded patron to re-enter the club on request, although one imposed a seven day waiting period, with most clubs querying their legal right to refuse re-entry. In all clubs, there was no onus on the patron to seek counselling, although four stated they would provide contact information and one would make an appointment with its in-house counsellor. Only one club had developed a self-exclusion contract, while no club publicised the option of self-exclusion to patrons. Many interviewees felt self-exclusion simply shifts the problem elsewhere, and admitted difficulties in monitoring an excluded person's entry into the club. However, self-exclusion programs do provide opportunities to refer people for assistance, but this could be

improved by having counsellors witness signing the self-exclusion form and to allow the patron back into the club only on their recommendation.

Table 5.13
Self-Exclusion Components of the Responsible Gambling Programs of the Six Case Study Clubs

Club	Self Exclusion Procedure
Club A	Voluntary only. Talk with the assistant manager. Information given on G-Line and St Edmunds Hospital. Patron's photograph given to security who refuse and report attempts to enter the club. No time frame. Not advertised.
Club B	Voluntary only. Appointment made with the club's occupational health specialist. No time frame. Would allow re-entry if patron requests. Not advertised.
Club C	No formal policy. Would be voluntary only. Would record details. Would allow re-entry if patron requests, but would talk to them first and suggest they seek help if necessary. Not advertised.
Club D	Written policy. Voluntary only. Patron signs Request for Self-Imposed Ban. No time frame, but patron must apply for re-entry in writing and wait 7 days. Not advertised.
Club E	Voluntary only. Only on lifetime basis, with patron given 7 days to change their mind. Club writes to member and suggests counselling. Not advertised.
Club F	No formal policy. Would be voluntary only. Would record details. Would let all staff know the patron is not allowed in. Would provide counselling contacts. No time frame. Re-entry would be decided on case-by-case basis. Not advertised.

Source: derived from the six case study interviews conducted for this study.

From the findings discussed above, the clubs have implemented a passive approach to responsible provision of gambling, with responsibilities interpreted as extending little beyond an informational, educative role for patrons. Their packages place the onus on individual gamblers to self-assess a problem, seek assistance and instigate measures aimed at minimising harm caused by their gambling behaviour. Legal concerns about privacy and members' rights, inability of clubs to assist unless patrons admit a problem and seek assistance, and difficulties of monitoring a self-excluded patron's re-entry to the club, were cited as restricting a more proactive approach by the clubs.

However, measures which might directly lessen the awareness, appeal and profitability of gaming machine operations were not widely implemented and reflect an emphasis on economic priorities to maintain profitability, protect market share and remain competitive. Thus, in the areas of access to cash, and advertising and promotion of gaming machines, the clubs prioritised economic concerns and interpreted their responsibilities as extending only to legal compliance, as explained below.

As shown in Table 5.14, the six clubs had minor initiatives in limiting access to cash with which to gamble. Cheque cashing limits varied from $100 to $1,000 per day, although four clubs intimated that cheque cashing policies aimed to reduce dishonoured cheques rather than minimise problem gambling. Only one club had removed ATMs from gambling areas and another claimed it did not allow EFTPOS withdrawals for gambling purposes, although how this was enforced is not known. Apart from this, none applied any limits on ATM and EFTPOS withdrawals apart from bank imposed limits. All clubs paid all or a portion of big wins in cash. Where there were limits, these were quite high, ranging from $1,000 to $5,000, with exceptions often made. Four clubs left this decision up to patrons, although they encouraged part cheque payment for security rather than harm minimisation, with many patrons insisting on cash for social security or taxation reasons.

Table 5.14
Access to Cash Components of the Responsible Gambling Programs of the Six Case Study Clubs

Club	Policies on Access to Cash
Club A	Cheque cashing limited to $200 per day. ATMs in gambling areas. Bank limits only on ATMs and EFTPOS withdrawals. Cash/cheque payment of winnings up to patrons.
Club B	ATMs in gambling areas. Bank limits only on ATMs and EFTPOS withdrawals. Cheque payment of wins above $3000 encouraged for security.
Club C	Cheque cashing limited to $1000 per day. ATMs in gambling areas. Bank limits only on ATMs and EFTPOS withdrawals. Cash payment of wins limited to $5000.
Club D	Cheque cashing limited to $100 per day per approved member. Formal policy and written agreement to voluntarily suspend cheque cashing facility with 7 day period for reinstatement. No ATMs in gambling areas. Bank limits only on ATMs and EFTPOS withdrawals. Cash payment of wins limited to $1000-$1500.
Club E	Cheque cashing limited to $250 in 14 days. ATMs in gambling areas. Bank limits only on ATMs. EFTPOS only for food. Cash/cheque payment of wins up to patrons.
Club F	Cheque cashing limited to $200 per day. ATMs in gambling areas. Bank limits only on ATMs and EFTPOS withdrawals. Cash payment of wins limited to $1000-$2000.

Source: derived from the six case study interviews conducted for this study.

There was little evidence that any club restricted advertising and gaming machine promotions to minimise problem gambling (Table 5.15). While one club contended it had no gaming machine promotions, its external advertising was extensive, using television and billboards at railway stations, focused mainly on the club's gambling facilities and on winning. All other clubs conducted and advertised extensive machine promotions, with three particularly promoting the winning aspects of gambling. All clubs with multi-terminal gaming machines, except Club D which had only one, had advertised these to create awareness. Two clubs specifically cited competitive reasons as the rationale for their advertising. No club advertising contained product warnings or responsible gambling advice.

Table 5.15
Advertising and Promotion Components of the Responsible Gambling Programs of the Six Case Study Clubs

Club	Advertising and Promotion of Machine Gambling
Club A	'Big' advertising campaign using range of media before casino opened and to create awareness of multi-terminal machines. Gaming Guide advertises 'Your winning ways'. No gaming machine promotions.
Club B	Gaming machine promotions advertised in local paper. Advertised multi-terminal machines to create awareness. Numerous gaming machine promotions.
Club C	Advertises club as where 'Everyone's a winner'. Brochure and calendar on gaming machine promotions. Numerous gaming machine promotions.
Club D	Gaming machine promotions advertised through club bulletins, local paper and member mail-outs. Advertising of promotions focuses on prizes to be won, eg: cars. Does not advertise gaming machines *per se*. Numerous gaming machine promotions.
Club E	Does not advertise gaming machines *per se*. Gaming machine promotions advertised by letter box drops. Radio advertising to create awareness of multi-terminal machines. Numerous gaming machine promotions.
Club F	Advertising aims to do their 'best to compete'. Advertising focuses on prizes to be won.

Source: derived from the six case study interviews conducted for this study.

As shown in Table 5.16, no clubs had staff training in responsible conduct of gambling, simply notifying employees that their role was limited to observing patron behaviour, reporting any potential problems to senior management, and directing patrons who sought help to brochures or management for advice.

Table 5.16
Staff Involvement Components of the Responsible Gambling Programs of the Six Case Study Clubs

Club	Staff Involvement in Responsible Provision of Gambling	
Club A	Observation and reporting role only.	No staff training.
Club B	Observation and reporting role only.	No staff training.
Club C	Observation and reporting role only.	No staff training.
Club D	Observation and reporting role only.	No staff training.
Club E	Observation and reporting role only.	No staff training.
Club F	Observation and reporting role only.	No staff training.

Source: derived from the six case study interviews conducted for this study.

Discretionary actions in the clubs were similarly limited (Table 5.17). Financial contributions to measures to address problem gambling comprised incurring expenses to provide signage and brochures, with only Club C contributing direct financial support to counselling services for problem gambling. Clearly, the clubs consider they have few discretionary responsibilities in addressing problem gambling.

Table 5.17
Financial Contribution Components of the Responsible Gambling Programs of the Six Case Study Clubs

Club	Financial Contributions to Address Problem Gambling
Club A	Finances own brochure on responsible gambling and player guide.
Club B	Finances own brochure on responsible gambling.
Club C	Finances own adapted G-Line posters.
Club D	Finances printing of GCSS brochures for the club.
Club E	Annual grant to Wesley Mission for their counselling services. Finances printing of Wesley business cards for the club.
Club F	Finances own brochure, posters and wallet cards on responsible gambling.

Source: derived from the six case study interviews conducted for this study.

No club had attempted to evaluate the effectiveness of its responsible gambling program (Table 5.18), although Club E had asked the local counselling service, about which it provides contact details, for the number of clients coming from the club. This was so the club's financial contributions to the service could be justified to the Board.

Table 5.18
Evaluation Components of the Responsible Gambling Programs of the Six Case Study Clubs

Club	Program Evaluation
Club A	None.
Club B	None.
Club C	None.
Club D	None.
Club E	Seeking number of clients coming from the club to recommended counselling service.
Club F	None.

Source: derived from the six case study interviews conducted for this study.

Thus, while the six clubs' responsible gambling packages demonstrate some consideration for all four of Carroll's (1979, 1991a) principles of social responsibility, economic concerns in machine gambling clearly take priority and limit the extent of ethical and discretionary strategies adopted by the clubs to little beyond those required by legislation and regulation. Thus, the six clubs principally have adopted a reactive rather than proactive approach to the issue of problem gambling, aimed more at improving their corporate image than reducing problem gambling.

In summary, the most widely implemented strategy area for the six case study clubs was provision of signage and printed material to help patrons self-assess gambling problems and seek assistance from counselling services. The second most available strategy was self-exclusion, although its potential effectiveness in most clubs would seem limited by lack of written agreements, time frames, cooling-off periods for re-entry, involvement of counsellors, and publicity. Few real initiatives had been taken to limit access to cash for gambling, restrict advertising and gaming machine promotions, and to train staff. With the exception of one club, financial outlays for measures to address problem gambling were meagre and limited to the costs incurred in producing printed materials.

Arguably, Club D appeared the most socially responsible provider of machine gambling, with a formal responsible gambling policy, a range of multi-lingual signage, written agreements for cheque cashing suspension and self-exclusion with associated cooling-off periods, low cash limits for cheque cashing and cash payment of winnings, removal of ATMs from gambling areas, and the financing of printed brochures from a local counselling service. This club sought advice on developing its package from outside agencies and its overall policy seemed genuinely aimed at minimising harm in problem gambling rather than generating favourable publicity. However, when compared to models of responsible provision of gambling in other sectors, as discussed in Chapter Four, even this club cannot be considered proactive. For example, signage and brochures provide no information to help patrons self-assess possible gambling problems, to better understand machine features and payback mechanisms, to advise of self-exclusion options, and to facilitate resolving of machine-related queries or disputes. There were few restrictions on advertising and gaming machine promotions, no staff training in responsible conduct of gambling, and little financial support directed to address problem gambling. Further, while this club is quite large in relation to NSW clubs generally, it had the second

least number of gaming machines and the third lowest membership of the six case study clubs. This suggests that access to resources is not the main determinant of responsible gambling initiatives.

5.13 INTEGRATION OF THE QUALITATIVE FINDINGS

The responsible gambling strategies examined in the nineteen interviews with club managers and six case studies were drawn from existing models of responsible gambling implemented in the USA, Victoria, South Australia, the ACT and Star City Casino, as discussed in Chapter Four. Strategies contained in these models have been summarised in Table 4.2 and reflect attempts by these operators to identify and improve their ethical and discretionary responsibilities in gambling beyond economic and legal domains. Comparisons will now be drawn between the ethical and discretionary strategies contained in these models, and those favoured by the NSW clubs participating in the interviews and case studies.

5.13.1 Comparison of Ethical Strategies in Existing Models of Responsible Gambling and Those Favoured by Participating Clubs

Within the ethical domain, strategies in existing models of responsible gambling can be categorised into those aimed at harm minimisation and consumer protection.

Harm Minimisation

As discussed in Chapter Three, gambling operators can actively participate in strategies aimed at extending harm minimisation beyond tertiary interventions (treatment), to both facilitate secondary interventions and to implement primary interventions. Secondary harm minimisation strategies involve early intervention to detect problems and facilitate access to tertiary interventions. Such strategies included in existing responsible gambling models comprise signage and publications that provide possible indicators of problem gambling, and contact details of tertiary intervention agencies. Such strategies are important in helping people recognise a gambling problem in themselves or others, particularly given that people with gambling problems are often in self-denial. They are also useful in providing information on what to do once a problem is identified.

Once identified, primary interventions can minimise further harm. Related strategies in existing models of responsible gambling comprise self-exclusion which limits access to gambling, the purpose being to remove or reduce opportunities for the

person to engage in the activities causing harm. However, as well as harm reduction after a problem is identified, primary interventions can play a preventative role. Related strategies in existing models include limiting access to cash for gambling by imposing a cooling-off period after large wins, restricting access to and limiting cash withdrawals from ATMs and EFTPOS, and imposing cheque cashing limits. The purpose of such strategies is to limit opportunities for people to gamble beyond their means and to facilitate more rational decision-making by the gambler.

Generally, the nineteen club managers interviewed (Sections 5.3 to 5.8) displayed favourable attitudes to the secondary harm minimisation strategies identified above, while the six case study clubs (Section 5.11) all provided patron information with contact details for assistance, although some did not provide indicators for recognising a gambling problem. However, there seemed little philosophical objection to providing this information. Similarly, favourable attitudes to primary interventions once a gambler sought assistance were apparent amongst both groups of respondents. All nineteen interviewees advocated a self-exclusion program; all six case study clubs had implemented this option, although with varying degrees of rigour. However, there was less agreement to, and implementation of, preventative primary harm minimisation strategies amongst the clubs studied. Less than half the interviewees favoured limiting access to cash for gambling, while only one case study club had taken substantive measures to do so.

Consumer Protection

Consumer protection strategies in existing responsible gambling models can be categorised into those designed to promote fair trading, protect consumer rights and ensure legal compliance.

The NSW Department of Fair Trading (1998:1) notes that fair trading involves ensuring that dealings between traders and consumers occur within a transparent market environment. Two areas are critical. First, consumers should have sufficient and balanced information to make informed purchasing decisions to remove any imbalance between the bargaining positions of gambling operators and gamblers. The rationale is that consumers are better placed to exercise their rights in the marketplace when empowered through knowledge and understanding of the product being purchased (NSW Department of Fair Trading, 1998:1). This is addressed in existing models of responsible gambling through providing written player information on how gambling operates, such as chances of winning and losing, payback percentages, and how different options affect bet size.

A second aspect of fair trading is that traders should avoid deceptive conduct, usually advertising, which may mislead consumers about any aspect of the product (NSW Department of Fair Trading,1998:1). Seminal works identify deceptive advertising as that which contains misleading, subjective product claims (Cohen, 1974), creates false impressions (Gardner, 1975), exploits a false belief about expected product performance (Russo, Metcalf and Stephens, 1981), and omits relevant information (Jacoby and Small, 1975), thus changing purchasing behaviour (Olson and Dover, 1978). In the USA, Stearns and Borna (1995) criticised lottery advertising for targeting the poor, uneducated working class, promoting it as the solution to financial problems, depression or ennui and escape from one's job, using fantasy images, and omitting information about odds, or sufficient information for players to calculate odds. They found that providing lottery purchasers with objective odds of winning reduced their intention to purchase. While no comparable studies exist in Australia, the way gambling is advertised has been criticised here. For example, Quinlan (1996:283) notes it is depicted in a 'glamorous light', is often endorsed by sporting heroes, has no requirements to provide the odds around winning the particular scenarios depicted, nor that most people do not win. He contends the use of sound, colour and action are attention seeking and appeal to 'childlike aspects' of its audience. Similarly, Anglicare (1997:29-30) identified unacceptable features of gambling advertisements as the use of role models appealing to young people, portrayal of gamblers as always winning, depiction of secretive behaviour in gambling, and targeting people from lower socio-economic groups (1997:29-30). Although limited, attempts have been made in existing responsible gambling models to prevent deceptive advertising through encouraging responsible and discouraging irresponsible advertising. The purpose is to avoid targeting vulnerable groups such as minors and intoxicated persons, and to avoid information asymmetry that presents gambling in deceptive ways that reduce gamblers' abilities to make rationale decisions about their gambling.

Consumer protection also involves protecting consumer rights when a product or service fails (NSW Department of Fair Trading, 1998:1). Existing models of responsible gambling such as that in Victoria, address this concern by providing and publicising consumer complaints mechanisms and dispute resolution procedures. The purpose is to provide mechanisms for a statement of complaint, process of redress and independent place of appeal.

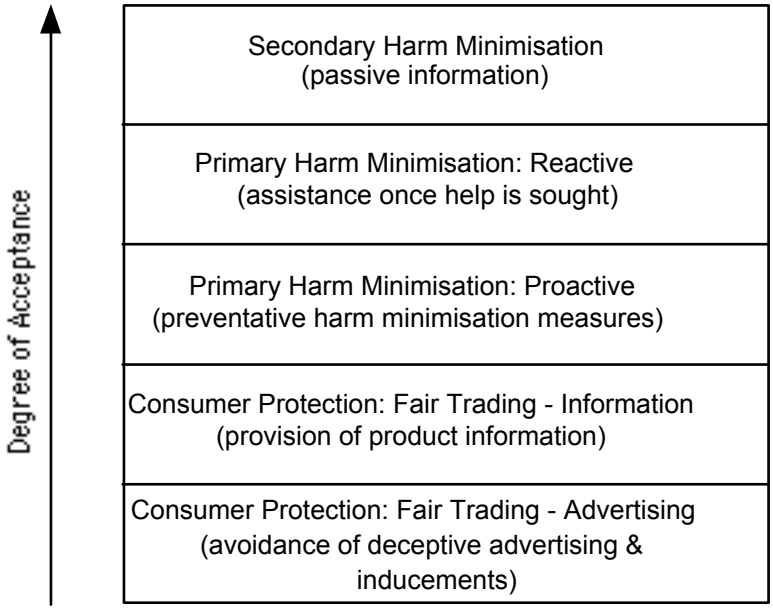
Finally, consumer protection involves compliance to related legislation and regulation. Existing models of responsible gambling, such as that in South Australia, remind gambling operators of their obligations in this area, with the purpose of

maintaining the integrity of gambling operations and protecting consumers from criminal, unscrupulous or unfair practices.

Attitudes of the nineteen club managers interviewed to improving consumer protection in gambling were largely unfavourable, with less than half the respondents advocating providing more player information on machine characteristics, restrictions on the advertising of gambling and machine promotions, improved consumer complaints mechanisms, an independent dispute resolutions body, and mechanisms to ensure greater legal and regulatory compliance in machine gambling operations. Similarly, the six case study clubs had taken minimal actions in this area. Only one had a written guide on gambling (with limited information), all but one club provided significant inducements to gamble through numerous machine promotions, and some clubs continued to promote only the winning aspects of gambling. Even so, all respondents considered consumer complaints mechanisms and legal compliance already adequate in NSW clubs.

In summary, a hierarchy of acceptance of various types of ethical responsibilities in gambling emerged from the interviews and case studies. As shown in Figure 5.1, secondary harm minimisation strategies are the most favoured, followed by reactive then proactive primary interventions, and lastly fair trading obligations relating to product information and advertising, respectively. Fair trading responsibilities of consumer rights to redress and legal compliance have not been included in the hierarchy as, while respondents did not appear philosophically opposed to these, they felt they were already adequately addressed.

Figure 5.1
Hierarchy of Acceptance of Ethical Responsibilities in Gambling of the 19 Interviewees and 6 Case Study Clubs



Source: derived from the 19 interviews and six case studies conducted for this study.

5.13.2 Comparison of Discretionary Strategies in Existing Models of Responsible Gambling and Those Favoured by Participating Clubs

Within the discretionary domain, strategies in existing responsible gambling models can be categorised into in-kind and financial support for measures to address problem gambling.

In-Kind Support

In-kind support for measures to address problem gambling in existing models aims to build closer links between gambling operators and the welfare sector to build awareness and understanding of problem gambling, break down barriers, facilitate referrals, ease data collection and allow more informed responsible gambling strategies at the venue level. From the nineteen interviews with club managers, there is little in principle objection to building closer links and for providing in-kind support such as provision of information about local agencies. However, the six case studies revealed that such liaison had been marginal, with only three clubs having direct contact with local agencies. It appeared this liaison had not been instigated by these clubs, but by the agencies themselves. Thus, the clubs studied appeared to give low priority to measures that would enhance discretionary support to address problem gambling.

Financial Support

Some existing models of responsible gambling, such as the South Australian model, incorporate or encourage financial donations to counselling services for problem gambling and related research. From the nineteen interviews and six case studies of the clubs studied, this area is not particularly favoured, with less than half the interviewees advocating financial support and only one case study club providing this.

In summary, in-kind support for measures to address problem gambling are positively viewed by the participating clubs, but financial support is less favoured. This may reflect the low priority generally accorded to discretionary responsibilities in minimising problem gambling.

5.14 CHAPTER CONCLUSION

This chapter presented a qualitative club management perspective on addressing the issue of problem gambling, and represents Stage Four of the research (Figure 1.1). Interviews with nineteen club managers and six case studies of clubs with responsible provision of gambling packages sought to illuminate principles and practices adopted by these clubs in addressing the issue of problem gambling prior to the release of the RCA's *Problem Gambling Policy* (AIGR, 1998a) on 31 May 1998.

In terms of Carroll's (1979, 1991a) principles of social responsibility, both the interviews and case studies revealed prioritisation of the clubs' economic responsibilities in machine gambling operations over ethical and discretionary ones, within the limits of legal compliance. This priority also was reflected in current practices in responsible provision of gambling examined in the clubs. Attitudes to and implementation of these practices in the clubs revealed positive attitudes to only some measures beyond economic and legal responsibilities, favouring those that involved minimal expense or which did not threaten gaming machine income. Thus, within the ethical domain, respondents favoured secondary harm minimisation strategies over primary ones, and reactive primary interventions over proactive interventions. Further, there was resistance to strategies aimed at consumer protection through fair trading obligations relating to product information, deceptive advertising and inducements. Generally, discretionary responsibilities were favoured only if they involved minimal expense.

Thus, respondents appeared to favour a passive approach to responsible management of gambling rather than a more proactive one involving marketing and structural changes that may affect profitability. While the nineteen interviews identified numerous barriers for NSW clubs to adopting a more proactive approach to address problem gambling in NSW clubs, the case studies revealed that clubs which have implemented responsible gambling packages have circumvented, not overcome, these barriers by selecting passive strategies that do not threaten their competitiveness. In terms of the literature on corporate social issues, reviewed in Chapter Three, even these six clubs have not progressed far beyond symbolic actions aimed at promoting them as good corporate citizens and improving their image as responsible providers of machine gambling. Substantive actions designed to reduce or prevent problem gambling have received low priority.

While limited by small, non-representative samples, the interviews and case studies examined in this chapter provide baseline data necessary to address the fourth objective of the study. To provide a wider club management perspective on principles and practices adopted by NSW clubs in addressing the issue of problem gambling, the next chapter provides a quantitative analysis of data gathered from a survey of all NSW clubs with gaming machines.

CHAPTER SIX

PRINCIPLES AND PRACTICES IN ADDRESSING PROBLEM GAMBLING IN NSW CLUBS: A QUANTITATIVE MANAGEMENT PERSPECTIVE

6.1 INTRODUCTION

This chapter represents Stage Five of this study (Figure 1.1) by providing a quantitative analysis of how NSW club managers interpreted the social responsibilities of their clubs in addressing problem gambling in their machine gambling operations by 1998. This analysis supplements the qualitative research presented in the preceding chapter. Together, these chapters provide baseline data from a club management perspective by identifying principles and practices adopted by NSW registered clubs in addressing problem gambling prior to the publication of the RCA's *Problem Gambling Policy* (AIGR, 1998a) in May 1998.

This chapter is informed by data collected through a mail questionnaire survey of all NSW registered clubs with gaming machines. The aims of the survey were to examine:

- the priority given by NSW club managers to economic, legal, ethical and discretionary principles in their machine gambling operations;
- the club managers' opinions about the club industry's responsibility for addressing problem gambling;
- the club managers' support for certain industry-level responsible provision of gambling strategies;
- the club managers' support for certain venue-level responsible provision of gambling strategies.

Following an explanation of the research design in Section 6.2, the next four sections present the survey results. Section 6.3 focuses on corporate social principles

adopted by the respondents in their clubs' machine gambling operations. Section 6.4 reports on their perceived responsibility for addressing problem gambling. Sections 6.5 and 6.6 present results pertaining to the respondents' support for selected industry-level and venue-level strategies, respectively, in responsible provision of gambling. Statistical relationships between corporate social principles and practices, as revealed by the survey data, are examined in Section 6.7. Section 6.8 then integrates the quantitative findings with those of the qualitative interviews and case studies (Chapter Five) to provide an overall picture of principles and practices adopted by the participating clubs in their machine gambling operations by 1998. Finally, Section 6.9 concludes the chapter by summarising the quantitative results and by noting that the resulting hierarchy of corporate social principles and practices supported by the clubs to address problem gambling supports the qualitative results presented in Chapter Five.

6.2 RESEARCH DESIGN FOR STAGE FIVE

This section explains the design of the quantitative research in terms of instrument development, survey administration and respondents.

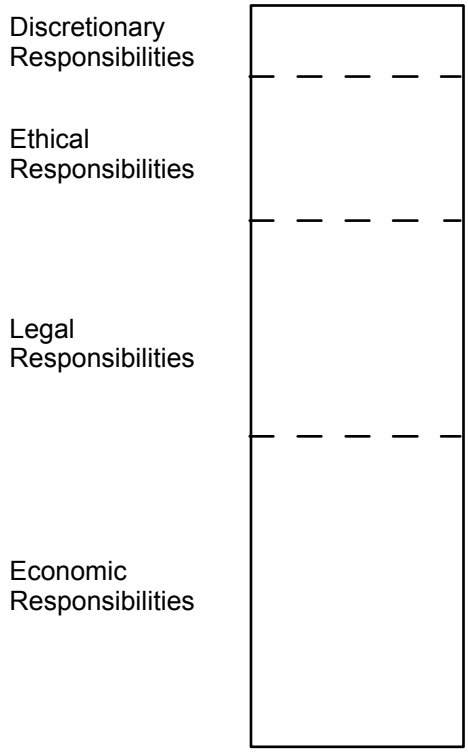
6.2.1 Instrument Development

Addressing the four aims of the survey research required developing a suitable survey instrument. Achieving the first aim involved incorporating Aupperle's (1982) corporate social responsibility instrument, adapted to apply to machine gambling in NSW clubs. Achieving the remaining aims required devising appropriate questions to gather the opinions of the club managers about the NSW club industry's responsibility for addressing problem gambling, and to identify support for certain responsible gambling strategies at industry and venue levels.

Aupperle's (1982) Corporate Social Responsibility Instrument

Aupperle's (1982) instrument is based on Carroll's (1979) construct of corporate social responsibility which proposes that the range of obligations businesses have to society can be categorised into economic, legal, ethical and discretionary components as shown in Figure 6.1. Further, the proportional value associated with each component defines the corporate social responsibility of an organisation at any point in time (Aupperle, 1982:55), with Carroll (1979:499) suggesting these values might approximate the proportions shown in Figure 6.1.

Figure 6.1
Carroll's (1979) Corporate Social Responsibility Model



Source: Carroll (1979:499).

Aupperle developed the instrument to test whether the four components in Figure 6.1 actually exist and to assess the social responsibility of some major corporations in the USA. It is a forced-choice scale containing 15 sets of four statements. The four statements in each set correspond with the four domains in Carroll's (1979) model and are thus consistent with the empirical research framework for this study (Figure 4.5). Respondents are asked to distribute up to ten points amongst items within each set of four statements to reflect the relative importance they attach to each statement in the set. Calculating the mean score for all statements corresponding to each domain determines the relative importance of economic, legal, ethical and discretionary corporate responsibilities to the respondents. Aupperle's (1982) instrument is contained in Appendix E.

As described by Aupperle (1982:89-102), stages in developing the instrument comprised:

- reviewing research to develop a list of representative statements for legal, ethical and discretionary corporate responsibilities which could apply in all industries;

- reviewing ‘corporate scoreboard sections’ of *Business Week* and *Forbes* to develop a list of representative statements for corporate economic responsibilities;

- subjecting the statements (117) to a panel of ‘blind’ expert judges to ascertain whether each corresponded properly to the four domains;

- retaining only those statements which over 80 percent of judges classified consistently into each of the four domains;

- drawing on these four ‘pools’ of items to develop an 80 item instrument with 20 sets of statements;

- subjecting the instrument to the judges to ensure statements within sets were of equal weight or desirability;

- testing the instrument with 159 business policy students at the University of Georgia to ensure internal consistency by calculating the Cronbach alpha for each of the four domains;

- administering the instrument to 818 US firms in the 1981 *Forbes Annual Directory*, with 241 usable responses received;

- conducting a factor analysis which successfully identified the existence of four factors representing the four domains;

- verifying the internal consistency of the instrument using Cronbach alphas;

- revising the instrument to comprise 15 sets of statements, by deleting statements that did not have significant loadings on one of the four factors.

The development and testing of Aupperle’s (1982) instrument addressed concerns for social desirability, content validity and reliability. Social desirability bias was reduced through using a forced-choice format, rather than, for example, a Likert scale where respondents might regard all four statements in a set as highly important. In contrast, a forced-choice format compels respondents to choose from a number of alternatives which, on the surface, may appear equally attractive or unattractive (Aupperle, 1982:91). Instrument validity was maximised by using

statements from prior research relating to each of the four domains, and blind judges to assess validity as described above. Instrument reliability was tested in two samples - 159 students and 241 corporate executives. For the student responses, the Cronbach alphas were: economic - 0.93, legal - 0.84, ethical - 0.84, discretionary - 0.87. For the executives they were: economic - 0.90, legal - 0.86, ethical - 0.87, discretionary - 0.84. The four categories thus demonstrated adequate internal consistency, further verified in subsequent studies (O'Neill, Saunders and McCarthy, 1989; Pinkston, 1991; Ibrahim and Angelidis, 1993, 1995).

For use in this study, some adjustments were made to Aupperle's (1982) instrument. First, it was important to make clear to respondents that statements referred their club's gaming machine operations, rather than their club's entire operations. Thus, the opening statements to each set of items were adjusted accordingly. For example, the statement 'it is important to...' was changed to 'in my club's poker machine gaming operations, it is important to...'. All statements were similarly adjusted. Second, five items in Aupperle's (1982) instrument were considered culturally inappropriate in that they appeared to have little relevance for NSW club managers or contained potentially unfamiliar terms. The former were replaced with more general but corresponding statements contained in other sets of statements in Aupperle's (1982) instrument, while for the latter, more familiar terminology was used. These original and revised statements are listed in Table 6.1.

Table 6.1
Original and Revised Statements in the Survey Instrument

Original Statement	Revised Statement
assist the fine & performing arts	assist community & charitable projects
provide assistance to private & public educational institutions	provide assistance to community & charitable institutions
support, assist, & work with minority-owned businesses	support, assist, & work with community & charitable institutions
provide employment opportunities to the hard-core unemployed	provide employment opportunities to the long-term unemployed
'whistle blowing' not be discouraged at any corporate level	ethical & moral responsibilities be fulfilled

The revised Aupperle instrument was included as questions 40 to 54 of the survey questionnaire (Appendix F).

Gathering Opinions About the NSW Club Industry's Responsibility for Addressing Problem Gambling

Seven questions (1 to 7) were asked to gather opinions of respondents about the NSW club industry's responsibility for addressing problem gambling.

Two closed-response questions were asked about problem gambling - whether respondents thought gambling causes serious problems for some gamblers, and which types of gambling they thought are most associated with gambling problems. This helped assess respondents' awareness and perceptions of problem gambling.

Three questions were asked about responsibility to minimise problem gambling - whose responsibility it is, whether the NSW club industry is currently taking sufficient responsibility in minimising gambling problems, and whether it is in the industry's best interests to take more responsibility in minimising gambling problems.

Two further questions were asked about the adequacy of legislation in ensuring responsible management of gambling in NSW clubs – whether they thought the legislation applying to NSW clubs in machine gaming is adequate to ensure responsible provision of gambling and whether it is adhered to sufficiently by clubs to ensure responsible provision of gaming.

Identifying Support for Industry and Venue Level Responsible Gambling Strategies

Consistent with strategies implemented in existing models of responsible provision of gambling, as discussed in Chapter Four, this section of the questionnaire focused on two types of strategies - industry-level and venue-level. Because the survey aimed to supplement data obtained from the nineteen interviews (Chapter Five) with those drawn from a wider sample, questions mirrored those asked in the nineteen interviews as far as possible, with adjustments for limitations of questionnaire surveys. For all questions, a closed response format was used to facilitate responses and data analysis, and to contain the length of the questionnaire.

In terms of industry-level strategies (questions 8 to 12), respondents were asked whether they thought the NSW club industry should implement industry-wide guidelines, a self-regulating code of conduct, and training programs relating to responsible provision of gambling, whether these should be developed individually by each gambling sector or cooperatively amongst all sectors, who should be

involved in their development, who should fund their development, and if their club would be likely to adopt them. Also at the industry level, respondents were asked whether the NSW club industry should encourage an industry accord amongst gambling sectors to review initiatives on responsible gambling and liaise with key community groups, and an independent disputes resolution body to deal with machine-related disputes or unethical practices.

At the venue level (questions 13 to 39), strategies identified from existing models of responsible gambling were listed as 27 items requiring respondents to tick one of three boxes for each according to whether the respondent thought their club already implements it, would implement it if endorsed by the NSW club industry, or would not implement it even if endorsed by the NSW club industry.

Questions on Club Characteristics

The final set of questions (55 to 61) was concerned with eliciting data on club characteristics - location, type of club, numbers of financial members, social members, employees and gaming machines, and total club income and gaming machine profit from their most recent Annual Report. These data were considered potentially useful in identifying any patterns in the principles and practices of the clubs in addressing problem gambling, when cross-referenced with other data from the questionnaire.

Pilot Testing

The questionnaire was pilot tested with the Executive of the Club Managers' Association Australia (CMAA), three club managers, and two academics with expertise in and familiarity with club gambling. Some minor wording adjustments were then made. The final questionnaire is contained in Appendix F.

6.2.2 Survey Administration

Survey Population, Sample Size and Selection

At the time of the survey, there were 1,433 NSW clubs with gaming machines (NSW Department of Gaming and Racing, 1998). The vast majority of these (96.2%) belonged to the Registered Clubs Association of NSW (RCA). Because of this high proportion and as the RCA's mailing list was available to the researcher, it was decided to treat their 1,378 member clubs as the survey population. The decision was then made to survey this entire population because the research sought to gather data from as wide a population base as possible and because 150 usable responses were necessary to ensure proper data analysis. This was because analysing

Aupperle's (1982) instrument involves factor analysis which, to be statistically sound, requires a ratio of at least ten responses per item set. This put the least acceptable response rate at 10.9 percent. Mailing details for all 1,378 clubs were obtained from the RCA.

The Problem of Response

Response rate is an important consideration because, as non-response increases, the validity of data obtained is more questionable since the probability that non-respondents represent a different set from respondents increases. Further, quarterly surveys of the NSW club industry by KPMG generally obtain response rates of around only 10 percent. Thus, numerous measures were taken to maximise responses in this survey.

Questionnaire Design

The questionnaire (Appendix F) adhered to the design and format recommended by Dillman (1978). The cover contained an interesting, non-threatening title and lively illustrations, questions were worded as simply as possible, straightforward factual questions were presented before more complex ones such as those based on Aupperle's (1982) instrument, and questions were grouped logically according to the issues they addressed. All questions were closed-response for ease of completion, although a lined page was included on the back of the questionnaire inviting additional comments. The questionnaire was printed on yellow paper to increase its prominence. A return envelope was included for ease of response.

Cover Letter Design

The content and style of the cover letter (Appendix G) also adhered to many of Dillman's (1978) recommendations. It stated the purpose of the study, outlined benefits to be gained, promised confidentiality, and noted how respondents could obtain a copy of results. Brevity, clarity, cordiality and conveying a sense of importance were key considerations in formulating the letter. The 'official' status of the survey was enhanced by industry and university endorsement, and by noting that the data collected would help inform planned forums on the issue of responsible provision of gambling with representatives from government, industry and community agencies.

Endorsement

Endorsement of the survey was obtained from Club Management Development Australia (CMDA), the educational arm of the CMAA. With permission from its Executive, the cover letter accompanying the survey was written by the researcher

on the CMDA's behalf, included the CMDA's logo and was signed by both its Education Manager and the researcher. The return envelope was addressed to the CMDA. In addition, the CMAA publicised that the survey would be forthcoming in its monthly magazine, *Club Management in Australia*. The cover letter also noted the researcher's affiliation with the Australian Institute for Gambling Research (AIGR) at the University of Western Sydney. Permission was obtained to include the university's logo on the cover letter and to include the name of the researcher's principal supervisor, who is well known in the industry and a regular keynote speaker at industry conferences.

Instrument Mailing

Initial mailing was on 23 March 1998. It included an outer envelope displaying the CMDA logo, a cover letter, the questionnaire, and a return envelope addressed to the CMDA. One follow-up mailing was conducted on 14 April 1998. It included the same outer envelope, a similar, but briefer cover letter (Appendix H), the questionnaire, and a return envelope addressed to the CMDA. Limited financial resources of the researcher precluded a third follow-up mailing.

Responses Generated

The first mailing generated 186 and the second mailing a further 61 completed questionnaires. This totalled 247 responses, an overall response rate of 17.9 percent. Further, not all respondents answered all questions, particularly the adapted Aupperle (1982) instrument where 213 usable responses were received. The number of usable responses to each question is shown in the relevant tables throughout this chapter.

While this response exceeded the minimum needed for proper statistical analysis and that generally obtained from KPMG surveys to the same population, it was nonetheless disappointing. One factor that may have contributed to the low response rate was the timing of the survey. As discussed in Chapter Two, early 1998 was a time of heightened tension between the NSW club industry and the NSW Government. NSW hotels recently had been authorised to operate up to 15 poker machines and were lobbying for an increase above this limit, the clubs were campaigning intensely against government proposals to grant the NSW TAB Ltd rights to operate statewide linked jackpots and a centralised monitoring system, and large club poker machine taxation increases had just come into effect. The extent to which these factors affected the response rate is difficult to know, although the clubs' preoccupation with these issues was a likely contributing factor. Many

comments on completed questionnaires reflected strong anti-government sentiments, with some clearly interpreting the survey as an attempt by government to impose more restrictions on the club industry. Thus, scepticism about the survey's topic area in a climate of expansionist government policies on gambling may have deterred some club managers from responding.

While the researcher was aware these political tensions might adversely affect the survey response rate, it was important to proceed with the mailing because parliamentary debates and a media release on 20 February from the Treasurer of NSW foreshadowed that a problem gambling policy would become a legislative requirement for the industry by 31 May. Thus, time was very limited in which to gain a 'before' picture of responsible provision of gambling in the clubs.

6.2.3 Characteristics of Responding Clubs

Appendix I summarises the characteristics of clubs whose managers responded to the survey, while Table 6.2 compares these to figures for all NSW clubs where available. While the responding clubs were reasonably representative of the industry in terms of location, the responses were skewed to leagues and RSL clubs, and those with large numbers of gaming machines and high gaming machine profits. Conversely, bowls, golf, other sporting and other types of clubs, and those with less machines and lower machine profits were under-represented. This skewness is not surprising given the probable greater relevance of problem gambling and responsible provision of gambling to larger clubs with substantial machine installations, and their greater resources, such as staff and time, to devote to responding to the survey. It may also reflect more professional management amongst these clubs, more willing to answer correspondence and air their views.

Table 6.2
Comparison of Selected Characteristics of All NSW Clubs and Clubs Responding to the Mail Survey
N = 247

	All NSW Clubs[a] %	Responding Clubs %
Location of club		
Sydney	41.7	44.1
Regional	58.3	55.1
Type of club		
Bowls	31.9	12.6
Golf	15.1	6.9
Leagues	3.5	13.4
Other sporting	13.6	9.3
Returned services	14.3	37.2
Other	21.5	17.8
No. of gaming machines		
1 - 20	49.8	6.9
21 - 40	20.0	10.5
41 - 60	10.0	13.4
61 - 80	5.0	8.1
81 - 100	3.8	12.1
101 - 150	4.4	14.6
151 - 200	3.3	14.6
201 - 300	2.2	8.1
> 300	1.6	7.7
Assessed gaming machine profit		
< $200,000	37.1	3.6
$200,001 - $500,000	20.0	7.3
$500,001 - $1,000,000	12.6	8.5
$1,000,001 - $2,000,000	11.5	16.2
$2,000,001 - $2,500,000	3.0	6.5
$2,500,001 - $5,000,000	7.7	13.7
$5,000,001 - $10,000,000	5.0	14.8
$10,000,001 - $20,000,000	2.2	6.8
> $20,000,000	0.9	4.8

[a] Data sourced from the NSW Department of Gaming and Racing (1998) and the RCA (pers. comm.).
Note: columns do not always total 100% due to rounding and missing data.

Source: derived from responses to the mail questionnaire survey conducted for this study.

6.3 PRINCIPLES ADOPTED IN MACHINE GAMBLING OPERATIONS

This section addresses the first aim of the survey research, to examine the priority given by NSW club managers to economic, legal, ethical and discretionary principles in their machine gambling operations.

In the first subsection, the results of the adapted Aupperle (1982) instrument are factor analysed to determine whether the four domains in Carroll's (1979) model of corporate social responsibility exist in the context of machine gambling in NSW registered clubs. The next subsection then assesses the relative priority given by respondents to these four domains, thus providing an overall measurement of the importance placed on the various corporate social principles in machine gambling. Two subsections test relationships amongst the four domains, and between the importance placed on them and selected club characteristics. Finally, a brief summary of the section is provided.

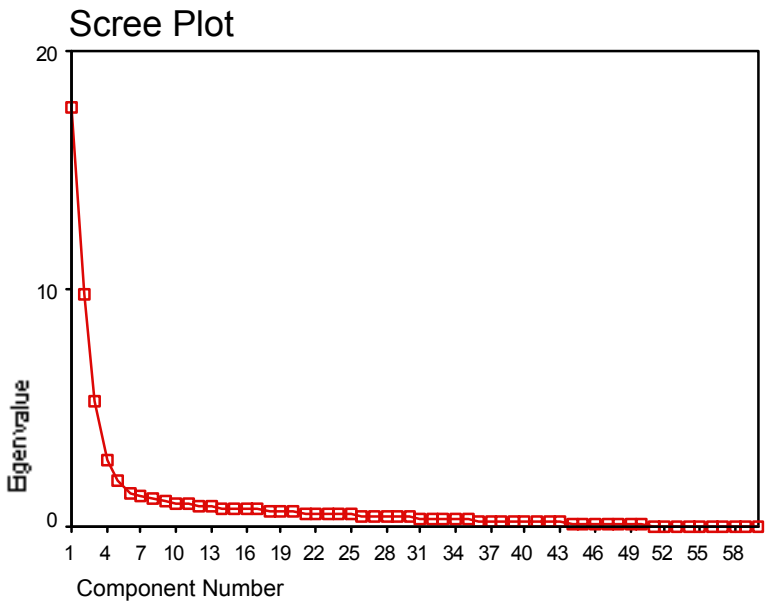
6.3.1 Factor Analysis of the Adapted Aupperle (1982) Instrument

Factor analysis is a statistical procedure used to reduce many variables to fewer constructs (Moser and Kalton, 1971:365), based on the assumption that some underlying factors which are fewer in number than the observed variables are responsible for covariation amongst observed variables (Kim and Mueller, 1978:12). By determining the number and nature of the underlying constructs among larger numbers of variables, factor analysis is concerned with scientific parsimony (Kerlinger, 1973:659). When applied in the manner described below, factor analysis assesses the discriminant validity of the research instrument. That is, it will determine whether the data generated through Aupperle's (1982) adapted instrument support the existence of Carroll's four corporate social responsibility domains (1979) in the context of machine gambling in NSW clubs.

Step One: N-Factor Factor Analysis

N-factor, principal components factor analysis produced nine factors with eigenvalues greater than 1.0. Since factor loadings for most of these were very low, it was decided that further parsimony was needed. A scree test was performed to help eliminate inconsequential factors. Figure 6.2 shows that the scree commences with the fifth factor, indicating that four factors were most relevant for analysis.

Figure 6.2
Scree Plot for the Adapted Aupperle (1982) Instrument



Source: derived from responses to the mail questionnaire survey conducted for this study.

Step Two: 4-Factor Factor Analysis

A four-factor principal components factor analysis with varimax rotation was performed with all four factors having significant loadings from the 60 statements. As shown in Table 6.3, these four factors explained 59.15% of the variance.

Table 6.3
Eigenvalues and Variances from the Four-Factor Factor Analysis of the Adapted Aupperle (1982) Instrument
N = 213

Factor	Eigenvalue	% of Variance	Cum. % of Variance
1	17.688	29.479	29.479
2	9.732	16.220	45.699
3	5.242	8.736	54.435
4	2.829	4.716	59.151

Source: derived from responses to the mail questionnaire survey conducted for this study.

Table 6.4 shows the dominant factor loadings (in bold type) of the 60 statements on the four factors. Of the 60 statements, 59 loaded on the expected factor. One item ('in my club's poker machine gaming operations, it is important to avoid discriminating against women and minority groups') loaded on the ethical, not legal factor as expected. Apart from this, findings in Table 6.4 empirically supported

Carroll's (1979) four-part construct when applied to machine gambling operations in NSW clubs.

Table 6.4
Dominant Factor Loadings from the Four-Factor Factor Analysis of the Adapted Aupperle (1982) Instrument
N = 213

Qu. No	Abbreviated Statement	Raw Varimax Rotation Normalised Factor Loadings			
		Econo-mic	Legal	Ethical	Discret-ionary
40	expectations of maximising earnings	**.759**	-.136	-.097	.029
41	committed to being as profitable as possible	**.876**	-.058	-.093	.015
42	maintain a strong competitive position	**.690**	.030	.055	-.059
43	long-term return on investment is maximised	**.784**	-.122	.123	.049
44	allocate resources to improve long-term profitability	**.598**	-.011	.038	-.059
45	ensure a high level of operating efficiency is maintained	**.725**	.253	-.036	-.071
46	pursue opportunities which will maximise earnings	**.796**	.193	-.190	-.152
47	successful operations be defined as consistently profitable	**.850**	.031	-.045	-.005
48	monitor new opportunities to enhance financial health	**.759**	.117	-.080	-.052
49	good corporate citizenship defined as profitable as possible	**.738**	-.030	.149	-.059
50	consistent profitability as a useful measure of performance	**.722**	.163	-.110	-.119
51	maintain a high level of operating efficiency	**.814**	.165	-.082	-.020
52	allocate organisational resources as efficiently as possible	**.567**	.101	.195	.077
53	best rate of return on investment	**.845**	-.044	-.099	.010
54	profit margins remain strong relative to competitors	**.882**	.042	-.090	-.127
40	perform consistent with expectations of government & law	-.053	**.763**	.067	.059
41	committed to abiding by laws & regulations	.028	**.783**	.144	.056
42	comply with various government regulations	.050	**.756**	.157	.109
43	legal responsibilities be seriously fulfilled	-.004	**.786**	.090	-.007
44	comply promptly with new laws & court rulings	-.011	**.722**	.139	.120
45	be a law-abiding corporate citizen	.001	**.562**	.382	.162
46	avoid discriminating against women & minority groups	.021	.345	**.463**	.326
47	successful operations fulfill their legal obligations	.028	**.837**	.218	.117
48	monitor new opportunities to enhance statutory compliance	.119	**.717**	.294	.183
49	good corporate citizenship = doing what the law expects	.073	**.801**	.051	.095
50	compliance with the law as a useful measure of performance	.071	**.615**	.255	.189
51	fulfill all corporate tax obligations	.123	**.648**	.136	.122
52	provide goods & services which meet legal requirements	.379	**.475**	.124	.024
53	comply with enacted laws, regulations & court rulings	.020	**.784**	.106	.155
54	contract & safety violations are not ignored	.175	**.604**	.253	.365
40	perform consistent with societal & ethical norms	-.144	.067	**.737**	.136
41	committed to moral & ethical behaviour	-.145	.172	**.790**	.223
42	recognise that the ends do not always justify the means	.144	.122	**.629**	.132
43	promises are not made which are not intended to be fulfilled	.152	.196	**.639**	.253
44	recognise & respect ethical/moral norms adopted by society	-.078	.085	**.643**	.426
45	advertise in an ethically fair & responsible manner	.241	.209	**.651**	.244
46	prevent social norms being compromised	.034	.179	**.686**	.231
47	success = fulfilling ethical & moral responsibilities	-.130	.177	**.701**	.363
48	new opportunities to enhance moral & ethical image	-.027	.167	**.632**	.436
49	Good corporate citizenship = meeting moral & ethical	.038	.190	**.662**	.259
50	norms, ethics & unwritten laws as measure of performance	-.045	.116	**.742**	.405
51	integrity & ethical behaviour beyond regulatory compliance	-.053	.094	**.743**	.165
52	avoid compromising social norms & ethics to achieve goals	-.067	.237	**.638**	.206
53	society's unwritten laws & codes as important as the written	-.144	.190	**.698**	.325
54	ethical & moral responsibilities be fulfilled	-.179	.344	**.637**	.223
40	perform to philanthropic & charitable expectations	-.119	.123	.278	**.602**
41	committed to voluntary & charitable activities	-.008	.086	.228	**.700**
42	assist community & charitable projects	-.109	.059	.215	**.739**
43	resources used for local voluntary & charitable activities	-.120	.138	.213	**.723**
44	opportunities & programs to improve community life	.079	.073	.387	**.700**
45	provide assistance to community & charitable institutions	-.018	.054	.120	**.776**
46	support community & charitable institutions	-.160	.234	.193	**.667**
47	success fulfills philanthropic & charitable responsibilities	.019	.097	.447	**.659**

48	opportunities to enhance ability to solve social problems	.005	.118	.537	**.589**
49	good corporate citizenship = assisting charities/community	.008	.127	.230	**.751**
50	view philanthropic behaviour as measure of performance	.087	.293	.121	**.606**
51	increase charitable & voluntary efforts over time	.001	.085	.291	**.811**
52	assist voluntarily projects to enhance quality of life	-.070	.133	.041	**.599**
53	opportunities to long-term unemployed	.020	.114	.379	**.472**
54	philanthropic & voluntary efforts expanded over time	-.001	.126	.352	**.737**

Source: derived from responses to the mail questionnaire survey conducted for this study.

Step Three: Testing Internal Consistency

Carroll's (1979) four-part construct when applied to machine gambling operations in the clubs was further supported by tests for internal consistency using Cronbach alpha. The results were:

Economic = .9502
Legal = .9343
Ethical = .9454
Discretionary = .9388

The internal consistency demonstrated by the Cronbach alphas and results of the factor analysis support the soundness of the adapted Aupperle (1982) instrument and the existence of Carroll's (1979) four aspects of corporate social responsibility when applied to machine gambling operations in the clubs.

6.3.2 Relative Priority Given to Economic, Legal, Ethical and Discretionary Principles in Machine Gambling in the Clubs

Because respondents were required to allocate up to ten points amongst each set of four statements in the adapted Aupperle (1982) instrument, it was possible to determine the mean scores for each of Carroll's (1979) four domains and compare them to assess the relative priority the managers placed on economic, legal, ethical and discretionary principles in machine gambling in their clubs. Table 6.5 shows the mean scores, along with other descriptive statistics, for each of the four domains.

Table 6.5
Descriptive Statistics for Economic, Legal, Ethical and Discretionary Principles in Machine Gambling in the Clubs
N = 213

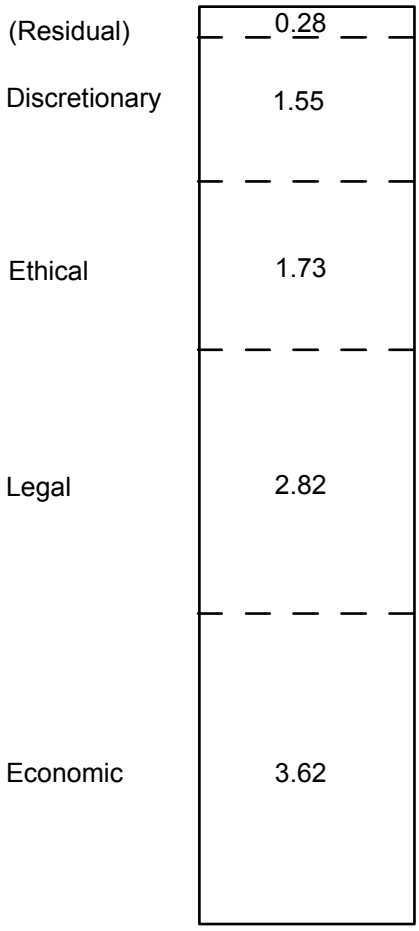
	Mean	Std Deviation	Std Error Mean	Minimum	Maximum
Economic principles	3.62	1.41	0.0954	1	10
Legal principles	2.82	0.80	0.0542	0	6

Ethical principles	1.73	0.75	0.0512	0	4
Discretionary principles	1.55	0.69	0.0474	0	4

Source: derived from responses to the mail questionnaire survey conducted for this study.

Figure 6.3 was derived from the mean scores in Table 6.5 to illustrate the relative weights given by respondents to each of the four corporate social responsibility domains. These approximate Carroll's (1979) suggested weightings of 4:3:2:1 for economic, legal, ethical and discretionary principles respectively (Figure 6.1) and demonstrate that highest priority is given by the managers to economic, then legal, then ethical, and lastly discretionary principles in machine gambling operations in their clubs.

Figure 6.3
Relative Weights for Economic, Legal, Ethical and Discretionary Principles in Machine Gambling in the Clubs
N = 213



Note: A residual exists because respondents were not required to allocate all ten points within each set of statements. Following Aupperle (1982), this was to accommodate the possibility that no principles were especially valued.

Source: derived from responses to the mail questionnaire survey conducted for this study.

6.3.3 Correlations Amongst Economic, Legal, Ethical and Discretionary Principles in Machine Gambling in the Clubs

In Aupperle's (1982) research into principles of corporate social responsibility amongst a sample of major US corporations, he identified an inverse relationship between the economic and ethical domains. That is, as firms placed greater emphasis on economic principles, they would in turn emphasise less their ethical principles, or *vice versa*. He concluded that these two domains are directly competitive in that focusing on one principle adversely affects the other, at least in the perception of respondents (1982:122).

In order to determine whether the responding club managers also perceived such an inverse relationship, a correlation matrix was generated for the four domains, as shown in Table 6.6 where significant correlations are highlighted (in bold type).

Table 6.6
Correlation Matrix for Economic, Legal, Ethical and Discretionary Principles in Machine Gambling in the Clubs
N = 213

Principles	Economic		Legal		Ethical		Discretionary	
	R(x, y)	p value <	R(x, y)	p value <	R(x, y)	p value <	R(x, y)	p value <
Economic	1.000	-						
Legal	.127	.068	1.000	-				
Ethical	-.066	.344	.492	**.001**	1.000	-		
Discretionary	-.097	.163	.400	**.001**	.686	**.001**	1.000	-

Source: derived from responses to the mail questionnaire survey conducted for this study.

Contrary to Aupperle's (1982) finding, Table 6.6 shows no inverse relationship between importance placed by the club managers on economic and ethical principles in machine gambling in their clubs. That is, the managers appear to perceive they can focus on one without adversely affecting the other. The same holds for the relationship between economic, and legal and discretionary principles. There are, however, significant correlations amongst legal, ethical and discretionary principles. This is consistent with Aupperle's (1982:124) grouping of these three principles to reflect a general 'concern for society'. For the club managers, it appears that importance placed on any one of these three principles is accompanied by importance placed on the other two. It can thus be concluded that the managers

perceive that concern for economic performance does not necessarily preclude concern for society, as represented by legal, ethical and discretionary principles, in their machine gambling operations.

6.3.4 Variations in Corporate Social Responsibility Principles Amongst the Clubs

Correlation matrices also were generated to determine whether importance placed on the four corporate social responsibility principles varied amongst clubs with different characteristics. These tests were restricted to club characteristics for which measurement variables were metric - number of financial members, number of social members, number of full-time equivalent employees, number of gaming machines, total club income, total assessed gaming machine profit, and gaming machine profit as a percentage of club income. However, no significant relationships were identified at the $p < .01$ level of significance. It can thus be concluded that the club characteristics examined appear to have no bearing on how their managers prioritised the four corporate social responsibility principles. Therefore, the skewed nature of the survey responses did not appear to affect the representativeness of results presented in this section, although there may be other club characteristics not examined which have some influence.

6.3.5 Summary

This section has addressed the first aim of the survey research, to examine the priority given by NSW club managers to economic, legal, ethical and discretionary principles in their machine gambling operations prior to the release of the RCA's *Problem Gambling Policy* (AIGR, 1998a). A validated instrument (Aupperle, 1982) was adapted to apply to machine gambling operations in clubs, and factor analysis of results and tests for internal consistency supported the existence of Carroll's (1979) four corporate social responsibility principles. In support of findings from the nineteen interviews and six case studies (Chapter Five), the respondents placed the highest priority on economic principles in their machine gambling operations, with diminishing importance placed on legal, ethical and discretionary principles respectively. Nevertheless, concern for economic importance did not appear to preclude concern for legal, ethical and discretionary principles in machine gambling in the clubs. Further, priorities placed on these principles did not appear to vary amongst clubs with different characteristics.

6.4 PERCEIVED RESPONSIBILITY FOR ADDRESSING PROBLEM GAMBLING

This section addresses the second aim of the survey research, to examine the club managers' opinions about the club industry's responsibility for addressing problem gambling. As noted in Section 6.2.1, seven related questions were asked, with results presented below. Frequency distributions of responses are presented as pie graphs in Appendix J.

6.4.1 Awareness and Perceptions of Gambling Problems

95.9% of respondents agreed gambling causes serious problems for some gamblers, with 3.7% disagreeing and 0.4% stating they did not know. Casino table games, TAB betting and gaming machines were considered most problematic respectively, followed by on-course betting, lotto/lottery and sportsbetting, as shown in Table 6.7.

Table 6.7
Frequency Distribution: Which Types of Gambling Are Most Likely Associated with Problem Gambling?
N = 244

	Most Likely %	2nd Most Likely %	3rd Most Likely %	Weighted %[a]
Casino table games	34.8	21.1	21.1	167.7
TAB betting	26.7	29.1	22.7	161.0
Gaming machines	23.1	25.5	25.5	145.8
On-course betting	4.9	12.1	12.6	51.5
Lotto/lottery	1.2	2.8	5.3	14.5
Sports betting	0.4	1.2	2.4	6.0
Keno	0.0	0.4	0.8	1.6
Bingo	0.0	0.4	0.4	1.2
Other[b]	7.6	5.2	2.0	35.2

a Weighted % was calculated by allocating 3 points to most likely, 2 points to 2nd most likely and 1 point to 3rd most likely. While crude, this method allows an overall comparison of perceived association of each type of gambling with problem gambling.

b 'Other' consisted mainly of combinations of types of gambling.

Source: derived from responses to the mail questionnaire survey conducted for this study.

6.4.2 Responsibility for Minimising Gambling Problems

When asked whose responsibility it is to minimise gambling-related problems, respondents nominated individual gamblers, the state government and gambling venues respectively, followed by counselling/welfare bodies, as shown in Table 6.8.

Table 6.8
Frequency Distribution: Responsibility for Minimising Gambling-Related Problems
N = 245

	Most Responsibility %	2nd Most Responsibility %	3rd Most Responsibility %	Weighted %[a]
Individual gamblers	49.0	16.6	19.4	199.6
State government	31.2	28.7	17.4	168.4
Gambling venues	13.8	32.4	28.3	134.5
Counselling/welfare bodies	1.2	13.8	17.8	49.0
No one	0.4	2.0	5.7	10.9
Poker machine manufacturers	0.0	1.6	4.5	7.7
Other[b]	3.6	2.8	2.8	18.6

a Weighted % was calculated by allocating 3 points to most responsibility, 2 points to 2nd most responsibility and 1 point to 3rd most responsibility. While crude, this method allows an overall comparison of perceived responsibility for minimising gambling-related problems.

b 'Other' consisted mainly of combinations of the stakeholders listed in Table 6.8.

Source: derived from responses to the mail questionnaire survey conducted for this study.

About two-thirds (41.6%) of the responding managers considered the NSW club industry was currently taking sufficient responsibility in minimising gambling-related problems, outnumbered by the 46.5% who considered it was not. 11.9% were uncommitted. However, most respondents (71.3%) thought it in the best interests of the industry to take more responsibility, 24.6% thought not, while 4.1% were unsure.

6.4.3 Adequacy of Legislation to Ensure Responsible Provision of Gambling

Most respondents (54.0%) thought that legislation applying to NSW clubs in machine gaming was adequate to ensure responsible provision of gambling. However, about a quarter (26.0%) thought it inadequate, while 20.0% stated they did not know. Further, 27.5% of respondents felt that existing legislation is not complied with sufficiently to ensure responsible provision of gambling in NSW clubs, while 51.5% felt it was and 20.2% stated they did not know.

6.4.4 Summary

The vast majority of respondents agreed that gambling causes serious problems for some gamblers, with about three-quarters considering machine gambling as one of

the three most problematic types. About three-quarters considered gambling venues amongst the top three stakeholders with some responsibility for minimising gambling problems. Fewer than half felt the NSW club industry was not taking sufficient responsibility in this area. Most felt that existing legislation was adequate, and complied with sufficiently to ensure responsible provision of gambling in the clubs, although nearly three-quarters thought it in the industry's best interests to take more responsibility. These findings suggest that, at least at the general level, most respondents are receptive to a more proactive industry approach to responsible conduct of gambling, although this is considered a shared responsibility, with some resistance evident to a more legislated approach.

6.5 SUPPORT FOR INDUSTRY-LEVEL STRATEGIES IN RESPONSIBLE PROVISION OF GAMBLING

This section addresses the third aim of the survey research, to examine support amongst the club managers for certain industry-level strategies in responsible provision of gambling. Frequency distributions of responses are presented as pie graphs in Appendix J.

6.5.1 Venue Guidelines

The vast majority of respondents (88.0%) supported the development and implementation of venue guidelines in responsible provision of gambling, with 86.1% indicating their club would be likely to adopt them if developed for the NSW club industry. However, 4.1% thought their clubs would be unwilling to do so, while 9.8% were unsure. Of those that approved of venue guidelines, 80.6% considered such guidelines should be developed cooperatively amongst all gambling sectors, rather than individually (19.4%). According to responses on who should develop and fund venue guidelines (where multiple responses were possible), over half the managers thought this development should involve the RCA (90.0% of respondents), the CMAA (80.5%) and the NSW Department of Gaming and Racing (DGR) (78.0%). Less than half thought counselling/welfare bodies (49.4%), the Poker Machine Council of Australia (PMCA) (41.9%), other gambling sectors (27.8%), concerned community groups (23.6%) and poker machine manufacturers (23.2%) should be involved. Over half the respondents thought the DGR (84.2%) and/or the RCA (57.7%) should fund such guidelines. However, less than half thought poker machine manufacturers (32.0%), the CMAA (29.0%), other gambling sectors (17.0%) counselling/welfare bodies (11.6%) and concerned community groups (0.1%) should contribute.

6.5.2 Self-Regulating Code of Practice

88.0% of the club managers supported the development and implementation of a self-regulating code of practice in responsible provision of gambling, with 12.0% opposed. 84.0% indicated their club would be likely to adopt one if developed for the NSW club industry, 4.5% thought their club would not, while 11.5% indicated they did not know. Of those who approved of a code of practice, 77.4% considered it should be developed cooperatively amongst all gambling sectors, rather than individually (22.6%). According to the responses (with multiple responses allowed), over half the managers thought this development should involve the RCA (90.4%), the CMAA (83.0%) and the DGR (70.5%). However, less than half thought the PMCA (39.0%), counselling/welfare bodies (32.0%), other gambling sectors (23.7%), concerned community groups (19.1%) and poker machine manufacturers (17.0%) should be involved. Over half the respondents thought the DGR (76.8%) and/or the RCA (62.9%) should fund the code. Less than half thought the CMAA (32.9%), poker machine manufacturers (24.9%), the PMCA (14.8%), counselling/welfare bodies (0.1%) and concerned community groups (0.1%) should contribute.

6.5.3 Management and Staff Training

88.0% of respondents supported the development and implementation of training programs for club managers and staff in responsible gambling, with 12.0% in opposition. 80.3% indicated their club would be likely to adopt training programs if developed for the NSW club industry, 7.0% indicated their club would not, while 12.7% were unsure. Of those who approved of a training program, 67.4% considered it should be developed cooperatively amongst all gambling sectors, rather than individually (32.6%). According to the responses (with multiple responses allowed), over half the managers thought this development should involve the RCA (89.6%), the CMAA (85.5%) and the DGR (58.5%). However, less than half the respondents thought that the PMCA (28.2%), counselling/welfare bodies (28.2%), other gambling sectors (17.4%), poker machine manufacturers (15.4%) and concerned community groups (11.2%) should be involved. Over half the respondents thought such training programs should be funded by the DGR (76.3%) and/or by the RCA (62.9%). However, less than half felt that the CMAA (40.8%), poker machine manufacturers (29.2%), the PMCA (14.6%), other gambling sectors (0.2%), counselling/welfare bodies (0.1%) and concerned community groups (0.1%) should contribute.

6.5.4 Industry Accord and Disputes Resolution Body

A slightly lower majority of respondents supported developing an industry accord amongst various gambling sectors to develop and review responsible gambling initiatives and to liaise with community groups (79.8%), and an independent disputes resolution body to deal with disputes and unethical practices (64.8%). A minority (20.2% and 35.2% respectively) were opposed to these strategies.

6.5.5 Variations in Support for Industry-Level Strategies Amongst the Clubs

Correlation matrices were generated to determine whether the number of industry-level strategies supported varied amongst clubs with different characteristics. These tests were restricted to club characteristics for which measurement variables were metric - number of financial members, number of social members, number of full-time equivalent employees, number of gaming machines, total club income, total assessed gaming machine profit, and poker machine profit as a percentage of total club income. However, no significant relationships were identified at the $p < .01$ level of significance. It can thus be concluded that the club characteristics examined appear to have no bearing on how many industry-level strategies the responding clubs supported. Therefore, the skewed nature of the survey responses did not appear to affect the representativeness of the results presented in this section, although there may be other club characteristics not examined which have some influence.

6.5.6 Summary

The industry-level strategies examined in responsible provision of gambling received support from most respondents. Over four-fifths indicated their club would adopt responsible provision of gambling guidelines, a self-regulating code of practice and related training programs. Most thought the RCA, the CMAA and the DGR should be centrally involved in developing these, with funding provided by the RCA and the DGR. There was little opposition to an industry accord, although less support for an independent disputes resolution body. However, consistent with majority opinions that minimising gambling-related problems is a shared responsibility, most respondents felt such industry initiatives should be developed cooperatively by all gambling sectors. However, the low support for involvement of welfare and community groups in developing industry initiatives signals resistance by the clubs to conducting their gaming machine operations in a manner consistent with community expectations.

6.6 SUPPORT FOR VENUE-LEVEL STRATEGIES IN RESPONSIBLE PROVISION OF GAMBLING

This section addresses the fourth aim of the survey research, to examine support for certain venue-level strategies in responsible provision of gambling. Consistent with analyses in Chapter Five, these are discussed in terms of providing patron information on problem gambling, self-exclusion, access to cash, product information, advertising and promotion of machine gambling, and support for agencies and research for problem gambling. Frequency distributions of responses are presented as pie graphs in Appendix J.

6.6.1 Providing Patron Information on Problem Gambling

Seven questions were asked of the club managers about providing information to patrons about a venue's responsible gambling policy, and recognising and acting on a gambling problem.

Most respondents were agreeable to implementing a house policy on responsible provision of gambling, with 23.4% claiming to have one in place and 73.3% willing to do so. Only 3.3% indicated they would not. Nearly two-fifths (39.5%) of responding clubs reportedly provided signage for patrons about responsible gambling, with a further 56.8% willing to do so. Only 3.7% would not implement this. 11.2%, 32.1% and 41.4% of responding clubs reported they provide information on recognising a gambling problem, what to do about a gambling problem, and contact details for a telephone hotline service for problem gambling, respectively. 76.0%, 60.9% and 49.2%, respectively, were willing to implement these practices, while 12.8%, 7.0% and 9.4%, respectively, were unwilling. The majority of the managers felt their club already (25.2%), or would (70.2%), ensure staff can recognise signs of problem gambling, although 4.5% were opposed to this. Most club managers (52.9%) claimed their club knew where to refer people with gambling problems to for help, with a further 43.4% willing to embrace this. Only 3.7% were opposed to this idea.

6.6.2 Self-Exclusion

A self-exclusion program reportedly was being implemented in 34.7% of the clubs, with another 50.2% willing to implement one if endorsed by the industry. However, a significant proportion (15.1%) of respondents was opposed to a self-exclusion program.

6.6.3 Access to Cash

Five questions were asked of the club managers relating to access to cash for gambling.

A degree of resistance was shown towards encouraging a cooling-off period before poker machine players collect big wins, with 41.1% of respondents stating their club would not implement this. However, 22.8% of clubs reportedly do so, with a further 36.1% willing to. However, most clubs claimed they encourage big winners to take payment by cheque instead of cash. Over half the clubs (55.2%) claimed to do this, a further 31.5% would be willing to do so, with this strategy resisted by 13.3% of respondents.

Three questions were asked about access to cash from cheques, ATMs and EFTPOS machines to play gaming machines. Responses indicate a high level of resistance to these strategies. While 26.7% of respondents indicated their club prohibited cashing cheques for playing gaming machines and 24.5% would be willing to do so, nearly half the clubs would resist this (48.9%). While 21% of responding clubs reported they did not have ATMs in gaming machine areas and a further 34.6% would be willing to remove them, 44.4% of responding club managers were opposed to this strategy. Only a few clubs claimed to prohibit cash withdrawals from EFTPOS machines to play gaming machines (5.5%), with a further 8.4% willing to do so, but a large majority (86.1%) opposed this idea.

6.6.4 Product Information

The majority of the club managers reported their club already, or would be willing to, provide patron information on machine characteristics, although sizeable minorities would resist this. Information on how machines work is reportedly provided by 9.6% of the responding clubs, 59.0% thought their club would be willing to provide this, although 31.4% thought their club would not. 16.6% claimed they provide information on how different features of machines affect bet size, another 61.4% would be willing to provide this, while 22.0% would not. About one-third of the clubs (29.5%) reported they provide player information on how gaming machine payouts occur, another 51.9% indicated their club would do this, while 18.6% resisted the idea. However, providing player information on budgeting money for playing poker machines was resisted by most responding clubs (52.1%). Only 1.7% claimed to follow this practice, with a further 46.3% willing to do so.

Two questions were asked on providing patron information about recognising machine malfunctions and actions to take if they have a machine-related complaint or dispute. Responses indicated reasonably high levels of compliance with both these practices and a high degree of willingness to implement them. For the former, 33.1% claimed they provide this information, a further 58.9% would be willing to do so, while 8.1% would resist this. For the latter, percentages were 53.9%, 43.6% and 2.5% respectively.

6.6.5 Advertising and Promotion of Gaming Machines

The surveyed club managers were asked three questions relating to responsible advertising and promotion of gaming machines.

High levels of opposition were indicated towards preventing any advertising or promotion of machine gambling. While 3.7% of clubs reported they currently refrain from this, only 13.6% would implement this strategy if endorsed by the industry, while 82.6% were opposed. However, the club managers were far more supportive of ensuring that advertising and promotion of poker machine gaming is 'socially responsible'. Significantly, this phrase was left open to the respondents' own interpretation: 37.1% of respondents claimed this occurs in their club, while 55.7% would be willing to ensure this if endorsed by the industry; 7.2% of respondents were opposed. However, many respondents did not extend this support when asked if their club would restrict gaming machine advertising to certain media, publications, or times of day to prevent minors seeing it: 16.8% claimed to do this, 40.8% would be willing to do so, while 42.4% of club managers opposed such restrictions.

6.6.6 Support for Agencies and Research for Problem Gambling

Five questions were asked in the survey about the discretionary responsibilities (Carroll, 1979) of developing links and providing support for agencies and research for problem gambling.

About one-fifth (19.1%) of the managers felt their club would not liaise closely with the welfare sector to minimise harm in gambling, although the majority (75.5%) were willing to do so, and 5.4% felt their club did this. It also was apparent that most responding clubs would be willing to extend financial (57.4%) and in-kind support (72.6%) for gambling-related welfare/counselling services. However, low proportions of clubs provided such financial (7.7%) and in-kind (7.3%) support. Substantial minorities opposed the provision of financial donations (34.9%) and in-

kind support (20.1%). A similar degree of willingness was apparent when respondents were asked about donating financial and in-kind support for research into problem gambling and its treatment: 1.7% claimed to donate financial support, 56.8% were willing to do so, while 41.5% were unwilling; 5.9% donate in-kind support, 72.0% were willing to do so, while 22.0% would not.

6.6.7 Variations in Support for Venue-Level Strategies Amongst the Clubs

Correlation matrices were generated to determine whether the number of venue-level strategies the clubs already implemented, would implement and would not implement varied amongst clubs with different characteristics. As above, these tests were restricted to club characteristics for which measurement variables were metric. From Table 6.9, a positive relationship is evident between the number of venue-level strategies already implemented and the clubs' number of financial and social members, number of poker machines, total club income and assessed poker machine profits. No relationships were apparent between club characteristics and whether the clubs would implement venue-level strategies, although those with larger poker machine installations were less resistant to implementing these. Given the skewness of the survey responses towards clubs with large gaming machine installations and high gaming machine profits, the survey responses also are probably skewed towards more support for venue-level strategies in responsible conduct of gambling than if the responses had been more representative of the industry.

Table 6.9
Correlation Matrix for No. of Venue-Level Strategies Supported and Selected Club Characteristics
N = 247

Club Characteristics	Already Implements		Would Implement		Would Not Implement	
	R(x, y)	p value <	R(x, y)	p value <	R(x, y)	p value <
No. of financial members	.128	**.048**	-.018	.784	-.123	.057
No. of social members	.169	**.024**	-.044	.558	-.141	.060
No. of full-time equivalent employees	.076	.250	.002	.974	-.065	.327
No. of poker machines	.184	**.004**	-.038	.556	-.133	**.040**
Total club income	.190	**.007**	-.064	.370	-.129	.069
Assessed poker machine profit	.137	**.050**	-.036	.614	-.096	.177

% of club income from poker machines	-.001	.993	.062	.388	-.063	.378

Source: derived from responses to the mail questionnaire survey conducted for this study.

6.6.8 Summary

Table 6.10 summarises the responsible gambling strategies implemented in the responding clubs at the time of the survey. Only three strategies are implemented by more than half the clubs. Amongst these three, payment of winnings by cheque may be motivated less by concern to minimise problem gambling, and more by security concerns and protection of the club against staff mistakes or machine malfunctions, as suggested by the qualitative data (Chapter Five). The second most implemented strategy (player information about complaints or disputes) possibly reflects that most clubs display gaming machine rules that contain this information. The third and fourth most widely implemented strategies (know where to refer patrons with gambling problems to for help and providing information on a telephone hotline service for problem gambling) probably reflect the introduction of G-Line by the NSW Government in 1997 and its distribution of related printed material to clubs. Thus, the strategies implemented most widely by the clubs responding to the survey represent those introduced for their own protection in machine gambling, and those endorsed and facilitated by the NSW Government.

The next group of strategies (numbered 5 to 13 in Table 6.10) generally reflect a passive approach to responsible management of gambling, also favoured by participants in the qualitative research (Chapter Five) or those strategies relatively easy to implement. The remaining strategies, are those that might potentially threaten the commercial appeal or profitability of gaming machine operations in the clubs or that require more proactive measures.

Table 6.10
% of Clubs Already Implementing Selected Venue-Level Strategies in Responsible Provision of Gambling

	Venue Strategy	%
1	Encourage big winners to take payment by cheque instead of cash	55.0
2	Provide player information about what to do if they have a poker machine related complaint or dispute	53.9
3	Know where to refer patrons with gambling problems for help	52.5
4	Provide information on a telephone hotline service for problem gamblers	41.4
5	Provide signage for players about responsible practice of gaming	39.5
6	Ensure advertising & promotion of poker machine gaming is socially responsible	36.4
7	Encourage problem gamblers to self-bar themselves from poker machines	34.6
8	Provide player information about how to recognise if a machine has malfunctioned or short-paid them	32.5
9	Provide player information about what to do if they think they have a gambling problem	32.0
10	Provide player information about how payouts occur on poker machines	29.4
11	Prohibit cashing of patrons' cheques for cash to play poker machines	26.5
12	Ensure gaming staff can recognise signs of problem gambling	25.0
13	Have a house policy on responsible provision of gaming	23.5
14	Encourage a cooling off period before poker machine players collect big wins	22.7
15	Prohibit ATMs in poker machine areas	21.0
16	Restrict poker machine advertising to certain media, publications, times to prevent minors seeing it	16.8
17	Provide player information on how different features of poker machines influence bet size	16.5
18	Provide player information about recognising if they have a gambling problem	11.1
19	Provide player information on how poker machines work	9.5
20	Donate funds to gambling-related counselling/welfare services	7.6
21	Donate in-kind support for gambling-related counselling/welfare services	7.2
22	Donate in-kind support for research into problem gambling & its treatment	5.9
23	Prohibit obtaining cash to play poker machines from club EFTPOS facilities	5.5
24	Liaise closely with the welfare sector to minimise harm in gambling	5.4
25	Prevent any advertising or promotion of poker machine gaming	3.7
26	Donate funds for research into problem gambling & its treatment	1.7
27	Provide player information about budgeting money for playing poker machines	1.7

Source: derived from responses to the mail questionnaire survey conducted for this study.

Table 6.11 shows strategies which responding club managers felt would be most resisted in their clubs. Again, strategies which have the greatest opposition are those which would potentially threaten the appeal and profitability of gaming machine operations, which might undermine competitive advantage, or which would require more financial and other resources. Strategies meeting least resistance relate mainly to those comprising a passive, informational approach to responsible provision of gambling.

Table 6.11
% of Clubs Unwilling to Implement Selected Venue-Level Strategies in Responsible Provision of Gambling

	Venue Strategy	%
1	Prohibit obtaining cash to play poker machines from club EFTPOS facilities	86.1
2	Prevent any advertising or promotion of poker machine gaming	82.6
3	Provide player information about budgeting money for playing poker machines	52.1
4	Prohibit cashing of patrons' cheques for cash to play poker machines	48.7
5	Prohibit ATMs in poker machine areas	44.4
6	Restrict poker machine advertising to certain media, publications, times to prevent minors seeing it	42.4
7	Donate funds for research into problem gambling & its treatment	41.5
8	Encourage a cooling off period before poker machine players collect big wins	40.9
9	Donate funds to gambling-related counselling/welfare services	34.7
10	Provide player information on how poker machines work	31.1
11	Donate in-kind support for research into problem gambling & its treatment	21.9
12	Provide player information on how different features of poker machines influence bet size	21.9
13	Donate in-kind support for gambling-related counselling/welfare services	20.0
14	Liaise closely with the welfare sector to minimise harm in gambling	19.0
15	Provide player information about how payouts occur on poker machines	18.5
16	Encourage problem gamblers to self-bar themselves from poker machines	14.6
17	Encourage big winners to take payment by cheque instead of cash	13.2
18	Provide player information about recognising if they have a gambling problem	12.8
19	Provide information on a telephone hotline service for problem gamblers	9.4
20	Provide player information about how to recognise if a machine has malfunctioned or short-paid them	7.9
21	Ensure advertising & promotion of poker machine gaming is socially responsible	7.0
22	Provide player information about what to do if they think they have a gambling problem	7.0
23	Ensure gaming staff can recognise signs of problem gambling	4.5
24	Know where to refer patrons with gambling problems for help	3.7
25	Provide signage for players about responsible practice of gaming	3.7
26	Have a house policy on responsible practice of gaming	3.3
27	Provide player information about what to do if they have a poker machine related complaint or dispute	2.5

Source: derived from responses to the mail questionnaire survey conducted for this study.

6.7 STATISTICAL RELATIONSHIPS BETWEEN CORPORATE SOCIAL PRINCIPLES AND PRACTICES

Correlation matrices were generated to determine whether a relationship existed between Carroll's (1979) four corporate social principles, as measured by the adapted Aupperle (1982) instrument, and the number of industry-level and venue-level strategies supported by the clubs, as shown in Table 6.12.

Table 6.12
Correlation Matrix for Economic, Legal, Ethical and Discretionary Principles and No. of Responsible Gambling Strategies Supported
N = 213

	Economic		Legal		Ethical		Discretionary	
	R(x, y)	p value <	R(x, y)	p value <	R(x, y)	p value <	R(x, y)	p value <
No. of industry strategies supported	-.164	**.017**	.026	.704	.151	**.029**	.158	**.023**
No. of venue strategies already implemented	-.220	**.001**	-.052	.451	.133	**.050**	.083	.237
No. of venue strategies would implement	-.135	**.049**	.066	.343	.049	.482	.078	.261
No. of venue strategies would not implement	.346	**.001**	-.001	.987	-.161	**.020**	-.152	**.028**

Source: derived from responses to the mail questionnaire survey conducted for this study.

From Table 6.12, there is a significant, but weak relationship between corporate social principles and the number of industry-level strategies supported by the club managers surveyed. An inverse relationship exists between importance given to economic principles in machine gambling operations and the number of industry-level strategies supported. Conversely, there is a positive relationship between importance given to ethical and discretionary principles in machine gambling operations and the number of industry-level strategies supported. Importance given to legal principles appears to have no influence on support for industry-level strategies.

In terms of the venue-level strategies examined in responsible provision of gambling, it appears that high importance placed on economic principles in machine gambling operations is associated with less implementation of venue-level strategies and less willingness to implement them. A positive, although weak, relationship also exists between the importance placed on ethical principles and the number of venue strategies already implemented. Conversely, there is an inverse relationship between the importance given to ethical and discretionary principles in machine gambling operations and the number of venue strategies the clubs would not implement. Importance given to legal principles appears to have no influence on support for venue-level strategies.

The significant correlations identified above provide general support for the relationship between corporate social principles and corporate social practices depicted in various models of corporate social performance discussed in Chapter Four, at least in the context of machine gambling in NSW clubs. For example, Zenisek's model (1979:399) depicts a relationship between 'ideological aspects' and 'operational aspects' of 'a business ethic'. He argued that ideological beliefs underlie operational behaviours and that incongruence between these two aspects results in a what Petit (1967) termed 'the moral crisis in management' (in Zenisek, 1979:362). The Wartick and Cochran model (1985) depicts a relationship between corporate social principles and corporate social policies, describing the former as the organisation's 'philosophical orientation' and the latter as its 'organisational orientation' (1985:767). Similarly, Wood (1991a) depicted corporate social principles as the basic values that motivate actions associated with corporate social behaviour.

In terms of the results presented in this chapter, economic, ethical and discretionary principles appear to have most influence on corporate social practices implemented or supported by the clubs in responsible management of machine gambling. Conversely, legal principles appear to have no influence on the implementation of, or support for, the responsible gambling practices examined.

6.8 INTEGRATION OF QUANTITATIVE AND QUALITATIVE FINDINGS ON PRINCIPLES AND PRACTICES ADOPTED BY NSW CLUBS IN ADDRESSING PROBLEM GAMBLING

This section integrates the quantitative findings of this chapter with the qualitative findings presented in Chapter Five to provide an overall picture of principles and practices adopted by the participating NSW clubs in addressing problem gambling by 1998.

Both the quantitative and qualitative research have demonstrated that the participating clubs consider all four of Carroll's (1979, 1991a) principles of social responsibility of some importance in their machine gambling operations. However, economic concerns clearly attract the highest priority. In the nineteen interviews, this was demonstrated by concern that responsible provision of gambling is a shared responsibility, that some strategies may undermine the clubs' revenue base and the clubs' competitiveness relative to other gambling operators, and that some strategies would incur expenses. This priority also was reflected in the strategies respondents thought clubs *should* adopt. A passive approach was favoured which involves

minimal expense. At industry-level, the various strategies examined received widespread support, but respondents advocated a whole of gambling industry approach so the club industry would not be disadvantaged relative to competitors. Further, respondents felt that expenses incurred in developing and implementing industry-level strategies should be shared between a variety of stakeholders. The most favoured venue-level strategies encompassed secondary harm minimisation through providing patron information on responsible gambling, and recognising and acting on a gambling problem, and a reactive approach to primary intervention through self-exclusion programs. Proactive primary harm minimisation through limiting access to cash for gambling, and consumer protection measures involving product information and certain restrictions on advertising and promotion of gambling received less support. These are the strategies most likely to reduce the commercial appeal and profitability of machine gambling in the clubs or to require financial outlay. The case studies of clubs which had implemented a responsible gambling package verified that a passive approach was favoured, with the six clubs primarily relying on an informational role to address their social responsibilities in machine gambling and improve their corporate image, rather than more structural changes that might reduce problem gambling. The quantitative analysis also verified the prioritisation of economic principles in machine gambling and support for and implementation of passive, informational responsible gambling strategies.

While the quantitative research found that legal principles receive the second highest priority in machine gambling operations in the participating clubs, qualitative support for this finding is limited. While all clubs in the nineteen interviews maintained that legal obligations in machine gambling are strictly complied with, there are no objective data to verify this. Indeed, about one-quarter of the survey respondents were doubtful that legal obligations in machine gambling were adhered to adequately to ensure responsible provision of gambling, and a similar proportion considered the legislation itself inadequate. Certainly the interviewed managers appeared cognisant of their legal responsibilities in machine gambling, to regard them as highly important, and to have implemented appropriate mechanisms to adhere to them. However, the effectiveness of these mechanisms in meeting the clubs' legal responsibilities in machine gambling is beyond the scope of this study. Nevertheless, it can be observed that, of Carroll's (1979, 1991a) four corporate social principles, legal ones appeared to have least influence on the implementation of, and support for, corporate social practices in the clubs to address problem gambling. Given the high importance placed on legal compliance by the participants in both the qualitative and quantitative research, it may be that ethical and discretionary responsibilities in responsible provision of gambling need to be shifted

into the legal arena to enhance the clubs' social performance in their machine gambling operations.

Findings from the three data sources (interviews, case studies and survey) all reveal a lower priority accorded to ethical principles and practices in machine gambling operations in the clubs. Further, the hierarchy of acceptance of different types of ethical responsibilities, developed from the qualitative findings (Figure 5.1), also was supported by the quantitative analysis. Respondents confirmed that primary and reactive secondary harm minimisation strategies are the most widely implemented and supported. Proactive harm minimisation strategies and strategies to enhance consumer protection and fair trading, such as limiting the accessibility of cash for gambling, providing more product information and limiting advertising and promotion of gaming machines, were less supported and implemented. While the participants may consider these strategies less effective in addressing problem gambling, the importance they accorded to economic principles in machine gambling suggest their concern is founded more on the potential of such strategies to undermine the attraction and use of gaming machines.

Finally, discretionary principles and practices in machine gambling operations in the clubs, or at least those that might directly address problem gambling, appeared to receive low priority from respondents in all three samples, especially if this involved allocating financial resources. The nineteen interviews revealed a substantial degree of resistance to financial support for agencies and research for problem gambling. Only one of the six case study clubs provided this support, few respondents to the mail survey had made a financial commitment in this area, and a substantial minority of respondents to the mail survey would be unwilling to do so. Thus, even though clubs are not-for-profit organisations established for social benefit, the participants demonstrated general reluctance to extend support to those organisations and individuals most severely affected by the social fallout of their core product. This reluctance, along with lack of support for community and welfare involvement in developing industry and venue level strategies in responsible provision of gambling, reflect general reticence by the clubs to identify and meet community expectations in their machine gambling operations.

Table 6.13 integrates the findings from the three data sources in terms of the support indicated for the main responsible gambling strategies examined, drawing primarily on Tables 5.4, 5.12 to 5.18, 6.10 and 6.11. The following classifications were used to categorise overall responses from each sample: High = 80-100% of respondents who implemented or supported the strategy, Medium-High = 60-80%, Medium =

40-60%, Medium-Low = 20-40%, and Low = 0-20%. However, in some instances such as the case studies, data were not so readily quantified and some subjective judgement by the author became necessary.

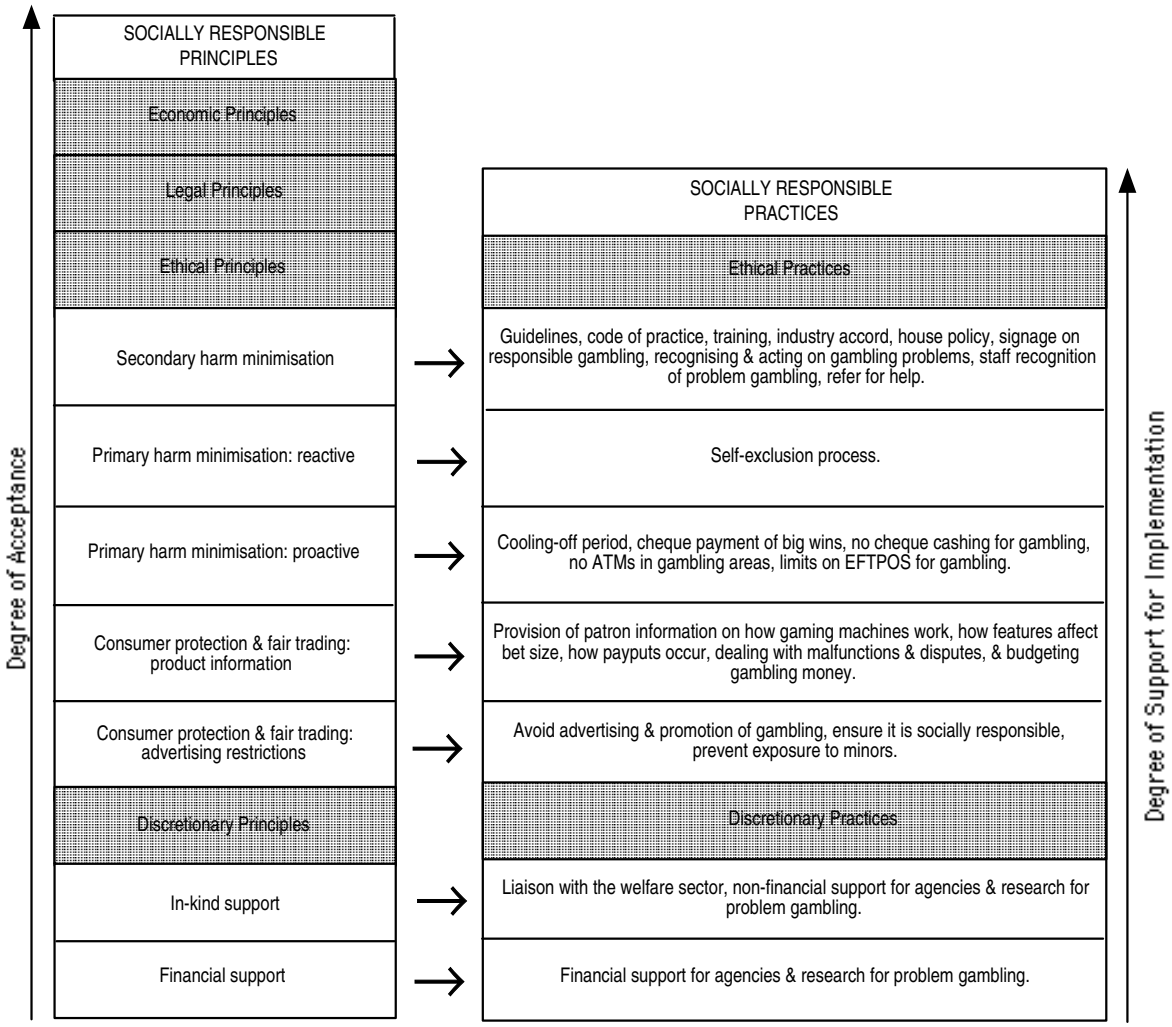
Table 6.13
Support for Responsible Gambling Strategies Indicated by the Interviews, Case Studies and Mail Survey

Types of Strategies	Interviews	Case Studies	Mail Survey
Industry-Level			
Responsible provision of gambling guidelines	High	n/a	High
Self-regulating code of practice	High	n/a	High
Training in responsible provision of gambling	High	n/a	High
Cooperative approach to responsible provision of gambling	High	n/a	High
Industry accord in responsible provision of gambling	Medium-High	n/a	Medium-High
Independent disputes resolution body	Low	n/a	Medium-High
Venue-Level: Patron Information			
House policy on responsible provision of gambling	High	High	High
Signage about responsible gambling	High	High	High
Notices on telephone hotline service for problem gambling	High	High	High
Written information on how to recognise a gambling problem	Medium-High	Medium	High
Written information on problem gambling services	High	High	High
Train staff to recognise gambling problems	High	Medium	High
Know where to refer people with gambling problems for help	High	High	High
Venue-Level: Once a Patron Seeks Help			
Self-exclusion program	High	Medium	High
Venue-Level: Access to Cash			
Cooling-off period for big winners	Medium-Low	Medium-Low	Medium
Limits on cheque cashing for gambling	Medium	Medium-High	Medium
ATMs away from gambling areas	Medium	Medium	Medium
EFTPOS limits for gambling purposes	Medium-Low	Low	Low
Venue-Level: Product Information			
Chances of winning and losing	Medium-Low	Low	Medium-High
How gaming machine features influence bet size	Medium-Low	Low	Medium-High
How payouts occur	Medium-Low	Low	Medium-High
How to budget gambling money	Low	Low	Medium
Venue-Level: Advertising & Promotion Restrictions			
Prevent any advertising or promotion of gaming machines	Low	Low	Low
Restricting advertising to avoid minors	Medium	Low	Medium
Ensure advertising is socially responsible	Medium-High	Medium	High
Venue-Level: Support for Agencies & Research			
Closer liaison with the welfare sector	High	Medium	High
Funding for problem gambling agencies	Medium	Low	Medium-High
Funding for research into problem gambling	Medium-Low	Low	Medium-High
In-kind support for agencies & research	Medium-High	Low	Medium-High

Source: derived from the 19 interviews, six case studies and responses to the mail questionnaire survey conducted for this study.

Figure 6.4 depicts an approximation of the integrated findings presented in Table 6.13. In terms of Carroll's (1979, 1991a) corporate social responsibility principles, the figure shows the principle of economic responsibility as receiving most acceptance amongst the three samples of clubs, followed by legal, ethical and discretionary responsibilities, respectively. Because economic and legal practices have not been investigated in detail in this study, the depiction of corporate social practices is restricted to the ethical and discretionary domains. Within the ethical domain, secondary harm minimisation practices are shown as receiving the most support, followed by reactive then proactive primary harm minimisation strategies, then consumer protection strategies relating to product information and advertising, respectively. Discretionary practices in addressing problem gambling are depicted as lowest in priority, particularly those that involve a financial commitment.

Figure 6.4
Hierarchy of Acceptance and Support for Socially Responsible Principles and Practices in Machine Gambling Operations in the Participating Clubs



Source: derived from the 19 interviews, six case studies and responses to the mail questionnaire survey conducted for this study.

In summary, this section has integrated the qualitative and quantitative data relating to principles and practices supported by the participating club managers in addressing problem gambling by 1998. These provide baseline data against which stakeholder views on the clubs' social responsibilities in machine gambling can be compared in the next chapter.

6.9 CHAPTER CONCLUSION

This chapter has focused on providing a quantitative analysis of principles and practices adopted by NSW registered clubs in addressing problem gambling by 1998, to supplement the qualitative analysis presented in Chapter Five.

A quantitative picture of corporate social principles adopted by the responding clubs in their machine gambling operations was obtained using an adapted version of

Aupperle's (1982) corporate social responsibility instrument, based on Carroll's (1979, 1991a) four principles of corporate social responsibility. Results indicated that Carroll's (1979, 1991a) four principles are relevant in the current industry context and represent discrete categories of social responsibilities in machine gambling in the clubs. The responding managers placed most importance on economic principles in their machine gambling operations, followed by legal, ethical and discretionary principles, respectively. This hierarchy also was supported by the qualitative research (Chapter Five).

A statistical relationship was demonstrated by the survey analysis between corporate social principles and corporate social practices. This was reflected in a hierarchy of responsible gambling strategies, implemented or supported by the survey respondents, which broadly corresponded to the hierarchy of corporate social principles. While these practices were only examined within the ethical and discretionary domains, results indicated greater support for a passive approach to responsible provision of gambling which would not threaten the attraction and profitability of machine gambling, nor incur substantial allocation of organisational resources. The hierarchy of support for responsible gambling strategies supported by both the quantitative (Chapter Six) and qualitative data (Chapter Five) is summarised below:

- secondary harm minimisation strategies involving provision of patron information on problem gambling were most favoured;

- reactive primary intervention in the form of voluntary self-exclusion programs for people with gambling problems was the next most favoured harm minimisation strategy;

- proactive primary intervention through limiting access to cash for gambling, and consumer protection measures to ensure fair trading by providing greater product information and placing certain restrictions on advertising and promotion of machine gambling, were less favoured by respondents;

- discretionary practices, particularly those requiring a financial commitment, were the least favoured strategies in responsible provision of gambling.

While limited by the low response rate obtained in the mail survey, and the small, non-representative samples in the qualitative research, the use of three separate data sources helped to verify results, especially given the high degree of convergence

amongst them. The integrated findings provide a picture of the principles and practices adopted and prioritised by the participating NSW clubs to address problem gambling associated with their machine gambling operations by 1998. This will be compared in the following chapter to expectations of key stakeholders in responsible provision of gambling gathered during the same time period.

CHAPTER SEVEN

PRINCIPLES AND PRACTICES IN ADDRESSING PROBLEM GAMBLING IN NSW CLUBS: A STAKEHOLDER PERSPECTIVE

7.1 INTRODUCTION

This chapter addresses the fifth objective of this thesis and represents Stage Six of the research (Figure 1.1). It assesses the congruence between principles and practices adopted in machine gambling operations by NSW registered clubs to address problem gambling and those expected by key stakeholders by 1998.

While Chapters Five and Six provided a club management perspective on the social responsibilities of NSW clubs in addressing problem gambling in their machine gambling operations in 1997-98, this chapter examines the issue from the perspective of selected stakeholders. These two viewpoints – those of NSW club managers and those of key stakeholders - are then compared to assess their congruence.

The chapter commences by explaining the research design for this stage of the study, including data sources and analytical techniques (Section 7.2). The next five sections (Sections 7.3 to 7.7) present the viewpoints of four key stakeholder groups on principles and practices advocated for NSW clubs to address problem gambling. Consistent with Chapter Three, these constituencies are categorised as those representing the NSW Government, the gambling industry, the epistemic community and pressure groups. Section 7.8 then integrates and discusses these stakeholder opinions, while Section 7.9 compares them to the perspective of NSW club managers, as identified in Chapters Five and Six. Section 7.10 further analyses the congruence between the viewpoints of club managers and key stakeholders by providing a theoretical integration of factors contributing to the status of problem gambling as a corporate social issue for NSW clubs in 1998. Section 7.11 concludes the chapter by summarising its main findings.

7.2 RESEARCH DESIGN FOR STAGE SIX

A four-step research design is employed for this stage of the study. First, semi-structured interviews were conducted with selected stakeholders. Second, submissions to the *NSW Gaming Inquiry* (IPART, 1998) are examined. Third, data from these two sources are analysed to identify principles and practices these stakeholders consider fundamental to the responsibilities of NSW clubs in addressing problem gambling. Finally, these findings are compared to those for Objective Four of the thesis, which was to ascertain how NSW club managers interpreted the social responsibilities of their clubs in addressing problem gambling in their machine gambling operations by 1998. The findings for Objective Four revealed a hierarchy of support by the NSW club managers for responsible provision of gambling strategies. The qualitative (Chapter Five) and quantitative (Chapter Six) findings indicated that the club managers most favoured secondary harm minimisation strategies, followed by reactive primary intervention, proactive primary intervention and discretionary practices, respectively. The fourth step of the research design for Stage Six of the study involves ascertaining the congruence between this hierarchy of support and that expected by key constituencies. These four steps of Stage Six are explained in more detail below.

7.2.1 Interviews with Selected Stakeholders

When this study was designed in 1997, the author had intended to personally conduct all interviews with the selected stakeholders in the first half of 1998. However, subsequent events before the scheduled interviews had taken place necessitated alterations to the research design. Specifically, the passage of the *Liquor and Registered Clubs Legislation Amendment (Community Partnership) Act 1998 NSW* in May 1998 had been foreshadowed in negotiations between the NSW Government and the RCA during February of that year. To meet the requirements of the Act, the RCA contracted the Australian Institute for Gambling Research (AIGR) to assist with developing a policy on problem gambling and a program on responsible gambling for the NSW club industry. The author was invited to join this project team at the AIGR.

Involvement in the AIGR research program presented both opportunities and constraints for the current study. In developing the required policy and program for the RCA, members of the project team at the AIGR, including the author, sought extensive consultation with key stakeholders in the form of semi-structured interviews, designed to elicit opinions on how the RCA's policy and program could

best meet their expectations in addressing problem gambling. Because the planned stakeholder interviews for the current study threatened to unnecessarily duplicate the AIGR interviews, it was decided to draw on the AIGR interviews to inform this stage of the research. While this had the benefit of facilitating access by the researcher to stakeholder opinions, it meant the author did not solely design or conduct most of these interviews. However, this was considered a worthwhile trade-off, given that the AIGR interviews focused on the same topic areas as intended in the original research design for this stage of the study, and because it was unlikely these stakeholders would have participated in a second interview essentially duplicating the first.

Importantly, the AIGR interviews used a semi-structured approach with open-ended questions to ensure all relevant areas were covered while allowing respondents to expand on their views. This allowed the author to extract from the interview transcripts the principles and practices which these stakeholders considered fundamental to NSW clubs in addressing problem gambling. Where appropriate and available, the interview data are supplemented with published documents by these stakeholders. These include reports, press releases, conference papers, policy statements, position papers and media articles.

The stakeholder interviews conducted by the AIGR and on which this chapter draws comprised:

- the NSW Department of Gaming and Racing, the government regulatory body for gambling in NSW clubs;
- the Public Interest Advocacy Centre, a community sector organisation dedicated to consumer protection and fair trading;
- the NSW Council on Problem Gambling, a non-affiliated organisation which advocates and promotes responsible gambling;
- the Ethnic Communities Council of NSW, a community sector organisation dedicated to ethnic community interests;
- the Liquor, Hospitality and Miscellaneous Workers' Union, the peak union for NSW club employees.

In addition, the author conducted interviews with the following stakeholders to supplement the range of opinions drawn on by the AIGR interviews:

- the Council of Social Service of NSW, the peak body for the social and community services sector in NSW;
- the Forum of Non-Government Agencies, an association of non-government organisations which provide services for problem gambling and other community issues;
- Global Gaming Services, a consultancy company specialising in gambling technology and associated regulation, policy, internal controls and operating procedures.

Thus, the stakeholders interviewed represent key constituencies for NSW clubs relevant to the topic under study. These include regulators, employees, community agencies and those familiar with gaming machine design and operations.

7.2.2 Submissions to the NSW Gaming Inquiry

A second development in 1998 led to further alteration to the original research design for this stage of the study. As noted in Chapter Three, the *NSW Gaming Inquiry* (IPART, 1998) was announced in May 1998 to report to the NSW Parliament by 26 November 1998. As its Terms of Reference included investigating '(1) measures (both existing and potential) to foster a responsible gaming environment' and '(2) co-ordination of the problem gaming policies of hotels, registered clubs and the casino and other providers of gaming' (IPART, 1998:1), this inquiry was considered an additional opportunity to gather stakeholder opinions on measures to address problem gambling.

Of the sixty-five submissions to the inquiry, forty were published on the internet and were accessible by the researcher. Of these, twenty-four are considered useful for this study, as they articulate opinions and recommendations relevant to the two Terms of Reference cited above. Clearly, this sample may be unrepresentative of stakeholder opinions and probably reflects varying degrees of familiarity and expertise in the area of problem gambling and responsible provision of gambling. Collectively however, these submissions are considered an appropriate supplementary source of data on the opinions of key stakeholder groups willing to vocalise their opinions on addressing problem gambling.

Relevant submissions, listed according to stakeholder groups, are shown in Table 7.1, which summarises data sources used in this stage of the study for obtaining a stakeholder perspective on principles and practices in addressing problem gambling in NSW clubs.

Table 7.1
Data Sources For Obtaining A Stakeholder Perspective on Principles and Practices in Addressing Problem Gambling in NSW Clubs

Stakeholder Group	Interviews	Submissions to the NSW Gaming Inquiry
NSW Government[a]	NSW Department of Gaming & Racing.	Liquor Administration Board.
Gambling industry: gambling operators		Australian Hotels Association (NSW); BetSafe Group of Clubs; Club Managers' Association Australia & Leagues Clubs Association of NSW; NSW Lotteries; Registered Clubs Association of NSW; Star City Casino.
Gambling industry: employees	Liquor, Hospitality & Miscellaneous Workers' Union.	
Gambling industry: machine manufacturers		Australian Gaming Machine Manufacturers' Association.
Epistemic community	Global Gaming Services.	Australian Institute for Gambling Research (University of Western Sydney); Australian Medical Association (NSW) Ltd; University of Technology Sydney.
Pressure groups: community service organisations	Council of Social Service of NSW; Forum of Non-Government Agencies; NSW Council on Problem Gambling; Ethnic Communities Council of NSW.	Family Support Services Association of NSW; Gam-Anon Service Centre Australia; Gamblers Help Line; GAME Gambling Counselling Service of St Vincent de Paul; Local Community Services Association Inc.; Council of Social Service of NSW; NSW Council on Problem Gambling; Shoalhaven Neighbourhood Centre; Uniting Church in Australia; Wesley Gambling Counselling Service; Women and Gambling Project.
Pressure groups: consumer protection agencies	Public Interest Advocacy Centre.	Department of Fair Trading; Public Interest Advocacy Centre.

[a] Views of the NSW Opposition also were sourced through published documents.

Source: derived from submissions to the *NSW Gaming Inquiry*, (IPART, 1998); AIGR interviews; personal interviews by the author; various media.

7.2.3 Stakeholder Data Analysis

The data on stakeholder opinions are analysed for each of the seven stakeholders identified in Table 7.1. This analysis firstly involves summarising the interview transcripts and submissions to the *NSW Gaming Inquiry* (IPART, 1998) and analysing these summaries in terms of Carroll's (1979, 1991a) four principles of social responsibility (economic, legal, ethical and discretionary) to determine which principles appear important to each stakeholder in addressing problem gambling. Practices advocated to meet these principles also are identified for each stakeholder. These seven perspectives are then grouped into four categories reflecting opinions of the NSW Government, the gambling industry, the epistemic community, and key pressure groups. Commonalties and differences amongst these perspectives are identified to allow a comparison with the club management perspective discussed in Chapters Five and Six.

7.2.4 Comparison of Stakeholder and Club Management Perspectives

Consistent with the research framework presented in Figure 4.2 and utlising Carroll's (1979, 1991a) categories of social responsibility, stakeholder and club management perspectives on addressing problem gambling in NSW clubs are compared in terms of the importance placed on economic, legal, ethical and discretionary principles and the policies and programs advocated to address problem gambling. The congruence between the views of these two groups is then assessed to identify any expectational gaps. Sources of controversy between the two groups on resolving the issue of problem gambling also are identified, to help explain whether stakeholders consider NSW clubs socially responsible or irresponsible providers of machine gambling, and how this assessment of their corporate social performance explains the status of problem gambling as a significant social issue faced by NSW clubs in 1998.

Having explained the methodology for this stage of the study, the chapter now presents the perspectives of the key stakeholder groups on principles and practices advocated in addressing problem gambling in NSW clubs.

7.3 THE PERSPECTIVE OF THE NSW GOVERNMENT

Chapter Three discussed recent NSW Government initiatives to address problem gambling. These comprised dedicated funding through the Casino Community Benefit Fund, establishment of G-Line, legislative and other regulatory controls on gambling operators, and fostering of industry-based patron care initiatives through

specifying a range of 'best practice strategies' for gambling operators (*Liquor and Gaming*, December 1997, p. 14). It was noted these initiatives reflect a shift by the NSW Government towards the 'zone of acceptance' (Barnard, 1938) in its stance on problem gambling. They encapsulate attempts to give higher priority to consumer protection, fair trading, harm minimisation, and community benefit principles in gambling, whilst retaining a key focus on revenue raising and integrity. This reorientation of principles in gambling also is reflected in government expectations of gambling operators, including NSW clubs.

The following discussion draws on the NSW Department of Gaming and Racing's guidelines on industry-based patron care strategies, an interview with four Department executives, and a submission to the *NSW Gaming Inquiry* (IPART, 1998) by the Liquor Administration Board (1998). Together, the NSW Department of Gaming and Racing and the Liquor Administration Board exercise responsibility for policy determination in gaming matters in NSW (Liquor Administration Board, 1998:9). While the Department's responsibility primarily lies in oversighting regulatory compliance by gambling operators, the Liquor Administration Board, through the Licensing Court, determines all applications in respect of gaming-related licences, and prosecutions and complaints under the *Liquor Act 1982 NSW* and the *Registered Clubs Act 1976 NSW*.[49] The Board also is responsible for collecting all gaming-related revenues in NSW clubs and hotels, and for determining technical standards for gaming machines (Liquor Administration Board, 1998:1-4). Because the NSW Opposition also has political influence, a policy statement (*Responsible Gaming: NSW Coalition in Government Gaming Policy*, 1999) and some extracts from recent Parliamentary debates on responsible conduct of gambling also are reviewed.

7.3.1 NSW Department of Gaming and Racing

In publicising its patron care guidelines for gambling operators, the NSW Department of Gaming and Racing noted that, because there are 'particular public interest sensitivities' inherent in the activities of gambling operators and a 'real and growing interest' in minimising gambling-related harm, 'gambling service providers...are in a unique position to take action to prevent or minimise gambling related harm and to demonstrate their broader commitment to the community'

[49] While there is no gaming licence *per se* for clubs and hotels in NSW, the Liquor Administration Board, through the Licensing Court, assesses applications on gaming-related matters, such as the acquisition and disposal of gaming machines.

(*Liquor and Gaming*, December 1997, p. 14). The Department identified the following 'best practice strategies' for gambling providers that can supplement adherence to statutory requirements:

- displaying sensitivity and advising patrons to seek confidential, professional advice if they approach the venue for assistance or advice about a gambling problem, ask for credit for gambling, or if a patron or 'a person close to the patron' asks to exclude that patron from the gambling area;

- not engaging in advertising or promotions encouraging patrons to gamble irresponsibly;

- not offering inducements which may encourage patrons to gamble irresponsibly;

- ensuring ATMs are not placed within gaming areas;

- developing a problem gambling house policy, placing the G-Line number in conspicuous areas, displaying responsible gambling signage near gambling areas, and ensuring staff do not gamble on the premises.

(*Liquor and Gaming*, December 1997, p. 15, March 1998, p. 15).

The Department's *Responsible Gaming Guidelines* (*Liquor and Gaming*, December 1997, p. 15), reproduced below, encapsulate its recommended harm minimisation and consumer protection strategies for gambling providers:

- Do care for your patrons and their families

- Do develop a House Policy to encourage responsible gaming

- Do provide problem gambling and counselling information to your patrons

- Don't promote irresponsible gambling practices

- Don't provide credit to your patrons for gambling purposes

- Don't allow minors into restricted areas

In providing further guidelines for gambling providers about patron care in gambling, the Department advised that, if approached by a family member, employer or friend concerned about gambling-related problems of a patron, the venue should:

- be sympathetic and acknowledge a problem may exist;
- provide information on the venue's harm minimisation policies, such as optional self-exclusion or cheque-cashing limitations;
- suggest they ring G-Line;
- review the venue's responsible gambling practices, asking 'is there something I could have done to avoid the problem arising in the first place?'.

(*Liquor and Gaming*, March 1998, p. 15).

In an interview in May 1998, executives from the Department provided further direction for NSW clubs in addressing problem gambling. In noting that a responsible provision of gambling strategy for NSW clubs should extend 'beyond the individual problem gambler', a range of harm minimisation and consumer protection practices was suggested.[50] These included limiting access to gambling money through the location of ATMs, EFTPOS availability and providing a cooling-off period for big winners. Clubs also need to provide appropriate signage on responsible gambling, and ensure the marketing of gambling is socially responsible and not associated with alcohol. The Department also suggested larger clubs should have a counsellor on site to assist patrons and their families with gambling-related problems. However, the Department recognised that a range of responsible gambling models might be necessary to suit clubs of different sizes, resources and cultural diversity amongst patrons. Providing best practice guidelines, rather than regulatory controls, would facilitate this 'flexibility'. Nevertheless, principles underpinning responsible provision of gambling by the clubs and their implementation should be consistent with those in responsible service of alcohol, which are to 'minimise harm

[50] The strategies advocated in interviews with the Department of Gaming and Racing corresponded to the principles outlined in the RCA's Problem Gambling Policy (AIGR, 1998a) released in May 1998 and discussed later in this chapter and in Chapter Eight. The Department's endorsement of these principles and associated practices reflects the ongoing consultation between the RCA and the Department in developing the association's responsible provision of gambling policy and program for the NSW club industry.

associated with the misuse and abuse of liquor…(including) due regard…to the need for harm minimisation when considering the public interest' (*Liquor and Registered Clubs Legislation Amendment Act (The Harm Minimisation Act) 1996 NSW*). The Department interviewees agreed that responsible provision of gambling by the clubs also needs to be supported by training and compliance mechanisms, similar to those used in responsible service of alcohol.

Along with harm minimisation and consumer protection measures, the Department interviewees noted that the *Liquor and Registered Clubs Legislation Amendment (Community Partnership) Act 1998 NSW* obligated clubs to minimise 'harm caused to the public interest'. They suggested this clause should be interpreted 'at a broad level' and implied 'service to the community'.

7.3.2 Liquor Administration Board

The Liquor Administration Board's submission (1998) to the *NSW Gaming Inquiry* (IPART, 1998) further illuminated relevant measures advocated by the NSW Government. The Board noted its role in enforcing the statutory requirements limiting bet and prize amounts on gaming machines, excluding minors from gambling areas, and limiting cash advances to club patrons. However, it has no enforcement powers in any other aspect of responsible gambling. It criticised the deficiency of 'any major (legislative) initiative to address problem gaming and the empowering of existing regulators to that end' (Liquor Administration Board, 1998:11). The Board recommended establishing under Ministerial control a committee 'representative of all relevant government agencies, professionally qualified and community organisations specialising in problem gambling and industry stakeholders' to undertake research into the extent, nature and impacts of problem gambling and means to address it (Liquor Administration Board, 1998:12). It also recommended that all relevant legislation specify harm minimisation objectives in gambling, with the Board responsible for their implementation (Liquor Administration Board, 1998:12-13).[51] Further, licensees could be instructed in harm minimisation in gambling as a requirement for a gaming licence (1998:16).

[51] In October 1999 the NSW Government did insert specific harm minimisation objectives into relevant gambling-related legislation, including the *Registered Clubs Act 1976 NSW*.

7.3.3 The NSW Opposition

As discussed in Chapter Three, concern for the social impacts of gambling and the spread of gaming machines in NSW was voiced by the NSW Opposition in debates over the *Liquor and Registered Clubs Legislation Amendment (Community Partnership) Bill 1998 NSW*. The Deputy Leader of the Opposition, MP Phillips, criticised increased government dependency on 'socially harmful gaming revenue' and the status of NSW as 'the poker machine capital of the Southern Hemisphere', at 'the expense of people in our society who suffer from a family destroying addiction' (*NSW Legislative Assembly Parliamentary Debates*, 29 April 1998, p. 4397). He noted the lack of 'any clear policy direction' on gambling in NSW, except to 'maximise the income to Treasury and worry about the impacts later', summarising Labor's attitude as: 'maximise the opportunity to gamble; maximise the take from the community; and, if there is a social fallout, direct the minimum amount of money towards fixing the social crises created' (*NSW Legislative Assembly Parliamentary Debates*, 7 May 1998, p. 4646).

While the NSW Opposition supported the Bill, it did so contingent on government commitment to hold the *NSW Gaming Inquiry* (IPART, 1998) to reverse its 'lack of interest in implementing sensible gambling policies in this State in consultation with the community' (*NSW Legislative Assembly Parliamentary Debates*, 7 May 1998, p. 4647). It noted that the Opposition would continue to develop its policy on gambling, informed by community consultation and the state and federal inquiries into gambling (*NSW Legislative Assembly Parliamentary Debates*, 7 May 1998, p. 4647). It subsequently published its policy on 2 March 1999 (*Responsible Gaming: NSW Coalition in Government Gaming Policy*, 1999). While outside the main focus in this chapter on events during 1998, the policy's fundamental provisions clarify the Opposition's stance by late 1998 and early 1999 and its political influence on policy shifts that continued to gain momentum.

The Opposition's *Responsible Gaming: NSW Coalition in Government Gaming Policy* (1999:4) reflected its concerns about the expansion of gambling in NSW and its support for high minimum standards for responsible conduct of gaming and for an independent gaming authority to 'depoliticise' gambling-related decisions. Key initiatives in the policy (1999:4-5) were that a Coalition Government would:

- establish an independent gaming authority to regulate and administer gaming in all NSW venues to deliver more responsible provision of gaming;

- request the gaming authority to assess the socio-economic consequences of any future expansion of gaming machines;

- address problem gambling to ensure a 'social conscience stand' on gaming prevents its negative impacts;

- establish a Ministry for Community Renewal to develop and coordinate research into problem gambling and a network of problem gambling support services under one minister;

- remove any obstacles preventing donations from gambling revenue going directly to charity, particularly to allow clubs greater flexibility in complying with the Community Development and Support Expenditure Scheme; [52]

- develop a national self-exclusion program for problem gamblers blacklisted for credit;

- apply the Casino Community Benefit Fund levy across all gaming providers and direct it exclusively to gambling-related problems.

The proposed initiatives by the Coalition vary substantially from those implemented by the NSW Government by 1998, and from changes advocated by the NSW Department of Gaming and Racing and the Liquor Administration Board. In the economic domain of social responsibility (Carroll, 1979, 1991a), the Opposition endorsed widening the Community Benefit Fund levy to include all gaming operators, unlike the NSW Government which favoured maintaining the levy only on Star City Casino. The Opposition also favoured hypothecating all funds from the Casino Community Benefit Fund to initiatives addressing gambling-related problems, in contrast to the existing criteria that allow for some of the levy to be spent in unrelated areas. In the legal domain, both the NSW Government and Opposition agreed that minimum standards for responsible provision of gambling need to be raised in gambling venues and that an independent body could assist. However, while the NSW Government advocated an independent advisory committee, the Opposition proposed an independent gaming authority with much

[52] The NSW Government introduced the Community Development and Support Expenditure Scheme in 1998, imposing a 1.5 percent levy on NSW clubs which earn over $1 million in gaming machine revenue. The levy is not necessarily directed at problem gambling initiatives, unlike most of the Casino Community Benefit Fund levy.

wider statutory powers. Ethical practices advocated by the Opposition were not clarified in its policy, except for its support of a national self-exclusion program, a measure that goes beyond the government's suggestion that self-exclusion might be optional. Both the NSW Government and the Opposition endorse discretionary financial and non-financial support from NSW clubs to the community, with the Opposition committed to giving clubs more latitude in the types of support allowable under the Community Development and Support Expenditure Scheme.

7.3.4 Summary

Figure 7.1 summarises the responsible management of gambling practices endorsed by the NSW Government by 1998 and the principles that underpin them. This section discusses the trends and themes reflected in the government's stance.

Figure 7.1
Socially Responsible Principles and Practices in Gambling Advocated by the NSW Government in 1998

SOCIALLY RESPONSIBLE PRINCIPLES		SOCIALLY RESPONSIBLE PRACTICES
		Economic Practices
Economic Principles	∅	*Funding from Star City Casino only to address problem gambling through the Casino Community Benefit Fund.*
		Legal Practices
Legal Principles	∅	*Legislation enhancing integrity, outlawing underage & credit gambling, limiting bet & prize amounts, & requiring the RCA to publish a problem gambling policy,* compulsory training & further legislation in responsible provision of gambling as identified by an advisory committee.
Ethical Principles		Ethical Practices
Secondary harm minimisation	∅	Provide problem gambling & counselling information, problem gambling house policy, display G-Line material, signage on responsible gambling, staff training on responsible provision of gambling.
Primary harm minimisation: reactive	∅	*G-Line* Self-exclusion process, counsellor on site in large clubs.
Primary harm minimisation: proactive	∅	Cooling-off period for big winners, no staff gambling, no ATMs in gambling areas, no EFTPOS for gambling, cheque cashing limitations on request.
Consumer protection & fair trading: advertising restrictions	∅	Avoid advertising, promotions or inducements designed to encourage patrons to gamble irresponsibly.

Discretionary Principles		Discretionary Practices
In-kind support	∅	Community service.
Financial support	∅	*Community Development & Support Expenditure Scheme.*

Note: Practices in italics were implemented by 1998, while those in plain text were advocated by the NSW Government but not introduced by 1998.

Source: derived from *Liquor and Gaming*, (December 1997); *Liquor and Gaming*, (March 1998); NSW Department of Gaming and Racing, (1998, pers. comm.); Liquor Administration Board, (1998), NSW Opposition, (1999).

From a base of minimal initiatives to address problem gambling, the NSW Government shifted its stance during 1998 to one of vocal support for venues to be more socially responsible providers of gambling. Strategies advocated extended to all Carroll's (1979, 1991a) economic, legal, ethical and discretionary domains. In the economic domain, the NSW Government endorsed dedicated funding from one gambling operator, Star City Casino, to address problem gambling and provide other community support through the Casino Community Benefit Fund. However, it did not consider this levy should be extended to other gambling operators.

Existing legal responsibilities for NSW clubs in responsible provision of gambling relate to integrity in club gaming machine operations, underage and credit betting, bet and prize amounts, and the requirement for the RCA to publish an enforceable problem gambling policy (Liquor Administration Board, 1998). In addition, the Liquor Administration Board advocated further legislative requirements for gambling operators to be identified by an advisory committee, and supported inserting harm minimisation into relevant legislation as an explicit objective.

In the ethical domain, the NSW Department of Gaming and Racing supported a range of secondary and primary harm minimisation practices in club machine gambling, along with advertising and promotional guidelines to enhance consumer protection and fair trading.

In the discretionary domain, the Department also noted in-kind obligations of NSW clubs to provide community service; the Community Development and Support Expenditure Scheme introduced in May 1998 as part of the *Liquor and Registered Clubs Legislation Amendment (Community Partnership) Act 1998 NSW* seeks to increase financial community support provided by the clubs.

From the principles and practices outlined above, it appears that by 1998 the NSW Government had moved into the 'zone of acceptance' (Barnard, 1938) in its stance on problem gambling, reflecting acceptance of its obligations to nurture more responsible management of gambling by gambling operators. While the Casino Community Benefit Fund, G-Line and certain legislation were in place before 1998, two developments during 1998 represented further substantive government action to improve the social performance of NSW clubs. These were the requirement for the RCA to develop an enforceable problem gambling policy for NSW clubs, and the introduction of the Community Development and Expenditure Scheme (*Liquor and Registered Clubs Legislation Amendment (Community Partnership) Act 1998 NSW*). Thus, in recognition that problem gambling had emerged as a significant social issue, the government took these definitive moves to deal with the issue in specific identifiable ways (Mahon and Waddock, 1992:27). However, the remaining elements in Figure 7.1 arguably represent symbolic government actions (Mahon and Waddock, 1992:27). While a range of socially responsible principles and practices were endorsed, these comprise suggested strategies only, leaving their implementation to the discretion of gambling operators.

Nevertheless, these symbolic actions reflect increased advocacy by the NSW Government for minimum standards in responsible gambling at the venue level in recognition that existing standards varied significantly across different gambling sectors, but that some degree of flexibility was needed to accommodate their various circumstances. Further, the government signalled it was not averse to introducing legislative requirements to identify these minimum standards and to elevate harm minimisation in gambling as an explicit legislative objective.

Substantial bipartisan support during 1998 for more social responsibility in gambling provision also propelled the NSW Government into the 'zone of acceptance' (Barnard, 1938) and placed additional pressure on gambling operators, including NSW clubs, to adopt more responsible practices. It appears that the NSW Opposition agreed with the government's underlying principles in responsible gambling, endorsing financial contributions from gambling operators to address problem gambling and 'high minimum standards' (1999:4) across all gambling industry sectors which might include legal and ethical responsibilities. It also supported nurturing discretionary support by gambling venues, particularly the Community Development and Support Expenditure Scheme which it envisaged could allow a greater role for NSW clubs in addressing problem gambling through widening the types of expenditure allowed. However the Opposition's stance differed for some strategies suggested. The key differences were that it favoured a

levy on all gaming operators hypothecated in full to address problem gambling and establishment of an independent gaming authority, rather than the advisory committee advocated by the government. This would lessen the existing powers of the NSW Government to make decisions about gambling expansion and enhance consideration of its socio-economic impacts in gambling-related decisions.

Thus, by 1998 the NSW Government had begun to respond to numerous pressures for more responsible provision of gambling at the industry and venue levels. Significant amongst these were extensive agreement between the major political parties of the goals to be achieved in responsible gambling, albeit with some conflicting preferences for strategies to achieve those goals. Other pressures helping to shape the nature of the government's response were moves by industry in responsible management of gambling, such as those by the RCA, community pressure and consultation with members of the epistemic community. In addition, the anticipated release of the IPART report on the *NSW Gaming Inquiry* (1998) may have prompted government action to strengthen its defence of its past actions in addressing problem gambling and to provide a platform for a future response to the inquiry's findings.

In summary, this section has presented the perspective of the NSW Government and the NSW Opposition on measures to address problem gambling. The next section examines this issue from the standpoint of the gambling industry.

7.4 THE PERSPECTIVE OF THE GAMBLING INDUSTRY

To gain a perspective on principles and practices supported by the gambling industry to address problem gambling, the views of selected gambling operators, the key union representing gambling industry employees, and the peak gaming machine manufacturers' association were examined, as discussed below.

7.4.1 Gambling Operators

To source the views of gambling operators, submissions to the *NSW Gaming Inquiry* (IPART, 1998) by the Australian Hotels Association (NSW), Star City Casino, NSW Lotteries, the BetSafe Group of Clubs, the Club Managers' Association Australia (CMAA) and Leagues Clubs Association of NSW (LCA-NSW), and the RCA were reviewed. In addition, the RCA's *Problem Gambling Policy* (AIGR, 1998a) and *Responsible Management of Gambling Strategies* (AIGR, 1998b) were examined. These documents underpinned a trial responsible gambling program conducted in a

small number of NSW clubs in late 1998 and so reflect the principles advocated by the RCA at that time to address problem gambling.

Far from reflecting a united stance on responsible management of gambling, the gambling operators and industry representatives promoted their own approach and were critical of those taken by industry competitors. This section presents these views, comments on their diversity and provides a summary in Figure 7.2.

The Australian Hotels Association

Given the competitive position of NSW hotels and their long-standing hostility towards the club sector, it was not surprising that the Australian Hotels Association NSW (AHA-NSW) took the opportunity presented by the IPART inquiry (1998) for some political 'point-scoring' through the public media. It criticised how gaming 'rights' have been used, resulting in 'many clubs growing into huge commercial enterprises, from the misuse of the mutuality principle, under the guise of community benefit' (AHA-NSW, 1998:10). It contended that competition for gaming 'is still very unequal and unfair', with clubs maintaining their competitive advantage through 'casino-like gaming rooms and access to unlimited gaming machines' (1998:10-11). Further, while the hotel industry had 'undertaken a number of initiatives' in the two years it had operated gaming machines (as reviewed in Chapter Four), the AHA-NSW argued it was 'disturbing' that the club industry had not taken any actions regarding problem gambling or responsible provision of gambling, despite operating the machines for four decades (1998:1, 11), a contention that ignored the RCA's development and publication of its *Problem Gambling Policy* (AIGR, 1998a) by May 1998.

In acknowledging 'there are a small number of people adversely affected by gaming', the AHA-NSW advocated the following venue-based measures in responsible provision of gambling:

- A patron care package that includes training, a self-exclusion program, code of conduct, player hotline, and promotion of gambling support services to employees and industry;
- An accreditation scheme for venue operators who undertake a responsible gambling course, adhere to a code of practice, participate in ongoing employee responsible gambling programs, actively support player self-exclusion programs, and display appropriate signage. Signage should include a code of practice, a player guide, refusal of credit for gambling, warnings to

minors, problem gambling assistance information, venue accreditation, and advice on self-exclusion programs and complaints resolution procedures;

- A publicised complaints resolution mechanism;
- Licensing of managers, shift supervisors and all employees working in separate gaming rooms, contingent on completing a patron care gaming course;
- A levy of 0.5 percent of gambling revenue from all NSW clubs, hotels and Star City Casino to fund initiatives that address the social impacts of gambling;
- Liaison with problem gambling support services to develop the above material and to raise awareness of services amongst venue staff and the community.

(AHA-NSW, 1998:18-25).

Chapter Four already has commented on the responsible gambling initiatives by the AHA-NSW, noting deficiencies in preventative measures for problem gambling, proactive practices to encourage responsible gambling and mechanisms to enhance uniformity and compliance amongst NSW hotels. The AHA-NSW's approach appeared aimed more at enhancing its public image than a concerted attempt at harm minimisation, consumer protection and fair trading in gambling applied consistently across the sector. The competitive pressures on NSW hotels from other gambling venues, and its longstanding rivalries with the NSW club sector also are reflected in its stance on responsible provision of gambling.

Star City Casino

Star City Casino's submission (1998) to the *NSW Gaming Inquiry* (IPART, 1998) noted that most people gamble, do so within a pre-determined budget, suffer no ill-effects, do not object to gambling *per se*, and consider it an enjoyable recreational pursuit integral to the leisure activities of Australians. It also noted that government interventions to address problem gambling 'need to be weighed against the scale of the problem and the principle that, unless there are good public interest reasons, consumers in general can be trusted to follow and control their own preferences' (1998:9). The submission encouraged other gaming providers 'to develop similar programs' to that of Star City Casino. As reviewed in Chapter Four, this entails a responsible gambling slogan, multi-lingual brochures on assistance with gambling problems, promotion of G-Line, staff training, self-exclusion, emergency

counselling, location of ATMs away from gaming facilities, and community education (Star City Casino, 1998:9-10).

Further, Star City Casino (1998:10-13) contended that a 1 percent levy on the gambling revenue of all gambling providers should be collected to fund 'assistance programs'. It suggested that a state gaming commission should coordinate and oversee responsible conduct of gambling. The commission should have powers to 'restrict gaming in venues which are not meeting their duties to encourage responsible behaviour' and to control 'the number of poker machines which can operate in NSW', commencing with a 'temporary freeze…on the installation of new machines until an assessment of the current level of supply has been made'. The casino also endorsed cooperation in developing responsible gambling programs amongst gambling providers in consultation with problem gambling support services.

The more comprehensive approach to responsible provision of gambling implemented by Star City Casino reflects more stringent legislative requirements under the *Casino Control Act 1992 NSW* than imposed on other venues, attempts to protect its prominent public profile, and the comparative ease with which such strategies can be implemented within one complex. The casino's calls for other gambling providers to adhere to similar responsible gambling programs appear grounded in its desire to have similar legal obligations extended to other gambling operators to create a more equitable competitive arena.

NSW Lotteries

In its submission to the *NSW Gaming Inquiry* (IPART, 1998), NSW Lotteries noted its track record of financial and social contributions, 'without giving rise to social problems', being 'acutely aware of the need to balance commercial interests with a socially responsible approach' (NSW Lotteries, 1998:1). This recently has been demonstrated through voluntary participation in the Australian Lotteries Industry Code of Practice. The code provides guidelines for the responsible sale and promotion of lotteries products, referral of players with problems to appropriate community agencies, deterrence of advertising that creates false impressions, and player information on odds and other game features.

The submission contended that NSW Lotteries 'has yet to receive a single complaint…regarding problem gambling' (NSW Lotteries, 1998:9). Various characteristics inherent in lottery play render it 'less attractive to problem gamblers' than continuous forms of gambling, such as gaming machines and casino games

(NSW Lotteries, 1998:6). Evidence was cited of a lower prevalence of problem gambling amongst gamblers who favour lotteries over continuous forms of gambling. Thus, responsible gambling strategies should not be applied uniformly across all sectors (NSW Lotteries, 1998:11). Further, any suggestion of a common levy on all gambling operators 'does not withstand analysis' and would extract 'the highest rate of payment from the operators that contribute least to the problem' (NSW Lotteries, 1998:1).

Thus, the approach endorsed by NSW Lotteries further demonstrates how competitive rivalries amongst gambling operators have shaped their stance on, and preferred approach to, responsible management of gambling. Its financial and social contributions, its reported adherence to a voluntary code of practice, and the lower association between lotteries and problem gambling underpinned the NSW Lotteries' arguments against a uniform approach to responsible provision of gambling. It clearly wished to distance itself from criticisms of operators of continuous forms of gambling and the more stringent obligations that might be imposed on them. Instead, NSW Lotteries maintained that its existing voluntary initiatives in responsible management of gambling were appropriate to the form of gambling it administered.

Club Industry Associations

Views on problem gambling and responsible provision of gambling by various club industry associations also were gathered from submissions to the *NSW Gaming Inquiry* (IPART, 1998). These comprised those by BetSafe, the CMAA and LCA-NSW, and the RCA, as discussed below.

The BetSafe group is a coalition of nine NSW clubs formed in 1998, reportedly in response to growing concerns about the adverse social impacts of gambling (BetSafe, 1998:1). Comprising some of the largest NSW clubs, the BetSafe group is 'committed to establishing environments in their clubs where gambling is conducted responsibly, and in a way which minimises the harm that may result' (BetSafe, 1998:1). In conjunction with a private commercial consultancy, the group 'will spend close to $1 million' developing 'a comprehensive program to be promoted under the BetSafe logo', a model claimed to be 'unparalleled by any gambling venue in the world' (BetSafe, 1998:1). The submission noted that gambling venues 'have a clear moral, and in some circumstances legal, obligation to ensure that gambling products are consumed safely' (BetSafe, 1998:5). This necessitates not only 'the implementation of harm minimisation measures such as the prohibition of credit and the provision of information about the availability of problem gambling counselling

services', but also 'activism on the part of the venue or operator in educating both staff and the community about the potentially harmful effects of gambling to create a general community awareness and promote responsible gambling practices' (BetSafe, 1998:5). However, the BetSafe program remains confidential, other than to its participants (BetSafe, 1998:7). Further, BetSafe is opposed to statutory measures in responsible management of gambling due to problems of enforcement and the diverse nature of the NSW gambling industry (BetSafe, 1998:4).

However, the BetSafe program can be criticised for its confidentiality, voluntary nature, and its substantial cost to participating venues. This means it is not publicly accountable through external monitoring and evaluation, and involves only those clubs with a strong commitment to responsible provision of gambling and with substantial financial resources (AIGR, 1999a:14). As such, the BetSafe program holds little potential for consistent application across the industry.

A joint submission to the *NSW Gaming Inquiry* (IPART, 1998) by the CMAA and the LCA-NSW (1998) stated their support for 'research into problem gambling and the development of policies aimed at harm minimisation that applies to problem gamblers and individuals at risk' (CMAA and the LCA-NSW, 1998:12). Further, these associations contended that 'harm minimisation strategies need to be uniform and apply to all industry segments' (1998:12). The submission did not detail preferred strategies, but did attach a commissioned report that 'established a framework for responsible gaming from a club management perspective' (Hing, 1997).[53] Thus, while the CMAA and LCA-NSW have not actively developed responsible gambling programs for NSW clubs, they have articulated their support for such programs.

The RCA's submission (1998a) to the *NSW Gaming Inquiry* (IPART, 1998) centred on the RCA's *Problem Gambling Policy* (AIGR, 1998a) and *Responsible Management of Gambling Strategies* (AIGR, 1998b) developed for its trial responsible gambling program. Key points in the submission were that:

- historically, clubs 'have used their patron care relationship to manage the relatively few problem gambling situations that have arisen';

[53] This report has since informed the development of the RCA's *Problem Gambling Policy* (AIGR, 1998a) and *Responsible Management of Gambling Strategies* (1998b) for the RCA's trial responsible gambling program.

- the RCA initiated legislation to develop and publish a problem gambling policy. In fact, a preliminary workshop on responsible gambling had been held with industry and other stakeholders in November 1997;
- the policy had been developed, adopted and published. It is underpinned by principles of accountability, consumer protection, harm minimisation, and compliance and effectiveness. The RCA was also developing 'an industry wide responsible management of gambling program', 'to demonstrate its social responsibility and its commitment to members and other patrons, their families and the wider community'. It will reflect 'community expectations that industry will assume responsibility for the responsible provision of gaming in the community interest';
- the RCA is 'committed to the future statewide application of the program';
- the RCA submits its policy and program are 'focused on best practice' and 'will present an innovative and effective model for the design, development, implementation and evaluation of a State wide co-ordinated responsible gambling program';
- to maximise the clubs' ability to effectively implement the program through self-regulation, a core set of uniform strategies should be adopted by all gambling providers;
- the program will 'strengthen collaboration in design, delivery and evaluation of services between the Industry and problem gaming support services and research centres for the purpose of addressing problem gaming'.

(RCA, 1998a:6).

There are four stages in the development of the RCA's statewide responsible gambling program for the NSW club industry:

- Program development, conducted between November 1997 and May 1998. This was a time where the RCA's stance on responsible provision of gambling moved from uncertainty and 'the zone of rejection' to 'the zone of acceptance' (Barnard, 1938) following combined pressure from various stakeholder groups;
- A trial program in nineteen NSW clubs, conducted between August and October 1998. Various stakeholder groups weakened the RCA's initial resistance to a comprehensive and proactive set of measures in responsible

provision of gambling. The RCA subsequently opted to identify core and optional strategies which the trial clubs could implement;

- Trial program evaluation, conducted in November 1998, through independent monitoring and evaluation processes (AIGR, 1998e);

- Post-evaluation, conducted in 1999 as a lead-up to future statewide program implementation.

The four stages of the RCA's statewide responsible gambling program will be discussed comprehensively in Chapter Eight. However, the principles and practices of the trial program clarify the RCA's approach during 1998 to addressing problem gambling.

The RCA's *Problem Gambling Policy* (AIGR, 1998a) and *Responsible Management of Gambling Strategies* (AIGR, 1998b) trialled in the nineteen NSW clubs are contained in Appendices K and L respectively. The four core principles underpinning the *Problem Gambling Policy* (AIGR, 1998a), and the seven strategy areas and associated core practices in the trial program (in AIGR, 1998b) are identified in Table 7.2.

Table 7.2
Core Principles and Strategy Areas in the RCA's Problem Gambling Policy and Responsible Management of Gambling Strategies in 1998

Core Principles	
Compliance & effectiveness Consumer protection Harm minimisation Accountability	
Strategy Areas	Core Practices
Signage, brochures & publications	Make available to patrons a 'Player Guide' booklet which contains information on the responsible gambling policy, code of practice, operation of club gaming, betting odds & agencies & support services for problem gamblers & their families. 'Best Practice Guidelines' & related material in a place visible & accessible to patrons at all times.
Self-exclusion	Make available to patrons the option of self-exclusion from the venue for a specified period of time. Self-exclusion forms & procedural guidelines to be available through the RCA. Venue guidelines for breach of self-exclusion & reinstatement of excluded patrons.

Responsible marketing	Adhere to an advertising code in line with the Advertising Standards Council. The RCA to provide a review of legal obligations, & government & advertising guidelines for responsible practices in the conduct of promotions & incentives to gamble.
Community liaison	The nomination of a manager or Board member to be trained in, & accept responsibility for, liaison with community groups including local government, health practitioners & support services for problem gamblers & their families. Regular consultation with members & community representatives on community expectations & the implementation of all responsible gambling strategies.
Financial transactions & credit	Venues must have in place a written policy for cheque cashing, payment of winnings & financial transactions. The RCA will provide a statement of legal obligations in regard to financial transactions & credit.
Gambling environment	Adhere to guidelines for a safe environment in which to gamble (e.g. adequate ventilation, adequate lighting).
Venue interventions	Management, staff & Board to undergo training which includes recognition of problem gambling & procedures/legalities for providing care for patrons & staff with gambling problems. RCA provision of a checklist of possible signs of problem gambling. Nominate a manager or other relevant person to be the point of reference for patrons, or families of patrons, with gambling problems. Venue procedures for dealing with problem gambling. Venue procedures for recording & responding to concerns from customers, families & the community.

Source: derived from AIGR, (1998a, 1998b).

The discussion below will now summarise the perspective of the various club industry associations on responsible provision of gambling, highlighting the diversity of opinions both amongst the associations and between the associations and the club managers surveyed for Chapters Five and Six of this study.

From the viewpoints of the club industry associations reviewed in this section, it is clear that NSW clubs are not united on the issue of responsible provision of gambling. While the RCA was attempting to develop a uniform and coordinated club industry program, the CMAA and LCA-NSW support one consistently applied across all gambling industries. In contrast, the BetSafe group has developed an independent approach and expressed resistance to uniform strategies. However, while difficult to assess the congruence between practices advocated by the RCA, the CMAA and LCA-NSW, and BetSafe due to lack of detail available from the latter two groups, there appears reasonable agreement that responsible management of gambling should be underpinned by principles of harm minimisation, consumer

protection and legal compliance. Only the AIGR's proposed RCA program, however, has explicitly advocated processes to optimise compliance by all clubs with their suggested strategies, and for clubs to be publicly accountable for the policy and program through independent monitoring, review and evaluation.

Diverse opinions on responsible gambling also are apparent when the views of the club industry associations are compared to those gathered for this study from individual club managers (Chapters Five and Six):

- The surveyed club managers were less willing than the club industry associations to acknowledge the clubs' responsibility to minimise gambling-related problems, considering this primarily the responsibility of individual gamblers and the state government;
- Unlike the RCA trial program which acknowledges that club gambling should adhere to community expectations and which includes extensive mechanisms for community consultation in program development and implementation (discussed in Chapter Eight), the surveyed club managers indicated low support for involving welfare and community groups;
- The surveyed club managers supported a cooperative approach to responsible provision of gambling across all gambling industries, unlike the approach proposed by the RCA and BetSafe;
- The surveyed club managers appeared somewhat resistant to formal mechanisms for public accountability for responsible gambling initiatives as contained in the RCA program, such as an independent disputes resolution body;
- The surveyed managers were largely opposed to the club industry providing the sole funding for responsible gambling initiatives, advocating funding from a range of other stakeholders. In contrast, the RCA and BetSafe programs are funded wholly by the RCA and individual venues, respectively.

However, there is broad consistency between the underlying principles and practices prioritised in the RCA's trial program and those supported by the surveyed club managers. While this will be discussed in more detail in Chapter Eight, it can be noted here that the RCA's proposed program strategies and the principles that underpin them largely reflect the hierarchy of acceptance and support for socially responsible principles and practices indicated by the surveyed club managers (Figure 6.4).

The variance between the views of the club industry associations examined in this section and those of the surveyed club managers highlight the role of the RCA as a potential agent of change for the industry in responsible provision of gambling. As the representative association for NSW clubs in policy debates, stakeholder forums and public relations, the stance of the RCA on responsible conduct of gambling by late 1998 appeared somewhat at odds with those of the surveyed club managers. However, as the representative association, the RCA had been subject to far more pressure from various stakeholder groups to address problem gambling than had been applied to individual clubs. Thus, unlike many clubs it represents, the stance of the RCA on social responsibility in gambling had shifted from one of 'rejection' to one of active 'acceptance' (Barnard, 1938) since 1997, reflected in the substantive actions taken. Even before the passage of the *Liquor and Registered Clubs Legislation Amendment (Community Partnership) Act 1998 NSW*, the RCA had initiated discussions with stakeholder representatives on addressing problem gambling. It agreed to the Act in return for lower gaming machine taxation rates. However, because many individual clubs had not reached this 'zone of acceptance' (Barnard, 1938), the potential for the RCA to lead its member clubs in implementing a more proactive approach to addressing problem gambling was limited during 1998. While subject to further discussion in the next chapter, results of the trial program in the nineteen NSW clubs that volunteered to participate were less than optimal. Thus, even though the RCA had progressed in preparing a responsible gambling program for statewide implementation in NSW clubs, this appears to have had limited impact on the socially responsible principles and practices adopted by NSW clubs in their machine gambling operations by end of 1998.

Summary

Figure 7.2 and the ensuing discussion summarise the perspective of various gambling operators in addressing problem gambling in 1998, as reviewed above.

Figure 7.2
Socially Responsible Principles and Practices in Gambling Advocated by Gambling Operators in 1998

SOCIALLY RESPONSIBLE PRINCIPLES		SOCIALLY RESPONSIBLE PRACTICES
		Economic Practices
Economic Principles	∅	Whole of industry levy to fund problem gambling initiatives (Star City Casino & AHA-NSW only), allocation of industry & venue resources to responsible provision of gambling.

		Legal Practices
Legal Principles	∅	State gaming commission to restrict gambling in irresponsible venues (Star City Casino only).
Ethical Principles		Ethical Practices
Secondary harm minimisation	∅	Code of practice, best practice guidelines, staff training & accreditation/licensing, signage/player information on a code, on responsible gambling & on problem gambling assistance (all operators).
Primary harm minimisation: reactive	∅	Self-exclusion process (all operators except NSW Lotteries).
Primary harm minimisation: proactive	∅	Location of ATMs away from gambling areas (Star City Casino only), written policies on cheque cashing, payment of winnings & financial transactions (RCA only), guidelines on providing a safe gambling environment (RCA only).
Consumer protection & fair trading: product information	∅	Consumer complaints mechanism limited to existing processes, Player Guide outlining how gambling operates & betting odds (RCA only).
Consumer protection & fair trading: advertising restrictions	∅	Guidelines/code of practice on responsible marketing & promotion of gambling (RCA, NSW Lotteries, Australia Hotels Association [NSW] only).
Discretionary Principles		Discretionary Practices
In-kind support	∅	Liaison with support services & community agencies (all operators), expressed commitment to meeting community values & expectations (RCA only).

Source: derived from AHA-NSW, (1998); Star City Casino, (1998); NSW Lotteries, (1998); BetSafe, (1998); CMAA and LCA-NSW, (1998); RCA, (1998); AIGR, (1998a,1998b).

In terms of economic principles and practices, only Star City Casino and the AHA-NSW advocated a whole-of-industry levy to fund problem gambling initiatives, although all the gambling operators appeared willing to commit some industry and venue resources to responsible gambling strategies. A range of measures in the legal, ethical and discretionary domains also were advocated to address problem gambling, although these were restricted largely to passive responses, those required by existing legislation and guidelines for more proactive voluntary measures. Overall, the gambling operators appeared generally reluctant to embrace responsible gambling strategies that would require substantial financial resources, increase their legislative or regulatory obligations, or potentially threaten the popularity of gambling facilities and their profitability. These priorities for sustaining the economic returns from gambling also were reflected in the competitive rivalry apparent in many comments from the gambling operators in the data reviewed, and their overall concerns for ensuring a level playing field in responsible gambling obligations.

Additionally, while all gambling operators acknowledged the need to act on their social responsibilities in gambling provision, there was considerable variation in the measures proposed. This suggests potential difficulties in achieving a consistent approach to responsible conduct of gambling across all gambling sectors, an approach that some considered inappropriate given inherent differences amongst the venues and sectors. Arguably, the RCA appeared willing to embrace the widest range of ethical practices, although these indicated a preference for secondary and reactive primary harm minimisation strategies over more proactive primary harm minimisation measures and those aimed at improving consumer protection and fair trading in gambling. Importantly, the RCA policy and program appeared the only one to incorporate explicit attempts to maximise compliance, to independently monitor and evaluate adoption of strategies, to publicly report on the outcomes, and to enhance related community consultation.

The measures supported by the gambling operators also differed in many respects from the more active ones advocated by the NSW Government, as reviewed in the preceding section. The main points of difference were that the NSW Government considered Star City Casino should be the only gambling operator levied for funds to address problem gambling, and that legislative requirements for responsible provision of gambling, access to cash for gambling, and restrictions on advertising and promotion of gambling should be tightened. These variations suggest that industry and venue responses to address problem gambling seemed unlikely during 1998 to meet government expectations if left to the discretion of gambling operators.

The next section examines measures to address problem gambling proposed by the key employee union for gambling venues in NSW.

7.4.2 The Liquor, Hospitality and Miscellaneous Workers' Union

To gain an employee-related perspective on responsible provision of gambling, the AIGR research team, including the author, interviewed an executive from the NSW branch of the Liquor, Hospitality and Miscellaneous Workers' Union in May 1998.

In discussing responsible provision of gambling, experience with responsible service of alcohol was drawn upon. The interviewee considered that responsibility for dealing with problem gambling in a club should be borne by senior management, unlike responsible service of alcohol that 'targets' or places responsibility on operational employees. Nevertheless, the interviewee considered staff could play a role in reporting 'suspected problem gamblers' to senior management, believing that

service staff are in the best position to identify them, although this has inherent difficulties. He considered that indicators of problem gambling 'would have to come back to frequency', although this is difficult to measure with the use of change machines and note acceptors, and potentially worse with cashless gambling. Thus, the union would require an articulated policy, very clear directions for recognising if a person has a gambling problem, and staff training involving accredited training providers, set objectives, a means of measuring whether the trainee has achieved these objectives, and proof of training through a certificate. The interviewee felt such training needed to be comprehensive, being critical of the 'superficial' approach adopted by some casinos that pay only 'lip service' to the issue.

Other practices advocated included literature and signage on responsible gambling with contact numbers for problem assistance, and acknowledgement that the club adheres to a responsible gambling policy. The union representative also noted club obligations to provide community benefit from gaming machine operations, specifically through donations to 'legitimate community areas' which should be documented and reported annually. The interviewee, however, was dubious about self-exclusion programs, feeling they 'have no teeth' and are 'non-enforceable'. Similarly, he was reticent about supporting the removal of ATMs from gambling areas, noting that banks impose a $500 limit on cash withdrawals from ATMs and that clubs would be unlikely to comply as they 'want players to get instant money'.

The economic priorities of clubs were considered a major barrier to compliance with responsible gambling measures as 'everything that happens in a club is money driven'. The interviewee felt 'clubs would be frightened of this as they can see their dollars going out the door' and that 'management is not going to stop someone putting lots of money through the poker machines'. He noted, in fact, that club management encourages continued expenditure on gaming machines by 'bringing (players) change, cups of coffee and other inducements'. Thus, he believed there was 'no doubt' legislation will be introduced to identify specific areas of prosecution for irresponsible provision of gambling and considered this necessary to compel more responsible practices. Compliance to such practices also would require inducements from the RCA, beyond simply providing good publicity or awards for responsible clubs. Threat of litigation might provide a further inducement.

Figure 7.3 summarises the principles and practices advocated by the union in responsible provision of gambling. While all Carroll's (1979, 1991a) principles of social responsibility were considered relevant in addressing problem gambling, the clubs' emphasis on economic concerns was considered a potential threat to

responsible provision of gambling. The union advocated greater legal obligations on NSW clubs to address the issue, along with certain secondary harm minimisation practices and financial support *via* community donations. In congruence with the views of gambling operators reviewed in the preceding section, the union appeared to recognise that only passive strategies in responsible gambling were likely to be voluntarily implemented, and agreed with the NSW Government that tighter legislative obligations were warranted.

Figure 7.3
Socially Responsible Principles and Practices in Gambling Advocated by the Liquor, Hospitality and Miscellaneous Workers' Union (NSW Branch) in 1998

SOCIALLY RESPONSIBLE PRINCIPLES		SOCIALLY RESPONSIBLE PRACTICES
		Legal Practices
Legal Principles	∅	Legislation to outlaw irresponsible gambling practices.
Ethical Principles		Ethical Practices
Secondary harm minimisation	∅	Provide problem gambling and counselling information, problem gambling house policy, signage on responsible gambling, staff training on responsible provision of gambling.
Discretionary Principles		Discretionary Practices
Financial support	∅	Community contributions

Source: derived from Liquor, Hospitality and Miscellaneous Workers' Union (NSW Branch), (1998, pers. comm.).

This section has presented views expressed by the Liquor, Hospitality and Miscellaneous Workers' Union on strategies to address problem gambling. The standpoint of gaming machine manufacturers is examined next.

7.4.3 The Australian Gaming Machine Manufacturers' Association

A submission to the *NSW Gaming Inquiry* (IPART, 1998) by the Australian Gaming Machine Manufacturers' Association (AGMMA) (1998) was reviewed to obtain insights into the perspective of gaming machine manufacturers on addressing problem gambling.

AGMMA is a non-profit organisation representing seven gaming machine manufacturers collectively supplying over 98 percent of all gaming machines in Australia. Its submission (AGMMA, 1998) focused largely on addressing Terms of Reference to the inquiry other than those on problem gambling and responsible provision of gambling, contending it was 'not qualified to analyse and research the issue' (1998:3). However, AGMMA did consider it 'established that gambling causes problems; that there are problem gamblers; and that the industry has an obligation to

address these' and that 'gaming machines have a far higher propensity to be associated with 'problem gamblers' than any other form of wagering or betting currently available' (1998:3). The submission recommended establishing a single, centralised NSW gaming authority that could 'coordinate and respond to social impacts and obligations', and that all gambling operators should contribute to the Casino Community Benefit Fund (AGMMA, 1998:12-13). It also noted that 'as the industry moves to seriously address responsible gambling issues and problem gambling issues, it would seem glaringly obvious that the Government do the same through policy and financial support' (1998:17). It recommended a government contribution of $1 for every $2 of industry contributions to the Casino Community Benefit Fund (1998:17). AGMMA however, remains committed to 'continuing development of products and services aimed at providing growth and benefit to the Australian gaming industry', the 'highest possible technical and performance standards' of their products, and compliance with 'the spirit and intent of all applicable laws and regulations' (1998:20).

Figure 7.4 summarises measures to address problem gambling and their underlying principles advanced by AGMMA. These relate to economic and legal domains, with no comments made on ethical and discretionary principles.

Figure 7.4
Socially Responsible Principles and Practices in Gambling Advocated by the Australian Gaming Machine Manufacturers' Association (AGMMA) in 1998

SOCIALLY RESPONSIBLE PRINCIPLES		SOCIALLY RESPONSIBLE PRACTICES
		Economic Practices
Economic Principles	∅	Whole of industry levy & NSW Government contribution to the Casino Community Benefit Fund.
		Legal Practices
Legal Principles	∅	Single centralised gaming authority to 'coordinate and respond to social impacts and obligations' in gambling.

Source: derived from AGMMA, (1998).

7.4.4 Summary

This section has reviewed the perspectives of representatives from the gambling industry on measures to address problem gambling at the venue level. It is apparent

that the diversity of viewpoints amongst gambling operators, discussed earlier, also extends to the employee union and AGMMA. Each of these groups appeared to promote their own interests, driven by their particular organisational priorities. As noted earlier, the economic priorities of the gambling operators underpinned their preference for a passive approach to responsible management of gambling, one that requires minimal financial resources, that does not extend existing legislative obligations, and that poses limited threats to the popularity and profitability of gambling activities. The employee union also supported a passive responsible gambling model. However, this preference was driven by a desire to protect its members through limiting and clarifying staff responsibilities in addressing problem gambling. It advocated an approach that relies on gamblers recognising and acting on a gambling problem, supported by legislation, a code of practice and staff training. AGMMA's preferred responsible gambling model also was aimed at protecting its constituencies, denying any role for machine manufacturers in addressing problem gambling and shifting this responsibility onto government, regulators and gambling operators. Thus, these conflicting priorities appear to hinder a united stance by the gambling industry, reflecting the difficulties of developing a widely accepted model of responsible gambling under conditions of self-interest, competitive rivalry, and self-regulation.

Further, the stance of the gambling industry representatives also differed considerably from that of the NSW Government. The government promoted a more proactive responsible gambling model, one that extends beyond passive measures to also embrace tighter controls on the advertising and promotion of gambling and access to cash for gambling purposes. The government also signalled it was not adverse to additional legislative obligations for gambling operators, but deflected responsibility for better compliance, coordination, monitoring and enforcement of responsible gambling measures onto gambling operators. Thus, the two stakeholder groups examined thus far in this chapter – the NSW Government and gambling operators – have widely divergent opinions on an acceptable approach to responsible gambling. This implies that any self-regulated approach by the gambling industry would be unlikely to meet government expectations in responsible management of gambling.

The next section of this chapter reviews responsible gambling measures advocated by the epistemic community.

7.5 THE PERSPECTIVE OF MEMBERS OF THE EPISTEMIC COMMUNITY

Data illuminating measures in responsible provision of gambling supported by members of the epistemic community of Australian researchers and experts comprised submissions to the *NSW Gaming Inquiry* (IPART, 1998) by the AIGR, the University of Technology Sydney and the Australian Medical Association, and an interview with the Managing Director of Global Gaming Services. In addition, the AIGR's evaluation of the RCA's trial responsible gambling program was reviewed (AIGR, 1998e).

7.5.1 Australian Institute for Gambling Research

In its first submission to the *NSW Gaming Inquiry* (IPART, 1998), the AIGR (1998c) articulated many recommendations relating to responsible conduct of gambling at the industry and venue levels. These included that:

- an independent gaming commission be established. It should oversee government administration and industry management of gambling so it meets community expectations and operates in the public interest, monitor and report on industry operating standards including responsible management of gambling, and receive and resolve consumer complaints;

- a responsible gambling advisory committee be established with industry, government and community representation to assist and advise on responsible gambling in NSW;

- an enforceable 'whole of industry' and statewide responsible gambling program be developed, implemented and evaluated. It should address the 'full range of possible effects of gambling' and emphasise problem prevention rather than treatment. Enforcing the program may require additional conditions on venue licences. The program should be funded by a whole of industry levy, coordinated by a government department other than the Department of Gaming and Racing, advised by a responsible gambling advisory committee and report to an independent gaming commission.

A second submission by the AIGR (1998d) and its report on the RCA's responsible gambling trial program (1998e) further illuminated its stance on responsible conduct of gambling in NSW clubs. In contending that the RCA program 'establishes a

benchmark for a coordinated and effective program' that 'goes far beyond responsible gambling strategies currently in place' (AIGR, 1998d:2), the AIGR has publicly endorsed those principles and practices in the RCA program which it helped develop (Table 7.2). Attention was drawn to the potential for the RCA to 'provide leadership and coordination of the programs implemented by its members' (AIGR, 1998d:28) and the importance of community-based consultation and research so that responsible gambling strategies are contextually appropriate (1998e:73). Recommendations made by the AIGR (1998e:72-75) for the RCA to refine its trial program for statewide implementation further revealed the measures it endorses:

- Develop a code of practice that includes a definition of responsible gambling compatible with the community's understanding, its aims for harm minimisation, consumer protection, compliance and accountability, guidelines for responsible promotion of gambling, and acknowledgement of a venue duty of care to patrons and the community (1998e:73);

- Develop an advertising code for the gambling industry to restrict advertising to adult viewing and listening times, to emphasise entertainment rather than winning, and to restrict and reconcile inducements to gamble with community standards (AIGR, 1998e:73);

- Develop and provide industry approved or accredited education and training programs on responsible gambling for member clubs (AIGR, 1998e:74);

- Develop documentation and guidelines for member clubs, including player guides, uniform quality signage, a self-exclusion deed, regional directories of service providers, and a register of incidents;

- Consult with unions and clubs to develop agreed policies for staff gambling and sanctions for related breaches;

- Assist clubs develop, publish and implement financial and consumer protection policies to ensure compliance with credit prohibition, and to establish guidelines for payment of winnings and cheque cashing;

- Simplify and distribute the trial self-exclusion deed and provide it in relevant community languages, with advice on its implementation;

- Encourage community consultation for clubs to identify effective strategies for their particular communities and to develop a referral policy for people with gambling problems;

- Encourage clubs to remove ATMs and EFTPOS facilities from gaming areas, to contribute to community education programs, and to provide a more responsible gambling environment;

- Inform club patrons, executive and staff about the role of the Department of Gaming and Racing's Compliance Unit and develop an independent, accessible and transparent complaints resolution process.

Clearly, the AIGR supports a holistic approach to responsible provision of gambling, one that recommends additional measures beyond those in place at that time and which would strengthen the obligations for both the RCA in its program development for NSW clubs and for the NSW Government. It also emphasised the importance of independent monitoring and community consultation in gambling policy and management, at government, industry and venue levels.

7.5.2 University of Technology Sydney

Many recommendations by the AIGR were echoed by the University of Technology Sydney (1998) in its submission to the *NSW Gaming Inquiry* (IPART, 1998). Relevant recommendations included:

- establishing an independent gaming commission to oversee 'problem gambling policies and policy actions to minimise harm caused to people and communities through gambling';

- a coordinated approach to funding and policy of problem gambling counselling and support services;

- introduction of responsible gambling policies which work across industry sectors;

- greater patron education of 'all aspects of gaming';

- restriction of advertising and more responsible advertising and promotion of gambling;

- further research into key aspects of providing a responsible gambling environment.

Again, these recommendations endorse the need for reducing the fragmentation and inconsistency of existing gambling policies relevant to responsible provision of gambling and for more proactive roles for government and gambling operators.

7.5.3 Australian Medical Association NSW

As discussed in Chapter Three, the epistemic community has been instrumental in redefining problem gambling as a public health issue, rather than an individual medical or psychological problem. This stance is evident in the two submissions discussed above, and further reinforced by a submission to IPART (1998) by the NSW Branch of the Australian Medical Association (AMA-NSW, 1998). The AMA-NSW concurred that gambling is a public health issue 'that should be addressed accordingly'. It supported initiatives to decrease 'the negative impact of gambling on the community', the development of harm minimisation strategies 'including the promotion of responsible gambling programs', and further research into gambling-related problems. It advocated raising awareness amongst medical practitioners and the community of issues relating to problem gambling through a practitioner awareness program, a general practitioner network and a media and community awareness campaign.

7.5.4 Global Gaming Services

In contrast to the submissions to the *NSW Gaming Inquiry* (IPART, 1998) discussed above, the Managing Director of Global Gaming Services principally focused on the role of gaming machine design in responsible provision of gambling, when interviewed by the author in July 1998. He was adamant that 'the player-machine interface is where it all starts' and was critical of current models of responsible gambling that ignore this area. Using the analogy of road safety, he commented that 'it is one thing to promote people driving automobiles responsibly and to ensure quick response times from police and ambulances to address the carnage in a timely manner. However, this probably has less of an effect than ensuring the cars themselves have seat-belts, air-bags, etc'. That is, 'the builder of the roads can design the roads for safety (analogy: don't stick an ATM next to a poker machine), they can provide proper warning signs on the road (analogy: responsible advertising of gambling), but unless someone also takes responsibility for the standard of the car on the road, the rest is arguably window dressing'. Thus, just as 'a holistic approach is required in approaching road safety', so it is in responsible provision of gambling.

However, the interviewee recognised such an approach would be an economic threat to clubs (as well as machine manufacturers) as it would 'definitely lower gaming machine profits'. This would preclude voluntary adjustments to gaming machine design, unless required by legislated technical specifications. He argued that, because gambling venues seek to maximise profits, they only purchase profitable machines or games. Thus, machine manufacturers make every effort to design games that continually retain the greatest amount of money in the shortest period of time. That is, games are designed to induce the public to spend money. Because the first transition from being a gambler to a problem gambler occurs at the game (machine) interface, this is where responsible provision of gambling should commence. The interviewee noted that because club managers are rewarded in various ways for profit maximisation, the clubs, at both 'the club manager - salesperson level' and through 'market forces', pressure machine manufacturers to produce machines which maximise profits. However, through market forces and political pressure, NSW clubs could force changes in machine and game design as part of a more comprehensive approach to responsible gambling.

The interviewee explained how the following features of machine and game design reflect 'a profit motive' rather than a 'player entertainment motive'. He identified potential for adjusting such features to achieve more responsible gambling through restricting the quantity of money that may be wagered on a gaming machine in a given period of time:

- Percentage return. This is a function of the probability of a winning combination occurring and its associated prize, and so directly affects the time taken for players to spend a certain amount of money. Responsible gambling should involve extending player time by increasing either the probability of winning combinations or game duration. Assuming patrons play machines according to a self-imposed expenditure or time limit, clubs could extend game cycles, close for a certain period every day, and limit machine numbers.

- Game volatility. This refers to the convergence of the actual and theoretical machine performance which therefore affects the hit rate of the game (the average number of plays between each winning combination) and so the length of time it takes to spend a certain amount. Mandating a minimum hit rate, rather than just a minimum percentage return, would reduce the amount of money that can be lost in a given time period.

- Jackpots. Large linked jackpots encourage patrons to play 'to win big' by choosing machines with higher prizes and higher probabilities of rapid player expenditure. He explained that mystery jackpots are 'taking off' and promote a player 'feeding frenzy' when the pre-determined maximum jackpot amount is approached.[54] Clubs contribute by advertising the size of jackpots, particularly when the maximum amount is approached. This reinforces the notion 'that the prize is what is attracting players, or at least what is making the money' for clubs.

- Size of wagers. Limiting the size of wagers through restricting the number of coins wagered, the monetary value of wagers, or 'by virtue of the allowable machine denominations' helps control individual financial losses. Gambling operators have tended to push for higher maximum bets and machine denominations that decrease the time required to expend a fixed amount.

- Means of betting. Note acceptors and smart cards increase player anonymity and reduce the time needed to expend a certain amount. This decreases the capacity of venues in responsible management of gambling. However, player expenditure data from smart cards could identify at risk gamblers, if compulsory and if matched with player income. Additionally, players can insert a toothpick or coaster to jam on a machine's play button, allowing them to 'play five machines at once' or continuously play one machine. Such patrons are clearly not playing for entertainment, but to win money. The NSW club industry has 'pushed' manufacturers to retain this feature.

- Tokenisation. Tokenised machines increase the likelihood of increased player expenditure.[55] For example, patrons are more likely to play until they have no credits left, rather than obtaining a manual pay for $1.90 left on a $2 tokenised machine.

- Change machines. These can promote irresponsible gambling by increasing playing anonymity. They might also lessen the guilt people may feel if they

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[54] A mystery jackpot must be won when the jackpot amount accumulated reaches between a pre-determined and advertised minimum and maximum amount. Thus, there is a higher probability of winning the mystery jackpot as it approaches the maximum amount.

[55] Tokenised machines accept only one denomination of coin, which then equates to a certain number of credits, depending on the machine's denomination. For example, on a 10 cent tokenised machine, a $1 coin is converted into 10 credits on the machine's credit meter. They were approved for NSW clubs in 1992 (NSW Department of Gaming and Racing, 1996b:4).

put a $50 note into a machine, allowing them to individually insert ten $5 notes instead.

- Player information. The interviewee contended that player awareness and education is of equal importance to managing the player-game interface. He felt that people generally don't understand how gaming machines work and the probabilities of winning. He saw a role for manufacturers in providing additional player information.

The views of Global Gaming Services are valuable in focusing attention on the potential role of machine and game design in responsible provision of gambling. This area appeared to receive limited attention from government and gambling operators, even though they have substantial regulatory and market influence, respectively, on machine design. Exercising this influence would seem important if risks at the player-machine interface are to be reduced, especially in light of the apparent reticence by AGMMA to be drawn voluntarily into responsible provision of gambling strategies.

7.5.5 Summary

As depicted in Figure 7.5, data gathered from those members of the epistemic community discussed in this section revealed a comprehensive set of principles and practices advocated in responsible provision of gambling by NSW clubs. These relate to Carroll's (1979, 1991a) economic, legal, ethical and discretionary principles of social responsibility, as discussed below.

Figure 7.5
Socially Responsible Principles and Practices in Gambling Advocated by Members of the NSW Epistemic Community in 1998

SOCIALLY RESPONSIBLE PRINCIPLES		SOCIALLY RESPONSIBLE PRACTICES
		Economic Practices
Economic Principles	∅	Whole of industry levy to fund responsible gambling initiatives.
		Legal Practices
Legal Principles	∅	Venue licences be conditional on adequate responsible gambling programs, better compliance with existing legislation, gaming authority to coordinate, monitor and enforce responsible provision of gambling, more stringent technical standards for gaming machines.
Ethical Principles		Ethical Practices
Secondary harm minimisation	∅	Appropriate referral mechanisms to an integrated network of community agencies, best practice guidelines/code of practices that reflect community expectations & with information on problem gambling support services, management and staff training, guidelines for providing a safe gambling environment.
Primary harm minimisation: reactive	∅	Self-exclusion process.
Primary harm minimisation: proactive	∅	Written policies for cheque cashing, payment of winnings & financial transactions, encourage removal of ATMs and EFTPOS facilities from gambling areas, policies on staff gambling, changes in machine/game design.
Consumer protection & fair trading: product information	∅	More comprehensive player information through a player guide that explains how gambling operates & betting odds, well publicised, independent & accessible consumer complaints mechanism.
Consumer protection & fair trading: advertising restrictions	∅	Restriction of advertising, more responsible advertising & promotion of gambling to meet community standards, whole of industry advertising code of practice.
Discretionary Principles		Discretionary Practices
In-kind support	∅	Meeting community values & expectations through consultation, forums & networks with support services & community agencies, nomination of a club community liaison officer.

Source: derived from AIGR, (1998a, 1998b, 1998c, 1998d, 1998e); University of Technology Sydney, (1998); AMA-NSW, (1998); Global Gaming Services, (1998, pers. comm.).

Because the economic concerns of the club industry were seen as discouraging more responsible provision of gambling, an industry levy to fund responsible gambling initiatives was advocated by the epistemic community, along with further legal obligations. These included that gambling venue licences be conditional on implementing and maintaining adequate responsible gambling programs, and more stringent technical specifications for gaming machines to reduce the amount of money that can be lost in a given time period. An independent gaming authority also was advocated to achieve better compliance with existing legislation and to coordinate, monitor and enforce responsible conduct of gambling in venues. In the ethical domain, certain harm minimisation and consumer protection measures were suggested to better meet community expectations and to promote the public interest and public health. These included a whole-of-industry and statewide responsible gambling program supported by more comprehensive player information, restriction of advertising and more responsible advertising and promotion of gambling, appropriate referral mechanisms to an integrated network of community agencies, and appropriate advisory, monitoring, enforcement and complaints resolution bodies. In the discretionary domain, closer liaison with the community was emphasised to ensure the conduct of gambling meets community standards.

Thus, the epistemic community expressed a relatively united view, advocating a comprehensive approach to responsible provision of gambling that extends beyond those of the NSW Government, the gambling operators and the union, as reviewed earlier in this chapter. It proposed a holistic set of strategies emphasising prevention of gambling problems in accordance with a public health approach to problem gambling. This public health model recognises that gambling operators have social responsibilities not only to gamblers and problem gamblers, but also to the community at large and the public interest. Thus, the epistemic community emphasised protection and promotion of community wellbeing through practices designed to reduce the chances of adverse consequences arising from gambling. To ensure a wide range of stakeholder interests and concerns is reflected in gambling policy and provision, the epistemic community stressed the importance of community and stakeholder consultation.

Further, the epistemic community appeared to recognise the limitations of a voluntary industry and venue approach to responsible provision of gambling. To successfully comply with principles of harm minimisation, consumer protection, fair trading and adherence to community values, more stringent legislation and the oversight of an independent gaming authority were considered necessary to overcome potential industry reluctance to pursue proactive strategies that might

threaten profitability. Additionally, an enforced hypothecated levy on all gambling operators would ensure they contributed to initiatives to address the social fallout of their products.

Thus, in contrast to the largely self-interested views of the gambling industry and government representatives, the epistemic community articulated a view that embraced a wider range of interests and that promoted a concerted effort to reduce the negative impacts of gambling and to maximise its positive impacts. The united stance of the epistemic community and its advocacy of a comprehensive, holistic responsible gambling model contrast markedly with the stance of the NSW Government and the gambling operators reviewed earlier and underpinned pressure on the latter two groups for policy and industry reform.

Having examined the views of selected members of the epistemic community on responsible provision of gambling, the following sections focus on key pressure groups, categorised into community service organisations and consumer protection agencies.

7.6 THE PERSPECTIVE OF KEY PRESSURE GROUPS: COMMUNITY SERVICE ORGANISATIONS

Opinions of community service organisations were gathered through interviews with the Council of Social Service of NSW (NCOSS), the Forum of Non Government Agencies (FONGA), the NSW Council on Problem Gambling (NSWCPG), and the Ethnic Communities Council of NSW (ECCNSW), supplemented with data from relevant submissions to the *NSW Gaming Inquiry* (IPART, 1998). Opinions of each group are discussed, then integrated to identify key principles and practices advocated by the community services sector for responsible conduct of gambling.

7.6.1 Council of Social Service of NSW

The views of NCOSS were gathered from an interview conducted by the author with its Director in May 1998. NCOSS describes itself as ‘the peak body for the social and community services sector’ in the state, working with its members on behalf of disadvantaged people and communities towards achieving social justice (NCOSS, 1998b). It fulfills coordination, advocacy, policy development, leadership and information roles. Members comprise refuges, charities, church groups, local councils, consumer organisations, hospitals, aged, disability and child care services,

and peak support and advocacy groups representing services at regional and statewide levels (NCOSS, 1998b).

NCOSS identified three areas of concern about gambling - its social impacts in the community, increased government reliance on gambling taxes, and the need for a 'balance of better consumer protection and harm minimisation without stamping gambling out.' In articulating values and measures that should underpin responsible provision of gambling, six issues relating to consumer protection were identified:

- Legal provision. The *Fair Trading Act*, *Registered Clubs Act* and *Privacy Act* are examples where NSW clubs should improve legal compliance in gambling.

- Code of practice. This should entail minimum standards for product information, standards of service, access, use and warnings about club facilities and services, use of ATMs and electronic products for cash exchange, treatment of intoxicated people, and effective staff monitoring of all these areas.

- Effective consumer complaints mechanism. This should allow a statement of complaint, a process of redress and an independent place of appeal, preferably through a legislated ombudsman.

- Restrictions on ownership concentration of gambling. A gambling industry regulator was advocated to examine social implications of anti-competitive behaviour and any ownership concentration of gambling facilities.

- Privacy issues. NSW Privacy Commission guidelines were cited as 'not a bad starting point' for gambling operators, with anecdotal evidence suggesting some clubs currently link collected patron information with their marketing and credit provision for gambling.

- Meeting community values and expectations. Four mechanisms were advocated to enhance club awareness. First, a gambling industry regulator could help identify these with findings passed onto the RCA and other relevant bodies. Second, a structured 'feedback loop' to industry from community welfare and research programs funded by the Casino Community Benefit Fund was suggested. Third, clubs could be more involved with their

local community service organisations. Fourth, a customer complaints mechanism should feed information back to clubs.

NCOSS identified six issues relating to harm minimisation in gambling which clubs should take into account:

- Responsible advertising and marketing. Gambling advertisements should not target vulnerable groups, such as disabled people, NES groups who 'have different cultural values regarding gambling', and lower income people by presenting gambling as 'turning woes into success and happiness'. Nor should clubs 'exploit a market advantage' as some larger Western Sydney clubs reportedly do.

- Gambling promotions and inducements. NCOSS has a 'philosophical opposition' to inducements to gamble, such as '300 holidays to Hayman Island'. 'A balance' in comparative advertising with other club services is needed. Further, 'if clubs are arguing on community benefit, then they need to…demonstrate this'.

- Signage. Every club should provide information on where to refer people with gambling problems and how to play gaming machines, including odds of winning. A customer service charter is also needed that articulates a code of service and complaint processes. All this information should be available in both gambling and non-gambling areas, included and interspersed in the clubs' existing 'audio-visual blurb', located close to where gambling transactions occur, and in multi-lingual format based on the top six to ten languages amongst each club's patrons.

- Self-exclusion. Advice should be sought about legal restrictions on self-exclusion and ways to increase its effectiveness.

- Access to cash. NCOSS is not opposed to ATMs in clubs, as these are sometimes the only ones available in regional areas. However, they should not be in gambling areas.

- Funding of responsible gambling programs. Consumer protection and harm minimisation initiatives should be met as 'a normal operating cost', with extra funding probably required only 'at the front end' with 'minimal or no maintenance costs'.

NCOSS appeared to give a considered opinion on responsible provision of gambling, one aimed at preventing the exploitation of gamblers, vulnerable groups and the community by a more powerful government and gambling industry. Harm minimisation, consumer protection and fair trading were considered integral to achieving this end.

7.6.2 Forum of Non Government Agencies

Further opinions of community service agencies were gleaned from a two and a half hour workshop on gambling issues held in June 1998, attended by nineteen members of FONGA representing eighteen community service organisations, and the author. A list of workshop participants is included as Appendix M. The workshop revealed concern for a wide range of social impacts of gambling and suggested measures to address these. Those relevant to addressing problem gambling in NSW clubs comprised the following:

- The growth of gambling industries. Participants debated a regulated cap on gambling in NSW and under what conditions gambling should be expanded.

- Harm minimisation. Effective policies are needed, such as advertising standards, with gambling operators to adopt approaches used in the responsible provision of other harmful products.

- Funding for community and problem gambling services. A whole of industry levy was advocated, directed into general revenue and then distributed to community and problem gambling services on a coordinated needs basis.

- The need for an independent gambling regulator. The regulator needs powers to act, not just review, supported by codes and financial penalties for regulatory breaches.

While the above points represent a very brief summary of major themes raised in the FONGA workshop, they do reflect the concern of community service organisations over the expansion of gambling in NSW, and the need for industry and government initiatives to counterbalance its social fallout.

7.6.3 NSW Council on Problem Gambling

The NSWCPG is a non-profit, non-affiliated organisation that ‘advocates and promotes responsible gambling’. It has forty members, comprising counsellors,

psychiatrists, psychologists, financial counsellors, academics, researchers, community workers and clergy (NSWCPG, 1998). Views on responsible provision of gambling were sought from the NSWCPG through an interview with its two senior executives by the AIGR research team in April 1998.

The NSWCPG executives considered any industry policy on responsible gambling needs to be broad to allow implementation in all clubs, and that an independent 'public advocacy group' and a reporting mechanism for consumers such as 'a fair trading department' would help enforce a 'minimum standard'. They also noted that codes of practice in some other industries have achieved effective compliance through being mandatory and by having an industry ombudsman enforce them through 'negative licensing', whereby accrual of a certain number of points for breaching the code results in loss of licence.

The interviewees from the NSWCPG also advocated the following practices:

- Signage. Counsellors have noted that signage has been effective for some clients in raising awareness of problem gambling services. However, the location of signage is crucial, with business cards in 'strategic locations in clubs' or 'where people pay bills' considered particularly useful. While 'there is some resistance from clubs' to signage placed on gaming machines, gaming machine manufacturers appear willing to comply.

- Occupational health and safety. One NSWCPG member was examining this to clarify the need for 'time out' for gaming machine players and the potential for repetitive strain injury litigation.

- Access to cash. It is imperative that ATMs have no credit facility and provide account balances so patrons cannot overdraw, and that EFTPOS withdrawals have a $200 limit.

- Gambling promotions and inducements. 'Emotionally linked' inducements to gamble that create false expectations were criticised. The offering by large clubs of a chance to win a car was criticised as creating false expectations. Other inducements of concern were patron loyalty programs, promotions and prizes.

The limited suggestions by the executives from the NSWCPG perhaps reflect that, at the time of the interview, they were contracted to assist some NSW clubs with

responsible gambling programs to overcome 'lack of direction from the RCA'. This was a commercial consultancy operating as BetSafe, whose approach to responsible provision of gambling was discussed earlier. Thus, the interviewees' limited comments may have reflected a desire to protect the commercial interests of BetSafe, and so may not be representative of all members of the NSWCPG.[56] However, they did nominate some responsible gambling measures, such as restricting access to cash and inducements to gamble, which the gambling operators previously discussed appeared reticent to implement voluntarily. They also noted the importance of consumer protection measures and the potential effectiveness of mandatory rather than voluntary venue responses to problem gambling.

7.6.4 Ethnic Communities Council of NSW

Given the large multicultural population in NSW, particularly in Sydney, views of the ECCNSW were sought through an interview with its Executive Officer by the AIGR research team in April 1998. Defining responsible gambling as that which does not cause a problem, the interviewee noted that harm minimisation in gambling should involve 'catching at-risk gambling behaviour before it becomes a problem, not treatment after it has become a problem'. He felt that effective harm minimisation in gambling requires limiting access to money and, particularly for ethnic communities, destabilising 'the myth of gambling as dependent on fate rather than odds'. Specific practices comprised the following:

- Strategies embracing ethnic communities. This could include a club community fund for approved purposes, local community consultation, extended services for ethnic communities, use of culturally appropriate languages and services, and a task force with representation from ethnic communities.

- Self-exclusion programs.

- Multilingual signage. This should help patrons self-diagnose gambling-related problems. Signage on gaming machines, such as electronic messages, should also be used.

[56] In fact, by 1999, the two interviewees were no longer executives of the NSWCPG, but were working full-time as executives of the BetSafe consultancy.

- Access to cash. ATMs should be out of sight, accept deposits and not provide credit withdrawals, and there should be a $200 limit on EFTPOS withdrawals.

- Gambling inducements and promotions. All advertising of gambling and inducements such as free drinks, food, vouchers and bus rides to venues should be abolished.

- Player information. Gaming machines should state the odds of winning, inform players of the take and payout rates, and highlight that people will lose money.

- Liability for responsible provision of gambling should fall on the club's Board of Directors, and the venue should keep a register of patrons approached about their gambling behaviour.

Strategies nominated by the ECCNSW were largely consistent with those proposed by other community service organisations at the venue level. However, its views also highlighted the notion that responsible gambling strategies should be contextualised according to the local and ethnically diverse communities within which clubs operate.

7.6.5 Other Community Service Organisations

The views of NCOSS, FONGA, NSWCPG and ECCNSW on responsible gambling were supplemented by those expressed in relevant submissions to the *NSW Gaming Inquiry* (IPART, 1998). Table 7.3 shows the venue-based principles and practices advocated in these submissions. These focused only on legal and ethical responsibilities, although a minority of submissions noted that the desire to maximise profits and the economic agenda of gambling operators would discourage more responsible conduct of gambling.

Overall, Figure 7.3 shows the high degree of commonality amongst the community service organisations in their preferred measures to address problem gambling, collectively embracing all of Carroll's socially responsible principles (1979, 1991a) and their associated practices in responsible management of gambling.

Table 7.3
Socially Responsible Principles and Practices in Gambling Advocated in Submissions to the *NSW Gaming Inquiry* by Community Service Organisations in 1998

Practices	Advocating Organisations
Legal Principles	
Levy on gambling operators to fund problem gambling services.	Gamblers' Helpline, Local Community Services Association Inc., Shoalhaven Neighbourhood Centre, Uniting Church in Australia.
Greater controls and enforcement to prevent underage and credit gambling.	Wesley Gambling Counselling Service.
Ethical Principles: Secondary Harm Minimisation	
Responsible gambling code of practice.	Gamblers' Helpline, Local Community Services Association Inc., Shoalhaven Neighbourhood Centre, Uniting Church in Australia, Wesley Gambling Counselling Service, Women and Gambling Project.
Signage.	Gamblers' Helpline, Local Community Services Association Inc., Shoalhaven Neighbourhood Centre, Uniting Church in Australia, Women and Gambling Project.
Measures to control use of illusionary décor in gambling venues.	GAME, Local Community Services Association Inc., Shoalhaven Neighbourhood Centre, Women and Gambling Project.
Staff training to recognise problem gamblers.	GAME, Shoalhaven Neighbourhood Centre, Uniting Church in Australia, Women and Gambling Project.
Ethical Principles: Primary Harm Minimisation: Reactive	
Self-exclusion.	Local Community Services Association Inc., Uniting Church in Australia, Wesley Gambling Counselling Service.
Ethical Principles: Primary Harm Minimisation: Proactive	
Time limits on gaming machines for 'known' problem gamblers.	Family Support Services Association of NSW.
Limits on access to cash through ATMs, EFTPOS, cheques, prize payments and change machines.	Family Support Services Association of NSW, Shoalhaven Neighbourhood Centre, Uniting Church in Australia, Wesley Gambling Counselling Service, Women and Gambling Project.
Prize limits on gaming machines.	Wesley Gambling Counselling Service.
Control of gaming machine features.	GAME, Shoalhaven Neighbourhood Centre, Wesley Gambling Counselling Service.
Ethical Principles: Consumer Protection & Fair Trading: Product Information	
Machines to display total amount spent by patrons.	GAME.
Chances of winning displayed.	Local Community Services Association Inc., Women and Gambling Project.
Consumer complaints and redress system.	Local Community Services Association Inc., Uniting Church in Australia, Wesley Gambling Counselling Service.
Ethical Principles: Consumer Protection & Fair Trading: Advertising Restrictions	
Measures to ensure advertising of gambling is socially responsible.	GAME, Local Community Services Association Inc., Shoalhaven Neighbourhood Centre, Uniting Church in Australia, Wesley Gambling Counselling Service, Women and Gambling Project.
Measures to control use of inducements to gamble.	GAME, Local Community Services Association Inc., Shoalhaven Neighbourhood Centre, Wesley Gambling Counselling Service, Women and Gambling Project.

Source: derived from submissions to the *NSW Gaming Inquiry*, (IPART, 1998).

7.6.6 Summary

Figure 7.6 integrates the principles and practices advocated by the selected community service organisations in responsible provision of gambling. These encompassed all of Carroll's (1979, 1991a) economic, legal, ethical and discretionary domains of social responsibility.

Figure 7.6
Socially Responsible Principles and Practices in Gambling Advocated by NSW Community Service Organisations in 1998

SOCIALLY RESPONSIBLE PRINCIPLES		SOCIALLY RESPONSIBLE PRACTICES
		Economic Practices
Economic Principles	∅	Industry self-funding of responsible provision of gambling, whole of industry levy to fund problem gambling & community services.
		Legal Practices
Legal Principles	∅	Improved compliance to gaming, privacy, credit & consumer protection legislation, independent regulator to oversee the industry, legislated ombudsman to enforce enhanced consumer protection mechanisms, control of gaming machine features.
Ethical Principles		Ethical Practices
Secondary harm minimisation	∅	Code of practice, staff training & monitoring, multi-lingual signage in strategic locations in clubs & on machines on self-diagnosis & referrals for gambling problems, code of service & complaints process, control of 'illusionary décor' in gambling venues.
Primary harm minimisation: reactive	∅	Self-exclusion process.
Primary harm minimisation: proactive	∅	ATMs to not be located in gambling areas, to not provide credit, to allow deposits and give account balances, $200 limit on EFTPOS withdrawals, limits on cash prize payments & change given, time limits on machines for problem gamblers, prize limits.
Consumer protection & fair trading: product information	∅	Player information on how to play machines, odds of winning, take & payout rates, machines to display total expenditure of individual players, independent consumer complaints mechanism.
Consumer protection & fair trading: advertising restrictions	∅	Standards/restriction/abolition of advertising & promotion of gambling to avoid emotional inducements, targeting vulnerable groups, creating false expectations or dominating club advertising.
Discretionary Principles		Discretionary Practices
In-kind support	∅	Meeting community values & expectations through opinion gathering, *via* the Casino Community Benefit Fund, feedback from a consumer complaints mechanism & greater club involvement with local community services, strategies embracing ethnic communities.

Source: derived from NCOSS, (1998: pers. comm.); FONGA, (1998, pers. comm.); NSWCPG, (1998, pers. comm.); ECCNSW, (1998, pers. comm.); submissions to the *NSW Gaming Inquiry*, (IPART, 1998).

The views of the community service organisations largely parallel those of the epistemic community, reviewed in the preceding section. Like the epistemic community, the community service organisations advocated broadened financial contributions by gambling operators to measures to address problem gambling, and more stringent and strictly enforced legal obligations. However, the community service organisations were more prescriptive than the epistemic community, particularly in their preferred ethical and discretionary practices. For example, while endorsing all strategies nominated by the epistemic community, the consumer service organisations proposed signage on all gaming machines, mandatory removal of ATMs from gambling areas, and limits on EFTPOS withdrawals, prize amounts, cash payment of prizes and change given. They also proposed that machines display the total expenditure of players and suggested additional avenues for community feedback.

The measures proposed by the community service organisations also go beyond those advocated by the NSW Government and the union, and are far more stringent than those favoured by the gambling operators, as reviewed earlier. They leave little to the discretion of gambling operators, instead prescribing a range of minimum standards across all four of Carroll's domains (1979, 1991a). In criticising the existing *modus operandi* of gambling provision, the community service organisations appear to recognise that a voluntary venue approach to responsible gambling would prove inadequate to comply with principles of legal compliance, harm minimisation, consumer protection, fair trading, adherence to community values, and financial contributions to address harmful effects of their products. Instead, they proposed various legislative and regulatory measures and enforcement.

Having presented the views of community service organisations on responsible management of gambling, the next section presents those of consumer protection agencies.

7.7 THE PERSPECTIVE OF KEY PRESSURE GROUPS: CONSUMER PROTECTION AGENCIES

Data illuminating measures highlighted by consumer protection agencies for responsible gambling comprise an interview conducted by the AIGR research team in May 1998 with two legal officers from the Public Interest Advocacy Centre (PIAC), and submissions to the *NSW Gaming Inquiry* (IPART, 1998) from PIAC and the NSW Department of Fair Trading.

7.7.1 Public Interest Advocacy Centre

In its submission to the *NSW Gaming Inquiry* (IPART, 1998), PIAC (1998) sought explicitly to highlight the role of consumer protection in responsible provision of gambling. It noted that both the NSW Government and gambling industries have subordinated attention to gambling-related harm due to their vested financial interests in 'attracting people to play at gaming venues by advertising them as a form of glamorous, safe and fun entertainment' (PIAC, 1998:1). This 'irresponsible provision of gambling services' is reflected in their focus on promoting gambling, rather than consumer protection (PIAC, 1998:1).

In advocating improved consumer protection, PIAC drew attention to inadequate monitoring and enforcement of existing legislation in NSW gambling venues. Specifically, PIAC referred to 'systematic breaches' of Section 9A (5A) of the *Registered Clubs Act 1976 NSW* which outlaws the provision of cash advances by clubs to patrons, and to breaches by NSW clubs 'on a regular basis' of the *Trade Practices Act*, the *Fair Trading Act*, the *Contracts Review Act* and the *Credit Act*. These outlaw misleading and deceptive conduct, unconscionable conduct, false representations, and the offering of gifts and prizes, and restrict the circumstances and manner in which credit can be provided (PIAC, 1998:2). The submission further pointed out the common law duty of care which gambling providers have to their patrons, particularly when they know of a patron's vulnerability or the patron requests to be banned. However, PIAC contended that some gambling providers refuse self-exclusion or fail to comply when the excluded patron returns to the venue. PIAC further noted that, despite the extent and regularity of these breaches, the Department of Gaming and Racing has never brought proceedings against a club for its actions in relation to individual consumers. The Department adopts a 'hands-off regulatory approach, with the most significant action being a letter to club managers asking them to improve their performance' (PIAC, 1998:2). This ignores the interests of individual complainants and so gamblers do not benefit from existing consumer protection measures. While the Department of Fair Trading has responsibility for administering consumer protection legislation, it tends to refer such matters to the Department of Gaming and Racing. PIAC advocated establishing an independent gaming commission to monitor and enforce consumer protection measures and to handle consumer complaints. These presently are ignored due to the conflicting roles of the Department of Gaming and Racing as both promoter and regulator of gambling services.

PIAC also advocated additional legislative requirements for gambling operators, specifically a mandatory code of practice enforced by an independent commission with power to discipline clubs that breach it, and those that ignore self-exclusion orders and signage restrictions. It considered a voluntary code potentially ineffective, with standards set by 'the lowest common denominator' (1998:3).

The sentiments expressed by PIAC in its submission (1998) were reinforced in an interview with two of its legal officers. Key principles fundamental to responsible gambling were identified as harm minimisation and legal compliance in consumer protection. An independent industry commission and mechanisms for community consultation were integral in adhering to these principles.

7.7.2 NSW Department of Fair Trading

Consistent with claims by PIAC, the Department of Fair Trading noted in its submission (1998) to the *NSW Gaming Inquiry* (IPART, 1998) that most consumer complaints it receives against gambling operators are referred to 'a more relevant Government Department' (Department of Fair Trading, 1998). However, the submission did draw attention to the need for gambling operators to avoid consumer problems arising from deceptive conduct, product or service failure, credit transactions 'structured to evade the law', and information deficiency or asymmetry preventing consumers making informed purchasing decisions (Department of Fair Trading, 1998:4). It advocated better enforcement of prohibitions on credit provision by gambling operators.

7.7.3 Summary

As depicted in Figure 7.7, principles and practices advocated by the selected consumer protection agencies in responsible provision of gambling related to legal and ethical domains. Better monitoring and enforcement of existing consumer protection legislation and additional legal requirements were proposed, as well as attention to ethical responsibilities for harm minimisation in gambling. Thus, in agreement with the NSW Government, the union, the epistemic community and the community service organisations examined in this chapter, the consumer protection agencies advocated tighter legislative controls to improve responsible provision of gambling and a range of enforceable ethical and consumer protection practices. These contrast to the more passive and self-regulated approach supported by the gambling operators and the limited suggestions by gaming machine manufacturers.

Figure 7.7
Socially Responsible Principles and Practices in Gambling Advocated by NSW Consumer Protection Agencies in 1998

SOCIALLY RESPONSIBLE PRINCIPLES		SOCIALLY RESPONSIBLE PRACTICES
		Legal Practices
Legal Principles	∅	Improved compliance to existing legislation on misleading & deceptive conduct, unconscionable conduct, false representations, offering of gifts & prizes, information deficiency & asymmetry, credit provision & duty of care. Additional legal requirements & gaming authority to coordinate, monitor & enforce responsible provision of gambling.
Ethical Principles		Ethical Practices
Secondary harm minimisation	∅	Mandatory code of conduct, provision of problem gambling & counselling information, code of practice & signage on responsible gambling.
Primary harm minimisation: reactive	∅	Self-exclusion process.
Primary harm minimisation: proactive	∅	No ATMs in gambling areas.
Consumer protection & fair trading: product information	∅	Independent industry commission to monitor & enforce consumer protection & handle consumer complaints, more comprehensive player information.
Consumer protection & fair trading: advertising restrictions	∅	Measures to address irresponsible advertising & inducements to gamble.

Source: derived from PIAC, (1998, pers. comm.); NSW Department of Fair Trading, (1998).

7.8 INTEGRATION OF STAKEHOLDER FINDINGS ON PRINCIPLES AND PRACTICES ADVOCATED IN ADDRESSING PROBLEM GAMBLING

This section summarises and analyses the various stakeholder perspectives on addressing problem gambling, as identified in this chapter. It compares and contrasts these views, and attempts to explain why such diversity exists. Further, while the preceding sections have drawn on submissions to the *NSW Gaming Inquiry* (IPART, 1998), the outcomes of that inquiry have not been discussed so far. Thus, this section concludes by summarising the inquiry's recommendations and by noting that these were the main potential influence on the future direction of responsible gambling in NSW venues by the end of 1998. These recommendations are compared to the

stakeholder perspectives to consider their congruence and their implications for the NSW Government and gambling operators.

7.8.1 Summary of Stakeholder Perspectives on Principles and Practices in Addressing Problem Gambling

Table 7.4 summarises the principles and practices advocated by the selected stakeholders to address problem gambling at the industry and venue levels. A diversity of views is apparent and the discussion in Section 7.8.2 integrates and analyses the emphases by the various stakeholder groups.

This analysis retains the categorisation of stakeholders adopted in this chapter thus far - the NSW Government, the gambling industry (gambling operators, employee union, gaming machine manufacturers), the epistemic community and key pressure groups (community service organisations, consumer protection agencies). It also continues to utilise Carroll's framework of socially responsible principles (1979, 1991a) and associated practices in responsible provision of gambling, as identified by the stakeholders. The scope of the measures advocated by each stakeholder group is compared to highlight the comprehensive and holistic approach favoured by key pressure groups and the epistemic community, the more piecemeal approach proposed by the NSW Government, and the passive model preferred by the gambling industry. The analysis below also highlights the sectional interests and priorities that underpin each stakeholder's preferred model of responsible gambling, and their overall desire to shift responsibility onto other stakeholders.

Table 7.4
Support for Responsible Provision of Gambling Principles and Practices Indicated by Key Stakeholders

Socially Responsible Principles	Socially Responsible Practices	Stakeholder Groups						
		NSW Government	Gambling Industry			Epistemic Community	Key Pressure Groups	
			Gambling Operators	Liquor, Hospitality & Miscellaneous Workers' Union	Australian Gaming Machine Manufacturers Association		Community Service Organisations	Consumer Protection Agencies
Economic	Industry/venue funding to address problem gambling & responsible provision of gambling	√	√ [a]		√	√	√	
Legal	Improved compliance to existing legislation					√	√	√
	Gaming authority/ commission to coordinate, monitor & enforce responsible provision of gambling		√ [b]		√	√	√	√
	Further legislative requirements in responsible provision of gambling	√ [c]		√		√	√	√
	More stringent technical standards for gaming machines					√	√	
Ethical: secondary harm minimisation	Provide problem gambling & counselling information	√	√	√		√	√	√
	Code/house policy/signage on responsible gambling	√	√	√		√	√	√
	Staff training on responsible provision of gambling	√	√	√		√	√	
Ethical: primary harm minimisation: reactive	Self-exclusion/restricted access for problem gamblers	√	√			√	√	√
Ethical: primary harm	No ATMs in gambling areas	√	√ [b]			√	√	√
minimisation: proactive	No/limited Eftpos for gambling	√				√	√	
	Cooling-off period for big winners/limits on cash prize payments	√				√	√	
Ethical: consumer	Consumer complaints mechanism		√ [d]			√ [e]	√ [e]	√ [e]
protection & fair trading: product information	More comprehensive player information on gambling products		√ [f]			√	√	√
Ethical: consumer protection & fair trading: advertising restrictions	Address irresponsible advertising & inducements to gamble	√ [g]	√ [h]			√ [g]	√ [f]	√ [h]
Discretionary: in- kind support	More community service/liaison with support services & community agencies	√	√			√	√	
Discretionary: financial support	Greater community donations	√		√				

a except NSW Lotteries.
b Star City Casino only.
c LAB and NSW Opposition only.
d self-administered consumer complaints mechanism advocated.
e independent consumer complaints mechanism advocated.
f RCA only.
g avoid/restrict irresponsible advertising & inducements.
h code on responsible marketing of gambling advocated.

Source: derived from stakeholder data collected for this study.

7.8.2 Analysis of Stakeholder Perspectives on Principles and Practices in Addressing Problem Gambling

In terms of fundamental principles in responsible gambling, key pressure groups, the epistemic community, and the NSW Government appeared to advocate the greatest

range, supporting adherence to Carroll's (1979, 1991a) economic, legal, ethical and discretionary domains of social responsibility. Gambling operators were agreeable to a range of economic, ethical and discretionary principles, although they appeared largely resistant to further legal obligations. Principles advocated by the employee union and the peak gaming machine manufacturers' association were more limited, perhaps reflecting the narrow constituencies they represent.

In terms of socially responsible practices, key pressure groups and the epistemic community advocated the greatest range of strategies. In combination, community service organisations and consumer protection agencies supported redirecting some of the economic rewards of gambling operations as financial contributions to implement responsible gambling strategies and to fund problem gambling and community support services. They also advocated a more legislated environment for responsible gambling than other stakeholder groups, *via* both better compliance to existing legislation and new legislation to minimise harm and improve consumer protection and fair trading in gambling. In many instances these groups supported a legal obligation for gambling operators to comply to their ethical responsibilities. These embraced all ethical categories of secondary, primary, and consumer protection and fair trading principles, as shown in Table 7.4. The pressure groups also supported closer discretionary links between gambling operators and the community to better meet prevailing values and expectations.

A similar set of practices was advocated by researchers and experts in the epistemic community. They supported further economic contributions from gambling operators and additional legal obligations to address problem gambling and to implement responsible gambling strategies. In the ethical domain, representatives from the epistemic community were unanimous in supporting a comprehensive state and industry wide responsible gambling program informed by an appropriately constituted advisory body, with appropriate monitoring and enforcement agencies. In combination, the epistemic community advocated a wide range of ethical practices, embracing secondary and primary harm minimisation, and consumer protection and fair trading principles, as shown in Table 7.4. In the discretionary domain, emphasis was placed on community liaison, to ensure gambling is provided in a manner consistent with community expectations and on developing closer links with problem gambling support agencies.

Thus, in contrast to government and industry stakeholders, the epistemic community and key pressure groups advocated a more holistic approach to addressing problem gambling, one that places responsibility for addressing the issue on the government,

gambling operators and machine manufacturers. Strategies advocated reflected a variety of roles for these stakeholders, encompassing a more stringent legislative environment introduced by government, a range of harm minimisation, consumer protection and fair trading strategies by gambling operators, and more responsible machine and game design by machine manufacturers.

The NSW Government appeared to advocate the next broadest range of practices in responsible gambling. In the economic domain, it also supported channelling some gambling revenues into initiatives to address problem gambling. However, it supported a compulsory levy on Star City Casino only, in contrast to the NSW Opposition which endorsed an industry-wide levy. In the legal domain, the NSW Government was supportive of further legislative requirements in responsible gambling, an opinion reflected in recent policy shifts, as discussed in Chapter Three, and in the legal obligations recently imposed on NSW clubs to address problem gambling (*Liquor and Registered Clubs Legislation Amendment (Community Partnership) Act 1998 NSW*). However, the government was less supportive of legal practices advocated by some stakeholder groups that appeared to cast doubts on its current effectiveness in monitoring and enforcing existing legislation. It also opposed measures that might undermine its authority, such as an independent commission to oversee responsible conduct of gambling in all gambling sectors. There was minimal acknowledgement that its performance as gambling policy-maker and regulator might not meet the expectations of other stakeholders in addressing problem gambling, and resistance to improving this performance through mechanisms to ensure better legal compliance, and coordination, monitoring and enforcement of responsible gambling initiatives.

In the ethical domain, practices advocated by the NSW Government embraced secondary harm minimisation strategies, reactive and proactive primary harm minimisation strategies, and those relating to consumer protection and fair trading in advertising. However, no advocacy was evident for providing more comprehensive information about gambling products. The government was supportive, however, of further discretionary in-kind and financial support from gambling operators to address problem gambling. Thus, the government was generally supportive of most initiatives that shifted responsibility for addressing problem gambling onto gambling operators.

Practices advocated by gambling operators in responsible gambling, as shown in Table 7.4, were more limited than those of the other stakeholder groups discussed above. In the economic domain, while the hotel and casino representatives supported

a compulsory levy on all gambling operators to fund initiatives to address problem gambling, club representatives restricted their advocacy for financial support to the funding of venue-based strategies. NSW Lotteries opposed further financial commitments in this area. In the legal domain, only Star City Casino expressed support for a more comprehensive legislative framework, limiting this support to an independent body to oversee responsible gambling on an industry-wide basis. This was the only advocacy directed at any legal practices, as shown in Table 7.4. In the ethical domain, a similar degree of reticence was evident in the types of practices supported by the gambling operators. While they all supported the full range of secondary harm minimisation strategies, few other ethical practices were advanced, with the exception of Star City Casino which considered that other gambling operators should also remove ATMs from gambling areas, as currently mandated for the casino. While the operators also supported a consumer complaints mechanism and responsible advertising and promotion of gambling, they advocated a self-regulatory approach, rather than the more stringent controls recommended by other stakeholder groups. Their support for responsible gambling also stopped short of discretionary financial donations to initiatives that address problem gambling, although they were generally supportive of greater community liaison and in-kind support for problem gambling services and community agencies.

Thus, the gambling operators generally favoured a passive approach to addressing problem gambling, one that relies largely on secondary harm minimisation strategies, self-regulation, and discretionary measures. This type of approach would pose minimal threat to the economic performance of gambling operators, require less financial commitment, and retain their existing degree of autonomy in gambling provision. A more comprehensive approach to addressing problem gambling was advocated by Star City Casino, although this appeared an attempt to create a more level playing field through requiring of other gambling operators similar restrictions and obligations as those faced by the casino.

Responsible gambling practices advocated by the employee union and the gaming machine manufacturers' association appeared to go little beyond attempts to protect their narrow constituencies, rather than a concerted effort to address problem gambling. The employee union largely supported practices that would reduce uncertainty for gambling industry employees and suggested these be clarified through legislation, a code of practice or house policy, and staff training. A passive approach to addressing problem gambling was advocated, one that places the onus on gamblers to recognise and act on a gambling problem, albeit assisted by providing relevant information in gambling venues. Such an approach would place

minimal responsibility on venue staff and management, in contrast to existing strategies in responsible service of alcohol which place the major onus for implementation on operational staff.

The association representing gaming machine manufacturers (AGMMA) interpreted responsibility for addressing problem gambling as lying with gambling operators who it considered should fund related initiatives, and with government who it felt should legislate for an independent authority to coordinate, monitor and enforce such efforts. Thus, the association deflected responsibility for addressing problem gambling away from its constituents, and onto government, regulators and gambling operators. Despite agreeing that problem gambling exists and is associated mainly with gaming machines, it acknowledged no role or responsibility for machine manufacturers in addressing the issue.

From the summary above, it is evident that all four stakeholder groups consider gambling operators have some responsibility for addressing problem gambling, although to varying degrees. This variation can be at least partially explained by the desire of the various groups to protect their own interests and to shift responsibility onto other stakeholders. While some commonalties were apparent, the various stakeholder perspectives reflect the desire by the NSW Government, gambling operators, gambling industry employees and machine manufacturers to protect their own interests by deflecting the onus onto other parties. This contrasts to a more holistic approach advocated by the epistemic community, community service organisations and consumer protection agencies.

Thus, the core differences in stakeholder views appear driven by their particular organisational priorities. The NSW Government's priorities in revenue raising appeared to overshadow concern for other principles in gambling regulation, such as consumer protection, fair trading, harm minimisation and community benefit (although it has acknowledged the need to improve these areas). It deflected responsibility for better compliance, coordination, monitoring and enforcement of responsible gambling initiatives onto gambling operators. The priorities of gambling operators were focused on economic performance, with resistance to strategies that might threaten profitability or which might create or maintain an unequal competitive arena. In contrast, the priorities of the epistemic community and pressure groups were focused on the public interest, with support for strategies that protect those community groups and individuals most negatively affected by problem gambling.

The divergent views discussed above reflect the difficulties of narrowing expectational gaps between the principles and practices of gambling operators in responsible management of gambling, and those advanced by other stakeholder groups, in a context of conflicting priorities, competitive rivalry and gambling industry self-regulation. The *NSW Gaming Inquiry* (IPART, 1998) sought to resolve these conflicts by providing the opportunity for public input and through its recommendations for gambling industry reform, as discussed in the next section.

7.8.3 Comparison of Stakeholder Perspectives with the Recommendations of the NSW Gaming Inquiry

By November 1998, the key likely influence on the future direction of responsible gambling at the industry and venue levels had emerged as the recommendations of the *NSW Gaming Inquiry* (IPART, 1998), released in November of that year. This section will review those recommendations and consider their congruence with the stakeholder perspectives discussed thus far in this chapter.[57]

Key recommendations of the *NSW Gaming Inquiry* (IPART, 1998) which have implications for responsible provision of gambling at the industry and venue levels were that:

- a new Gaming and Liquor Agency coordinate investigation, 'as an immediate priority', of the effectiveness of measures to promote responsible gambling;
- the NSW Government evaluate which minimum components of a responsible gambling strategy should be mandatory and legislated, and which components are best left to industry-wide codes of conduct;
- the Gaming and Liquor Agency develop, with community consultation, advertising standards for all gaming products;
- the gaming industry improve the effective use of signs, labelling and brochures, with the Gaming and Liquor Agency to consider measures to encourage the provision of more useful consumer information at the point of purchase;
- the provision of credit by gaming providers for the purpose of gambling is clearly and unambiguously prohibited under relevant legislation;

[57] Chapter Eight further develops this discussion by examining the proposed legislative response to these recommendations by the NSW Government in 1999.

- the Gaming and Liquor Agency enforce consumer protection in gaming, facilitated by adequate resources, trained staff and an effective complaints unit;
- industry codes of gaming conduct explicitly define limits on providing free alcohol to gamblers and responsible practices for frequent player points schemes;
- industry gaming codes exclude inducements such as ‘shopper dockets’ and letter box flyers;
- codes of gaming conduct require that ATMs be positioned away from the gaming floor;
- more research be conducted on the relationship between gaming venue design and problem gambling, with features that foster a more responsible gaming environment to be included in gaming codes of conduct.

(IPART, 1998:75-78).

From the recommendations summarised above, it is apparent that IPART favoured a more responsible approach to the provision of gambling, although evidence to support a particular model was limited by the lack of research available to the inquiry. Nevertheless, in noting that ‘voluntary codes have no enforcement or sanction mechanisms’ (1998:45), IPART supported legislated core minimum standards including:

- minimum signage;
- education requirements;
- promotion of a self-exclusion program;
- minimum labelling, signage and brochure requirements;
- responsible advertising of gaming;
- enforcing the credit ban;
- responsible payment of winnings;
- responsible provision of complimentary inducements;
- how to respond to a patron suffering gambling-related distress.

(IPART, 1998:44)

The recommendations of the *NSW Gaming Inquiry* (IPART, 1998) have implications both for the NSW Government and for gambling operators. The ensuing discussion considers the congruence between these recommendations and the responsible gambling measures advocated by the government and gambling operators, as well as those identified by the other stakeholders discussed in this chapter.

The IPART recommendations both endorse and conflict with various measures nominated by key stakeholders. In the economic domain of social responsibility, IPART endorsed the Government's existing levy on Star City Casino only, at least until December 2000 (1998:vii). However, it recommended that these funds be used solely for support services for problem gambling, responsible gaming practices and general research into gambling, rather than for the broader range of projects presently funded by the Casino Community Benefit Fund (IPART, 1998:vii). In contrast, other stakeholders (NSW Opposition, Star City Casino, AHA-NSW, AGMMA, the epistemic community and key pressure groups) promoted extending this levy to a wider range of gambling operators.

In the legal domain, IPART (1998:iii-v) recommended establishing a Gaming and Liquor Agency to coordinate, monitor and enforce responsible provision of gambling (amongst other functions). This was at odds with the stance of the NSW Government, but congruent with that of the NSW Opposition, Star City Casino, AGMMA, the epistemic community and key pressure groups. IPART (1998:iii-iv)) also recommended improved enforcement of consumer protection in gambling, a position endorsed by the epistemic community and key pressure groups, but at odds with, or not advanced by, the other stakeholders examined. Similarly, IPART's (1998:44-45) support for legislated minimum standards for gambling operators conflicts with the preference by the Department of Gaming and Racing and gambling operators for a self-regulated industry approach, but is congruent with advocacy by the Liquor Administration Board, the employee union, the epistemic community and key pressure groups for further legislative requirements.

Core legislative requirements in responsible provision of gambling proposed by IPART (1998:44) comprised the ethical principles of harm minimisation, consumer protection and fair trading endorsed by other stakeholders. As well, IPART (1998:44) supported all specific practices listed in Table 7.4 of this thesis, with the exception of removing ATMs from gambling areas and using certain inducements to gamble, which it considered should be regulated by industry codes of conduct. However, while gambling operators and the NSW Government advocated a self-

regulated approach to these requirements, IPART considered they should be mandatory (1998:45).

In the discretionary domain, IPART (1998:iv) envisaged that in-kind and financial support from gambling operators could be coordinated principally through the Gaming and Liquor Agency. In noting that community consultation on certain areas of gambling policy had a poor track record (IPART, 1998:iii), it recommended the Gaming and Liquor Agency be the principal body responsible for community consultation, coordination of problem gambling support services and gambling research, and administering the Casino Community Benefit Fund. The NSW Government, gambling operators, the epistemic community and key pressure groups also endorsed the need for greater community consultation in gambling policy. However, the NSW Government appeared to envisage this occurring at a local level between individual gambling operators and their communities, rather than through a more centralised approach. Nevertheless, the epistemic community and key stakeholders largely supported IPART's (1998:iii-iv) recommendation for a central agency. As noted earlier, different opinions on financial contributions from gambling operators also were apparent between those recommended by IPART (1988:vii) and by the various stakeholders.

In summary, the IPART recommendations had numerous implications for the NSW Government and gambling operators. For the NSW Government, adopting the recommendations would require establishing a new policy and enforcement agency in gambling, and the introduction of additional legislation and regulations on responsible conduct of gambling. For gambling operators such as NSW clubs, such changes would require adherence to more stringent legislative and regulatory requirements which would require signage, training, self-exclusion programs, more product information, restrictions on access to cash for gambling, and more responsible advertising and promotion of gambling.

Thus, by the end of 1998, the inquiry had consolidated and articulated a wide range of responsible gambling strategies, increasing pressure for policy reform in gambling both at government and industry levels. By elevating public concerns for problem gambling and through its recommendations, the inquiry sought to resolve the expectational gaps between gambling operators and other stakeholder groups. Further, the IPART inquiry confirmed the view of many stakeholders that the government and gambling operators needed to focus on responsible provision of gambling, rather than just measures to address problem gambling. It ratified the public health view of problem gambling as a social concern requiring measures to

both reduce the adverse consequences of gambling and promote the public interest in gambling. As discussed later in this chapter, the issue of problem gambling had been broadened to one focusing on responsible management of gambling by the end of 1998.

This chapter will now compare the stakeholder perspectives on principles and practices in addressing problem gambling, as examined in this chapter, to the perspective of NSW club managers, as identified in Chapters Five and Six.

7.9 ASSESSING THE CONGRUENCE BETWEEN THE PERSPECTIVE OF KEY STAKEHOLDERS AND NSW CLUB MANAGERS ON PRINCIPLES AND PRACTICES IN ADDRESSING PROBLEM GAMBLING

As discussed in Chapter Six, both the qualitative and quantitative data collected from NSW club managers demonstrated that the responding clubs considered all four of Carroll's (1979, 1991a) economic, legal, ethical and discretionary principles important in addressing problem gambling. However, the priority accorded to each of these principles varied and contrasts with those expressed by their main constituencies, as discussed below.

For the club managers, economic priorities in machine gambling clearly prevailed. This was reflected in concerns that responsibility for addressing problem gambling and associated costs should be shared amongst stakeholders, that a more responsible approach might undermine the clubs' revenue base, reduce their competitiveness and incur expenses to implement, that similar obligations should be imposed on all gambling operators to ensure a level playing field, and that a range of passive strategies unlikely to deter gambling expenditure would suffice. Thus, the club managers were resistant to initiatives requiring substantial financial input or which might threaten gaming machine revenues. The qualitative research identified unwillingness by the clubs to commit funding as a potential barrier to more responsible provision of gambling. This finding was underpinned by the quantitative research that revealed that the Department of Gaming and Racing was considered the most appropriate funding body. The qualitative research also identified fear of potential loss of profits as another barrier in addressing problem gambling. This was reflected in the preference shown in all three data sources (interviews, case studies, survey) for passive secondary harm minimisation strategies only.

However, apart from gambling operators, the remaining stakeholders discussed in this chapter considered that the economic priorities of clubs (and other gambling operators) should be tempered by a more responsible approach that also embraced legal, ethical and discretionary principles. This approach should involve redirection of some revenues to initiatives that address problem gambling and a more comprehensive set of responsible gambling strategies, even though these might threaten gambling revenues and incur additional expenses for gambling operators.

Legal principles were considered the next most important by the club managers in their machine gambling operations, as discussed in Chapter Six. In both the quantitative and qualitative research, most respondents considered that NSW clubs adequately comply with the relevant legislation, and that existing legislation was sufficient to ensure responsible provision of gambling in the clubs. With the exception of gambling operators, this stance contrasts markedly with that of most other stakeholders, who advocated additional legal obligations and better monitoring and enforcement mechanisms to improve compliance to existing legislation. This could be achieved through establishing an independent authority, as recommended by IPART (1998), to oversee the industry, and through tightening provisions for harm minimisation, consumer protection and fair trading through legislation. The clubs, however, clearly favoured a self-regulatory approach to addressing problem gambling and were resistant to further legislative and regulatory controls. Prevailing government policy supported this position, although the Liquor Administration Board considered a legislated approach desirable, while the NSW Opposition signalled support for establishing an independent authority to determine the best approach.[58]

Of Carroll's (1979, 1991a) four principles of social responsibility, ethical principles were considered the second least important by the responding club managers, as discussed in Chapter Six. Further, within the ethical domain, the quantitative and qualitative research revealed a hierarchy of acceptance, with most support for practices that underpin the principles of secondary harm minimisation and reactive primary harm minimisation. Accordingly, the most favoured practices were guidelines, a code of practice/house policy, related staff training, signage which allows gamblers to recognise and act on a gambling problem, and self-exclusion. Only medium to low levels of support were revealed for strategies that would limit

[58] As discussed in Chapter Eight, the self-regulatory approach to responsible provision of gambling by the clubs was partly superseded by legislated requirements in late 1999.

access to cash for gambling, provide more product information and restrict advertising and promotion of gambling. In contrast, the stakeholders examined in this chapter, with the exception of the gambling operators, generally favoured a more comprehensive set of ethical principles that embraces secondary and primary harm minimisation, and consumer protection and fair trading principles. Apart from gambling industry representatives, three other constituent groups (the NSW Government, epistemic community and key pressure groups) supported a code of practice/house policy on responsible gambling, signage on recognising and acting on a gambling problem, removing ATMs from gambling areas, and measures to address irresponsible advertising and inducements to gamble. They also supported staff training in responsible conduct of gambling, self-exclusion or restricted access for problem gamblers, limiting EFTPOS withdrawals for gambling, imposing a cooling-off period for big winners and limits on cash prize payments. Two groups (the epistemic community and key pressure groups) supported providing more comprehensive player information on gambling products and an independent consumer complaints mechanism.

As discussed in Chapter Six, the responding club managers accorded the lowest priority to a discretionary principle of social responsibility, especially where it involved donating financial resources to address problem gambling. The stakeholder groups examined in this chapter also recognised the overall reticence amongst clubs (and other gambling operators) to voluntarily commit in-kind and financial support to such measures. Thus, these groups generally advocated an obligatory mechanism for gambling operators to be levied a percentage of their gambling revenues to fund such initiatives. Many stakeholders also emphasised the need for gambling operators to conduct their businesses in line with community values and expectations, and so proposed increased mechanisms for identifying and adhering to these. These included closer liaison with and financial support for community agencies, and improved feedback mechanisms from related complaints and research bodies. However, both the qualitative and quantitative research indicated a degree of resistance by the responding club managers to providing financial support for community agencies and for involving them in developing strategies to address problem gambling.

Nevertheless, by the end of 1998, the RCA's policy (AIGR, 1998a), trial strategies (AIGR, 1998b) and trial responsible gambling program reflected initial progress in achieving greater congruence between socially responsible principles and practices in machine gambling in NSW clubs and those advocated by key stakeholders. However, because this policy and the related strategies had been implemented in

only nineteen NSW clubs by the end of 1998, and with limited compliance, the summary below is based on the primary research presented in Chapters Five and Six.[59]

In summary, limited congruence has been identified between the principles and practices adopted in machine gambling operations by NSW registered clubs to address problem gambling and those expected by key stakeholders in 1998. This disparity is depicted in Figure 7.8 which is based on Figure 4.2, an adaptation of Zenisek's (1979) model of corporate social performance.[60] The main findings are that:

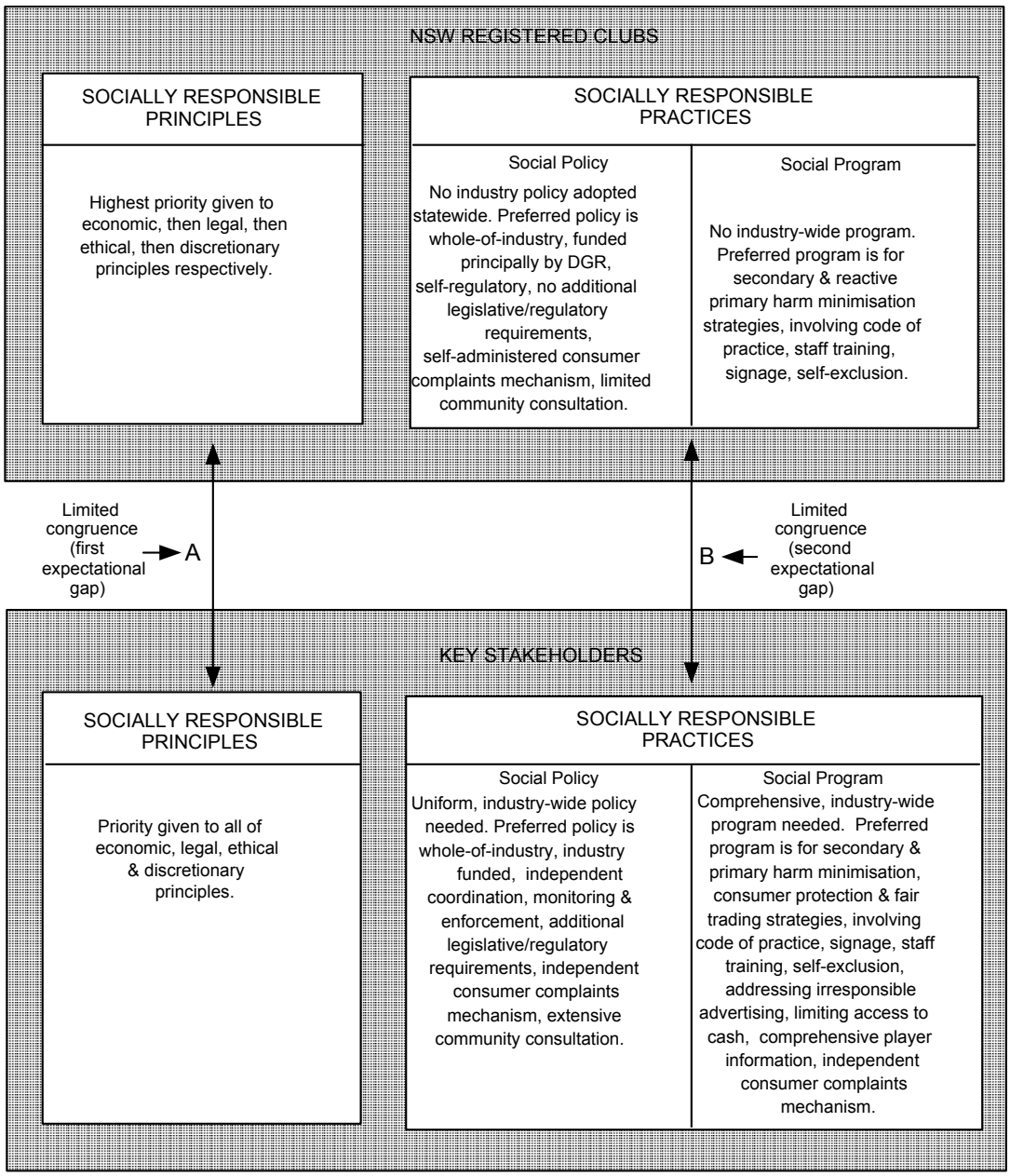
- In terms of socially responsible principles, the NSW club managers placed highest priority on economic, then legal, then ethical and lastly, discretionary, principles in their machine gambling operations, whereas key stakeholders advocated attention to all of these.
- In terms of socially responsible policies, no industry policy had been implemented statewide to address problem gambling in all NSW clubs by the end of 1998 although a minority of clubs had developed a related house policy. However, key stakeholders strongly advocated a uniform industry-wide policy funded principally by industry, that involves independent coordination, monitoring and enforcement, additional legislative requirements, an independent consumer complaints mechanism, and extensive community consultation. In contrast, the NSW club managers favoured a self-regulated, whole-of-industry policy funded principally by the Department of Gaming and Racing, involving no additional legislative or regulatory requirements, a self-administered consumer complaints mechanism and limited community consultation.
- In terms of socially responsible programs, few programs to address problem gambling were apparent in NSW clubs by the end of 1998, whereas key stakeholders were unanimous in their support for introducing such programs. The preferred nature of responsible gambling programs also differed between groups. The NSW club managers favoured one involving only secondary and

[59] Chapter Eight examines more closely the potential of the RCA's proposed statewide program in responsible provision of gambling to meet stakeholder expectations in the future.

[60] Figure 7.8 reflects the principles and practices supported by NSW clubs, not the RCA's policy or trial program.

reactive primary harm minimisation strategies. In contrast, key stakeholders advanced a more holistic program that includes strategies extending beyond those favoured by the club managers to also include proactive primary harm minimisation, consumer protection and fair trading strategies.

Figure 7.8
Congruence of Principles and Practices in Addressing Problem Gambling Between NSW Club Managers and Key Stakeholders in 1998



Source: derived from primary research from Chapters Five, Six and Seven and adapted from Zenisek, (1979).

As depicted in Figure 7.8, lack of congruence between the club managers and key stakeholders in the two dimensions of social responsibility reflects expectational gaps fuelling the issue of problem gambling for NSW clubs in 1998. However, expectational gaps are only one prerequisite to the emergence of a corporate social issue such as problem gambling. As discussed in the next section, controversy between the clubs and their stakeholders over how clubs should allocate resources to

address problem gambling, and the potential of an actual or anticipated resolution to the issue to have significant impacts on NSW clubs also fuelled the issue. Thus, the ensuing discussion further analyses the status of problem gambling in 1998 as a social issue for NSW clubs. It is based on a theoretical integration of factors proposed as contributing to the development of corporate social issues - expectational gaps, controversy and impacts (Wartick and Mahon, 1994).

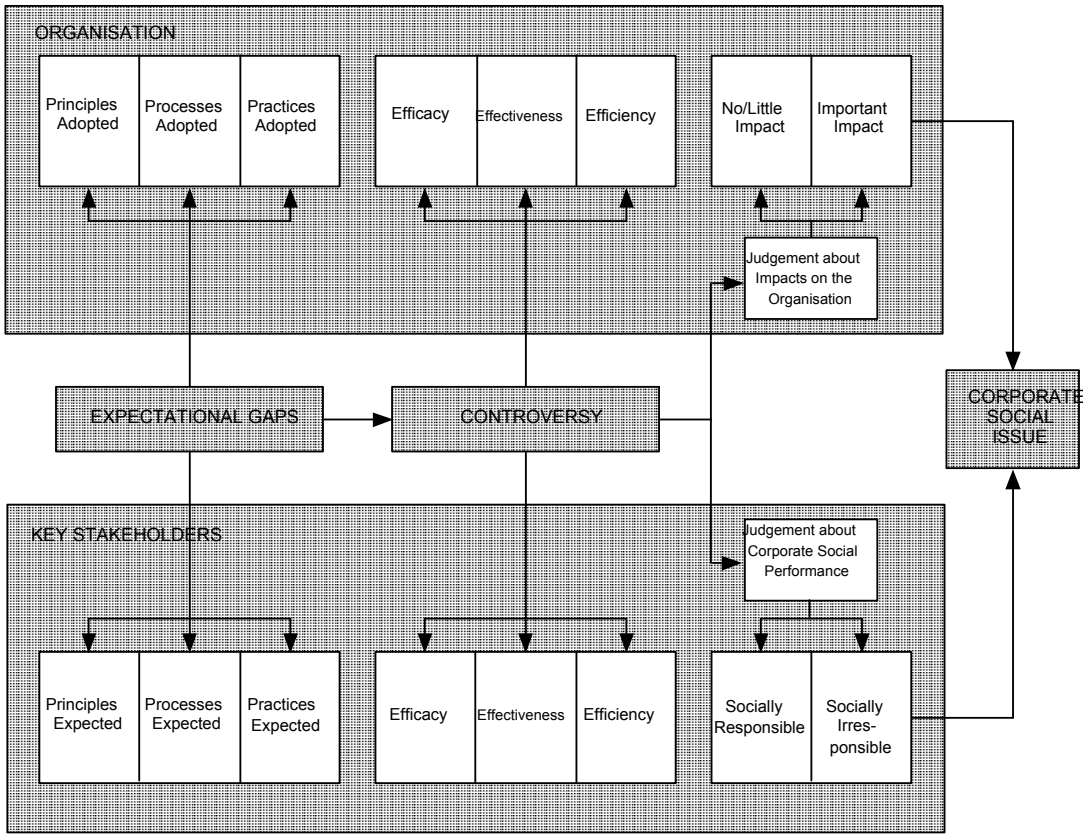
7.10 CONTRIBUTORS TO THE STATUS OF RESPONSIBLE PROVISION OF GAMBLING AS A CORPORATE SOCIAL ISSUE FOR NSW CLUBS IN 1998

As noted earlier in this chapter, the issue of problem gambling had been broadened to one focusing on responsible management of gambling by the end of 1998. While Chapter Three examined the emergence of problem gambling as a corporate social issue for NSW clubs up until this time, the ensuing analysis further illuminates contributors to the issue in 1998, informed by the primary data presented in Chapters Five, Six and Seven.

7.10.1 A Theoretical Integration of Factors Contributing to Responsible Provision of Gambling as a Corporate Social Issue for NSW Clubs by 1998

Figure 7.9 presents a depiction of how three factors identified as contributing to corporate social issues - expectational gaps, controversy and impacts (Wartick and Mahon, 1994) – might be interrelated, and attempts to integrate the construct of corporate social performance within the process of issue emergence. Two groups are shown as influencing this process – the organisation under scrutiny (in this case, NSW clubs) and key stakeholders (in this case, the NSW Government, the epistemic community and key pressure groups).

Figure 7.9
Some Proposed Contributors to the Development of a Corporate Social Issue



Source: derived from Wartick and Cochran, (1985); Wood, (1991a); Waddock and Mahon, (1990); Wartick and Mahon, (1994).

For the social concern at hand (in this case, responsible provision of gambling), expectational gaps can arise between the principles, processes and practices adopted by the organisation to address the concern and those expected by key stakeholders, as shown in Figure 7.9. Depicting principles, processes and practices as underlying expectational gaps is consistent with prior models of corporate social performance (Wartick and Cochran, 1985; Wood, 1991a). These suggest that, for an organisation to be judged as socially responsible, its actions must be motivated by socially responsible principles, driven by socially responsive processes, and produce socially beneficial outcomes. Section 7.9 already has identified the nature of expectational gaps between NSW clubs and key stakeholders in terms of the principles and practices advocated by the two groups to address problem gambling. However, processes of corporate social responsiveness have not been examined in this study for reasons explained in Chapter Four. Nevertheless, the analysis in this chapter has demonstrated that limited congruence existed between the principles prioritised by the clubs in their machine gambling operations and those considered important by

key stakeholders, and between the practices implemented by the clubs to address problem gambling and those expected by the stakeholders in 1998.

However, the existence of expectational gaps may be insufficient for a social concern to develop into a corporate social issue if other contributing factors - controversy and impacts – are not present (Wartick and Mahon, 1994). That is, while models of corporate social performance (Wartick and Cochran, 1985; Wood, 1991a) primarily are concerned with analysing an organisation's social performance at one particular point in time, any consideration of issue emergence needs to take a longitudinal perspective. Thus, while gaps may exist between organisational behaviour and stakeholder expectations, these may be resolved rapidly enough to prevent the social concern developing into a significant social issue.

However, the expectational gaps between the clubs and their stakeholders were sustained during the 1990s, accompanied by considerable controversy over how to close these gaps. As shown in Figure 7.9, this type of controversy further propels the social concern under question towards developing into an issue of importance to the organisation under scrutiny (Cobb and Elder, 1972; Eyestone, 1978). While both groups may want to resolve the issue, they may disagree on the best way to do so. Following Waddock and Mahon (1991), controversy can arise between the two groups over the facts of the problem (efficacy), the ends or goals to be achieved and the values they represent (effectiveness), and the means, processes and associated policies advocated to attain those ends (efficiency). Waddock and Mahon contend that problem resolution in the social domain requires adequately resolving any disagreements in these three areas (1991:236).

The primary data presented in this and preceding chapters indicate that there was qualified agreement by 1998 between NSW clubs and their key stakeholders on fundamental facts relating to problem gambling (the efficacy dimension). As discussed in Chapters Five and Six, the majority of club managers interviewed and surveyed in 1997-98 acknowledged that machine gambling causes serious problems for some people, that the NSW club industry was not adequately addressing problem gambling, and that it had a responsibility to do so. Thus, by 1998 there appeared substantial agreement between the club managers and stakeholder groups examined on key facts pertaining to the clubs' responsibilities in problem gambling. In line with Waddock and Mahon's analysis (1991:239), this agreement was fundamental to moving the debate during 1998 onto considering what ought to be done to deal with or change those facts (that is, the ends to be achieved) and the best means to achieve those ends.

Disagreement over the ends or goals to be achieved (the effectiveness dimension) occurs where the two groups hold different values, reflected in their opinions on what ought to be done to resolve the problem (Waddock and Mahon, 1991:237). The data presented in Chapters Five, Six and Seven suggest that NSW club managers and the stakeholder groups examined hold different value systems that influence desired ends in addressing problem gambling. Reflected in their prioritisation of economic principles in their machine gambling operations, the NSW club managers appear to be seeking a 'satisficing' (Simon, 1957) solution to the problem, one that attempts to cope with or shape the concern, resolving it not in an optimal way, but in a way with which they can live (Waddock and Mahon, 1991:242). Thus, the position advocated by the majority of club managers was that problem gambling can be adequately addressed and the clubs' social responsibility discharged through incorporating secondary and reactive primary harm minimisation strategies in the clubs and through providing in-kind support for community agencies that deal with gambling problems, whilst maintaining the current economic returns from machine gambling and existing legislative requirements. In contrast, key stakeholder groups advocated a more comprehensive range of goals that go beyond addressing problem gambling, to incorporate a more holistic approach to responsible management of gambling. Reflecting more balanced concern for economic, legal, ethical and discretionary principles in machine gambling operations, these stakeholders contended that problem resolution necessitates some surrendering of the economic benefits of machine gambling, better compliance to a more stringent legal environment, achieving higher levels of secondary and primary harm minimisation, consumer protection and fair trading in machine gambling, and in-kind and financial discretionary support from the clubs.[61] Thus, in Ackoff's terminology (1986), the clubs appeared to be seeking 'resolution' of the problem, while stakeholders were seeking 'solution' where an optimal result is achieved, or 'dissolution' where the complete system is redesigned to eliminate the problem.

Controversy can also exist where there is disagreement over the means by which ends are to be achieved (the efficiency dimension), that is where the groups favour different actions to resolve the problem (Waddock and Mahon, 1991:237-238). Such disagreement appeared to exist between NSW clubs and their key stakeholders (the NSW Government, the epistemic community and key pressure groups) by 1998. The

[61] While the RCA had accepted this, albeit reluctantly, by mid-1998, the early stage of development of their statewide program in responsible provision of gambling meant that its stance was unlikely to have been widely adopted by individual club managers by the end of 1998, the period of Stage Six of this study.

data presented in Chapters Five and Six indicated that the club managers advocated actions to address problem gambling that are the least costly to implement, both in terms of the financial outlay required and their potential threat to machine gambling revenues. These included a code of practice, house policies, signage, staff training, self-exclusion, and in-kind support for community agencies. In contrast, the stakeholder groups examined advocated a more comprehensive set of actions. These extended those preferred by the clubs to also include industry/venue funding to address problem gambling, an independent authority to oversee the industry, improved compliance to existing legislation, additional legislation, and more stringent technical standards for gaming machines. They also included limiting access to cash for gambling, an independent consumer complaints mechanism, more comprehensive player information on gambling products, restrictions on advertising of gambling and inducements to gamble, and more financial support for community agencies. Thus, even though NSW clubs are not-for-profit organisations established to pursue social goals, their economic and commercial interests or ends appeared to be driving the means advocated to address problem gambling. However, other stakeholder groups, such as the NSW Government, the epistemic community and key pressure groups, have goals that transcend financial ones, and so seek different means to attain those goals, even if these involve a sacrifice of some gambling revenues by the clubs.

As depicted in Figure 7.9, whether or not these controversies are resolved between the two groups influences judgements about the corporate social performance of the organisation under scrutiny, that is, how external stakeholders evaluate the organisation's social behaviours. If the two groups disagree over one or all of the efficacy, effectiveness and efficiency dimensions of resolving the problem, then external stakeholders are likely to judge the organisation as socially irresponsible (Waddock and Mahon, 1991:236). Thus, controversy between NSW club managers and key stakeholders over the effectiveness and efficiency dimensions of responsible management of gambling has resulted in stakeholder assessment of NSW clubs as socially irresponsible providers of machine gambling, as reflected in the interviews and the submissions to the *NSW Gaming Inquiry* (IPART, 1998) discussed in this chapter. This is consistent with Waddock and Mahon's contention that where there is disagreement about both the ends and the means, but broad agreement about the facts of a problem, great potential exists for organisational behaviours to be

considered socially irresponsible, unethical or even illegal (1991:247).[62] This appears to reflect the situation with responsible provision of gambling in NSW clubs by 1998. An incongruent and inherently unstable situation existed at that time, where key stakeholders were pressuring NSW clubs to become more conscious of the social costs of their actions, but where many clubs ignored this pressure and continued to prioritise financial over social goals, even though their actions were viewed as socially irresponsible. However, most of this stakeholder pressure was directed at the RCA as the peak club industry association in NSW. The RCA responded in late 1997 by initiating discussions with stakeholders on problem gambling and by mid-1998 it had developed a policy, trial strategies and trial program on responsible provision of gambling (discussed in detail in Chapter Eight). Thus, the RCA appeared to recognise that the club industry needed its direction in responsible provision of gambling, for stakeholder assessment of the clubs' social performance in machine gambling to improve.

Along with the existence of expectational gaps and controversy between the groups, the impact of the problem also must be felt within an organisation for a corporate social issue to develop (Ansoff, 1975, 1980; Bigelow, Fahey and Mahon, 1991; Wartick and Mahon, 1994). Recognition of organisation-specific impact differentiates corporate social issues from more general social movements, trends and events which have no foreseeable present or future impact on the organisation (Wartick and Mahon, 1994:296). Therefore, as well as recognising that stakeholders will make a judgement about whether a firm is socially responsible or irresponsible, Figure 7.9 acknowledges that organisational decision-makers also make judgements about whether the social concern does, or will, impact on the organisation's performance. This appears to have occurred in the NSW club industry by 1998, where it was recognised that stakeholder concerns for problem gambling could generate potential impacts on the manner in which clubs manage and operate machine gambling. Most of the club managers interviewed and surveyed for this study considered it in the industry's best interests to take a more proactive approach to addressing problem gambling. Reasons for this comprised improved reputation and public image, and prevention of further legislation. Failure to address problem gambling was recognised as potentially impacting on club performance through bad publicity, consumer backlash, or legislation that imposes more stringent restrictions

[62] While some club managers interviewed and surveyed in 1997/98 disagreed with stakeholder opinions on all relevant facts about problem gambling, the majority agreed that problem gambling exists, that clubs were not being sufficiently proactive in addressing it, and that they should take more responsibility.

on club gaming machine operations than a self-regulated approach would entail. However, despite this recognition, only a minority of clubs surveyed and interviewed had taken actions to address problem gambling, perhaps waiting for the RCA's leadership and resources to provide direction.

In summary, if stakeholders judge an organisation as socially irresponsible, and if the organisational decision-makers consider that the social problem will impact on the organisation, then a corporate social issue exists (Figure 7.9). As this chapter has argued, key stakeholders considered NSW clubs as socially irresponsible in their machine gambling operations. Further, because the clubs considered that stakeholder concern for problem gambling would impact on their future operations and management, responsible management of gambling was perceived as a corporate social issue for the clubs by 1998. While the RCA's proposed statewide implementation of a responsible gambling policy and program may resolve the issue for NSW clubs in the future, it nevertheless remained unresolved at the end of 1998.

7.10.2 Summary

This section has developed and applied a theoretical framework to further illuminate the status of the issue of responsible management of gambling for NSW clubs in 1998. Expectational gaps between the principles and practices advocated by NSW club managers and key stakeholders in addressing problem gambling contributed to the emergence of responsible gambling as a concern of organisational and social significance. This concern was sustained by controversy between the groups over the ends to be achieved in responsible provision of gambling and the means to attain these. By 1998, failure to resolve this controversy in a manner that closed the expectational gaps had led to stakeholder assessments of NSW clubs as irresponsible providers of machine gambling, even though most club managers amongst those interviewed and surveyed appeared to recognise that failure to improve their social performance would have potential negative impacts on NSW clubs. Thus, responsible management of gambling represented a significant social issue for NSW clubs in 1998, hastening a response from both the RCA and the NSW Government. These responses will be examined in the next chapter.

7.11 CHAPTER CONCLUSION

This chapter has addressed the fifth objective of this study by assessing the congruence between principles and practices adopted in machine gambling operations by NSW registered clubs to address problem gambling and those

expected by key stakeholders by 1998. The club management perspective, drawn from the analyses in Chapters Five and Six, was compared to a stakeholder perspective, sourced from selected interviews and submissions to the *NSW Gaming Inquiry* (IPART, 1998). These represented views of the NSW Government, the gambling industry, the epistemic community and key pressure groups. Numerous areas of incongruence were identified, representing expectational gaps between the principles and practices advocated by NSW club managers and their stakeholders.

In terms of Carroll's (1979, 1991a) four principles of social responsibility, the NSW club managers prioritised economic, legal, ethical and discretionary principles, respectively, in their machine gambling operations, whereas key stakeholders favoured more balanced attention to all four principles to address problem gambling and to improve responsible management of gambling. Expectational gaps also were identified for the practices advocated by the two groups. While the RCA had developed its *Problem Gambling Policy* (AIGR, 1998a) and trialled various strategies (AIGR, 1998b) in responsible provision of gambling in a small number of NSW clubs, no industry policy or program had been implemented statewide by 1998. However, stakeholders strongly supported a uniform, industry-wide policy and program.

Further, the preferred nature of any such policy and program differed markedly between the two groups. The surveyed club managers advocated a whole-of-industry policy funded principally by the Department of Gaming and Racing, involving self-regulation, no additional legislative or regulatory requirements, a self-administered consumer complaints mechanism, and limited community consultation. In contrast, the stakeholders advocated a whole-of-industry policy funded principally by industry, involving independent coordination, monitoring and enforcement, additional legislative requirements, an independent consumer complaints mechanism, and extensive community consultation. In terms of responsible gambling programs, it was found that the surveyed NSW club managers favoured one involving only secondary and reactive primary harm minimisation measures to address problem gambling, while key stakeholders advocated a more holistic approach that also includes proactive primary harm minimisation, consumer protection and fair trading strategies to promote responsible gambling. This diversity of viewpoints was partially explained by the conflicting priorities of clubs and their stakeholders, by competitive rivalries amongst gambling operators, and by a policy environment reliant largely on self-regulation, a context that hindered the narrowing of these expectational gaps between the clubs and their stakeholders.

In recognition that expectational gaps are only one contributor to the development of corporate social issues, the club management and stakeholder perspectives on addressing problem gambling were further analysed to identify bases of controversy over how to resolve the issue. It was found that controversy between the two groups over the effectiveness and efficiency dimensions of problem resolution sustained the issue of responsible management of gambling during 1998. Failure to resolve this controversy in a way that narrowed the expectational gaps identified had led to stakeholder evaluations of NSW clubs as irresponsible providers of machine gambling, even though most club managers acknowledged that failure to close these gaps would impact negatively on the clubs through increasing the likelihood of government intervention, loss of consumer confidence and legitimacy, and further public criticism. Thus, by 1998, responsible management of gambling represented an inherently unstable issue for NSW clubs requiring resolution.

The *NSW Gaming Inquiry* (IPART, 1998) sought to resolve this issue through articulating recommendations for more responsible provision of gambling. While this inquiry will be discussed further in Chapter Eight, this chapter noted that adopting these recommendations would require the NSW Government to establish a new policy and enforcement agency in gambling, and to introduce additional legislation and regulations on responsible conduct of gambling. Such changes would require NSW clubs to adhere to more stringent legislative and regulatory requirements which would require signage, training, self-exclusion programs, more product information, restrictions on access to cash for gambling, and more responsible advertising and promotion of gambling. However, by the end of 1998, the NSW Government had not responded to IPART's recommendations and the issue of responsible management of gambling remained unresolved.

In recognising the volatile and potentially risky situation that had emerged for NSW clubs by 1998, the RCA responded to stakeholder pressure for more responsible provision of gambling by developing a related policy, trial strategies and trial program for NSW clubs. These measures have greater congruence with the principles and practices advocated by key stakeholders than those articulated by the individual club managers surveyed for this study. In fact, the RCA had preempted the heightened concern for problem gambling that emerged during 1998, initiating its preparation for a responsible gambling program for the clubs in late 1997. However, by the end of 1998, the RCA's policy and program had not been implemented on a statewide basis and so the issue of responsible gambling remained unresolved for NSW clubs at that time. The NSW Government had also responded to increased concern for problem gambling and to pressure from the NSW

Opposition by instigating the *NSW Gaming Inquiry* (IPART, 1998). As a reaction to the findings of the *NSW Gaming Inquiry* (IPART, 1998) and a Federal Government inquiry into Australia's gambling industries (Productivity Commission, 1999a, 1999b), the NSW Government proposed a legislative response to the issue of responsible gambling in late 1999. The next chapter further details these and other key developments in late 1998 and during 1999 to consider their implications for the future management of problem gambling by NSW registered clubs.

CHAPTER EIGHT

IMPLICATIONS OF DEVELOPMENTS IN 1998-99 FOR THE NSW CLUB INDUSTRY IN ADDRESSING THE ISSUE OF PROBLEM GAMBLING

8.1 INTRODUCTION

This chapter represents Stage Seven of this study (Figure 1.1) and addresses its sixth objective by considering the implications of key developments during 1998-1999 for the future management of problem gambling by NSW registered clubs.

While previous chapters have focused on the time period up to 1998, this chapter adopts a predominantly future perspective by considering how certain events in 1998-99 might influence the future direction taken by NSW clubs in managing the issue of problem gambling. Five developments during 1998-99 form the main basis of analysis in this chapter:

- the RCA's progress in developing a statewide responsible gambling policy and program for the NSW club industry;
- the AIGR's evaluation of the RCA's trial responsible gambling program (1998e);
- recommendations of the *NSW Gaming Inquiry* (IPART, 1998);
- draft and final findings of the Federal Government inquiry into Australia's gambling industries (Productivity Commission, 1999a, 1999b);
- the *Gambling Legislation Amendment (Responsible Gambling) Act 1999 NSW* and the associated draft *Registered Clubs Amendment (Responsible Gambling) Regulation 1999 NSW*.

The chapter commences by explaining the research design for this stage of the study (Section 8.2). Section 8.3 then focuses on the RCA's progress in developing a

responsible gambling policy and program for the NSW club industry by the end of 1998, including the four stages of program development, trial implementation, trial evaluation and post-evaluation. Socially responsible principles and practices contained in the RCA's trial responsible gambling program are identified and its congruence with the perspectives of other stakeholders considered. Contextual pressures on the RCA relating to responsible management of gambling in NSW clubs are examined in Section 8.4, focusing on the AIGR's recommendations following the RCA's trial responsible gambling program in nineteen NSW clubs (1998e) and recommendations emanating from the *NSW Gaming Inquiry* (IPART, 1998). Progress in refining the RCA's trial responsible gambling program for statewide implementation is then reviewed, shifting the focus to influential events during 1999.

Events during 1999 that helped to shape the direction taken by the RCA in responsible management of gambling for NSW clubs are summarised in Section 8.5. Section 8.6 then examines in detail the first of these - the draft and final findings of the Federal Government's inquiry into Australia's gambling industries (Productivity Commission, 1999a, 1999b) - and its implications for the RCA's responsible gambling program. The second influential event during 1999, the passage of the *Gambling Legislation Amendment (Responsible Gambling) Act 1999 NSW* and its associated regulations, is examined in Section 8.7. Implications of the legislation and draft regulations for the RCA's responsible gambling program are explored. Section 8.8 summarises key trends and influential issues in the RCA's statewide program and considers its future prospects in light of inherent challenges and opportunities. Finally, Section 8.9 concludes the chapter by summarising its key observations.

8.2 RESEARCH DESIGN FOR STAGE SEVEN

A four-step research design is employed for this stage of the study.

The first step involves documenting the RCA's progress by the end of 1998 in developing a responsible provision of gambling policy and program for the NSW club industry and identifying the principles and practices contained therein. The RCA commissioned the AIGR to develop and trial an industry policy and various strategies in responsible provision of gambling during 1998, with the expressed intention of review and refinement for future statewide implementation. As noted in the preceding chapter, the author was one of the team at the AIGR commissioned by the RCA. This involvement allowed documentation of the development process and access to the policy and program materials. Specific data sources include:

- field notes taken during the development phase of the policy and program;
- the RCA's *Problem Gambling Policy* (AIGR, 1998a);
- the RCA's *Responsible Management of Gambling Strategies* (AIGR, 1998b);
- the RCA's *Draft Report on the Responsible Gambling Program for NSW Clubs: Submission to the IPART Inquiry into Gaming in NSW* (AIGR, 1998d);
- the RCA's *Responsible Gambling Trial Program for NSW Registered Clubs* (AIGR, 1998e).

Drawing on these data sources, socially responsible principles and practices contained in the RCA's responsible provision of gambling policy and trial program are distilled and then categorised consistent with previous frameworks used in this study. The congruence between these principles and practices and those advanced by the NSW club managers surveyed for this study (Chapters Five and Six) and by other stakeholders (Chapter Seven) is then considered. Additionally, the RCA's trial program is briefly compared with other responsible gambling programs operating in Australian clubs, as documented in Chapters Four and Seven.

The second step in the research for this chapter involves a review of relevant contextual pressures on the RCA by late 1998 to proceed with a statewide responsible gambling program for NSW clubs. The AIGR's recommendations for refining the RCA's trial responsible gambling program and recommendations of the *NSW Gaming Inquiry* (IPART, 1998) are examined to explain how they influenced the direction subsequently taken by the RCA. Drawing on published information, the RCA's progress in developing its statewide program is then reviewed to demonstrate whether and to what extent it had incorporated the AIGR's (1998e) and IPART's (1998) recommendations by mid-1999.

The third step in the research for this chapter reviews the draft and final findings of the Federal Government's inquiry into Australia's gambling industries (Productivity Commission, 1999a, 1999b) to consider their implications for the future management of problem gambling by NSW clubs. The findings pertaining to responsible provision of gambling are firstly summarised, then issues relevant to NSW clubs in addressing problem gambling are identified. The Productivity

Commission's findings (1999b) are then compared to those emanating from the AIGR's (1998e) evaluation of the RCA's trial responsible gambling program and the *NSW Gaming Inquiry* (IPART, 1998). This analysis aims to demonstrate how the high degree of convergence between the three sets of findings (AIGR, 1998e; IPART, 1998; Productivity Commission, 1999a, 1999b) placed NSW clubs in an untenable position, prompting member clubs to rely even further on the RCA for direction in responsible management of gambling.

Amidst the contextual pressures identified above, the NSW Government initiated legislation and regulations in mid-1999 for mandatory minimum standards for gambling operators in responsible conduct of gambling. Thus, the fourth step in the research draws on exposure drafts of the legislation and regulations and Parliamentary debates leading up to the passage of the *Gambling Legislation Amendment (Responsible Gambling) Act 1999 NSW*. The provisions of the draft Bill, its subsequent refinements, and the associated draft regulations are analysed to consider how they reflect the depth of public concern for, and a convergence of opinions about, improving harm minimisation, consumer protection and fair trading in gambling. Responsible gambling measures proposed in the draft *Registered Clubs Amendment (Responsible Gambling) Regulation 1999 NSW* are then identified and assessed for their congruence with the measures proposed by the AIGR (1998e), IPART (1998) and the Productivity Commission (1999a, 1999b). The implications of the legislation and regulations for the future direction taken by the RCA in implementing responsible gambling practices across NSW clubs are then considered.

Having explained the research design for this stage of the study, the next section outlines the development and contents of the RCA's policy and trial program for responsible provision of gambling in NSW registered clubs during 1998.

8.3 THE RCA'S TRIAL RESPONSIBLE GAMBLING PROGRAM

This section focuses on the RCA's policy for responsible provision of gambling and the associated program developed and trialled in nineteen NSW clubs in 1998 as a platform for future statewide implementation. While Chapter Seven discussed this briefly to illuminate the RCA's stance on addressing problem gambling in 1998, this section provides a more detailed analysis. Four stages of development are described and key issues identified that, by the end of the trial period, appeared likely to influence the nature of the proposed statewide RCA program. The contents of the RCA's *Problem Gambling Policy* (AIGR, 1998a) and *Responsible Management of Gambling Strategies* (AIGR, 1998b) are summarised and analysed in terms of the

principles and practices they embody. These are compared to those prioritised by club managers in the primary research presented in Chapters Five and Six, to those advanced by other stakeholders as reviewed in Chapter Seven, and to those apparent in other responsible gambling programs adopted by some clubs in Australia. A brief summary then concludes this section.

8.3.1 Stages of Development in the RCA's Responsible Gambling Policy and Trial Program

As discussed in Chapter Three, the passage of the *Liquor and Registered Clubs Amendment (Community Partnership) Act 1998 NSW* on 15 May 1998 obligated the RCA to develop and publish by 31 May 1998 'an appropriately funded policy that is capable of enforcement for minimising harm caused to the public interest and to individuals and families by gambling in registered clubs'. This obligation arose as part of negotiations between the RCA and the NSW Government to reduce taxation rates on club gaming machines, to formalise community and charitable contributions made by clubs, to provide mechanisms for expanded machine gaming in NSW hotels, and to allow the NSWTAB Ltd to operate statewide linked machines in NSW clubs and hotels.

While this legislation shifted the clubs' social responsibilities in gambling into the legal arena, it stopped short of specifying the exact nature of that response, relying on the RCA's preferred approach of industry self-regulation. Thus, the RCA had considerable latitude at that time to determine the nature of its responsible provision of gambling strategies and how they were to be implemented, monitored and enforced. The RCA commissioned the AIGR to assist in meeting the requirements of the Act. Subject to the approval of the RCA, the AIGR subsequently developed the research agenda for the project, conducted that research and developed, monitored and evaluated the policy and the trial program in accordance with the requirements and limitations of the self-regulated approach advocated by the RCA.

This section describes in historical sequence four stages in developing and implementing the policy and trial program and the major outcomes of each stage.

Stage One: Program Development

The first stage of program development for the trial was conducted between November 1997 and May 1998, with key activities shown in Table 8.1.

Table 8.1
Key Steps in Program Development for the RCA's Responsible Gambling Policy and Trial Program

- *Towards a Responsible Gambling Program for New South Wales*, a workshop of invited participants, was organised by the RCA and convened on 17 November 1997 to 'discuss the incidence of problem gambling in NSW and the concept of responsible gambling, and to elicit responses from participants on possible policies and strategies' (AIGR, 1998e:4). Workshop participants are listed in Appendix N;
- An exploratory, qualitative survey of nineteen NSW clubs (Hing, 1997) was conducted, providing baseline information from club managers to guide program development on possible policies and strategies in responsible provision of gambling;
- A *Responsible Gambling Workshop* was conducted by the AIGR at the annual Club Managers' Association Australia Conference on 16 June 1998 to seek the views of club managers about the suitability and practicality of implementing responsible gambling strategies. Workshop participants are listed in Appendix O;
- An Industry Reference Group (IRG) of industry, government and community representatives was established in April 1998 to assist and advise on policy development, program implementation and evaluation through regular meetings. IRG participants are listed in Appendix P;
- Ongoing individual consultation was held with industry, community service agencies, professionals and researchers in the field, and government representatives. A representative list of organisations and agencies consulted is in Appendix Q;
- The *Problem Gambling Policy* (AIGR, 1998a) for NSW registered clubs in consultation with the RCA and IRG members was developed and published on 31 May 1998. This is contained in Appendix K;
- Existing strategies and models for responsible provision of gambling and relevant research and literature in Australia and overseas were reviewed to clarify policy definitions, and to provide information about gambling industry models and guidelines for developing social responsibility mechanisms;
- Regular meetings were held between the AIGR project team and the RCA, assisted by the RCA's lawyer;
- Various conference papers were presented by the AIGR project team to disseminate information on the RCA's policy and program;
- The trial responsible gambling program was developed.

Source: derived from AIGR, (1998d, 1998e).

The activities conducted during program development highlighted the following issues that appeared important for effective implementation of the RCA's policy and trial program:

- It became apparent that the focus of the policy and program should be broadened from problem gambling to responsible gambling, to incorporate an approach that considers it a 'whole of community' and public health issue requiring a collaborative strategy to both prevent problems and maximise public benefits (AIGR, 1998e:7);

- There was a generally positive attitude amongst club managers to more responsible provision of gambling, with acknowledgement of the serious effects of problem gambling and the need to protect the long-term interests of the club industry. However, a whole of industry approach, leadership and direction by industry associations, information dissemination and education were considered necessary to maximise effective implementation;

- Extensive consultation with the club industry was considered desirable in developing, implementing and monitoring the policy and program to ensure they were practical, feasible and acceptable;

- Extensive stakeholder consultation was considered desirable in developing, implementing and monitoring the policy and program to ensure they met community expectations and adhered to legal parameters;

- Potential opportunities and obstacles to effective policy and program development and implementation were apparent in responsible provision of gambling models used in other jurisdictions and gambling sectors;

- Potential opportunities and obstacles to effective policy and program development and implementation were apparent in codes of practice and socially responsible initiatives in other industries.

Stage Two: Trial Program

The second stage of the project (trial program development and implementation) was conducted between August and October 1998. It translated the RCA's *Problem Gambling Policy* (AIGR, 1998a) into implementation strategies for trial in a variety of clubs. This stage aimed to develop effective and preventative industry-based measures that could be refined to enable the minimisation of harm associated with gambling and the maximisation of benefits to gamblers and the community (AIGR, 1998e:14-15). Key activities involved in this stage are identified in Table 8.2.

Table 8.2
Key Steps in the Trial of the RCA's Responsible Gambling Policy and Program

- Trial *Responsible Management of Gambling Strategies* (AIGR, 1998b) were developed based on data collected during Stage One of program development, and reviewed and refined through consultation with the RCA executive, the IRG and other relevant community groups. The strategies identified a range of options for venues to consider in their particular venue program and provided a 'checklist' to guide pre-trial audit of the venues to allow progressive evaluation of strategy implementation (AIGR, 1998e:14). The trial *Responsible Management of Gambling Strategies* (AIGR, 1998b) are contained in Appendix L;
- A representative sample of 22 clubs was selected to participate in the trial program. These included urban and rural clubs, those of differing size and orientation, and clubs with clientele from various cultural groups, socio-economic backgrounds and age groups. Sample selection was informed by previous research by the AIGR project team, 'social map' information and consultation with community, industry and government representatives to identify high-risk areas. The sample was then finalised based on the agreement of 19 clubs from the 22 to participate (AIGR, 1998e:12);
- Initial site visits to the 19 participating clubs were conducted to inform managers of the objectives and stages of the program, to complete a pre-trial audit of responsible gambling strategies, to receive indications of which strategies in the *Responsible Management of Gambling Strategies* (AIGR, 1998b) each club would adopt, and to give general advice on their implementation;
- A list of community support agencies throughout NSW involved in providing financial and counselling services to problem gamblers and their families was compiled. Nine agencies located in the geographic regions of the trial clubs were contacted and indicated their willingness to assist. They were introduced to, or notified of, the trial clubs' designated community liaison officers who were encouraged to refer any gamblers or their families experiencing problems. Some agencies also offered to assist clients in self-exclusion and to provide clubs with brochures and information about their services (AIGR, 1998e:15-16);
- An information kit for the trial clubs was prepared containing necessary materials. These comprised best practice guidelines (Appendix R), guidelines on producing a player guide, self-exclusion forms, information on problem gambling, self-assessment questions for 'at risk' gamblers, contacts of relevant community agencies in the area, G-Line material, advertising guidelines, and a register for logging incidents and actions taken by the clubs during the trial period (AIGR, 1998e:16);
- A second visit to the trial clubs was conducted to administer the program materials and information kits, conduct a 1-2 hour training session with management and senior staff, and provide special instruction for each club's community liaison officer;
- Local support agencies were visited to obtain materials for distribution to the trial clubs, and to distribute to the agencies information on the RCA's policy and program to enhance their understanding of these;
- Regular contact with the trial clubs was maintained between visits to monitor progress, advise on adjustments to strategies where appropriate, support venue managers and encourage contact with other community stakeholders;
- Regular consultation was maintained with the IRG and community groups to inform the trial program;
- Final visits to the trial clubs and community agencies were conducted to assess the extent to which the program had been implemented and to finalise on-site evaluations.

Source: derived from AIGR, (1998d, 1998e).

The activities conducted during the trial program identified the following issues to inform statewide implementation of a responsible gambling program:

- While a range of venue-level strategies was identified from those used in other gambling sectors and jurisdictions, their effectiveness in addressing problem gambling has not been evaluated. Hence an 'optimal' set of strategies cannot be identified for NSW clubs;

- Even where the implementation of potentially effective strategies is encouraged, there are no mechanisms to obligate compliance under a self-regulatory approach;

- A statewide program needs to accommodate the diversity apparent amongst NSW clubs in their location, size, resources, orientation, management professionalism, organisational culture and clientele;

- The clubs that declined to participate in the trial program cited lack of support from some club directors and concerns about the legal implications of some strategies, such as self-exclusion. These are hurdles that a statewide program would need to overcome;

- However, the majority of clubs contacted were willing to participate in the trial, suggesting a generally positive attitude to more responsible management of gambling amongst the club sector;

- The community agencies contacted were generally willing to assist and liaise with the clubs and are a potentially valuable resource for a statewide program, particularly given the regional focus of both the agencies and clubs;

- Consultation with the IRG, community groups and the epistemic community was important in informing the trial program and in gaining stakeholder support. This would be an equally valuable resource for a statewide program.

Stage Three: Trial Program Evaluation

The third stage of the RCA project was conducted during November 1998. It involved evaluating the trial program in terms of the extent to which the participating clubs implemented the nominated strategies relative to the program goals and their own budgetary and time constraints, and whether each participating club's goals and strategies were specific, measurable, time-phased, achieved and consistent with the RCA's *Problem Gambling Policy* (AIGR, 1998e:31). Table 8.3 lists key activities undertaken during this stage.

Table 8.3
Key Steps in Evaluation of the Trial of the RCA's Responsible Gambling Policy and Program

- Program objectives were established to determine what the RCA and each participating club hoped to achieve during the trial program;
- The program targets, standards and tolerances were identified;
- The implementation and results of the trial program were measured. This occurred through survey responses from all participating clubs of their implementation and operation of the program and how it affected the club, through club records maintained during the trial period, through in-depth interviews with the club managers, and through focus groups with relevant club staff and management. This information was supplemented with monitoring of printed material taken by patrons, self-exclusions recorded, advertising and marketing procedures used, incidents records, and feedback from local community agencies;
- The results were compared to the desired goals and standards for each strategy and each club according to the club's resource capacity to achieve the strategy's goals. This was based on appraisal of the size of the club, financial and staff resources, and time available to implement the changes, and according to the overall extent of social responsibility in gambling achieved by each club during the trial;
- Reasons were identified for variation in implementation to determine whether these were due to internal club factors or factors external to the clubs;
- Recommendations were developed to address internal club problems and external events affecting implementation;
- Results of the trial program were published (AIGR, 1998e) after review and feedback by the RCA, government and other interested parties.

Source: derived from AIGR, (1998d, 1998e).

Table 8.4 summarises the AIGR's assessment of the overall implementation of the seven strategy areas (AIGR, 1998e:57) in the RCA's *Responsible Management of Gambling Strategies* (AIGR, 1998b) for the nineteen participating clubs in the trial program.

Table 8.4
AIGR's Assessment of the Level of Implementation of the RCA's Strategy Areas by Participating Clubs in the Trial Program
N = 19

Strategy Area	Non-Compliance	Minimum Compliance	Good Corporate Citizen	Enlightened Self-Interest	Proactive Change
	No. of Clubs	No. of Clubs	No. of Clubs	No. of Clubs	No. of Clubs
Signage, Brochures & Publications	0	1	13	4	1
Community Liaison	3	6	5	5	0
Self Exclusion	1	15	2	1	0
Responsible Marketing	8	6	4	1	0
Financial Transactions & Credit	7	6	5	1	0
Gambling Environment	6	10	3	0	0
Venue Interventions	9	3	4	3	0
Total Strategy Compliance	34	47	36	15	1

Key (AIGR, 1998e:28-29):

Non-compliance (failure to implement legal requirements for social responsibility).
Minimum compliance (compliance with core strategies).
Good corporate citizen (compliance with some core and some optional strategies).
Enlightened self-interest (compliance with core and many optional strategies).
Proactive change (using organisational assets to improve society and respond to social need).

Source: adapted from AIGR, (1998e:57).

Table 8.4 indicates that the trial program achieved highest levels of compliance with signage, displaying best practice guidelines, self-exclusion and nomination of a community liaison officer (AIGR, 1998e:67). However, strategies associated with responsible marketing, financial transactions and credit, the gambling environment and venue intervention were implemented by fewer clubs (AIGR, 1998e:vii). Thus, the participating clubs tended to comply most with passive harm minimisation strategies. These encompassed secondary harm reduction measures to help patrons recognise a gambling problem and facilitate access to assistance through signage and advice from a community liaison officer, and reactive primary intervention to offer self-exclusion if requested. However the trial clubs were largely reticent in adopting more proactive strategies in harm minimisation and those which would promote consumer protection and fair trading. These strategies encompassed those most

likely to require financial and other resources to implement and which could potentially threaten the popularity and profitability of club gambling facilities.

The AIGR (1998e:vi, 63) summarised the overall level of strategy implementation by the trial clubs as follows:

- Only two clubs extended the overall program strategies to initiate innovative and strategic actions that set them apart from others in social responsibility in their gambling operations (enlightened self-interest);

- A minority of clubs implemented a small number of strategies that were used moderately, reflecting community standards and in some areas going beyond legal requirements (good corporate citizen);

- The majority of clubs implemented a limited number of strategies, only as required by legislation and the core RCA strategies (minimum compliance);

- Two clubs did not achieve acceptable minimum compliance with the core strategies and indicated they did not intend continuing the trial program (non-compliance).

Thus, even though the nineteen clubs volunteered for the trial, few progressed beyond the core strategies and some even ignored these.

The evaluation of the trial program highlighted the following issues with potential implications for a statewide program for NSW clubs:

- Even though the participating clubs volunteered for the trial, the majority implemented a limited number of the suggested program strategies and achieved ‘minimum compliance’ (AIGR, 1998e:vi). This implies that strategy implementation is likely to be less effective in more resistant and reluctant clubs;

- The varying extent of strategy implementation by the trial clubs, from non-compliance to proactive compliance, emphasised lack of consensus on which strategies clubs are willing to implement in responsible provision of gambling (AIGR, 1998e:67);

- Factors influencing levels of compliance were club resources, management professionalism, a strategic outlook, degree of support from club directors, and organisational culture (AIGR, 1998e:67). Further, additional or different factors might be encountered in less cooperative clubs in a statewide program (AIGR, 1998e:34);

- Generally endorsed strategies implemented by most of the trial clubs were signage, particularly if provided by another agency and if attractive and of high quality, best practice guidelines, nomination of a club community liaison officer, and self-exclusion (AIGR, 1998e:67), reflecting the preferred passive response to addressing problem gambling;

- The trial clubs were less willing to implement responsible marketing strategies, to extend policies on financial transactions and payment of winnings beyond what already existed, to alter their existing gambling environment, and to implement venue intervention strategies (AIGR, 1998e:vii). This reflects resistance to strategies that are costly in terms of threats to club income or resources required;

- Under a self-regulatory approach, all clubs cannot be expected to comply with the nominated strategies and to achieve consistent standards of responsibility as long as there is no agreement about what constitutes the central aims and standards of responsible gambling, no effective deterrents for irresponsible practices, a strong economic incentive to do otherwise in an intensely competitive environment, and high resistance to change amongst some club management (AIGR, 1998e:70);

- There were no apparent reasons for any of the trial responsible gambling strategies to be abandoned in future statewide implementation;

- For most clubs, significant issues in attempts to implement a statewide program appear to be awareness, education, and access to resources. The need to educate and continue development of an attitude or culture that accepts the importance of responsible provision of gambling, supported by practical resource materials and guidance to assist clubs in implementing effective strategies, was apparent (*Club Life*, March 1999, p. 6);

- However, a coordinated and comprehensive program for responsible provision of gambling can be produced without significant up-front or maintenance costs to individual clubs (AIGR, 1998e:ix).

Stage Four: Post-Evaluation

The final stage of program development in 1998 represented the lead-up to a future statewide responsible gambling program. It involved commitment by the RCA to the activities listed in Table 8.5.

Table 8.5
Key Steps in Post-Evaluation of the RCA's Responsible Gambling Policy and Program

- Contribution of up to $500,000 from the RCA to develop and implement a statewide program;
- Refining the policy and program based on the findings of the trial program;
- Developing and publishing a code of practice and advertising code for gambling in the clubs;
- Developing a responsible gaming management manual and training program for the clubs;
- Implementing the refined policy and program on a statewide basis;
- Regular reviews of the statewide program;
- Reviewing any additional input that may arise from the state and federal inquiries into gambling.

Source: derived from AIGR, (1998a); *Club Life*, (March 1999, p.6).

Having described the four stages in developing the RCA's policy and trial program in responsible gambling and identified issues with potential pertinence to a statewide program, the ensuing section analyses the trial program in terms of its socially responsible processes, principles and practices.

8.3.2 Socially Responsible Processes, Principles and Practices in the RCA's Trial Responsible Gambling Program

Drawing on theoretical models of corporate social performance, the RCA's trial program in responsible gambling for NSW clubs is analysed below according to the processes, principles and practices it embodies.

Socially Responsible Processes in the RCA's Trial Program Development

The four stages in developing the RCA's *Problem Gambling Policy* (AIGR, 1998a) and its trial program, as described above, represent the social responsiveness dimension depicted in theoretical models of corporate social performance (Carroll, 1979; Wartick and Cochran, 1985; Wood, 1991a), that is, the processes used to identify, prioritise and develop responses to social obligations. When considered in

terms of Ackerman's (1975) three characteristic behaviours of socially responsive organisations, the RCA appears to have made a concerted effort to monitor and assess environmental conditions, to attend to stakeholder demands, and to design plans and policies to respond to changing conditions relating to the issue of problem gambling. Chapter Four criticised the NSW club industry for past shortcomings in anticipating changes in public sentiment, in effectively managing the changing and varied demands of stakeholder groups, and in devising organisational mechanisms to deal with problem gambling in a manner acceptable to the community. However, it appears that the RCA's *modus operandi* in subsequently responding to the provisions of the *Liquor and Registered Clubs Amendment (Community Partnership) Act 1998 NSW* tried to address these deficiencies.

Particular features that demonstrate the RCA's social responsiveness in developing and implementing its trial program include:

- commitment of substantial financial and other resources to program development;

- engaging an independent project team with appropriate expertise to develop and implement the program;

- informing the program with a comprehensive review of the theory and application of socially responsible initiatives in responsible gambling and for other potentially harmful products and services;

- extensive consultation with key stakeholders throughout program development, including establishment of an IRG for advice and review;

- extensive consultation with the NSW club sector to adopt a 'bottom up' approach to program development to optimise its acceptability and practicality, and to disseminate relevant information;

- publication of documents relating to key stages of program development to allow public comment and to maximise transparency and accountability;

- incorporating mechanisms to enhance program implementation, including training and support materials;

- a commitment to ongoing trial, statewide implementation, monitoring, evaluation and refinement of the program to optimise its likelihood of adhering to community expectations.

Theoretically, while social responsiveness is an important contributor to corporate social performance, the latter also is judged by underlying principles of corporate social responsibility and practices adopted in corporate social behaviour (Zenisek, 1979; Wartick and Cochran, 1985; Wood 1991a). Thus, the principles embodied in the RCA's *Problem Gambling Policy* (AIGR, 1998a) and the practices in the trial *Responsible Management of Gambling Strategies* (AIGR, 1998b) are analysed below.

Socially Responsible Principles and Practices in the RCA's Responsible Gambling Policy and Trial Program

The RCA's *Problem Gambling Policy* (AIGR, 1998a) and *Responsible Management of Gambling Strategies* (AIGR, 1998b) specify four core principles of responsible provision of gambling for NSW clubs, seven strategy areas, and a number of core strategies as identified in Chapter Seven (Table 7.2). Numerous optional strategies also were suggested. For consistency with previous frameworks in this study, the RCA's core principles, strategy areas, and core and optional strategies in the trial program are presented in Figure 8.1 in terms of Carroll's (1979, 1991a) four principles of social responsibility and related practices in responsible provision of gambling.

Figure 8.1
Socially Responsible Principles and Practices in the RCA's Trial Responsible Gambling Program

SOCIALLY RESPONSIBLE PRINCIPLES		SOCIALLY RESPONSIBLE PRACTICES	
		Economic Practices	
Economic Principles	∅	Allocation of RCA & venue resources to responsible provision of gambling.	
		Legal Practices	
Legal Principles	∅	Compliance with 'a range of relevant legislation & regulations which govern (club) operations' (e.g. *Registered Clubs Act*, *Fair Trading Act*, *Privacy Act*, *Trade Practices Act*, *Contract Review Act*).	
Ethical Principles		Ethical Practices Core Practices	Optional Practices
Secondary harm minimisation	∅	Best practice guidelines, Player Guide with responsible gambling policy, code of practice, operation of gaming, betting odds & support services, staff training.	Types of signage (e.g. posters, brochures), languages, location (e.g. change bars, toilets) & details contained (e.g. G-Line, slogan).
Primary harm minimisation: reactive	∅	Self-exclusion available, supported by forms & procedural guidelines, & guidelines for breaches & reinstatement.	Time period for self-exclusion & in-house procedures used (e.g. signed contract, cooling-off period).
Primary harm minimisation: proactive	∅	Written policy for cheque cashing, payment of winnings & financial transactions, guidelines for a 'safe environment' for gambling.	Credit withdrawals, deposit functions, location & limits on ATMs & EFTPOS, cheque cashing & payment of winnings policies, aspects of a safe environment.
Consumer protection & fair trading: product information	∅	Player guide detailing operation of gaming & betting odds.	None identified.
Consumer protection & fair trading: advertising restrictions	∅	Adhere to an advertising code in line with the Advertising Standards Council.	Avoid happy hours, free alcohol & food, focus on winning, & association with alcohol, minors, & vulnerable groups, responsible gambling slogan, promote *via* various media.
Discretionary Principles		Discretionary Practices Core Practices	Optional Practices
In-kind support	∅	Club community liaison officer to liaise & consult with community groups on community expectations & responsible gambling.	Develop directory of & liaise with local support agencies, develop & participate in various regional forums.

Source: derived from AIGR, (1998a, 1998b).

From Figure 8.1, it is apparent that the RCA's trial program incorporated all four of Carroll's (1979, 1991a) principles of social responsibility. In the economic domain, the RCA was committed to allocating resources to responsible management of gambling and to encouraging member clubs to do likewise. In the legal domain, compliance by clubs with relevant legislation and regulations also was considered integral to meeting their social responsibilities in machine gambling operations. Further, commitment to the ethical principles of harm minimisation and consumer protection and to discretionary principles through in-kind community support were made explicit in the RCA's *Problem Gambling Policy* (AIGR, 1998a).

However, the socially responsible practices contained in the RCA's trial *Responsible Management of Gambling Strategies* (1998b) provide a more comprehensive picture of the apparent importance accorded to these four principles of social responsibility, particularly within the ethical and discretionary domains. The 'core' strategies in the trial program (AIGR, 1998b) were broadly consistent with the hierarchy of acceptance and support for socially responsible principles and practices in machine gambling operations (Figure 6.4) identified from the qualitative and quantitative data gathered from club managers (Chapters Five and Six). They reflected the RCA's preference at that time for a passive approach to responsible provision of gambling. Comparatively explicit strategies were mandated for secondary and reactive primary harm minimisation strategies, but less prescriptive strategies for proactive primary harm minimisation, consumer protection and fair trading. For example, the RCA prescribed what was contained in the best practice guidelines and player guide for display in the trial clubs, and assisted them with standardised forms and processes for self-exclusion. However, it was the responsibility of individual clubs in the trial to decide and develop their own policies on cheque cashing, payment of winnings, financial transactions and providing a safe gambling environment. Similarly, while the clubs were urged to comply with an advertising code, the RCA's own code was not developed until after the trial program and no explicit core strategies were mandated in the trial for the conduct of promotions and incentives to gamble.[63] In the discretionary domain, core and optional strategies were mandated for in-kind community support and liaison, but not for financial community support.

[63] However, the advertising codes of the Federation of Australian Commercial Television Stations (FACTS) and the Australian Association of National Advertisers (AANA) did apply at the time.

Further, it can be observed that strategies most likely to affect clubs financially, through either reducing gaming machine expenditure or requiring large financial outlays, were presented in the trial program mainly as 'possible venue strategies' (AIGR, 1998b). These included avoiding credit withdrawals and providing deposit facilities on ATMs, imposing withdrawal limits on ATMs and EFTPOS facilities, locating them outside gambling areas, imposing specific limits on cheque cashing and cash prize payments, and altering the gambling environment to 'encourage patrons to gamble within their financial means' (AIGR, 1998b). Similarly, specific strategies for responsible marketing also were presented as optional.

Having outlined principles and practices contained in the RCA's responsible gambling policy and trial program, the next section considers their congruence with the club management perspective on measures to address problem gambling, with the stakeholders' perspective, and with responsible gambling programs adopted in other Australian clubs.

8.3.3 Congruence of the RCA's Trial Program with the Perspectives of Other Stakeholders

To further analyse the principles and strategies apparent in the RCA's trial responsible gambling program for NSW clubs, comparisons are drawn below with the perspective of club managers, as revealed by the primary research in Chapters Five and Six, and with those of key stakeholders, as identified in Chapter Seven. Additionally, the RCA's trial program is briefly compared with other responsible gambling programs operating in Australian clubs, as documented in Chapters Four and Seven.

Congruence of the RCA's Trial Program with the Perspective of Club Managers

As noted above, there is broad consistency between the hierarchy of acceptance and support for responsible gambling measures indicated by club managers in the primary research and the measures contained in the RCA's responsible gambling policy and trial program (AIGR, 1998a, 1998b). That is, the primary research indicated greatest support amongst club managers for a code of practice/house policy on responsible provision of gambling, signage about responsible gambling, patron information on problem gambling support services, guidelines on recognising gambling problems, related staff training and self-exclusion programs (Table 6.12). These areas were those prescribed most explicitly in the RCA's trial *Responsible Management of Gambling Strategies* (AIGR, 1998b). Conversely, strategies that

received less support from the club managers were less prescribed in the trial (AIGR, 1998b). These strategies include limiting access to cash for gambling purposes, providing more product information, restricting advertising and promotion of gambling, and providing support for agencies and research for problem gambling (Table 6.12).

Thus, the RCA's core strategies in the trial program (AIGR, 1998b) appeared reasonably congruent with those acceptable to individual club managers at that time, an important consideration under a self-regulatory approach. However, the primary research indicated that individual clubs were less likely to support the optional trial strategies (AIGR, 1998b), particularly those associated with financial transactions and responsible marketing. Nevertheless, the fact that these were presented as 'possible venue strategies' (AIGR, 1998b) suggests the RCA was cognisant of what is most acceptable to its members under a self-regulatory model of responsible gambling. Thus, it attempted to incorporate sufficient flexibility into its trial program for strategies less likely to gain acceptance amongst individual clubs.

Congruence of the RCA's Trial Program with the Perspective of External Stakeholders

In Chapter Seven, the measures advanced by key stakeholders to address problem gambling were identified and compared to those preferred by the club managers surveyed for Chapters Five and Six. Given the overall consistency between the measures advocated by the club managers and the core strategies in the RCA's trial program, it is evident that the latter would not have met all expectations of key stakeholders. Expectational gaps can be identified for the priority of socially responsible principles and practices in the trial program and those expected by the clubs' main constituencies. As noted above, the RCA's policy and trial program were more prescriptive in strategy areas relating to legal compliance, ethical areas relating to secondary and reactive primary harm minimisation, and discretionary areas of in-kind support. In contrast, strategies which might diminish the clubs' performance in the economic domain and which required more proactive intervention were presented as optional. However, most non-industry stakeholders discussed in Chapter Seven advocated more balanced attention to economic, legal, ethical and discretionary principles of social responsibility and a more holistic set of practices that extended beyond harm minimisation to also include proactive intervention, and consumer protection and fair trading provisions.

Nevertheless, the trial program did meet the stakeholders' preferences for an industry funded response to problem gambling, for independent coordination, monitoring and evaluation, and for extensive community consultation. However, the self-regulatory approach of the trial program was incongruent with many stakeholders' advocacy for prescribed legislated standards in responsible provision of gambling, accompanied by independent enforcement.

Comparison of the RCA's Trial Program with Other Responsible Gambling Programs

Chapters Four and Seven reviewed various responsible gambling programs operating in Australian clubs. These included programs in Victoria, the Australian Capital Territory (ACT), South Australia and the BetSafe program operating in nine NSW clubs. A brief comparison is drawn here between these programs and the RCA's trial program.

In many respects, the RCA's trial program surpassed others operating in Australian clubs. It contained more explicit and measurable objectives, clarity of definitions for key terms such as problem gambling and responsible provision of gambling, and a stated commitment to legal compliance. Thus, the trial program was explicit from the outset about what it aimed to achieve, a deficiency in other programs that hinders a comprehensive evaluation of their effectiveness. Additionally, the trial program was the only one to incorporate rigorous procedures for monitoring and measuring program compliance. In contrast, other programs have either not been subject to any evaluation (South Australia, BetSafe) or have been evaluated in the absence of explicit monitoring methods (Victoria). Attention to program evaluation reflects the RCA's commitment to compliance, accountability and effectiveness as stated principles in its *Problem Gambling Policy* (AIGR, 1998a). To adhere to these principles, the RCA incorporated independent mechanisms for monitoring and evaluating compliance levels, with such levels unknown in other programs. Further, the RCA allowed public scrutiny of the evaluation results, signalling a willingness to subject its efforts to external review and the seriousness of its commitment to achieving the program objectives. This contrasts markedly to the BetSafe program, which is confidential except to participants.

Further, the trial program was informed by much wider and more inclusive consultation than programs previously developed. This occurred both during program development and was encouraged as an ongoing element in the trial. These mechanisms for community and stakeholder input allowed the RCA's program to

reflect community values and expectations, a mechanism given low priority or ignored in other programs. Again, this reflects the RCA's efforts in adhering to the accountability principles in its policy. The input of a broad range of constituencies, along with other types of publicity, also promoted community awareness of the trial program, a deficiency criticised in other programs, particularly in Victoria (Stephens, 1998).

In terms of strategy content, the RCA was the first to explicitly acknowledge consumer protection and fair trading principles in a responsible gambling program. While some other programs (Victoria, South Australia) have incorporated various measures to improve consumer protection and fair trading, stated objectives have generally been limited to harm minimisation only. An explicit emphasis on consumer rights in the trial program therefore enhanced its operationalisation *via* a broader range of responsible gambling strategies.

Further, the RCA's trial strategies were more comprehensive than those in the other programs and importantly, were aimed at achieving reasonable consistency while allowing some flexibility to accommodate the diverse characteristics of the NSW club sector. For example, standard best practice guidelines, self-exclusion deeds and incidents records were provided to the trial clubs, with intentions to develop standard signage, a code of practice, advertising code and other resources in the statewide program. While the South Australian and BetSafe programs have achieved some consistency in program materials, the Victorian package has been criticised for lack of uniform resource material such as type, content and placement of signage, and for its code of practice and advertising code being little beyond statements of intent with few guidelines for their implementation (Stephens, 1998).

The RCA trial demonstrated that it is possible to develop and implement a responsible gambling program at minimal cost to participating venues. While some organisational resources were required, they were not substantial, with variations in program implementation not solely dictated by the financial resources of the clubs. In contrast, the BetSafe program requires a large financial outlay that would be prohibitive to smaller, less resourced clubs.

However, the fundamental deficiency in the RCA's trial was program compliance, an issue that also has not been resolved in the other programs. Compliance difficulties are the legacy of a self-regulatory approach. While the RCA attempted to encourage compliance in the trial through promoting awareness of the policy and program, through providing support and training for program implementation, and

through program monitoring and evaluation procedures, it lacked effective rewards and sanctions to ensure compliance in all participating clubs. Being a voluntary association with no official powers of enforcement, the RCA cannot compel its members to comply with its directives. This also is a deficiency in all other programs based on self-regulatory principles.

8.3.4 Summary

This section has documented four stages in developing the RCA's *Problem Gambling Policy* (AIGR, 1998a) and its trial responsible gambling program for NSW clubs. While underpinned by socially responsible principles, processes and practices, and reasonably congruent with the preferred approach to addressing problem gambling by RCA member clubs, the analysis in this section has argued that the trial program was inconsistent in many respects and less comprehensive than those advocated by key stakeholders. The fundamental weakness in the trial program was identified as program compliance. Results indicated varying levels of commitment by the trial clubs, even though they participated in the program voluntarily. It revealed a tendency by the clubs to select the most minimal options and the inherent weaknesses of a self-regulatory approach. Nevertheless, in many respects, the trial program did surpass other responsible gambling programs previously developed for clubs in Australia. It also provided a comprehensive platform for proceeding to an improved statewide responsible gambling program for NSW clubs in 1999.

The next section continues the chronological structure adopted thus far in this chapter. It assesses the contextual pressures faced by NSW clubs and the RCA following the trial responsible gambling program.

8.4 CONTEXTUAL PRESSURES FOR RESPONSIBLE PROVISION OF GAMBLING ON NSW CLUBS AND THE RCA BY LATE 1998

To assist in explaining the direction taken by the RCA during 1999 in developing and implementing a statewide responsible gambling program for its members, this section reviews relevant contextual pressures on NSW clubs and the RCA by late 1998. These were the AIGR's evaluation of the trial program (1998e) and recommendations of the *NSW Gaming Inquiry* (IPART, 1998). The section concludes by reviewing the RCA's progress with its statewide program by mid-1999 and with a brief summary.

8.4.1. Pressures Arising from the AIGR's Evaluation of the RCA's Trial Program

As noted earlier, the RCA's trial responsible gambling program incorporated an independent, published evaluation by the AIGR (1998e). Its purpose was to evaluate the program's implementation by measuring the extent to which the participating clubs had implemented the program strategies. It did not attempt to measure the effectiveness of the strategies adopted (AIGRe, 1998:30-31).

Following its evaluation of the trial program results (summarised in Section 8.3.1), the AIGR (1998e) made numerous recommendations on the future direction for responsible gambling in NSW clubs, contained in Table 8.6. Having expressed reservations about a self-regulatory approach, these recommendations were directed at the RCA, which the AIGR considered 'well-placed to provide leadership and coordination of responsible gambling strategies implemented by its members' (1998e:71), a commitment made explicit by the RCA in its *Problem Gambling Policy* (AIGR, 1998a).

Table 8.6
The AIGR's Recommendations to the RCA Following the Trial Responsible Gambling Program

- Continued implementation and evaluation of the RCA's trial program.
- Evaluation of the appropriateness and effectiveness of the RCA's program objectives and strategies. This evaluation should compare actual program outcomes with the program's desired goals so that corrective action can be taken if the actual performance differs from the intended strategies and program objectives.
- Development of a statewide RCA program for implementation and evaluation, based on a review of the trial program and further consultation.
- The RCA to encourage member clubs to utilise community-based consultation and research to determine community expectations and concerns on issues of responsible gambling, and to identify the most effective strategies for particular circumstances. This is especially important in clubs with large ethnic memberships.
- The RCA to develop a Code of Practice based on the Best Practice Guidelines developed for the trial program. The Code should include:
  - a definition of responsible gambling which is compatible with the community's understanding;
  - a statement that the aims of the Code are to minimise the harms associated with gambling, and to achieve consumer protection, compliance and accountability;
  - guidelines for responsible promotion of gambling;
  - a statement that the venue has a duty of care to individual patrons and the community.
- The Code to be advertised to the public and feedback invited on its application and relevance.
- The RCA to take the initiative in development of an Advertising Code for whole of industry. The Advertising Code should ensure that advertising is restricted to adult viewing and listening times and emphasise leisure and entertainment rather than 'winning'. Inducements to gamble and

complimentaries are to be restricted and reconciled with community standards. Without an enforcement mechanism, such a code will have limited effect in preventing 'irresponsible' advertising and industry promotions, but it could establish acceptable standards to guide industry practice.

- The RCA to develop and provide education and training programs on responsible gambling to member clubs. A satisfactory level of attainment in these programs should be required of staff, club managers and directors. Education and training of all club directors, managers and gaming staff are essential if clubs are to achieve internal cohesion and achieve the goals of the RCA's policy. The programs should be industry-approved or have accreditation with a tertiary training body.

- Until such an education and training program is available, an officer of the RCA to be appointed to assist clubs with information about the RCA's Responsible Gambling Policy.
- The RCA to develop documentation for all member clubs to achieve the responsible management of gambling - player guides, uniform quality signage, a self-exclusion deed, regional directory of service providers, register of incidents. Implementation guidelines are to ensure effective distribution and use of these materials, visibility of signage, etc.
- The RCA to consult with unions and clubs to develop agreed policies for staff gambling and sanctions for breaches of those policies.
- The RCA to assist clubs to develop, publish and implement a written financial policy and relevant consumer protection policies. The financial policy should ensure compliance with credit prohibition and establish guidelines for payment of winnings, cheque cashing, etc.
- The RCA to encourage the removal of ATM and EFTPOS facilities from the gaming area of member clubs.
- The RCA to simplify the self-exclusion deed prepared for this trial. The deed should be provided in other relevant community languages and distributed to all clubs with advice on its implementation.
- The RCA to encourage participation by member clubs in regional forums and community networks. Clubs should be encouraged to initiate community liaison and develop a referral policy for people with gambling problems.
- The RCA to encourage clubs to contribute to development of community education and awareness programs on responsible gambling.
- The RCA to develop procedures whereby the RCA's Policy and program are regularly monitored, reviewed and improved in consultation with the venue, community and government. These procedures should include an independent review of program effectiveness and evaluation of the statewide program.
- The RCA to inform club patrons, executives and staff, particularly community liaison officers, about the role of the DGR Compliance Unit and to develop an independent, accessible and transparent process for complaints resolution on matters of responsible gambling. The procedure should be publicised to the RCA's member clubs and the community. This mechanism should ensure that complaints are heard and acted upon, and that there is appropriate community review and accountability for its operation.
- The RCA to encourage member clubs to improve the gambling environment to assist responsible gambling.
- The RCA to develop compliance mechanisms, incentives or sanctions which will encourage program compliance - e.g. incentives and publicity for 'best practice', an annual award for clubs which achieve responsible gambling policy goals. Experience in other areas suggests that a combination of incentives plus assistance will achieve better results - but these are not likely to be effective without some prescribed standards and sanctions (applied either by the RCA or legislation).
- The RCA to consult with government to establish the most effective way for industry and clubs to be held accountable for the RCA's Responsible Gambling Policy.

Source: AIGR, (1998e:73-75).

From Table 8.6, it is evident that the AIGR's recommendations (1998e:72-75) placed particular pressures on the RCA relevant to its future direction in encouraging responsible management of gambling in NSW clubs.

Importantly, the AIGR clearly supported a statewide RCA program for NSW clubs. However, having revealed certain deficiencies in the trial program, the AIGR called upon the RCA to make numerous adjustments. These were aimed at providing comprehensive support for member clubs, particularly in implementing strategies that received low compliance in the trial - responsible marketing, financial transactions and credit, the gambling environment and venue intervention. Specifically, the AIGR called upon the RCA to develop an advertising code to guide industry practice, to provide further assistance for clubs in developing financial and consumer protection policies, and to encourage clubs to improve the gambling environment and remove ATMs and EFTPOS facilities from gambling areas (1998e:72-75). Further, the AIGR advocated that the RCA develop additional resource materials, such as player guides, signage, and self-exclusion deeds, to achieve uniformity and to facilitate compliance (1998e:72-75). Comprehensive training also was considered an essential element in maximising compliance (AIGR, 1998e:72-75).

The AIGR recommendations also emphasised the importance of continued stakeholder involvement both by the RCA and member clubs, in developing and implementing the statewide program (1998e:72-75). Accountability by the RCA for the program was considered paramount, facilitated through continued stakeholder consultation, publication of key program materials and feedback mechanisms for public comment. Further, exposing the program to regular independent monitoring, review and evaluation would enhance this accountability and provide the basis for ongoing program improvements. In recognising the diversity of communities within which NSW clubs operate, the AIGR also called upon the RCA to encourage member clubs to enhance consultation and involvement at the local level to ensure their practices adhered to the values and expectations of their particular communities. This could be achieved through regional forums, community networks, involvement in community education and awareness programs, and closer links between the clubs and local problem gambling service providers (AIGR, 1998e:72-75).

In particular, the AIGR recommendations exposed the deficiencies in program compliance experienced during the trial. The RCA had requested trialling a self-regulatory approach ‘to enable the RCA to ascertain the problems facing club patrons and take steps to rectify them, thus minimising the need for government intervention’ (AIGR, 1998a). In the AIGR’s view, this approach was clearly inadequate to achieve consistent and acceptable levels of program compliance by the participating clubs. It appeared that under self-regulation, the clubs would take

minimal actions in responsible provision of gambling. The AIGR (1998e:70) identified the key barriers to compliance as:

- no agreement on what constitutes the central goals and standards of responsible gambling;
- no effective deterrents for irresponsible management of gambling;
- strong economic incentives to do otherwise in an intensely competitive environment; and
- high resistance to change amongst some club management.

Various mechanisms were canvassed by the AIGR to achieve improved compliance in a statewide program. These comprised education programs for club management and gaming-related staff, stronger community liaison strategies, RCA sanctions on irresponsible practices by member clubs, and conditions placed on licences accompanied by appropriate monitoring and enforcement mechanisms (AIGR, 1998e:70-71). However, the AIGR (1998e:70-71) noted that, based on experience with responsible service of alcohol, education programs are unlikely to achieve adequate improvements in management practices. Further, as noted earlier, the RCA is powerless to apply sanctions on its members. However, community liaison strategies and licensing conditions are more interventionist methods that have had some success in responsible service of alcohol. Nevertheless, the AIGR noted that self-regulatory strategies in general 'rarely achieve a sustained increase in standards of responsible conduct. Compliance tends to break down in the face of market competition or lack of effective rewards and sanctions' (1998e:69). Thus, in the face of significant barriers to compliance, the AIGR was clearly sceptical of the potential effectiveness of self-regulation and called upon the RCA to consult with government to establish the most effective way for the industry and clubs to be held accountable in any statewide program (AIGR, 1998e:75).

The AIGR recognised that the success of an RCA statewide program rested on achieving an 'acceptable level of compliance' above what the trial program had attained (1998e:69). While it noted that its evaluation report did 'not attempt to resolve the question of whether or not it is the principal responsibility of gambling operators or governments to determine responsible gambling programs' (AIGR, 1998e:69), the AIGR clearly favoured an enforceable approach to the issue, one that sets minimum standards for gambling operators. Thus, it advocated an enforceable,

whole of industry statewide responsible gambling program that emphasises problem prevention rather than treatment, and that is advised by a responsible gambling advisory committee and monitored by an independent gaming commission (AIGR, 1998c). It noted that achieving compliance would be even more difficult in a whole of industry program, and advocated that conditions be placed on venue licences to implement and maintain adequate responsible gambling programs, accompanied by a gaming commission with 'powers to grant, suspend or vary a venue licence to achieve those objectives' (AIGR, 1998c:13).

In summary, by the end of 1998 the AIGR was applying considerable pressure on the RCA to significantly refine its trial responsible gambling program before statewide implementation, to ensure it was publicly accountable for the program's success, and to secure adequate compliance from member clubs. Further, in promoting a more independently enforceable approach to responsible management of gambling, the AIGR had publicly challenged the RCA to overcome the limitations of the self-regulatory approach the latter had requested.

8.4.2. Pressures Arising from the NSW Gaming Inquiry

As noted in Chapter Seven, by the end of 1998 the key influence on the future direction of responsible gambling in NSW had emerged as the recommendations of the *NSW Gaming Inquiry* (IPART, 1998), summarised in Section 7.8.3. This section discusses how these recommendations added further pressure on the RCA to expedite and strengthen its statewide responsible gambling program for NSW clubs beyond its initiatives in the trial program.

IPART's report on the *NSW Gaming Inquiry* (1998) was instrumental in consolidating and articulating increased pressure for gambling policy reform in NSW, at both government and industry levels. Importantly, it provided an official forum for community views on gambling policy and management. The IPART report (1998) accorded considerable weight to a community perspective on gambling, in contrast to those of government and industry whose influence had historically dominated gambling policy debates and decisions. Thus, it provided a conduit for the views of community organisations, welfare and problem gambling services, religious groups, consumer rights advocates, individuals and other interest groups. In this way, the IPART report (1998) reduced the self-interested power of government and industry to set gambling policy in isolation and for their own interests, and elevated public interest, harm minimisation, consumer protection, fair trading and community benefits in gambling to unprecedented heights. Thus, the

inquiry articulated pressure on the NSW Government and gambling operators to temper the priority given to economic considerations in gambling policy, to embrace additional public interest principles.

The inclusive and consultative approach adopted by IPART (1998) meant that the latitude of gambling industries and operators to decide and establish mechanisms for addressing problem gambling was considerably diminished. While acknowledging that some sectors and operators had implemented some responsible gambling strategies, IPART was sceptical of the self-regulatory approaches adopted. Although noting that industry codes of practice 'provide a good starting point for more responsible gaming' (1998:44), IPART considered that core minimum standards should be legislated, 'as voluntary codes have no enforcement or sanction mechanisms' (1998:45). It contended that codes can encourage standards that exceed legislative requirements and can help communicate the concept of responsible gambling to staff and customers, but they are not an adequate replacement for legislation (1998:44). It recommended developing an industry-wide code of conduct to establish legislated minimum standards to foster responsible gambling, with each sector also required to incorporate measures specific to its gambling activities (1998:44). It called upon the NSW Government to evaluate 'which minimum components of a responsible gaming strategy should be mandatory and legislated and which components are best left to industry wide codes of conduct' (1998:45). Further, IPART recommended that an independent agency be established to advise on, monitor and enforce responsible gambling measures with community input (1998:75-78).

While IPART acknowledged the need 'as an immediate priority' for investigation into the effectiveness of different responsible gambling measures and their strengths and limitations (1998:43), it did specify numerous harm minimisation and consumer protection strategies for inclusion in responsible gambling programs. These are compared in Table 8.7 to those contained in the RCA's trial program to demonstrate how the IPART report (1998) added further pressure on the RCA to expedite and refine its trial program for statewide implementation.

Table 8.7
Comparison of IPART's Proposals for Responsible Gambling Strategies and Core Strategies in the RCA's Trial Program

SOCIALLY RESPONSIBLE PRINCIPLES	SOCIALLY RESPONSIBLE PRACTICES	
	IPART's Proposals	Contained in Core Strategies in the RCA's Trial Program
Ethical: secondary harm minimisation	Code of practice	∣
	Signage on responsible gambling	∣
	Education/training for management & staff	∣
Ethical: primary harm minimisation: reactive	Self-exclusion process	∣
	How to respond to a patron suffering gambling-related distress	∣
Ethical: primary harm minimisation: proactive	Limits on providing free alcohol to gamblers	∞
	ATMs located away from gambling areas	∞
	Responsible payment of winnings	∞
Ethical: consumer protection & fair trading: product information	Improved product information	∣
	Independent complaints mechanism	∞
Ethical: consumer protection & fair trading: advertising restrictions	Advertising standards	∣
	Responsible practices for frequent player point schemes	∞
	Exclude inducements, e.g. 'shopper dockets' & letter box flyers	∞
	Responsible provision of complimentary inducements	∞
Discretionary: in-kind support	Community liaison	∣

Source: IPART, (1998), AIGR, (1998b).

Table 8.7 demonstrates that the responsible gambling strategies proposed by IPART (1998) extend well beyond those incorporated as core practices in the RCA's trial program. This placed further pressure on the RCA to refine the trial program strategies to include additional proactive primary interventions and consumer protection and fair trading strategies in its statewide program.

Thus, the *NSW Gaming Inquiry* (IPART, 1998) was a significant influence in late 1998 on the future direction of the RCA's responsible gambling program for NSW clubs. Through its inclusive approach to the inquiry, IPART clarified community sentiments on gambling policy and, more specifically, on responsible management of gambling at the industry and venue levels. Additionally, it cast doubts on potential venue compliance with voluntary responsible gambling programs and further exposed the inherent weaknesses of a self-regulatory approach. It was also important in articulating responsible gambling practices that the community expected of gambling operators and in focusing attention on NSW clubs as major gambling providers. With the widespread publicity the IPART report (1998) received, the community and other stakeholders were poised to await a response from industry and government.

8.4.3 Development of the RCA's Statewide Responsible Gambling Program by Mid-1999

As discussed above, by the end of 1998 the two main influences on the development of the RCA's statewide responsible gambling program for NSW clubs were the AIGR's recommendations on the trial program (1998e) and IPART's recommendations following the *NSW Gaming Inquiry* (1998). This section discusses how the RCA had responded to these recommendations by mid-1999. While the author was one of the research team at the AIGR recommissioned by the RCA in March 1999 to develop the statewide program, the program's details remained confidential at the time of writing. Thus, the discussion below draws only on those program elements publicly announced.

In March 1999, the RCA committed up to $500,000 to develop the statewide program and accompanying support materials, thus endorsing the AIGR's recommendation (1998e:73) that it proceed with preparation for statewide implementation (*Club Life*, March 1999, p. 6). To attain the statewide program objectives of 'achievement of awareness of issues, an understanding of specific program strategies and access to resources and support' (*Club Life*, March 1999, p. 6), the RCA announced at its program launch in March 1999 the following elements to be implemented over the forthcoming 18 months:

- A code of practice, which will 'aim to ensure Clubs run their gaming operations in a uniform manner'. It will be 'a concise expression of the Club Movement's understanding, commitment and direction with respect to the provision of responsible gambling'. The code 'will be subject to full

consultation with stakeholders prior to adoption'. The code of practice and advertising code of practice 'will form the foundations on which the program is based', with the RCA 'committed to a harm minimisation, self-regulatory approach'.

- An advertising code of practice, developed using a 'consultative approach'.

- A responsible gaming management manual for clubs, which will be a 'living document which not only provides guidance on what to do and how to do it but also the underlying rationale of the program and its various components.' While the contents of the manual 'are yet to be finalised', it is envisaged that the following matters would be covered in a 'user-friendly' manner 'that is suitable for use by a wide variety of clubs with differing levels of resources and expertise':

  - issues confronting the problem gambler;
  - application and requirements of the program;
  - principles underlying responsible gambling, consumer protection, conditions of entry/play and legal requirements of clubs;
  - player guide;
  - guidelines/strategies for implementing responsible gambling, such as signage, self-exclusion, financial policy, consumer protection policy, advertising and marketing, complaints resolution procedures, and the physical gaming environment;
  - directory of service providers.

- A training course and training manual, involving a course developed, accredited and delivered statewide to key directors and managers of member clubs in the implementation phase.

- An application of compliance, accountability and effectiveness measures, with provision of 'an incentive based compliance scheme' so that clubs that meet or exceed the program requirements 'receive due recognition'. A 'strategy and processes for measuring compliance and evaluating the success of the program' will also be implemented.

(*Club Life*, March 1999, p. 6; RCA, 1999b; RCA, 1999c).

While not revealing many details on the specific practices to be implemented in the statewide program, the RCA's commitment to the five program elements above and additional comments made at its program launch demonstrated its broad adherence to many of the AIGR's recommendations following the trial (1998e:72-75). Specifically, these comprised underpinning the statewide program with principles of compliance, accountability, harm minimisation and consumer protection (*Club Life*, March 1999, p. 7), reflecting an inclusive approach beyond minimising harm from problem gambling, as pursued in the trial. To overcome some deficiencies in the trial program, the RCA also committed to providing comprehensive guidance for member clubs through the codes of practice, a training program and a management manual. These have the potential for clarifying what is meant by responsible gambling, responsible promotion of gambling, the duty of care clubs have to individual patrons and the community, and minimum advertising standards, as recommended (AIGR, 1998e:73). The elements publicised by the RCA also met recommendations for substantial ongoing support for member clubs (AIGR, 1998e:72-75). Along with a manual and training, the RCA noted it would provide a telephone and facsimile support service whereby any club manager can seek immediate advice (*Club Life*, March 1999, p. 7). Further, the RCA described its forthcoming management manual as a 'text book' for club managers that will advise 'what strategy to follow in a particular situation' and provide resources such as brochures and signage in 'template form' that clubs can tailor 'to their own customs' (*Club Life*, March 1999, p. 7). The RCA also stated its intentions to prepare a training program, delivered on a regional basis and underpinned by accreditation if possible (*Club Life*, March 1999, p. 7). Thus, it appears that the AIGR recommendations for training and for resource materials to achieve uniformity and facilitate compliance (1998e:74) were also being addressed by the RCA.

Comments at the program launch also indicated the RCA's adherence to the AIGR's recommendations for community consultation and involvement at the local level (AIGR, 1998e:73-75). In highlighting the clubs' commitment to the values and expectations of their particular communities, the RCA acknowledged its concerns about any adverse effects of gambling in the community, and stated the intention of the statewide program to facilitate referrals to local service agencies, the importance of flexibility to take account of 'cultural problems' in clubs located in ethnically diverse communities, and the need for brochures and signage to be adapted to the needs of particular geographic regions (*Club Life*, March 1999, p. 7).

Importantly, the RCA appeared committed to recommendations for compliance and public accountability of the statewide program (AIGR, 1998e:73-75). It stated

willingness ‘to allow itself to be reviewed by external bodies through published findings of its program’ and its intention to gather ‘baseline information and follow it up at a later stage with some measurement as to the compliance being achieved’ to allow program evaluation (*Club Life*, March 1999, p. 7). Further, the RCA identified its ‘commitment to seeing that the strategies are implemented and the program achieved’. However, no specific compliance mechanisms were noted, apart from guidance and support for clubs and ‘some accreditation given to the clubs who take on the program and execute it’ (*Club Life*, March 1999, p. 7).

Thus, by mid-1999, the RCA was poised to refine its trial program according to the AIGR’s recommendations for a comprehensive set of socially responsible principles and various process mechanisms that would underpin and facilitate statewide implementation. The principles and processes in the statewide program also appeared to acknowledge IPART’s (1998) concerns for adherence to public interest, harm minimisation, consumer protection, and fair trading principles in the conduct of gambling, and its calls for more responsible practices by gambling operators, underpinned by codes of conduct, resource materials and training. However, whether the RCA’s program strategies would meet the more specific recommendations of both IPART (1998) and the AIGR (1998e) was unclear at that time, as the RCA program was still under development with few details published.

Nevertheless, it appears that both the AIGR (1998e) and IPART (1998) reports had stimulated a considered response from the RCA in recognition that public pressure for more responsible management of gambling across all NSW clubs was too great to ignore. However, where the AIGR (1998c) and IPART (1998), as well as other stakeholders, had called for a legislated response to the issue, the RCA was still pursuing a self-regulated approach. It was clear by then, however, that for a self-regulated program to meet stakeholder expectations, the RCA would need to ensure its statewide program was more comprehensive and proactive and achieve better compliance than experienced in the trial.

8.4.4 Summary

This section has considered two significant influences that shaped the direction of the RCA’s responsible gambling program for NSW clubs by mid-1999. Both the AIGR’s evaluation report on the RCA’s trial program (1998e) and the IPART report on the *NSW Gaming Inquiry* (1998) placed considerable pressure on the RCA to expedite its implementation of a statewide program, to extend the incorporated strategies beyond those contained in the trial, and to consider the limitations of a

self-regulatory approach and ways to enhance program compliance. More specifically, the AIGR and IPART promoted a consistent approach to responsible management of gambling, mandatory rather than voluntary minimum standards to ensure compliance, and incorporation of a broader range of principles beyond harm minimisation to also include consumer protection, fair trading, accountability and the public interest. Both AIGR involvement in the RCA trial program development and evaluation, and the processes used by IPART, were instrumental in giving the community and other stakeholders a voice on gambling policy and management and in raising the general awareness of the related actions of government and gambling operators. Thus, by the end of 1998, the RCA was facing unprecedented pressure to demonstrate proactive leadership to NSW clubs in responsible gambling.

By mid-1999, the RCA had responded to this pressure by recommissioning the AIGR to assist in developing its statewide responsible gambling program. From details announced at the program launch, it appears the RCA was preparing a proactive program, underpinned by a comprehensive set of socially responsible principles and various processes to facilitate implementation. However, contrary to the recommendations of IPART (1998) for mandatory legislated minimum standards in responsible gambling, and ignoring the compliance weaknesses exposed by the AIGR (1998e) in the trial, the RCA was still pursuing a self-regulatory model. However, as the next section will outline, significant policy developments later in 1999 subsequently diminished the self-regulatory capacity of the RCA.

8.5 SUMMARY OF CONTEXTUAL PRESSURES FOR RESPONSIBLE PROVISION OF GAMBLING ON NSW CLUBS AND THE RCA DURING 1999

As discussed in the preceding section, the RCA was facing considerable pressure by the end of 1998 to proceed with a statewide responsible gambling program for NSW clubs. While it had stated its intention to do so in its *Problem Gambling Policy* (AIGR, 1998a) in May 1998, it was not until March 1999 that the RCA recommissioned the AIGR to assist. While published details indicated the proposed statewide program would incorporate some of the AIGR's (1998e) and IPART's (1998) recommendations, additional policy developments during 1999 continued to influence the nature of that program, as examined chronologically in the remainder of this chapter. Two developments are given particular attention - the Productivity Commission's draft and final reports on the Federal Government's inquiry into Australia's gambling industries (1999a, 1999b) and the lead-up to and passage of the *Gambling Legislation Amendment (Responsible Gambling) Act 1999 NSW* and

associated regulations. Key steps in these policy developments are listed in Table 8.8, which also shows the timing of relevant events in 1998.

Table 8.8
Key Policy Developments in Gambling 1998-99

Month/Year	Development
15 May 1998	Passage of the *Liquor and Registered Clubs Legislation Amendment (Community Partnership) Act 1998 NSW*.
31 May 1998	RCA publishes its *Problem Gambling Policy* (AIGR, 1998a).
30 June 1998	IPART commissioned to conduct the *NSW Gaming Inquiry*.
August–October 1998	Development of the RCA's trial responsible gambling program.
26 August 1998	Announcement of the Federal Government's inquiry into Australia's Gambling Industries by the Productivity Commission.
November 1998	AIGR evaluation of the RCA's responsible gambling trial program conducted and published (AIGR, 1998e).
26 November 1998	Report on the *NSW Gaming Inquiry* published (IPART, 1998).
March 1999	RCA recommissions the AIGR to develop a statewide responsible gambling program.
16 July 1999	Exposure draft of the *Gambling Legislation Amendment (Responsible Gambling) Bill 1999 NSW* for public comment until 12 August.
19 July 1999	Release of the draft report of the Federal Government's inquiry into Australia's Gambling Industries (Productivity Commission, 1999a) for public comment by 30 September.
August 1999	Significant and detailed changes made to the *Gambling Legislation Amendment (Responsible Gambling) Bill 1999 NSW* following public comment.
15 September 1999	Exposure draft of the *Gambling Legislation Amendment (Responsible Gambling) Regulation 1999 NSW* for public comment by 27 October
15 September 1999	*Gambling (Anti-Greed) Advertising Prohibition Bill 1999 NSW* introduced in the NSW Legislative Council.
22 September 1999	Passage of the *Gambling Legislation Amendment (Responsible Gambling) Act 1999 NSW* in the NSW Legislative Assembly.
2 November 1999	Passage of the *Gambling Legislation Amendment (Responsible Gambling) Act 1999 NSW*.
11 November 1999	*Gambling (Anti-Greed) Advertising Prohibition Bill 1999 NSW* negatived.
16 December 1999	Release of the final report of the Federal Government's inquiry into Australia's Gambling Industries (Productivity Commission, 1999b).

Source: AIGR, (1998a, 1998e); IPART, (1998); *Liquor and Registered Clubs Legislation Amendment (Community Partnership) Act 1998 NSW*; Productivity Commission, (1999a, 1999b); Exposure draft of the *Gambling Legislation Amendment (Responsible Gambling) Bill 1999 NSW*; *Gambling Legislation Amendment (Responsible Gambling) Act 1999 NSW*; *Gambling Legislation Amendment (Responsible Gambling) Regulation 1999 NSW*; *Gambling (Anti-Greed) Advertising Prohibition Bill 1999 NSW*; *Registered Clubs Amendment (Responsible Gambling) Regulation 1999 NSW*.

8.6 THE FEDERAL GOVERNMENT'S INQUIRY INTO AUSTRALIA'S GAMBLING INDUSTRIES

The first independent national inquiry into Australia's gambling industries was conducted by the Productivity Commission in 1998-99 and investigated their economic and social impacts and the effects of different regulatory structures surrounding these industries (Productivity Commission, 1999a:xv). The Commission was not required to make formal policy recommendations, but 'to provide an informational report which can serve to enhance public understanding of the issues and assist government decision-making' (Productivity Commission, 1999a:xvii). Of the eight Terms of Reference for the inquiry, one focused explicitly on the social impacts of gambling and so is most relevant to the discussion below. This was to:

> examine and report on…the social impacts of the gambling industries, the incidence of gambling abuse, the cost and nature of welfare support services of government and non-government organisations necessary to address it, the redistributional effects of gambling and the effects of gambling on community development and the provision of other services.
>
> (Productivity Commission, 1999a:xi).

The Commission received 208 submissions, held discussions with some 80 individuals and organisations, conducted five roundtable discussions and held public hearings in all states and territories (Productivity Commission, 1999a:A.1-A.13) before it released a draft report for further public consultation and input in July 1999. The Commission received a further 120 submissions before completing its final report (Productivity Commission, 1999b). This was presented to the Federal Treasurer in late November 1999, with public release on 16 December 1999.

The inquiry was significant, being the first national and independently conducted inquiry into gambling in Australia. Its inclusive and consultative approach further gave the community a voice on gambling matters, allowing the Commission to articulate a consolidated and representative view on problem gambling and it social costs, social responsibility in gambling and other policy areas. Further, the Commission conducted its own survey research into gambling in Australia. As such, it presented the first national research into gambling preferences, spending, attitudes and impacts, and the prevalence, nature and treatment of problem gambling. It has been hailed as 'a milestone in Australia's understanding of gambling and its impacts' and the most important contribution to gambling policy in Australia in the twentieth century (McMillen, 1999).

The discussion below outlines key relevant findings of the draft and final reports, and then assesses their implications for the RCA and NSW clubs in their future management of problem gambling.

8.6.1 Key Relevant Findings of the Federal Government Inquiry

Key findings in the final report of the Productivity Commission (1999b:2-4) with particular implications for the future management of problem gambling by NSW registered clubs were that:

- the principal rationales for regulating gambling industries any differently to other industries relate to promoting consumer protection, minimising the potential for criminal and unethical activity, and reducing the risks and costs of problem gambling;

- around 290,000 Australians (2.1 percent of the adult population) are estimated to have significant gambling problems, with 130,000 experiencing severe problems;

- problem gamblers comprise 15 percent of regular non-lottery gamblers, lose on average around $12,000 per year compared to just under $650 for other gamblers, and account for about $3.5 billion in expenditure annually, representing about one-third of the gambling industries' market;

- the prevalence of problem gambling is related to the degree of accessibility of gambling, particularly gaming machines;

- the costs of problem gambling include financial and emotional impacts on gamblers and on others, with at least five people affected for every problem gambler;

- 70 percent of Australians surveyed believe that gambling does more harm than good;

- 92 percent of Australians surveyed did not want further expansion of gaming machines;

- policy approaches for the gambling industries need to be directed at reducing the costs of problem gambling through harm minimisation and prevention

measures, while retaining as much of the benefit to recreational gamblers as possible;

- venue caps on gaming machine numbers can help moderate accessibility and therefore problem gambling. However, more targeted consumer protection measures, if implemented, have the potential to be more effective, with less inconvenience to recreational gamblers;

- existing arrangements are inadequate to ensure the informed consent of consumers, or to ameliorate the risks of problem gambling. There are particular deficiencies in:

    - information about the price and nature of gambling products, especially gaming machines;

    - information about the risks of problem gambling;

    - controls on advertising (which can be inherently misleading);

    - availability of ATMs and credit; and

    - pre-commitment options, including self-exclusion arrangements.

- in such areas, self-regulatory approaches are unlikely to be as effective as explicit regulatory requirements.

Thus, while the Productivity Commission acknowledged that gambling is an entertaining and popular pastime in Australia (1999b:2), it drew attention to the social costs associated with the rapid expansion of gambling in recent years (McMillen, 1999). Further, it emphasised that:

- problem gambling is disproportionately associated with gaming machines, thereby focusing attention on clubs as their major providers;

- problem gambling is a public health issue relevant to the whole community, such that a dual approach to social policy on problem gambling was needed focusing on treatment and prevention through harm minimisation and consumer protection measures;

- regulatory measures were likely to be far superior to self-regulatory measures in responsible provision of gambling.

The implications of these findings for the direction taken by the RCA in its statewide responsible gambling program for NSW clubs are now discussed in three sub-sections corresponding to the points above.

8.6.2 Implications for the RCA's Statewide Responsible Gambling Program

The Productivity Commission's draft report and final findings (1999a, 1999b) had substantial implications for the RCA's statewide responsible gambling program. These are examined below in terms of the Commission's findings on the role of gaming machines in problem gambling, the need for harm minimisation and consumer protection measures, and its support for regulation in responsible provision of gambling (1999a, 1999b)

The Role of Gaming Machines in Problem Gambling

The draft and final reports of the Productivity Commission (1999a, 1999b) focused considerable attention on the role of gaming machines as contributors to problem gambling. A national gambling survey conducted by the Commission found that NSW had the highest rate of problem gambling, 'probably reflecting the greater availability of gaming machines' (1999a:6.1, 1999b:6.1), which along with racing and casino table games, are associated with a higher incidence of problem gambling than other forms of gambling (1999a:6.1, 1999b:6.1). Indeed, the national survey found that around one in five weekly gaming machine players had significant gambling problems (1999a:6.1, 1999b:6.1) and that 42.3 percent of aggregate losses on gaming machines were accounted for by problem gamblers (1999b:7.46). For gaming machines Australia-wide, the social costs associated with problem gambling were estimated at between $1,369 million and $4,250 million per annum (1999b:11.7).

These statistics represented the first authoritative national figures on the contribution of gaming machines to problem gambling. As such, they fuelled community concern about gambling-related harm, particularly in the context of the rapid expansion of machine gambling in recent years. Not surprisingly, they focused attention on NSW clubs as the dominant providers of machine gambling at both state and national levels. The Commission found that gambling income represented around 60 percent of average club income in NSW in 1997-98, with some clubs deriving 80 percent or

more of their revenues from their gaming machines (1999a:21.1, 1999b:21.1). Further, the Commission contended in its draft report that Australia operated around 21 percent of all gaming machines worldwide (1999a:2.10), a figure that would put the share in NSW clubs at over 9 percent. While this contention was subsequently challenged for failing to include all types of gaming machines, it nonetheless fuelled sensationalist media headlines and commentary. In reconsidering its estimates, the Productivity Commission noted in its final report that Australia operated 20.4 percent of the world's 'high intensity' gaming machines (1999b:2.11).

Further, the Commission devoted an entire chapter of its draft report (1999a: Chapter 21, 1999b: Chapter 21) to registered clubs and the taxation benefits they receive under the mutuality principle. While acknowledging that clubs provide 'significant benefits to both their members and to the local communities in which they are embedded', the Commission argued that the mutuality principle, combined with the growth of gambling revenues in clubs, has 'the potential to result in excessive capital allocation in club facilities and other investments' and to 'reduce equity by reducing tax revenues' (1999a:21.1, 1999b:21.1).

Thus, the Commission's draft and final findings (1999a, 1999b) were politically damaging for NSW clubs. While the report can be considered an objective rational analysis of Australian gambling industries, the associated media reports seized upon selected findings to portray gambling operators as unscrupulously preying on gambling addicts, while returning little to the community by way of tangible benefits. This criticism was particularly acute for NSW clubs in their position as the major providers of machine gambling in Australia. They were generally depicted as abusing their social benefit role by spending much of their tax-subsidised profits from problem gamblers on lavish club facilities. This placed further pressure on the RCA to hasten its development and implementation of a statewide responsible gambling program. It also expedited a response from the NSW Government to the recommendations of the *NSW Gaming Inquiry* (IPART, 1998) for a legislated framework for responsible gambling, as discussed later in this chapter.

Harm Minimisation and Consumer Protection Measures

A significant stance taken by the Productivity Commission in its draft and final reports (1999a, 1999b) was its unqualified rejection of a medical or psychological interpretation of problem gambling for one that clarified its status as a public health issue (1999a:6.1, 15.1, 1999b:6.1, 16.1). As such, the Commission devoted considerable attention to the need for harm minimisation and consumer protection

measures by industry and government. It considered reducing the potential social hazards of gambling at their source as a superior means of minimising harm and protecting consumers, rather than through, for example, restricting accessibility to gambling venues or controlling where they are located (1999a:14.1, 1999b:15.1).

Numerous possible harm minimisation and consumer protection measures were presented in the draft and final reports (Productivity Commission, 1999a: Chapter 15, 1999b: Chapter Sixteen) to consolidate the diverse viewpoints expressed in submissions to the inquiry. These are summarised in Figure 8.2, categorised consistently with previous frameworks in this study.

Figure 8.2
Socially Responsible Principles and Practices Proposed to the Productivity Commission (1999) for Venue-Based Harm Minimisation and Consumer Protection in Gambling

SOCIALLY RESPONSIBLE PRINCIPLES		SOCIALLY RESPONSIBLE PRACTICES
Ethical Principles		Ethical Practices
Secondary harm minimisation	∅	Mandatory code of practice for responsible provision of gambling; written information on problem gambling, its risks, signs, risk factors, consequences & sources of assistance, displayed at ATMs, on gaming machines & at cashiers in ways as visible as signs promoting gambling.
Primary harm minimisation: reactive	∅	Development of a regulated requirement to withdraw gambling services from people who appear to be experiencing gambling problems; a statutory duty of care by gambling venues to their patrons; a widely publicised, easy-to-use self-exclusion procedure in all gambling venues.
Primary harm minimisation: proactive	∅	Restrictions on multiple withdrawals & withdrawal amounts from ATMs in gambling venues, & potentially an outright ban; no cheque-cashing in gambling venues for any purpose; cash dispensers located outside gambling areas; possible changes to machine design, e.g. no note acceptors.
Consumer protection & fair trading: product information	∅	Information on the price of playing gaming machines, loss rates, likelihood of getting winning combinations & the nature of games; records of individual spending when loyalty cards are used, risk warnings on advertising.
Consumer protection & fair trading: advertising restrictions	∅	Legislated code of conduct for 'appropriate standards' of advertising, promotion & marketing to avoid promoting gambling as a means to financial betterment, targeting disadvantaged or high risk groups, giving false impressions of how gambling works, or encouraging irresponsible gambling behaviour.

Source: derived from Productivity Commission, (1999b: Chapter 16).

From Figure 8.2, it is evident that there are very substantial differences between the harm minimisation and consumer protection strategies proposed in public submissions to the Productivity Commission and the core, and even optional, strategies incorporated by the RCA in its trial responsible gambling program for NSW clubs (Figure 8.1). These differences exist in all five areas of ethical responsibility shown in Figures 8.1 and 8.2. However, it is important to note that the measures depicted in Figure 8.1 were largely advanced by non-industry stakeholders and that the Productivity Commission did not advocate the introduction of all these measures, but called for further public comment and advice on which measures were likely to be effective (1999a: Chapter 15). Nevertheless, identifying harm minimisation and consumer protection strategies that could be implemented by gambling operators focused further public attention on perceived deficiencies in current management practices.

After considering additional submissions on harm minimisation and consumer protection in gambling received in response to its draft report (Productivity Commission, 1999a), the Commission contended that there are grounds for the following measures:

- Better disclosure of the price of playing gaming machines and the likelihood of receiving high paying winning combinations;
- Providing relevant consumer information about the nature of games, such as the fact that machine wins and losses are independent of past results;
- Providing consumers with records of their spending where technology allows;
- A legislatively-based code of conduct that ensures appropriate standards of advertising, promotion and marketing of gambling;
- Restrictions on multiple withdrawals and withdrawal amounts from ATMs in gambling venues, and potentially an outright ban;
- Mandatory rather than voluntary codes of conduct for responsible provision of gambling;
- A simple, well-publicised self-exclusion procedure in all gambling venues;

- Investigating possible changes to the design of gaming machines to reduce their hazards for problem gambling, without overtly affecting recreational gamblers;

- Regulations intending to reduce the harm from gambling should be trialled, take a risk management approach, and collect evidence on their effectiveness. The goal is not eliminate all gambling problems, but to reduce risks in a cost effective manner.

(Productivity Commission, 1999b:16.1).

Thus, the Productivity Commission supported responsible gambling strategies that are mandated by regulation, that are more interventionist than those incorporated in the RCA's trial program, that include more comprehensive product information and advice about problem gambling, and that contain more stringent restrictions on access to cash for gambling and its advertising and promotion. Further, the Commission considered such targeted harm minimisation and consumer protection measures under the direct control of gambling venues as potentially more effective in addressing problem gambling than reducing access to gambling (1999a:xiii, 1999b:3). Thus, their draft and final findings added fuel to calls for more proactive responsible gambling measures at the venue level, shifting the onus of responsibility onto gambling operators, and onto governments to regulate for these measures.

The Need for Regulation in Responsible Provision of Gambling

In considering the potential of self-regulatory approaches to responsible provision of gambling, the Productivity Commission contended these were unlikely to be as effective as explicit regulatory requirements (Productivity Commission, 1999a:xiii, 1999b:4). While it noted that threat of litigation under common law may be a deterrent for gambling operators to fail to provide a sufficiently safe gambling environment, the Commission considered this an insufficient basis for a non-regulated approach to harm minimisation (1999a:15.36, 1999b:16.45). Instead, it proposed specifying a statutorily defined gambling venue duty of care which includes some prescriptive regulatory requirements for that care to overcome the potential difficulties of enforcing a venue-defined approach to meeting that duty of care (Productivity Commission, 1999a:15.40-41, 1999b:16.50-16.51). That is, introducing a legislative duty of care specifying broad standards, but leaving the detailed approach to patron care as part of a self-regulatory model with the potential sanction of litigation, would be difficult to enforce given the inherent difficulties of assigning blame for gambling-related harm to one particular venue (Productivity

Commission, 1999a:15.40-41, 1999b:16.50-16.51). This problem would be compounded by the substantial proportion of takings derived from problem gamblers that would compromise incentives to comply (Productivity Commission, 1999a:li-lii, 1999b:46). While not recommending a specific approach, the Commission invited further feedback 'on the merits of more prescriptive regulations' before completing its final report (Productivity Commission, 1999a:lii). In doing so, the Commission clearly recognised the limitations of a self-regulatory approach in addressing problem gambling, as pursued by the RCA at that time in developing its statewide program and endorsed by the NSW Government in 1998.

8.6.3 Summary

Although the Terms of Reference for the Federal Government inquiry into Australia's gambling industries were broad-ranging, the draft and final findings of the Productivity Commission (1999a, 1999b) placed a disproportionately heavy emphasis on the issue of problem gambling and how it may be addressed. Its findings relating to the relationship between problem gambling and gaming machines, the need for harm minimisation and consumer protection measures in gambling venues, and the inherent deficiencies of a self-regulated approach to responsible gambling, drew further public attention to the social responsibilities of gambling operators, as well as governments. Given their dominant role in machine gambling operations, the Commission's findings (1998a, 1999b) placed NSW clubs in an untenable position, prompting member clubs to rely even further on the RCA for direction in responsible management of gambling.

For the RCA, the Productivity Commission reports (1999a, 1999b) strengthened the arguments of other stakeholders also seeking a more comprehensive, enforceable and legislated approach to addressing problem gambling. Further, the stance of the Commission largely concurred with recommendations advanced by the AIGR (1998e) for refinement of the RCA's trial program for statewide implementation. That is, the deficiencies identified by the AIGR in the trial program (1998e) were given additional weight by the Commission's reports (1999a, 1999b), with the former's recommendations for program refinement largely echoed by the Commission's preferred approach to responsible conduct of gambling.

Further, the Commission's stance on social responsibility in gambling largely paralleled that of the IPART report on the *NSW Gaming Inquiry* (1998), which also had advocated more proactive harm minimisation and consumer protection strategies in gambling, enforced by legislation. Thus, by mid-1999, the self-regulatory and

comparatively passive approach incorporated in the RCA's trial responsible gambling program appeared increasingly inadequate for an effective statewide program. However, while the RCA had acknowledged that a more proactive set of strategies was needed than those in the trial program and while it appeared to be developing a more comprehensive statewide program by mid-1999, it continued to pursue a self-regulatory response. This was despite the high degree of convergence amongst the AIGR recommendations (1998e), the IPART report (1998) and the Productivity Commission's draft and final reports (1999a, 1999b) which had seriously eroded confidence in potential compliance with responsible gambling measures in the absence of effective sanctions. It was in this context that the NSW Government initiated responsible gambling legislation in mid-1999.

8.7 THE GAMBLING LEGISLATION AMENDMENT (RESPONSIBLE GAMBLING) ACT 1999 NSW

A significant development in 1999 for the direction taken by the RCA in responsible provision of gambling in NSW clubs was the lead up to and passage of the *Gambling Legislation Amendment (Responsible Gambling) Act 1999 NSW*. The Act and its accompanying regulations established in a legislative framework specific obligations of gambling operators in responsible management of gambling. It represents the first whole of industry and most comprehensive legislated approach to responsible conduct of gambling in Australia.

As shown in Table 8.8, the passage of the Act involved numerous steps. An Exposure Draft of the proposed *Gambling Legislation Amendment (Responsible Gambling) Bill 1999 NSW* was released for public comment on 16 July 1999. After receiving 108 written submissions, detailed and significant changes were made to the proposed legislation by mid-September. The Bill then attracted substantial debate in both the NSW Legislative Assembly and NSW Legislative Council during September and October, before subsequent amendments and its assent on 2 November 1999. Regulations accompanying the Act (*Gambling Legislation Amendment (Responsible Gambling) Regulation 1999 NSW*) also were released as an Exposure Draft inviting public comment during September-October 1999. At the time of writing, these regulations had not been finalised.

The ensuing sections document key steps in the passage of the legislation to highlight political and other influences on responsible gambling in NSW and its implications for the direction taken by the RCA in developing its statewide responsible gambling program.

8.7.1 Exposure Draft of the Gambling Legislation Amendment (Responsible Gambling) Bill 1999 NSW

Release of the Exposure Draft of the *Gambling Legislation Amendment (Responsible Gambling) Bill 1999 NSW* was the culmination of numerous pressures on the NSW Government. The stated catalyst was the need to respond to recommendations of the *NSW Gaming Inquiry* (IPART, 1998), along with recognition of 'the community's concern to foster responsible gaming' and a public commitment made before the March 1999 state election (NSW Minister for Gaming and Racing, 1999). The Productivity Commission's draft report on Australia's gambling industries (1999a) also was instrumental in expediting the move towards a legislative framework for responsible gambling in NSW, with the Exposure Draft release immediately preceding that of the Productivity Commission's draft report (1999a). This allowed the NSW Government to deflect some of the outcry that accompanied the latter from the Opposition, media, community and other stakeholders by arguing that the Commission's calls for harm minimisation measures and enhanced regulatory arrangements in gambling 'confirmed' the approach proposed in the Bill (*NSW Legislative Assembly Parliamentary Debates*, 15 September 1999, pp. 4-5). In addition, the Exposure Draft was informed by results of the RCA's trial responsible gambling program in NSW clubs and recommendations made by the AIGR (1998e) for a refined statewide program. It aimed to remedy the shortcomings of a self-regulatory and fragmented approach to responsible gambling demonstrated by the trial program. Thus, the proposed legislation followed considerable pressure by IPART (1998) and the AIGR (1998e) for mandatory obligations in responsible management of gambling, and allayed some of the pressure arising from similar proposals by the Productivity Commission (1999a). Additionally, it elevated the role of community consultation in gambling policy by inviting public and industry comment on the Bill's proposals.

The Exposure Draft stated its objective as amending certain Acts 'to minimise the harm associated with problem gambling, to promote the responsible conduct of gambling activities, and for other purposes'. Proposals in the Exposure Draft to amend the *Registered Clubs Act 1976 NSW* are summarised in Table 8.9. Similar proposals were made to amend the *Liquor Act 1982 NSW*, the *Casino Control Act 1992 NSW*, the *Lotteries and Art Union Act 1901 NSW*, the *Public Lotteries Act 1996 NSW*, the *Racing Administration Act 1998 NSW*, and the *Totalizator Act 1997 NSW*. The intention was to 'ensure that those forms of gambling that are regarded as presenting the greatest capacity to lead to gambling problems are directly targeted, whereas the more benign forms – such as lotteries and raffles – demand and receive

correspondingly less levels of control or interference by government' (*NSW Legislative Assembly Parliamentary Debates*, 15 September 1999, p. 4).

Table 8.9
Proposed Amendments to the *Registered Clubs Act NSW 1976* in the Exposure Draft of the *Gambling Legislation Amendment (Responsible Gambling) Bill 1999 NSW*

Harm Minimisation Object - gambling harm minimisation to be inserted as an explicit objective.
Ground of Complaint - the conduct of gaming in a manner which encourages or is likely to encourage irresponsible gambling behaviour to be inserted as a specific ground of complaint against a club.
Advertising - specific regulation-making powers to be included in legislation to control gambling-related advertising.
Broader Penalty Options - specific regulation-making powers to order an offending gambling operator to include 'corrective' or other responsible gambling-related statements in advertisements and/or undertake appropriate responsible service of gambling training.
Inducements - specific regulation-making powers to be inserted to control the offering of inducements that may encourage irresponsible gambling.
Counselling Service Signage - specific regulation-making powers to be inserted to require placement in venues of signage displaying the telephone number and availability of a counselling service for problem gambling.
Responsible Service of Gambling Training - specific regulation-making powers to be inserted to make provision for appropriate personnel to undertake responsible service of gambling training.
Player Information - specific regulation-making powers to be inserted to require providers to make available or display such player information as may be prescribed in a particular case, in such form as may be prescribed, in relation to gambling activities conducted (including information relevant to the odds of winning and consumer complaint contact points).
Industry Codes of Practice - specific regulation-making powers to be inserted to provide for gambling activities to be conducted by operators in accordance with any relevant prescribed, industry code of practice.
Cash Dispensing Facilities - specific regulation-making powers to be inserted with a view to removing EFTPOS and ATM facilities from gaming areas of clubs, subject to reasonable exceptions.
Directions as to Responsible Gambling - the Director of Liquor and Gaming to be empowered in prescribed circumstances, to direct particular clubs to put in place policies and procedures, or take other such actions, which may be expected to minimise the adverse effects of problem gambling.
Self-Exclusion Programs - provisions to be inserted to remove legal impediments to the development and implementation of patron self-exclusion measures.
Measures apart from the Bill – a review of gaming machine technical standards to be undertaken, including consideration of requiring gaming machines to display credits in dollars and cents instead of units, and of more specific controls over the design and content of gaming machine artwork.

Source: derived from the Exposure Draft of the *Gambling Legislation Amendment (Responsible Gambling) Bill 1999 NSW*.

As Table 8.9 indicates, provisions in the Exposure Draft elevated the role of harm minimisation and consumer protection in gambling through its stated objectives and through the regulation-making powers proposed for responsible gambling practices in NSW clubs. However, it stopped short of including such regulations in the Bill,

instead leaving specific obligations of registered clubs to future regulations. Nevertheless, it explicitly made a club's certificate of registration subject to compliance with provisions of the Act through a system of penalty points for breaches.

Submissions were received on the Exposure Draft from 'a wide variety of industry groups, providers of gambling counselling services, community organisations and individuals with a general interest in gambling-related matters' (*NSW Legislative Assembly Parliamentary Debates*, 15 September 1999, p. 3). The extent of submissions 'exceeded all expectations' (*NSW Legislative Assembly Parliamentary Debates*, 15 September 1999, p. 3) and reflected widespread interest in and concern about gambling policies in NSW. The Minister for Gaming and Racing noted that the submissions generally indicated 'widespread support for the Government's approach to this issue' (*NSW Legislative Assembly Parliamentary Debates*, 15 September 1999, p. 3), although some concerns expressed in the submissions were revealed in subsequent Parliamentary debates and in changes to the Bill outlined below.

8.7.2 Revisions to the Gambling Legislation Amendment (Responsible Gambling) Bill 1999 NSW Following Public Comment

Between August and September 1999, numerous changes were made to the Exposure Draft of the *Gambling Legislation Amendment (Responsible Gambling) Bill 1999 NSW* to reflect public submissions received. The key changes involved:

- replacing the former emphasis on measures to minimise harm from 'problem gambling' to measures to minimise harm from 'the misuse and abuse of gambling activities';

- increased penalties for breaches of some provisions, particularly for providing credit to patrons for gambling, and failure to provide corrective advertising and undertake training in responsible gambling following a court order to do so;

- inserting in the Bill specific regulation-making powers for card-operated gaming machines governing their use, provision and security, the type of information and amount of credit stored on cards, inducements to use cards, access to information stored on cards, and measures to allow card owners to limit the amount of credit stored or to disable their cards.

While submissions received on the Exposure Draft of the Bill were not made public, the subsequent revisions appear to reflect pressure from interested parties for government to broaden its focus from measures to address problem gambling, to harm minimisation and consumer protection in gambling. Indeed, the RCA itself lobbied for this change, reflecting a substantial shift in its stance on responsible gambling since the trial program (RCA, pers. comm., 1999). Thus, the revised Bill reflected increased recognition that responsible management of gambling extended beyond minimising harm for 'problem gamblers' to a broader community focus. Additionally, the revisions to the Exposure Draft recognised the potential of 'smart cards' or player tracking devices to be abused by gambling operators and to be potentially useful tools in harm minimisation, to assist in 'knowing how much people are spending, without in any way infringing on their privacy' (*NSW Legislative Assembly Parliamentary Debates*, 22 September 1999, p.1055).

Following these changes to the Exposure Draft, the revised Bill was subjected to lively debate in both houses of Parliament during September and October 1999.

8.7.3 Parliamentary Debates on the Gambling Legislation Amendment (Responsible Gambling) Bill 1999 NSW

Parliamentary debates on the *Gambling Legislation Amendment (Responsible Gambling) Bill 1999 NSW* revealed general overall support for the principles and intent of the Bill. However, numerous criticisms were raised in both the NSW Legislative Assembly and NSW Legislative Council.

A major criticism was that the Bill did not address continued expansion of gambling in NSW, with the government accused of 'sidestepping' the issue of capping machine numbers (*NSW Legislative Assembly Parliamentary Debates*, 21 September 1999, p.939), because of Treasury's reliance on gambling revenues and the government's subsequent conflict of interest (*NSW Legislative Assembly Parliamentary Debates*, 22 September 1999, pp.1032, 1036-1037).

The Bill also was criticised for not establishing an independent gaming authority, as supported by IPART (1998), the Productivity Commission (1999a) and numerous submissions to both inquiries. The NSW Opposition accused the government of ignoring 'the centrepiece of the IPART inquiry' (*NSW Legislative Council Parliamentary Debates*, 12 October 1999, p.1290) and the 'major thrust of the IPART report' (*NSW Legislative Council Parliamentary Debates*, 12 October 1999, p.1292). The NSW Opposition argued that the government had missed a 'one-off opportunity to do something positive about the expansion of gaming, to take it out of

the hands of politicians and give it to an independent objective authority that will make decisions based not on the needs of Treasury but on what is in the public interest and in the interest of current providers' (*NSW Legislative Council Parliamentary Debates*, 12 October 1999, p.1292). The Shadow Minister for Gaming and Racing further noted that its *Independent Gaming Authority Bill 1999 NSW* had been put on notice of motion in September 1999, signalling continued pressure on the government in the future.

A further criticism was that the Bill did not insert provisions in the accompanying regulations into the Bill (*NSW Legislative Assembly Parliamentary Debates*, 22 September 1999, p.1036). Because the Bill stated that the Minister 'may' make provisions for these obligations in the regulations, it was viewed as lacking conviction (*NSW Legislative Assembly Parliamentary Debates*, 21 September 1999, p.940; *NSW Legislative Council Parliamentary Debates*, 12 October 1999, p.1292). Further, the Opposition argued that any regulations could 'easily be changed from time to time' (*NSW Legislative Assembly Parliamentary Debates*, 22 September 1999, p.1031), with the Christian Democrats fearing that the draft regulations may be 'lost…as a result of pressure…(from) powerful groups' (*NSW Legislative Council Parliamentary Debates*, 19 October 1999, p.1459). Additionally, there was no time frame in the Bill for introducing associated regulations, relying instead on 'faith in future ministerial regulations' (*NSW Legislative Assembly Parliamentary Debates*, 21 September 1999, p.939).

The Bill also was censured for over-reliance on industry self-regulation, with simply creating powers to regulate possibly leading to a lack of, ineffective or inconsistent measures in responsible conduct of gambling (*NSW Legislative Assembly Parliamentary Debates*, 22 September 1999, p.1031; *NSW Legislative Council Parliamentary Debates*, 12 October 1999, p.1292). The NSW Opposition argued for the government to 'make all sanctions mandatory' (*NSW Legislative Council Parliamentary Debates*, 13 October 1999, p.1352) and to 'introduce a minimum standard for all providers across the State…under which they will lose their poker machines if they do not meet the criterion' (*NSW Legislative Council Parliamentary Debates*, 12 October 1999, p.1292). Further, questions were raised over the adequacy of enforcement mechanisms, given 'the major (staff) cutbacks in the Department of Gaming and Racing…of 45 per cent, a number of whom have been taken out of enforcement' (*NSW Legislative Council Parliamentary Debates*, 12 October 1999, p.1292). Additionally, some members called for more stringent requirements for the advertising of gambling, with the Christian Democrats

advocating a total ban, as proposed in their *Gambling (Anti-Greed) Advertising Bill 1999 NSW*.[64]

Thus, the Bill was criticised for failing to provide an integrated approach to responsible gambling by ignoring IPART recommendations for 'establishment of an independent gambling regulator, the development of co-ordinated problem gambling policies and programs, the proper conduct of effective social impact assessments on gambling expansion and new products, and the conduct of a well-managed and relevant gambling research program' (*NSW Legislative Council Parliamentary Debates*, 19 October 1999, p.1480). As such, while there was overwhelming bipartisan support for a legislative approach to responsible conduct of gambling operations, considerable pressure was placed on the NSW Government to introduce a more comprehensive, specific and enforceable regime that more completely implemented the recommendations of the IPART report (1998) and heeded the findings of the Productivity Commission's draft report (1999a).

However, the Government countered these criticisms by arguing that the Bill was a 'first step' in the Government's plans for responsible gambling (*NSW Legislative Council Parliamentary Debates*, 12 October 1999, p.1297), a response requiring more than a 'knee-jerk reaction', given the complexities surrounding responsible gambling (*NSW Legislative Assembly Parliamentary Debates*, 22 September 1999, p.1049). The Minister for Gaming and Racing announced that the Government was pursuing a 'whole-of-government approach' through a 'high level working group' to report to Cabinet early in 2000 on the issues of machine capping, an independent gaming authority, a review of technical standards for gaming machines, and 'other significant issues relating to gambling in this State' (*NSW Legislative Assembly Parliamentary Debates*, 22 September 1999, p.1050).

In defending exclusion of specific regulations from the Bill, the government noted that it was 'no different in structure to most Acts formulated and enacted these days' with 'the detail of how certain measures are to be implemented…best left to the regulators.' (*NSW Legislative Council Parliamentary Debates*, 19 October 1999, p.1459). This provided 'maximum flexibility' in solving any implementation problems, allowing them to be remedied 'more quickly and selectively than is possible with a problem in an Act' (*NSW Legislative Council Parliamentary*

[64] This was introduced into Parliament on 15 September 1999, but subsequently defeated on 11 November 1999.

Debates, 19 October 1999, p.1460). The government reminded members that the 'measures contained in regulations are just as enforceable as those contained in Acts' (*NSW Legislative Council Parliamentary Debates*, 19 October 1999, p.1460) and that 'unlike industry codes of practice and industry-based responsible gambling initiatives, these standards will be enforceable' (*NSW Legislative Council Parliamentary Debates*, 19 October 1999, p.1459). This, it noted, was a response to IPART's recognised need for core minimum standards to be legislated (*NSW Legislative Council Parliamentary Debates*, 19 October 1999, p.1459). While industry codes would continue to play an important role in promoting responsible gambling, 'such codes will have to reflect at the very least the minimum standards in the legislation' (*NSW Legislative Council Parliamentary Debates*, 19 October 1999, p.1459). The Government also assured members of its 'firm intention' that the regulations would be finalised 'as soon as practicable' after the public consultation period (*NSW Legislative Council Parliamentary Debates*, 19 October 1999, p.1460). The final report of the Productivity Commission was also noted as potentially impacting on 'the shape of some of these regulations' (*NSW Legislative Council Parliamentary Debates*, 19 October 1999, p.1460).

In addressing concerns about the adequacy of enforcement mechanisms in the Bill, the Government argued that, while 'it is never possible to make sure that sufficient resources are allocated to ensure 100 per cent compliance…Departmental inspectors will continue to carry out spot checks of premises and respond to complaints within available resources', and would be supported by police (*NSW Legislative Council Parliamentary Debates*, 19 October 1999, p.1459). Further, many provisions in the Bill and draft regulations, such as better consumer information and training requirements, would not require large numbers of compliance personnel (*NSW Legislative Council Parliamentary Debates*, 19 October 1999, p.1459).

Finally, the government argued against proposals to ban all advertising of gambling, contending that 'the weight of evidence' from both IPART (1998) and the Productivity Commission (1999a) did 'not support a prohibitionist approach' (*NSW Legislative Council Parliamentary Debates*, 19 October 1999, p.1481).

After months of Parliamentary debate, only two amendments were made to sections of the *Gambling Legislation Amendment (Responsible Gambling) Bill 1999 NSW* that involved amendments to the *Registered Clubs Act 1976 NSW*. These were that the associated regulations were to be made 'as soon as practicable after the date of assent' of the Act (Section 44C) and changes to Section 44D on industry codes of practice. The latter removed the provision in the Exposure Draft enabling

regulations to adopt 'with or without modification the standards contained in any industry code of practice as standards to be observed at registered clubs in the conduct of gambling activities'. Instead, the revised Bill required the Minister to 'approve an industry code of practice that sets out the standards to be observed by registered clubs for the responsible conduct of gambling activities' within six months of the Act's assent. This code of practice may be prepared by the RCA 'or any other body or authority'. Further, the revised Bill gave the Minister authority to amend or revoke the code, and required it to be published in the Government Gazette and be available for public inspection. The government acknowledged that, while minimum standards in the regulations must be met, it had 'no difficulty in making available other documentation, which will have no legislative force, to act as a further guide to industry in relation to some additional measures they may wish to adopt to ensure that gambling activities are conducted responsibly' (*NSW Legislative Council Parliamentary Debates*, 21 October 1999, p.1796).

The Legislative Assembly agreed to the Legislative Council's amendments on 27 October 1999 and the Act was assented on 2 November 1999 to take effect by industry within six months.

8.7.4 Key Provisions in the Exposure Draft of the Registered Clubs Amendment (Responsible Gambling) Regulation 1999 NSW

As noted above, the lead-up to the passage of the *Gambling Legislation Amendment (Responsible Gambling) Act 1999 NSW* was accompanied by the release for public comment of the Exposure Draft of the *Gambling Legislation Amendment (Responsible Gambling) Regulation 1999 NSW* on15 September 1999. At the time of writing, these regulations were still subject to revision and were expected to be finalised by March 2000. Key provisions in the draft regulations pertaining to NSW clubs, the *Registered Clubs Amendment (Responsible Gambling) Regulation 1999 NSW*, are summarised in Table 8.10.

Table 8.10
Key Provisions in the Exposure Draft of the Registered Clubs Amendment (Responsible Gambling) Regulation 1999 NSW

(a) To require registered clubs at which approved gaming devices are kept to display notices and provide information to patrons about:

  (i) the availability of counselling services in a number of community languages, and

  (ii) the use and operation of approved gaming devices, and

  (iii) the chances of winning prizes from playing approved gaming devices, and

  (iv) the receipts and payouts from the operation of approved gaming devices, and

  (v) the potential for excessive gambling to cause financial, social and other problems,

(b) to require registered clubs to make clocks clearly visible to players of approved gaming devices,

(c) to place limitations on the cashing of cheques by registered clubs.

(d) to require prizes over $500 won from approved gaming devices to be paid by cheque and not cash to the prize-winner, apart from the first $500,

(e) to require cash dispensing facilities (such as automatic teller machines) to be located in an area away from approved gaming devices,

(f) to place limitations on the advertising of gambling activities by a registered club,

(g) to prevent a registered club publishing the identity of patrons who win a prize of more than $1,000 (unless the patron allows his or her identity to be published),

(h) to prohibit registered clubs from providing certain inducements to gamble (that is, offering free or discounted liquor as an inducement to participate in gambling activities at the club, or offering free credits for playing gaming machines),

(i) to require certain officials and employees of registered clubs to undertake a training course approved by the Liquor Administration Board,

(j) to prescribe offences under the Act and regulations in respect of which courts may make remedial orders requiring corrective advertising or courses of training to be undertaken,

(k) to prescribe the requirements for schemes conducted by registered clubs under which people who misuse and abuse gambling activities can exclude themselves from clubs.

Source: Explanatory note in the Exposure Draft of the *Registered Clubs Amendment (Responsible Gambling) Regulation 1999 NSW*.

Figure 8.3 depicts the socially responsible principles and practices proposed in these regulations consistent with previous frameworks in this study.

Figure 8.3
Socially Responsible Principles and Practices in the Exposure Draft of the *Registered Clubs Amendment (Responsible Gambling) Regulation 1999 NSW*

SOCIALLY RESPONSIBLE PRINCIPLES		SOCIALLY RESPONSIBLE PRACTICES
Ethical Principles		Ethical Practices
Secondary harm minimisation	∅	Clearly display prescribed warnings on each machine & ATM about the dangers of gambling, questions to self-assess gambling problems & G-Line information, training in responsible gambling approved by the Liquor Administration Board for club secretaries, managers & staff associated with gambling activities.
Primary harm minimisation: reactive	∅	Self-exclusion scheme that prevents clubs from refusing patron requests for self-exclusion, requires written contract signed by patron, provides information about counselling, requires relevant staff to identify self-excluded persons & which is publicised to club patrons.
Primary harm minimisation: proactive	∅	No cashing of third party cheques, cheques over $100, more than one cheque per day per person, or for patrons who have previously dishonoured cheques, must bank cheque within 1 working day, cheque payment for prizes over $500, remove ATMs & EFTPOS facilities from gambling areas, make clocks clearly visible to players.
Consumer protection & fair trading: product information	∅	Clearly display information where machines are located about odds of winning major prizes & receipts & payouts from machines, provide player information brochures approved by the Minister about use & operation of machines, chances of winning & G-Line information & in multi-lingual format if requested by a patron.
Consumer protection & fair trading: advertising restrictions	∅	No advertising of gambling that encourages legal breaches, depicts children, is false, misleading or deceptive, depicts winning prizes or results, suggests gambling improves social or financial status, suggests player skill can influence outcomes on games of chance, depicts or promotes alcohol consumption while gambling, is directed at disadvantaged persons, is not conducted with decency, dignity & good taste, that breaches any prevailing advertising code, that is broadcast between 5am-9am & 3.30pm-8.30pm. Advertising must contain G-Line information. No publicity identifying winners of more than $1,000 unless patron approves. No inducements to gamble offering free or discounted liquor or free credits.

Source: *Registered Clubs Amendment (Responsible Gambling) Regulation 1999 NSW*.

As shown in Table 8.10 and Figure 8.3, the provisions of the Exposure Draft regulations embrace all ethical principles of secondary and primary harm minimisation, consumer protection and fair trading in gambling. Further, the comprehensive associated practices reflect contextual pressures on the NSW Government to legislate for a very prescriptive set of minimum standards in responsible conduct of gambling, as discussed below.

Key influences on the Exposure Draft regulations were the IPART report (1998), the evaluation report on the RCA's trial responsible gambling program (AIGR, 1998e),

and findings of the Productivity Commission's draft report (1999a). The draft regulations aimed to overcome the serious doubts cast by all three reports on the potential effectiveness of a self-regulatory approach to responsible gambling at the industry and venue levels. Instead, the reports advocated legislation to establish minimum standards for all gambling operators. Additionally, they helped to broaden the issue from a focus on harm minimisation for problem gamblers to harm minimisation, consumer protection and fair trading in gambling for all patrons, a focus also adopted in the draft regulations.

Further, the draft regulations contained all responsible gambling practices advanced by IPART (1998) and the AIGR (1998e), as identified in Chapters Seven and Eight. They adhered to IPART's recommendations for signage, training, self-exclusion, product information, responsible advertising, credit bans, payment of winnings, location of ATMs, responsible inducements and responding to patrons suffering gambling-related distress (1998:44). Indeed, the draft regulations for NSW clubs went beyond IPART's recommendations (1998) in certain areas. These include cheque cashing, making clocks clearly visible, displaying receipts and payments from gaming machines, providing multi-lingual information, and publicity of winners' identities. While the specificity of IPART's recommendations (1998) was hampered by lack of research available to the *NSW Gaming Inquiry* (1998), it is clear that the draft regulations were a concerted effort to meet the intent of the former.

It is also evident that the strategies in the draft regulations for NSW clubs were informed by the RCA's trial responsible gambling program. In fact, the NSW Government acknowledged this input, citing common features between the two as 'liaison with community service organisations, counsellors and doctors; an effective self-exclusion program for gamblers with problems; responsible advertising and marketing; adequate signage to inform gamblers of counselling and support services; prohibition of underage gambling; and encouragement of responsible practices in the conduct of promotions and inducements to gamble' (*NSW Legislative Council Parliamentary Debates*, 19 October 1999, p.1457). Further, the draft regulations also adhered to many of the AIGR's recommendations following its evaluation of the RCA's trial program (1998e). These include recommendations for specified advertising standards, accredited training for venue management and staff, effective display and distribution of player information, removal of ATMs and EFTPOS facilities from gambling areas, and effective compliance mechanisms (AIGR, 1998e:72-75). However, AIGR recommendations for program monitoring, evaluation and review, local community-based liaison, consultation and research by

individual clubs, uniform signage, a regional directory of problem gambling services, a register of related incidents, staff gambling policies, community education and awareness programs, and a publicised consumer complaints mechanism (1998e:72-75) were not proposed in the draft regulations. However, the regulations contained provisions for industry codes of conduct to extend responsible gambling strategies beyond those mandated to embrace additional measures such as those recommended by the AIGR (1998e:72-75).

Most importantly, the draft regulations and the associated legislation sought to overcome problems with compliance mechanisms, a crucial flaw in the RCA's trial program. Under the *Gambling Legislation Amendment (Responsible Gambling) Act 1999 NSW*, these mechanisms comprised:

- requiring relevant regulatory authorities, in carrying out their functions, to 'have due regard to the need for gambling harm minimisation and to foster the responsible conduct of gambling…in the public interest'(Section 3A);

- requiring, as a condition of registration, that a club complies with any written direction by the Director of Liquor and Gaming with respect to actions or practices to minimise harm associated with the misuse and abuse of gambling activities (Section 9A);

- specifying 'conduct or activities…that have encouraged, or are likely to encourage, the misuse and abuse of gambling activities' as a ground of complaint against a club (Section 17);

- punishment of up to 50 penalty units for breaches of the Act (Section 44C);

- imposition of remedial orders for a club to publish corrective advertising for any false, misleading or deceptive advertising and/or for its secretary, directors and/or employees to undertake 'any specified course of training in responsible provision of gambling (Section 65B).

At the time of writing, the period for public comment on the *Gambling Legislation Amendment (Responsible Gambling) Regulation 1999 NSW* had expired, but any revised regulations had not been finalised. Nevertheless, it is evident that the draft regulations represent a concerted effort by the NSW Government to respond to contextual pressures for minimum mandatory standards in responsible gambling which extend beyond the passive approach adopted in self-regulated models, such as

those favoured in the RCA's trial program and in other programs reviewed in Chapter Four. The ensuing section discusses the implications of the legislation and regulations for the future direction taken by the RCA in implementing responsible gambling practices across NSW clubs.

8.7.5 Implications for the RCA's Statewide Responsible Gambling Program

At the time of writing, the *Gambling Legislation Amendment (Responsible Gambling) Act 1999 NSW* and the *Gambling Legislation Amendment (Responsible Gambling) Regulation 1999 NSW* represented the most emphatic and prescriptive legislative statement about requirements for responsible conduct of gambling activities in NSW. They were a product of seeking 'balance, consultation and co-operation' as 'the centrepiece of the Government's policy' (*NSW Legislative Assembly Parliamentary Debates*, 15 September 1999, p. 3) through extensive consultation with government, industry, the epistemic community and key pressure groups. As such, the legislation and draft regulations in the *Registered Clubs Amendment (Responsible Gambling) Regulation 1999 NSW* had extensive implications for the role of the RCA in providing future direction for NSW clubs in responsible provision of gambling. These implications are examined below.

The legislation and draft regulations were instrumental in articulating and codifying the views of numerous stakeholders on responsible gambling. In response to factors discussed in Chapter Three contributing to the emergence of problem gambling as a significant social issue in Australia, the NSW Government had little option but to establish the *NSW Gaming Inquiry* (IPART, 1998) and respond to its recommendations. The nature of its responses also was shaped by the draft findings of the Commonwealth Government inquiry into gambling (Productivity Commission, 1999a), the RCA's trial program and its evaluation (AIGR, 1998e), pressure from the NSW Opposition, and input from the public consultation processes. However, through the legislation and draft regulations, the NSW Government transferred much of the onus for harm minimisation, consumer protection and fair trading in gambling onto gambling operators, particularly those which operate gaming machines. As such, NSW clubs could no longer ignore the weight of public sentiment, codified through government directives, for responsible conduct of gambling at the venue level. This prompted NSW clubs to further pressure the RCA to provide leadership in meeting their social responsibilities in gambling to satisfy the impending legal obligations.

Importantly, the legislation and draft regulations considerably reduced the capacity of the RCA to self-regulate the club industry in responsible gambling. They introduced a co-regulatory approach consisting of a legislated framework and minimum requirements, while allowing a certain degree of industry flexibility, as recommended by both IPART (1998) and the Productivity Commission (1999b). The *Gambling Legislation Amendment (Responsible Gambling) Act 1999 NSW* substantially increased obligations on the RCA (and other gambling operators) to adhere to a code of practice that meets ministerial approval and which is subject to public scrutiny. While the Exposure Draft had included the option for self-regulated industry codes to be adopted in the regulations as minimum standards to be observed, this option was abandoned in the revised legislation following public comment and Parliamentary debates. Concerns were expressed about over-reliance on industry self-regulation and 'the potential for such a power to act as a possible disincentive to the establishment of more ambitious codes of practice by industry groups' (*NSW Legislative Assembly Parliamentary Debates*, 15 September 1999, p. 6). Nevertheless, the NSW Government stated that it 'continues to support the development of strong and wide-ranging codes of practice among industry groups as another important and worthwhile mechanism to promote the responsible conduct of gambling activities' (*NSW Legislative Assembly Parliamentary Debates*, 15 September 1999, p. 6). Thus, a code of practice and responsible gambling program developed by the RCA for statewide implementation would be required to meet regulated minimum standards, with self-regulation only applying to measures transcending those mandatory standards.

Nevertheless, the RCA signalled its willingness to take a leadership role in implementing the impending legislative requirements in NSW clubs, stating that:

> The Association welcomes the changes made to the Bill by the Government as a result of the exposure draft process and will be submitting detailed comments on the exposure draft regulations.
>
> The Association supports responsible gaming practices in clubs and is continuing to develop its program and in particular materials that will assist clubs to meet whatever regulatory requirements are finally imposed.
>
> (*Club Life*, October 1999, p. 5).

Thus, instead of viewing the legislation and impending regulations as a replacement for its prior efforts in developing a statewide responsible gambling program for NSW clubs, the RCA appeared, at least publicly, to pragmatically acknowledge them as a platform for a more comprehensive program than would likely have been adopted under self-regulation. Further, the legislation and forthcoming regulations

have some potential for overcoming the compliance difficulties encountered during the RCA's trial program, by allowing the RCA to pass responsibility for compliance back to the Department of Gaming and Racing. As such, the RCA may have welcomed the legislative response as ultimately facilitating its task. However, because its comments on the Exposure Draft of the *Gambling Legislation Amendment (Responsible Gambling) Regulation 1999 NSW* were not made public, it is difficult to assess how accepting the RCA was of the draft regulations and how much it sought to dilute them and to retain a greater degree of self-regulation in responsible management of gambling. Certainly the regulations are far more demanding than the RCA's trial program elements and those it had planned for statewide implementation. As such, substantial resistance from the RCA would be expected.

Despite the legislation and impending regulations, the RCA is still likely to face considerable challenges in assisting its member clubs to comply with the legislation. Results of the 1998 trial program indicated that most participating clubs were willing to take only a passive approach to responsible management of gambling, with proactive harm minimisation, consumer protection and fair trading strategies not widely adopted. Awareness of related issues, an understanding of specific strategies, and access to resources and support were identified as essential to maximising compliance under the self-regulatory approach formerly planned by the RCA (*Club Life*, March 1999, p. 6). Although compliance with responsible gambling strategies became mandatory under the legislation, the RCA could still assume a significant role in maximising legal compliance by developing a cultural acceptance of the importance of responsible management of gambling, by educating its members about the legislative requirements, and by providing appropriate resource materials, training and support.

However the draft regulations contained much more stringent and comprehensive strategies than were included in the trial program and are probably more prescriptive than those formerly planned for the refined statewide program. Thus, by the end of 1999, the RCA was continuing to review and refine its code of practice, advertising code, training program and resource manual to ensure they complied with the legislation.

8.7.6 Summary

The *Gambling Legislation Amendment (Responsible Gambling) Act 1999 NSW* and its associated regulations were a landmark in gambling policy in NSW, for the first

time codifying mandatory obligations for gambling operators in responsible provision of gambling. Drawing on findings of the IPART report (1998), the AIGR assessment of the RCA's trial program (1998e) and the draft findings of the Productivity Commission (1999a) and exposed to substantial public review and Parliamentary debate, the legislation and regulations articulated stakeholder expectations for more responsible conduct of gambling activities. Input to the legislation further revealed the extent of public concern for problem gambling and a high degree of consensus that mandatory obligations were needed to overcome the inherent deficiencies of self-regulation.

The legislation and impending regulations had considerable implications for the RCA in developing its statewide responsible gambling program. Most significantly, they removed the RCA's former freedom to self-regulate the club industry in responsible gambling, instead imposing minimum standards to be adhered to. However, the RCA acknowledged that it could still play a substantial role in implementing these standards through providing guidance, support and resources to clubs. Further, the legislation provided the opportunity for the RCA to develop a code of practice and statewide program that transcended these minimum requirements.

8.8 TRENDS IN THE RCA'S APPROACH TO RESPONSIBLE GAMBLING

This section provides a brief summary of key trends and significant influential issues in developing the RCA's responsible gambling program for NSW clubs since its initiation in late 1997. It also comments on the future prospects of the RCA to provide leadership for NSW clubs in addressing the issue of problem gambling.

8.8.1 A Summary of Influences on the RCA's Responsible Gambling Program

From accounts in this chapter, it is evident that the RCA's stance in developing its responsible gambling program shifted from a minimalist but proactive approach in 1998 to a more active and comprehensive strategy by the end of 1999. Key influences underpinning this shift arose from a variety of stakeholders, including the RCA itself, the AIGR, IPART, the Productivity Commission, the community and key pressure groups, and the NSW Government, as discussed below.

Influence of the RCA

In May 1998, the *Liquor and Registered Clubs Legislation Amendment (Community Partnership) Act 1998 NSW* required the RCA to publish an enforceable problem gambling policy in return for lower gaming machine taxation rates. This requirement gave the RCA an opportunity to protect further erosion of the benefits accruing from club gaming operations by demonstrating that the clubs were responsible providers of gaming machines. However, aware of the importance of gaming machine profits to the industry and resistance to change amongst club management, the RCA initially elected to take a minimalist and measured approach to its self-regulatory obligations. However, in the context of mounting evidence of the contribution of machine gambling to problem gambling, community outcry, and evidence from two official inquiries, the RCA was forced to acknowledge deficiencies revealed in its trial program (AIGR, 1998e) and develop a more proactive statewide program. It became clear that to adequately demonstrate the clubs' social responsibilities and prevent further erosion of the benefits of machine gambling, the RCA needed to refine its program to meet the more informed and heightened expectations of its stakeholders. However, legislation prescribing minimum mandatory standards in responsible gambling gave the RCA less latitude. Nevertheless, it presented the opportunity for the RCA to lead NSW clubs in implementing these standards and to encourage further responsible gambling initiatives. Thus, compliance with mandatory and self-regulated responsible gambling practices could help to protect NSW clubs from further erosion of their gaming machine privileges, amidst continued pressure on the NSW Government to act on additional recommendations of the *NSW Gaming Inquiry* (IPART, 1998) to change current gambling regulatory arrangements and to give greater consideration to the social and economic impacts of the further expansion of gambling.

Influence of the AIGR

The AIGR also was a significant influence on the evolving nature of the RCA's responsible gambling program. As a key member of the epistemic community, the AIGR influenced public debate on gambling policy, particularly through its submissions to the NSW (IPART, 1998) and Federal (Productivity Commission, 1999a, 1999b) inquiries into gambling. More specifically, it was instrumental in involving extensive stakeholder consultation during the RCA's program development, in broadening its focus from addressing problem gambling to responsible management of gambling, and in encouraging the RCA to be publicly accountable. Through its independent monitoring and evaluation of the trial program and recommendations for refinement for statewide implementation, the AIGR

steered the RCA into its more proactive stance apparent by mid-1999. Further, the inherent shortcomings of a self-regulated responsible gambling program revealed by the AIGR in its assessment of the RCA's trial program (1998e) added further fuel to calls for a legislated response to the issue, one which diminished the option of self-regulation in the RCA's statewide program by the end of 1999.

Influence of the NSW and Federal Government Inquiries into Gambling

Major catalysts for a more proactive stance by the RCA in its program development were the IPART (1998) and Productivity Commission (1999a, 1999b) reports. As well as providing independent and authoritative assessments of gambling regulations, operations and impacts, the reports crystallised the issues surrounding social responsibility in gambling and focused attention on the substantial contribution of gaming machines to gambling problems, on the need for comprehensive consumer protection and harm minimisation strategies in gambling venues, and the desirability of mandatory minimum standards in responsible provision of gambling. The *NSW Gaming Inquiry* (IPART, 1998) also subsequently prompted a legislative response from the NSW Government.

Influence of the Community and Pressure Groups

While public concerns about the social impacts of gambling had been mounting for some years, it was only during 1998-99 that pressure groups and the community were given a significant voice through the official forums of the NSW (IPART, 1998) and Commonwealth (Productivity Commission, 1999a, 1999b) inquiries into gambling, through the consultative processes adopted by the AIGR in developing the RCA's program, and through the NSW Government's exposure drafts of the responsible gambling legislation and regulations. The RCA recognised that NSW clubs, in their role as community-based organisations, could not ignore these sentiments. While this recognition was apparent in the RCA's initial approach to program development, the subsequent events that helped to consolidate and articulate community opinions further fuelled a more proactive and comprehensive response by the RCA to these public pressures.

The NSW Government

During 1998-99, the NSW Government was under unprecedented pressure to reform gambling policy to address the social impacts of gambling, particularly problem gambling. Its passage of the *Liquor and Registered Clubs Legislation Amendment (Community Partnership) Act 1998 NSW* was an initial step in this reform, shifting the onus onto NSW clubs to self-regulate in responsible management of gambling.

However, the AIGR's evaluation of the RCA's self-regulated trial program, complemented by recommendations by IPART (1998) and the Productivity Commission (1999a) for mandatory minimum standards in responsible gambling, subsequently prompted new legislation and regulations with comprehensive and prescriptive obligations for all gambling operators. This legislation removed the option of self-regulation for the RCA and presented a new challenge for it to assist NSW clubs in effective compliance. Thus, the RCA's statewide program shifted focus to emphasise provision of adequate guidance, support and resources for member clubs to protect them from breaching the legislation, and development of additional ways in which clubs might demonstrate their social responsibilities in gambling.

In summary, the evolution of the RCA's development of its responsible gambling program reflects the gradual convergence of opinions of key stakeholders about social responsibility in gambling. After initially adopting a minimalist approach to meet obligations to publish an enforceable problem gambling policy, events and pressures during 1998-99 prompted the RCA to take a more comprehensive and proactive approach in developing its statewide program. However, by the end of 1999, the *Gambling Legislation Amendment (Responsible Gambling) Act 1999 NSW* had removed the RCA's option for self-regulation. Nevertheless, the RCA responded by signalling its willingness to provide leadership in facilitating legal compliance amongst NSW clubs. Thus, over two years, the RCA moved from a position of some reluctance, to actively embracing more responsible provision of gambling in NSW clubs.

8.8.2 Future Prospects of the RCA's Responsible Gambling Program

As noted above, the RCA identified its future role as providing leadership for NSW clubs in responsible gambling to facilitate compliance to their legal obligations and to demonstrate their social performance in addressing problem gambling. The discussion below considers the future prospects of the RCA's responsible gambling program in providing this leadership.

Given that mandatory practices for NSW clubs in responsible conduct of gambling will be identified in the revised *Registered Clubs Amendment (Responsible Gambling) Regulation 1999 NSW*, the focus of the RCA's program shifted to measures to optimise compliance. While some measures were identified at its program launch in March 1999, it remains to be seen whether these and any additional measures will prove adequate. However, a number of challenges can be

identified that the RCA will have to meet if widespread legal compliance amongst NSW clubs is to be achieved.

First, the primary research presented in Chapters Five and Six and the RCA's trial program revealed a preference amongst NSW club managers for passive strategies in responsible gambling and resistance to those that potentially threaten gaming machine revenues or that require substantial resources. However, the minimum legislated standards go well beyond the secondary and reactive harm minimisation strategies that the club managers appeared most willing to adopt, to also include more proactive intervention and practices to enhance consumer protection and fair trading. While the RCA can facilitate clubs' compliance with these more active strategies through providing guidelines, support and resources, it may take considerable time to achieve the necessary cultural shift amongst club management and to overcome resistance to change hampering more responsible management of gambling in NSW clubs in the past.

Further, achieving these changes is likely to be particularly difficult given the intense market competition faced by NSW clubs, an environment likely to be sustained for some time. While the NSW Government has signalled it will consider establishing an independent gaming authority whose functions may include examining the future expansion of gambling in NSW, a reduction in gaming machine numbers appears unlikely. However, there is substantial pressure from various community stakeholders for a moratorium on machine numbers. If this occurs, it would likely place additional competitive pressures on NSW clubs to maximise returns from their existing machines, further discouraging more proactive responsible gambling practices. Thus, the economic incentives to minimise or ignore responsible management practices are likely to prevail. While NSW clubs may be encouraged to diversify their activities to reduce their current reliance on gaming machine revenues, such diversification would be achieved slowly. Nevertheless, the legislated whole of industry responsible gambling model may counterbalance or dissipate some of these competitive pressures and promote legislative compliance.

The RCA also faces practical difficulties in maximising compliance amongst NSW clubs. Apart from the logistical challenges of producing and disseminating codes of practice, guidelines, support materials and training, it needs to ensure these can be adapted to the requirements of clubs with different needs, resources, and membership and community profiles, while still meeting the regulatory obligations. The diversity apparent amongst NSW clubs and their geographic spread make this a considerable challenge for the RCA.

Finally, while the RCA can encourage legal compliance in responsible management of gambling, it lacks effective sanctions for non-compliant clubs. Being a voluntary association, the RCA can provide incentives and rewards for legal compliance, but lacks enforcement mechanisms. Given the limited enforcement resources of the Department of Gaming and Racing, some clubs may consider that breaching the legislation is a worthwhile risk, given the potential or perceived financial rewards of ignoring some or all of the regulations. While compliance also may be encouraged through consumer complaints mechanisms and the threat of litigation, this would be accompanied by considerable damage to the reputation of non-complying clubs and the industry. Thus, compliance is likely to remain a major challenge, even under the legislated approach introduced, unless the Department of Gaming and Racing devotes substantial resources to enforcement. This appears unlikely, given the recent reduction in the Department's budget and staffing.

Nevertheless, the RCA has a number of strengths on which it can draw to meet the challenges identified above. Progress in its responsible gambling program over the preceding two years provides a solid platform from which to proceed. By the end of 1999, the RCA had made substantial progress in accepting its role as industry leader in responsible gambling, in raising awareness of the issue amongst clubs and in developing program materials. It should therefore be able to proceed more quickly than other gambling sectors where this preparation has been absent. Further, the vast majority of NSW clubs are members of the RCA and have traditionally embraced its role in providing advice, disseminating information and coordinating training. Thus, the long-standing status of the RCA as the peak industry association should enhance the authority and respect needed to lead NSW clubs in responsible management of gambling.[65]

8.8.3 Summary

This section has summarised key influences on the evolution of the RCA's responsible gambling program for NSW clubs. From a somewhat reserved and minimalist stance in early 1998, substantial pressures from numerous stakeholders and events during 1998-99 prompted the RCA to develop a more concerted and comprehensive program than originally trialled in nineteen NSW clubs. The AIGR's evaluation of that program (1998e), the NSW (1998) and Commonwealth (1999a) Government inquiries into gambling, and more vocalised public opinion were

[65] In mid-1999, the RCA changed its name to ClubsNSW.

instrumental in compelling the NSW Government to subsequently legislate for minimum standards for gambling operators in responsible provision of gambling. In response, the RCA has adopted a more active stance as an agent of change, seeking to provide leadership for NSW clubs in adhering to these legal obligations and to demonstrate the industry's social performance in addressing problem gambling. The effectiveness of the RCA in driving this change will depend on its ability to use its strengths to overcome the many challenges inherent in improving responsible management of gambling in NSW clubs.

8.9 CHAPTER CONCLUSION

This chapter has considered the implications of five significant developments during 1998-99 for the future management of problem gambling by NSW registered clubs. These developments were the RCA's trial responsible gambling program, recommendations of the AIGR (1998e) and the *NSW Gaming Inquiry* (IPART, 1998), the draft and final reports of the Federal Government's inquiry into Australia's gambling industries (Productivity Commission, 1999a, 1999b), and the lead-up to and passage of the *Gambling Legislation Amendment (Responsible Gambling) Act 1999 NSW* and associated regulations. These developments, both in isolation and in combination, had considerable influence on progress made by the RCA during 1998-98 in developing its statewide responsible gambling program for NSW clubs and on the evolving nature of that program.

The first development documented in this chapter was the phased approach to implementing a statewide responsible gambling program which the RCA had embarked upon by mid-1998, with the assistance of the AIGR, to meet its obligations under the *Liquor and Registered Clubs Legislation Amendment (Community Partnership) Act 1998 NSW*. A critical element was its trial responsible gambling program. While underpinned by principles, processes and practices that can be considered socially responsible, the trial program demonstrated the inherent weaknesses of self-regulation in responsible management of gambling and the tendency of the participating clubs to take a minimalist approach under conditions of competitive rivalry, economic pressures and resistance to change. The general reluctance of the RCA at that time to encourage a more proactive approach to responsible gambling and its inability to ensure compliance under the self-regulatory model it pursued, was reflected in the passive strategies adopted by most participating clubs.

However, the AIGR's evaluation of that trial program and its subsequent recommendations for the statewide program (1998e) challenged the RCA to identify ways in which a more comprehensive and widely implemented program could be achieved. This challenge was compounded by the recommendations of the *NSW Gaming Inquiry* (IPART, 1998) for minimum mandatory standards for all gambling operators in responsible conduct of gambling that went beyond those embraced in the RCA's trial program. Thus, in combination, the AIGR's (1998e) and IPART's (1998) recommendations drew attention to the general reticence of gambling operators to voluntarily adopt responsible gambling measures and the need for enforceable compliance mechanisms.

By early 1999, the RCA was under unprecedented pressure to refine its trial program strategies for statewide implementation. After recommissioning the AIGR to assist, the RCA announced its intentions to devote considerable resources to providing support, guidance and training to optimise program implementation by member clubs. By mid-1999, the RCA and AIGR were making substantial progress in developing codes of practice, a resource manual, support materials and a training program in responsible management of gambling. While still opting for self-regulation, the RCA nonetheless embraced many of the AIGR's recommendations for program refinement (1998e) and was responding more proactively to calls for improved social performance in gambling that the IPART report (1998) had unleashed. At this point however, the RCA had still not grappled with the more difficult issue of program compliance.

The events of 1998 snowballed into 1999, fuelled by the Productivity Commission's draft report (1999a) and culminating in NSW legislation prescribing stringent mandatory standards in responsible conduct of gambling. In combination, the AIGR (1998e), IPART (1998) and the Productivity Commission (1999a, 1999b) had provided a channel for and articulated community concerns about the social impacts of gambling, particularly problem gambling, and substantially removed the capacity for governments and gambling operators to set gambling policy in isolation. This strengthened community voice and the convergence of the findings and recommendations of the three parties cited above, placed the NSW Government in an untenable position. During the second half of 1999, it moved to shift much of the onus for responsible gambling onto gambling operators through legislation and regulations that prescribed a set of minimum standards that were more comprehensive and interventionist than those implemented during the RCA's trial program and planned for its statewide program.

Nevertheless, while the *Gambling Legislation Amendment (Responsible Gambling) Act 1999 NSW* and the proposed associated regulations had considerably reduced the powers of the RCA to self-regulate NSW clubs in responsible gambling, at the time of writing the RCA appeared to have accepted this new regime, redefining its role as one of providing leadership in optimising compliance amongst NSW clubs. Its capacity as an agent of change for the industry had thus been improved by the legislation that potentially addresses the RCA's former difficulties with self-regulation, while enhancing opportunities for the industry to demonstrate its social performance in addressing problem gambling. By the end of 1999, the RCA had publicly accepted the legislative approach to responsible gambling and had participated in and reacted to the reforms. The convergence of influences exerted by numerous stakeholders – the AIGR (1998e), IPART (1998), the Productivity Commission (1999a, 1999b), the community and pressure groups, and the NSW Government – could not be ignored. It was in this context that the RCA's stance on responsible gambling evolved over 1998-99 from one of reluctant acceptance to one of pragmatic involvement.

Thus, by the end of 1999, the future direction of NSW clubs in addressing problem gambling pointed towards a combination of legislation and self-regulation in responsible provision of gambling. That is, legislation had established core minimum principles, processes and practices in responsible conduct of gambling, while the RCA had signalled its intentions assist in their application through supporting their implementation and through self-regulating compliance in NSW clubs. This expansion of the initial self-regulatory approach by the RCA to one underpinned by legislative obligations represented a culmination of key developments during 1998-99.

The next chapter concludes this dissertation by summarising key aspects of the study and its empirical and theoretical contributions.

CHAPTER NINE

CONCLUSION TO THE STUDY

9.1 INTRODUCTION

This chapter concludes this dissertation, which examined how NSW registered clubs manage problem gambling in their machine gambling operations from past, present and future perspectives. This examination has been driven by attempts to document and explain environmental influences, stakeholder expectations, contextual pressures, and organisational priorities and practices that have helped to shape how NSW clubs have managed problem gambling since they attained legal rights to operate gaming machines in 1956. This research recognises that problem gambling has been an evolving strategic issue for NSW clubs, one receiving varied management responses at particular times that reflect both prevailing external environmental factors and internal organisational considerations. Thus, the research has tried to capture the nature and influences of these factors to explain the clubs' response to problem gambling over time.

In presenting the core conclusions of the research (Section 9.2), the chapter summarises how the increased commercialisation of NSW clubs, accompanying their historical development after 1956, undermined their distinctive relationship with the community and their legitimacy as major providers of machine gambling. Through elevating commercial over social objectives, NSW clubs diminished the social contract that had underpinned their machine gambling privileges. As well as attracting criticism that they were violating their not-for-profit agenda and social benefit objectives, the competitive approach by NSW clubs to their machine gambling operations helped to fuel the emergence of problem gambling and responsible provision of gambling as significant social issues in Australia by the late 1990s. In the context of expansionist government policies on gambling, intense competitive rivalry amongst gambling operators, and more vocal pressure from the epistemic community and key pressure groups for gambling reform, responsible provision of gambling evolved into an issue that NSW clubs could not ignore.

However, by 1998, few initiatives had been taken by NSW clubs in addressing problem gambling through more responsible management practices. An inherent conflict between the commercial orientation of the clubs and the social orientation that voluntary responsible gambling measures appeared to require impeded the social performance of clubs in their machine gambling operations. By 1998, significant expectational gaps existed between the organisational behaviour of NSW clubs in their provision of machine gambling and that expected by their key stakeholders.

Pressure from key stakeholders and a convergence of important events during 1998-99 shaped a response by the RCA. From the minimalist, self-regulatory responsible gambling model proposed for NSW clubs in 1998, the RCA was pressured to adopt a more proactive and comprehensive model by the AIGR's evaluation of the RCA's trial responsible gambling program (1998e), and the findings of the NSW (IPART, 1998) and national (1999a, 1999b) gambling inquiries. However, these events, coupled with the inherent and demonstrated shortcomings of self-regulation in responsible management of gambling, culminated in the establishment in NSW legislation in late 1999 of minimum standards in responsible conduct of gambling for all gambling operators, including NSW clubs. Thus, by the end of 1999, the NSW club industry had lost its capacity for self-regulation in responsible provision of gambling, although the RCA retained considerable opportunity to lead the industry and to optimise legal compliance. It was in this context that the stance of the RCA shifted from one of reluctant acceptance of the clubs' social responsibilities in gambling in 1997 to more active, albeit pragmatic, involvement by the end of 1999.

The core conclusions of this thesis underpin an explanatory theoretical model presented in this chapter (Section 9.3) of key factors that have influenced how NSW clubs have managed problem gambling since 1956. The model builds upon and integrates previous conceptualisations of corporate social performance and corporate social issues to explain and consolidate the research findings. These seven factors are environmental influences, corporate social orientation, corporate social responsiveness, corporate social responses, corporate social results, corporate social performance, and development of corporate social issues.

Finally, the chapter outlines the limitations and contributions of the study (Section 9.4) and recommendations for further research (Section 9.5), before a brief conclusion is presented (Section 9.6).

9.2 A SUMMARY OF THE STUDY'S EMPIRICAL FINDINGS

As issues of management concern for NSW clubs, problem gambling and responsible provision of gambling had their seeds in the historical development of NSW clubs as major providers of machine gambling in NSW and Australia. After gaming machines were legalised in NSW clubs in 1956, the clubs' increased commercialisation affected their distinctive relationship with the community and their legitimacy as major providers of machine gambling in Australia (Chapter Two).

In the 1950s, prevailing government policy that linked legalised gambling to social benefit provided a favourable environment for the legalisation of gaming machines in NSW clubs, with the *Gambling and Betting (Poker Machines) Act 1956 NSW* consolidating the traditional nexus between gambling and clubs. This had evolved from betting on card games between club members in the first NSW clubs, to illegal gaming machines operating in numerous clubs by the late nineteenth century. By the 1950s, the clubs were lobbying intensely for gaming machines to be legalised in the clubs, amidst economic objections from NSW hotels and moral objections from church groups and the Protestant middle class. Pressure on the government to protect the financial viability of NSW clubs and the employment they created, to provide healthy competition for NSW hotels, and to control the widespread operation of illegal gaming machines, resulted in the granting of monopoly gaming machine rights to NSW clubs in 1956. The official not-for-profit status, membership requirements, and social benefit objectives of clubs were characteristics that enabled the NSW Government to justify this legal sanctioning of club machine gambling. This was compatible with prevailing government policy that linked gambling to social benefit and that aimed to curtail illegal gambling operations. It also provided the clubs with a considerable competitive advantage, able to be sustained as long as legalised gaming machine operations were confined to the club sector. It was this competitive advantage that provided the foundation for the remarkable expansion of the NSW club industry witnessed throughout the remainder of the twentieth century.

After 1956, the lure of gaming machine revenues fuelled exponential growth in the number of NSW clubs, while their machine gambling operations and the funnelling of the resultant profits into club facilities and services changed the nature of individual clubs. The clubs steadily evolved from the small, elitist organisations of the 1800s and early 1900s, to mass leisure organisations for people from a wide social spectrum, attracted by the machines and the superior club facilities. Gaming

machines became the clubs' chief attraction, replacing an earlier emphasis on pursuing and promoting the common interest of members for which each club had been established. While substantial gaming machine revenues began to divert some club administrators from the social purposes of their clubs towards more commercially-driven interests, an implicit acceptance that club gaming machine profits were accompanied by community benefit meant their expansion continued largely unchecked.

By the 1970s, this liberal environment had nurtured the emergence of very large clubs with extensive gaming machine installations, and whose social benefit focus had become increasingly blurred through their ambitions to expand membership and patronage through extensive gambling and other club facilities. In the context of increased competition for gambling flowing from expansionist government policies during the 1980s and 1990s, NSW clubs became more aggressively commercial in their machine gambling operations and more politicised in their attempts to protect what had become their main revenue source. Thus, by the 1990s, the NSW club sector was characterised by increasing industry concentration, with the large clubs yielding considerable political and market influence and pursuing the usual commercial goals of increasing market share, attracting maximum patronage, improving and diversifying their product mix, and generating substantial profits. Thus, their overall priorities had shifted from a predominantly social orientation to an economic focus.

The nature of these changes attracted criticism that many NSW clubs were violating their not-for-profit status and the attendant concessions, by diminishing their charter to provide community benefit through promoting the social, recreational, sporting and cultural interests of their members. Instead, many had evolved into commercial gambling venues, intent on aggressively marketing and expanding their machine installations with little regard for their social consequences. Thus, the very features of NSW clubs that allowed them to attain dominance over machine gambling in the state had become subordinated to economic interests. By the 1990s, not only had NSW clubs diminished their legitimacy and social contract through refocusing their efforts on commercial rather than social goals, but their competitive approach to machine gambling operations was fuelling concerns for problem gambling.

However, the commercialisation of NSW clubs and their unfettered expansion and promotion of machine gambling were not isolated factors fuelling the emergence of problem gambling as a significant corporate social issue in Australia by the 1990s. Additional contextual issues converged that heightened public concern about the

social impacts of gambling (Chapter Three). The role of governments, gambling operators, epistemic influences, and pressure groups were instrumental in propelling problem gambling to an issue receiving unprecedented attention in Australia.

Government policy on gambling in Australia evolved from an emphasis on prohibition until the 1920s, to selective liberalisation for social benefit until the 1970s, to an expansionist agenda by the 1990s (Chapter Three). Faced with mounting fiscal pressures, Australian state governments steadily elevated principles of revenue raising in gambling policy to the dilution of consumer protection, harm minimisation, fair trading and public interest principles. By the mid-1990s, gambling policy was characterised by expansion, market stimulation, competition and increased privatisation. However, to allay community concern and to render expanded gambling options more publicly palatable, Australian governments began to direct some resources to addressing problem gambling. Nevertheless, proactive measures to prevent or reduce the incidence and severity of problem gambling were largely subordinated to those aimed at providing treatment for those with gambling problems. While some regulatory requirements for gambling operators to provide a responsible gambling environment were tightened, these were largely restricted to new forms of gambling such as casino operations. Until 1998, there were minimal legal obligations for other gambling operators, including NSW clubs, to address problem gambling.

By the 1990s, expansionist government policies on gambling were mirrored by the competitive strategies of gambling operators. These resulted in unprecedented accessibility and diversity of gambling, a substantial expansion in machine gambling, and aggressive marketing tactics to cope with an intensely competitive environment. While some gambling operators adopted some responsible gambling initiatives, these were seen as little more than token efforts in the face of what the public perceived as unacceptable levels of gambling problems and their attendant community consequences. It was in this context that calls for more responsible provision of gambling became intensified. As the largest providers of machine gambling at both state and national levels and with their thinly veiled commercial orientation, NSW clubs became a target for criticisms that gambling operators were exploiting the gambling public. Pressure intensified from the epistemic community and key pressure groups for gambling operators to adopt harm minimisation and consumer protection measures to provide a more responsible gambling environment.

The epistemic community of Australian researchers and experts in the field was instrumental in projecting problem gambling into the social arena. Several

influential researchers, analysts and social commentators rejected the US interpretation of problem gambling as an individual, medical or psychological disorder, instead drawing attention to its social consequences by redefining it as a public health issue. This focused demands on governments and gambling operators, rather than individual gamblers, to minimise harm arising from problem gambling and to incorporate adequate consumer protection measures into gambling operations. This change in focus was mirrored by pressure groups seeking gambling reform. While gambling reformers based objections to gambling principally on theological and moral grounds until the early 1900s, and then on concerns about the association of gambling with criminal activity and social disruption in the mid-1990s, the social harm arising from problem gambling became the dominant public concern by the 1990s. Pressure groups became increasingly vocal in calling on governments and gambling operators to enact structural changes to minimise gambling-related problems through harm minimisation and consumer protection strategies. No longer was the onus of responsibility on individual gamblers to overcome their affliction or weakness. Instead, responsibility had shifted to governments and gambling operators to take actions that would prevent or reduce problem gambling and the impacts on its 'victims' and the wider community. This broadening of concern to the community impacts of gambling shifted attention from measures to assist 'problem gamblers', to ways to improve social responsibility in gambling provision. With the opening and divergence of expectational gaps between corporate and government performance in gambling and the expectations of the epistemic community and key pressure groups, problem gambling and responsible provision of gambling had become firmly established as a significant corporate social issue for NSW clubs by the late 1990s.

To consider ways in which the issue of problem gambling might be addressed by NSW clubs, this thesis examined theoretical models of corporate social performance and applied models of responsible provision of gambling (Chapter Four). In assessing whether theoretical foundations for corporate social performance have relevance for NSW clubs as not-for-profit organisations, this thesis argued that, because their legitimacy principally is derived from their social rather than economic, function, NSW clubs have greater public responsibility to address the consequential impacts of their core product. When compared to their not-for-profit counterparts, they also are answerable to a broader range of stakeholders, their managerial discretion for addressing problem gambling is narrower, and societal expectations for ethical behaviour are heightened. Therefore, the principles, processes and practices underpinning prominent models of corporate social performance were considered applicable in explaining why the social performance

of NSW clubs in their machine gambling operations had not met stakeholder expectations in the past and in providing direction for addressing problem gambling in the future. However, when existing models of responsible gambling from the US and Australia were considered, they were found to be deficient both theoretically in failing to be underpinned by socially responsible principles, processes and practices, and in their potential application in NSW clubs due to the inherent differences between stakeholder expectations of the clubs compared to other gambling operators.

Due to the shortcomings of these applied responsible gambling models, this thesis utlised theoretical concepts of corporate social performance (Zenisek, 1979; Carroll, 1979, 1991; Wartick and Cochran, 1985; Wood, 1991a) to develop a framework to structure the empirical research into the current status and future direction of NSW clubs in managing problem gambling to the satisfaction of key stakeholders. It conceptualised social performance in gambling as a function of the congruence between organisational behaviour and key stakeholders' expectations of the principles and practices which gambling operators should adopt to address problem gambling. The framework proposed that this congruence could be assessed by comparing the priorities given by each party to economic, legal, ethical and discretionary dimensions of social responsibility (Carroll, 1979, 1991) in machine gambling, and by comparing preferred policies and programs in responsible provision of gambling. This framework was used to structure and analyse the empirical research into how NSW club managers and their key stakeholders interpreted the clubs' social responsibilities in addressing problem gambling by 1998 (Chapters Five, Six and Seven).

This assessment shifted the focus of the study to a contemporary perspective. Three sources of data were analysed to assess how NSW club managers viewed the social responsibilities of their clubs in addressing problem gambling in their machine gambling operations by 1998. These comprised in-depth interviews with nineteen NSW club managers, case studies of six NSW clubs with responsible gambling programs, and a mail survey questionnaire to managers of all NSW clubs with gaming machines. Of particular note was the convergence of findings from the three data sources about the degree of acceptance and support amongst NSW clubs for socially responsible principles and practices that have potential for underpinning a responsible gambling model for the clubs (Chapters Five and Six).

While the club managers considered all of Carroll's (1979, 1991a) economic, legal, ethical and discretionary principles and practices important in socially responsible

management of gambling, economic concerns clearly attracted the highest priority. The nineteen interviews reflected support by the club managers for only passive strategies in responsible gambling amidst concerns that more interventionist practices might undermine the clubs' revenue base and their competitiveness relative to other gambling operators, and that they would incur expenses to implement. The six case studies and the quantitative survey also confirmed support for passive over proactive measures in responsible gambling. Legal responsibilities were found to be the next most prioritised area, with the club managers seemingly cognisant of their legal responsibilities in machine gambling, to regard them as highly important, and to have incorporated mechanisms to maximise compliance. The third most prioritised concern was ethical responsibilities. Within this ethical domain, the data revealed a hierarchy of acceptance and support for socially responsible principles and practices. The club managers most favoured the principle of secondary harm minimisation, operationalised through the provision of patron information on problem gambling and sources of assistance. The next most favoured principle was reactive primary intervention through voluntary self-exclusion programs for patrons acknowledging a gambling problem. Less favoured was primary intervention through limiting access to cash for gambling and consumer protection measures to ensure fair trading by providing more comprehensive product information and by placing certain restrictions on the advertising and promotion of machine gambling. The least favoured principle was discretionary support, particularly when it involved a financial commitment from individual clubs.

From the convergence of findings amongst the three data sources, it was concluded that, while there was a generally positive attitude amongst NSW club managers to a more responsible approach to the conduct of machine gambling in 1997-98, an inherent conflict between economic and social objectives was a substantial barrier to a comprehensive and proactive voluntary response. In the absence of legal obligations to address problem gambling at that time, and faced with considerable economic incentives to do otherwise, the commercial orientation of NSW clubs appeared incompatible with the social orientation that voluntary responsible management of gambling appeared to require.

In contrast to the minimalist approach in responsible gambling favoured by the clubs during 1997-98, key non-industry stakeholders advocated a much more proactive and extensive model. Analysis of stakeholder viewpoints during 1998 revealed the nature and extent of these expectational gaps between NSW clubs and their key constituencies (Chapter Seven). Drawing on in-depth interviews and a review of submissions to the *NSW Gaming Inquiry* (IPART, 1998), the analysis found that,

while the four stakeholder groups examined - the NSW Government, the gambling industry, the epistemic community and pressure groups - considered gambling operators to have some responsibility for addressing problem gambling, extensive variation was apparent in the socially responsible principles and practices advocated. Further, this variation reflected the desire of the various groups to protect their own interests and to shift responsibility for addressing problem gambling onto other parties.

By 1998, key pressure groups, the epistemic community, and the NSW Government advocated the greatest range of socially responsible principles in gambling provision, supporting adherence to Carroll's (1979, 1991a) economic, legal, ethical and discretionary domains of social responsibility. Amongst constituents associated with the gambling industry, gambling operators were agreeable to a range of economic, ethical and discretionary principles, although they were largely resistant to further legal obligations. Principles advocated by the peak gambling industry employee union and the major gaming machine manufacturers' association were more limited, reflecting the narrow constituencies they represent.

These principles also were reflected in the socially responsible practices supported by the four stakeholder groups. Key pressure groups and the epistemic community favoured the greatest range of strategies, supporting financial contributions from gambling operators to implement responsible gambling strategies and to fund problem gambling and community support services. They also called for a more legislated environment than other stakeholder groups, through better compliance to existing legislation and additional legal obligations in responsible conduct of gambling. These constituencies also proposed a wide range of ethical practices to improve secondary and primary harm minimisation, consumer protection and fair trading in gambling. Emphasis was placed on greater discretionary liaison between gambling operators and the community to better meet prevailing values and expectations and to develop closer links with problem gambling support agencies. Thus, the epistemic community and key pressure groups advocated a holistic, public health approach to addressing problem gambling, focusing on the public interest, consumer rights, and proactive protection from problem gambling and its consequences.

The NSW Government advocated the next broadest range of responsible gambling practices. While supportive of further economic contributions by gambling operators to initiatives to address problem gambling and of some additional legislative requirements for gambling operators, the government was reticent to acknowledge

criticisms that its performance as gambling policy-maker and regulator did not adequately address problem gambling. Further, it was resistant to improving this performance through mechanisms to ensure better legal compliance, and coordination, monitoring and enforcement of responsible gambling initiatives. However, a comprehensive set of ethical practices was supported by the government, embracing secondary and primary harm minimisation strategies, and practices to enhance consumer protection and fair trading in the advertising of gambling. It also supported further discretionary in-kind and financial support from gambling operators to address problem gambling. Thus, the NSW Government was generally supportive of most initiatives that shifted responsibility for addressing problem gambling onto gambling operators.

Of all stakeholder groups, the gambling operators supported the most limited range of responsible gambling practices by 1998. Few economic and legal measures were supported, with similar reticence evident in the types of ethical practices advanced. The operators generally favoured a passive approach to address problem gambling, one that relies largely on secondary harm minimisation strategies, self-regulation, and non-financial discretionary initiatives. This type of approach would pose minimal threat to the economic performance of gambling operators, require less financial commitment, and retain the degree of autonomy in gambling provision existing at that time. Additionally, responsible gambling practices advocated by the peak employee union and gaming machine manufacturers' association appeared to go little beyond attempts to protect their narrow constituencies, rather than a concerted effort to address problem gambling. The union largely supported practices that would reduce uncertainty for gambling industry employees, advocating a passive approach that places the onus on gamblers to recognise and act on a gambling problem. The gaming machine manufacturers' association deflected responsibility for addressing problem gambling away from its constituents, and onto government, regulators and gambling operators. Despite agreeing that problem gambling exists and is associated mainly with gaming machines, it acknowledged no role or responsibility for machine manufacturers in addressing the issue. Thus, while there was some variation amongst the responsible gambling models advanced by the gambling operators examined, their general stance confirmed that voluntary management of responsible gambling would be unlikely to meet stakeholder expectations at that time.

When the expectations of the non-industry stakeholder groups were compared to principles, policies and programs in responsible gambling supported by NSW club managers, substantial expectational gaps were identified. First, the NSW club

managers placed highest priority on economic, then legal, then ethical and lastly, discretionary, principles in their machine gambling operations, whereas key stakeholders advocated more balanced attention to all of these. Second, while the non-industry stakeholders strongly advocated a uniform industry-wide policy in responsible gambling, no industry policy had been implemented statewide in NSW clubs at that time. Further, the preferred nature of any such policy also differed, with the NSW club managers favouring a whole-of-industry policy funded principally by the Department of Gaming and Racing, involving self-regulation, no additional legislative or regulatory requirements, a self-administered consumer complaints mechanism, and limited community consultation. In contrast, the stakeholders advocated a whole-of-industry policy funded principally by industry, involving independent coordination, monitoring and enforcement, additional legislative requirements, an independent consumer complaints mechanism, and extensive community consultation. Third, the minority of NSW clubs with responsible gambling programs by 1998 stood in contrast to the unanimous stakeholder support for introducing such programs. The preferred nature of responsible gambling programs also differed. The NSW club managers favoured a program involving only secondary and reactive primary harm minimisation strategies. In contrast, key stakeholders advanced a more holistic program that also includes proactive primary harm minimisation, consumer protection and fair trading strategies.

Thus, the analysis concluded that the expectational gaps between the responsible gambling principles and practices implemented by NSW club managers and expected by key stakeholders contributed to the emergence of problem gambling and responsible provision of gambling as a concern of organisational and social significance during 1998. This concern was sustained by controversy between the parties over the goals to be achieved in responsible gambling and the means to attain these. By 1998, failure to resolve this controversy in a manner that closed the expectational gaps had led to stakeholder assessments of NSW clubs as irresponsible providers of machine gambling, even though most club managers appeared to recognise that failure to address problem gambling had potential negative impacts for club performance. Thus, problem gambling and responsible provision of gambling represented a significant corporate social issue for NSW clubs in 1998 and placed them in an untenable position, expediting a response from the RCA as the peak club industry association.

Key developments during 1998-1999 shaped the RCA's response and its progress in developing a statewide responsible gambling program for the clubs to meet obligations under the *Liquor and Registered Clubs Legislation Amendment*

(Community Partnership) Act 1998 NSW to publish an enforceable problem gambling policy. While the RCA had commenced this development in late 1997 with assistance from the AIGR, subsequent events in 1998-99, both in isolation and in combination, continued to shape the nature of that program and the problem gambling policy that underpinned it.

A critical element in developing the RCA's statewide responsible gambling program was its trial program in nineteen NSW clubs and its subsequent evaluation by the AIGR (1998e). While underpinned by socially responsible principles, processes and practices, the trial program demonstrated the inherent weaknesses of self-regulation in responsible management of gambling and the tendency of the participating clubs to take a minimalist approach under conditions of competitive rivalry, economic pressures and resistance to change. The passive strategies adopted by most participating clubs reflected the general reluctance of the RCA to encourage a more proactive approach to responsible gambling at that time and its inability to ensure compliance under the self-regulatory model it pursued. However, the AIGR's evaluation of the trial program and its recommendations for the statewide program (1998e) challenged the RCA to identify ways in which a more comprehensive and widely implemented program could be achieved. This challenge was compounded by the recommendations of the *NSW Gaming Inquiry* (IPART, 1998) for minimum mandatory standards in responsible conduct of gambling that went beyond those embraced in the RCA's trial program. Thus, in combination, the AIGR's (1998e) and IPART's (1998) recommendations placed the RCA under unprecedented pressure to refine its trial program for statewide implementation in ways that would overcome the general reticence of gambling operators to voluntarily adopt responsible gambling measures and the problems encountered with program compliance. The RCA responded during 1999 by devoting considerable resources to providing support, guidance and training to optimise program implementation, by embracing many of the AIGR's recommendations for program refinement (1998e), and by acknowledging calls for improved management practices that the IPART report (1998) had unleashed. By mid-1999 however, the RCA had still not grappled with the more difficult issue of program compliance, instead pursuing self-regulation.

In mid and late 1999, the draft and final reports of the first independent national inquiry into gambling in Australia were released (Productivity Commission, 1999a, 1999b). These added further fuel to arguments that gambling operators should implement more comprehensive, proactive and mandatory measures in responsible conduct of gambling. In combination with the inclusive approaches taken by the

AIGR in coordinating the RCA's trial and statewide programs and by IPART in conducting the *NSW Gaming Inquiry* (1998), the Productivity Commission's reports (1999a, 1999b) provided a conduit for community concerns about the social impacts of gambling, particularly problem gambling. The prominence given to community opinions and the convergence of the findings of the AIGR (1998e), IPART (1998) and the Productivity Commission (1999a, 1999b) substantially removed the capacity for governments and gambling operators to establish gambling policy in isolation and for their own interests. It placed the NSW Government and the RCA in an unsustainable position, with the events of 1998-99 culminating in NSW legislation and draft regulations prescribing stringent mandatory standards in responsible conduct of gambling for all gambling operators.

The *Gambling Legislation Amendment (Responsible Gambling) Act 1999 NSW* and the draft *Registered Clubs Amendment (Responsible Gambling) Regulation 1999 NSW* had considerable implications for the RCA in developing its statewide responsible gambling program. Most significantly, they removed the RCA's former freedom to self-regulate the club industry in responsible gambling, instead imposing minimum mandatory standards. However, the RCA signalled it would still play a substantial role in implementing these standards throughout NSW clubs. Further, the legislation provided the opportunity for the RCA to develop a policy and program that transcended these minimum requirements. Its capacity as an agent of change for the industry was thus enhanced by the legislation which potentially reduced the RCA's former difficulties with self-regulation, whilst highlighting opportunities for the club industry to demonstrate its social performance in gambling. Thus, by the end of 1999, the RCA had accepted that the convergence of pressures exerted by numerous stakeholders could not be ignored. It was in this context that the RCA's stance on responsible gambling evolved over 1998-99 from one of reluctant acceptance to one of pragmatic involvement in more responsible provision of gambling in NSW clubs.

By the end of 1999, a combination of legislation and self-regulation in responsible gambling appeared to underpin the most likely future direction of NSW clubs in addressing problem gambling, with the RCA signalling its willingness to provide industry leadership and support. Nevertheless, the effectiveness of the RCA in driving this change will depend on its ability to use its strengths to overcome the many challenges inherent in improving responsible management of gambling in NSW clubs. Barriers include the logistical challenges of developing and disseminating support material suitable to the diverse characteristics of NSW clubs, and the cultural shift needed amongst club management to overcome the resistance

to change which had hindered more responsible management of gambling in NSW clubs in the past. Particularly under the competitive pressures faced by the clubs by the end of 1999, compliance appeared likely to remain a considerable challenge for the RCA, even given the legislated requirements introduced. However, the RCA's progress in its statewide program, its own pragmatic acceptance of the club industry's social responsibilities in gambling, and its status as the peak club industry association should facilitate this leadership role in the future.

9.3 A THEORETICAL ANALYSIS OF THE STUDY'S FINDINGS

As noted in Chapter Four, theoretical developments in corporate social responsibility are in their infancy, with this deficiency posing a considerable challenge for researchers, policy-makers, organisations and other parties wishing to investigate how corporate social impacts might be managed. While this study cannot provide prescriptive solutions for the management of corporate social impacts, it can draw on the empirical findings of this study to identify a set of factors that appear influential in determining how NSW registered clubs have managed problem gambling during the time period focused upon in this study. While speculative and a topic for further research, these factors may also have utility in informing other investigations of how organisations manage their social impacts. Thus, this section summarises these influences and presents them as an explanatory theoretical model that builds upon and integrates previous conceptualisations of corporate social performance and corporate social issues.

9.3.1 Theoretical Factors Influencing the Management of Problem Gambling by NSW Clubs

Seven factors which emerged in this study as influencing the management of problem gambling by NSW clubs are identified below, accompanied by a discussion of how these elements relate to and advance previous conceptualisations in the corporate social performance and corporate social issues fields. These factors are:

- environmental influences on the management of problem gambling by NSW clubs;

- corporate social orientation of NSW clubs in their gaming machine operations;

- corporate social responsiveness of NSW clubs in managing problem gambling;
- corporate social responses of NSW clubs in managing problem gambling;
- corporate social results of NSW clubs in managing problem gambling;
- corporate social performance of NSW clubs in managing problem gambling;
- development of problem gambling and responsible provision of gambling as a corporate social issue for NSW clubs.

Environmental Influences on the Management of Problem Gambling by NSW Clubs

A major factor that emerged in this study as having a significant influence on how NSW clubs have managed problem gambling is environmental influences. The findings demonstrated that the clubs' response to problem gambling was continually shaped by changing external and internal environmental factors since the introduction of machine gambling in 1956. An historical analysis found that, up until the 1970s, the political environment, characterised by selectively liberalised gambling policies which linked legalised gambling to social benefit, was instrumental in shaping an economic environment for the clubs that was relatively free of competition and regulatory restrictions, and a social environment that viewed club machine gambling as legitimised through its community benefit role. These external conditions fostered the dramatic growth and expansion of the industry, and the emergence of very large clubs with substantial assets, memberships and facilities, which in turn influenced their internal functioning. Organisational goals of social benefit became superseded by the pursuit of commercial interests, with the substantial gaming machine profits increasingly funnelled into efforts to bolster market share, accumulate assets and attract more patronage. Club performance came to be judged on economic rather than social criteria, fostering a more commercially-oriented approach to their management that included continued expansion of their main revenue-generator, gaming machine operations.

From the 1980s, changing external factors further eroded the former social orientation of NSW clubs. The study found that the expansionist gambling policies driving the political environment increased competition for the gambling dollar, exacerbating the commercial focus of the clubs. They largely ignored the negative

social impacts of their core product for the pursuit of economic ends by increasingly adopting aggressive marketing and political strategies to consolidate their competitive advantage. However, the resulting proliferation of gaming machines and more blatant attempts by the clubs to attract players, increase player persistence and encourage high expenditure on gaming machines, amidst the spread of additional forms of gambling, fuelled a social backlash. Problem gambling emerged as a central concern of stakeholders seeking gambling reform and more responsible provision of gambling by gambling operators. By the 1990s, NSW clubs were subject to unprecedented pressure from the political and social environments to moderate their commercial agenda with efforts to address the social impacts of machine gambling. It was in this context that the RCA embarked on developing a responsible gambling program for NSW clubs.

By 1999, the convergence of environmental pressures was a major influence on the approach being taken by NSW clubs to manage problem gambling. The RCA's development of its statewide responsible gambling program was shaped by the AIGR's evaluation of its trial responsible gambling program (1998e), the *NSW Gaming Inquiry* (IPART, 1998), the Federal Government's inquiry into Australian gambling industries (Productivity Commission, 1999a, 1999b), the *Gambling Legislation Amendment (Responsible Gambling) Act 1999 NSW* and associated regulations. These environmental factors were instrumental in shifting the RCA's approach to responsible gambling from a somewhat reluctant and minimalist model to one of pragmatic acceptance. By the end of 1999, the key external influences on the management of problem gambling in NSW clubs had emerged as minimum mandatory standards in responsible provision of gambling combined with the industry leadership offered by the RCA, amidst heightened public pressure for the reform of gambling venue practices.

The above discussion therefore suggests that any examination of how organisations manage their social impacts would be incomplete without an understanding of a complex array of influential external and internal environmental factors. However, previous models of corporate social performance (Zenisek, 1979; Carroll, 1979; Wartick and Cochran, 1985; Wood, 1991a) have not made the role of environmental influences explicit, instead presenting the construct as somewhat divorced from contextual factors. Perhaps Wood (1991a) has come closest to acknowledging the role of external and internal environmental factors in corporate social performance, depicting motivators for corporate social behaviour as the need for organisations to maintain institutional legitimacy and to respond to public policy (external influences), and the use of managerial discretion to make ethical decisions (internal

influences). However, the value of understanding the context of corporate social behaviour often has been recognised in related applied research. For example, in his study of an American insurance firm, Post (1978/1990:91) observed that its corporate social performance could not be comprehended without familiarity with factors motivating its management, the role of the firm in the industry, the historical development of the company, the evolution of the industry, and the many trends that had shaped it. Similar external and internal factors also have been examined in other studies on corporate social performance (for example, Wood, 1984; Bhambri and Sonnenfeld, 1988).

The influence of external and internal environmental factors on the management of corporate social impacts has, however, received more categorical attention in the issues management literature. For example, various lifecycle models depict issues as moving over time through stages relating to stakeholder and organisational attention (Molitor, 1977; Eyestone, 1978; Starling, 1980; Mahon, 1989; Bigelow, Fahey and Mahon, 1993; Carroll, 1993), recognising that how organisations manage their social impacts is not immune from influences such as public policy, social pressures and corporate strategy (Mahon and Waddock, 1992:21). In this study, an issues lifecycle model (Mahon and Waddock, 1992) provided the analytical framework to explain the emergence of problem gambling as a corporate social issue in Australia. This analysis explicitly recognises how the agendas of governments, pressure groups and organisations influence the way those organisations manage a particular social problem.

Thus, identifying environmental influences as a key influential factor on how organisations manage their social impacts helps to integrate some concepts in the corporate social issues literature into the corporate social performance field. This integration appears to assist in understanding the corporate social performance of organisations by helping to explain their approach to managing their social impacts.

Corporate Social Orientation of NSW Clubs in their Gaming Machine Operations

The next factor that emerged in this study as having a considerable influence on how NSW clubs have managed problem gambling is their corporate social orientation, that is, the degree of importance they place on social objectives.

NSW clubs operating before the legalisation of gaming machines emphasised mutual benefit for their restricted membership and support for their wider communities.

However, this social orientation largely has been eroded in contemporary clubs. Exposed to the pressures of a competitive environment, but enjoying a sustained regulatory environment free until 1998-99 from stringent obligations to limit the negative social impacts of machine gambling, contemporary NSW clubs have had little motivation to retain a primarily social agenda. Further, the clubs' reliance on machine gambling for most of their revenue, with a substantial proportion of that revenue accruing from problem gamblers (Productivity Commission, 1999b:7.46), deterred most clubs from voluntarily implementing responsible gambling measures. That is, faced with a perceived trade-off between economic rewards and social benefit, the clubs had little reason to prioritise the latter until required by legislation. The economic orientation predominating amongst NSW clubs by 1998 suppressed the importance given to ethical and discretionary principles in machine gambling, and nurtured resistance to further legal restrictions in their machine gambling operations.

However, a convergence of pressures during the late 1990s prompted the RCA to provide leadership for NSW clubs in responsible management of gambling, signalling greater attention to the industry's social responsibilities. Nevertheless, while the RCA's approach to managing problem gambling had shifted by 1997-98 to one considerate of the clubs' social responsibilities, its trial responsible gambling program revealed that economic priorities were a major barrier to program compliance by participating clubs. The trial program revealed the tendency of these clubs to take a minimalist approach to responsible gambling, implementing only those strategies that posed the least threat to their economic performance. Following further criticisms of a self-regulatory approach to responsible gambling articulated through the AIGR's evaluation of the trial program (1998e), the IPART recommendations (1998) and the Productivity Commission's findings (1999a, 1999b), the RCA appeared, by late 1999, to accept the legislated minimum standards in responsible gambling and signalled its willingness to provide industry leadership in achieving compliance. However, whether the RCA's greater social orientation in gambling will be mirrored by individual clubs remains to be seen. Compliance with the legislated minimum standards may be hampered by organisational cultures that elevate the economic priorities of the clubs.

Thus, these findings imply that examining how organisations manage their social impacts can be informed by investigating their social orientation. Doing so helps to focus attention on how organisational priorities influence organisational behaviour, particularly when managing a social impact poses real or perceived threats to an organisation's economic performance. This contention generally is consistent with

prior models of corporate social performance that identify socially responsible principles as one dimension of the construct (Zenisek, 1979; Carroll, 1979; Wartick and Cochran, 1985; Wood, 1991a). However, there has been much debate over whether these principles are best conceptualised as motivators (Wood, 1991a) or as categories of principles (Carroll, 1979, 1991a; Wartick and Cochran, 1985) which drive corporate social behaviour. It is argued however that how socially responsible principles affect corporate social behaviour depends on the relative *priorities* placed on the economic and social interests of the organisation. This contention is supported by the quantitative findings (Chapter Six) which demonstrated significant positive correlations between the corporate social principles and corporate social practices of the responding clubs in responsible management of gambling. That is, prioritisation of economic over ethical and discretionary principles in machine gambling was accompanied by less implementation of responsible gambling strategies, and *vice versa*.

The term 'corporate social orientation' (Aupperle, 1982) appears to best capture the notion that organisations make trade-offs between economic and social principles, reflecting the seemingly inherent tensions between the economic and social interests of organisations where attention to one often involves subordinating the other. This trade-off has been recognised by Carroll (1979, 1991a) in his model of corporate social responsibility that depicts the construct as the relative importance given by organisations to economic, legal, ethical and discretionary principles. Aupperle (1982) also acknowledged the relativity of these principles in developing the instrument used in the quantitative research in this study (Chapter Six) to measure the proportionate priorities given by the clubs to economic, legal, ethical and discretionary principles in machine gambling.

Thus, corporate social orientation appears to have considerable explanatory value in understanding how organisations manage their social impacts and to be strongly influenced by external and internal environmental influences on the organisation. Further, Carroll's (1979, 1991a) and Aupperle's (1982) four-dimensional conceptualisation of corporate social orientation (economic, legal, ethical and discretionary) provided a useful means in this study of capturing and measuring the social orientation of NSW clubs in their machine gambling operations. Thus, this conceptualisation might also prove useful in informing other studies into the management of corporate social impacts. Further, corporate social orientation also appears to underpin the processes an organisation uses to respond to the social problem at hand, as discussed below.

Corporate Social Responsiveness of NSW Clubs in Managing Problem Gambling

A third factor that emerged in this study as having a considerable influence on how NSW clubs have managed problem gambling is their corporate social responsiveness. While not examined comprehensively in this study, the historical analysis (Chapter Two) provided some evidence to suggest that the increasingly economic orientation and heightened commercial interests of NSW clubs since 1956 limited the extent and effectiveness of socially responsive processes adopted to address problem gambling. These processes can be examined in light of Ackerman's (1975) three characteristic behaviours of socially responsive organisations - monitoring and assessing environmental conditions, attending to stakeholder demands, and devising organisational mechanisms to respond to corporate social issues.

Until the 1990s, their protected position in machine gambling offered NSW clubs little incentive to monitor and assess environmental conditions, except for their potential impact on their economic performance. Thus, attention to changing social pressures was subsumed by attention to escalating competitive pressures and their potential to undermine the commercial interests of clubs, at least until the 1990s. Further, their protected position in machine gambling precluded the need for NSW clubs to respond to and balance the demands of their various constituencies. Attention to stakeholder demands before the 1990s focused on meeting the requirements and challenges posed by governments and competitors, rather than those voiced by pressure groups concerned with the social impacts of gambling. In turn, this resulted in few voluntary organisational response mechanisms in NSW clubs to address problem gambling.

However, heightened external pressures during the 1990s, which prompted a more social orientation by the RCA later in that decade, encouraged the association to become more socially responsive in leading NSW clubs in responsible management of gambling. This was evidenced through its commitment in 1997-98 to an ongoing trial, statewide implementation, monitoring, evaluation and refinement of a responsible gambling program for NSW clubs. Socially responsive mechanisms included allocating substantial financial and other resources to program development, and adopting an approach informed by an expert project team, key stakeholders, the NSW club sector, and a comprehensive review of the theory and application of socially responsible initiatives in relevant industries. It also published key program documents to allow public comment and to maximise transparency and

accountability, and planned to incorporate mechanisms to enhance statewide program implementation, including codes of practice, training, a management manual and support materials. Thus, by mid-1999, the RCA was making a concerted effort to develop comprehensive mechanisms to assist NSW clubs in responding appropriately to environmental pressures and stakeholder demands relating to problem gambling. Its social responsiveness was further demonstrated in late 1999 when it signalled its willingness to assist in optimising compliance amongst NSW clubs to legislated minimum standards in responsible gambling.

From the findings summarised above, it appears that examining corporate social responsiveness is potentially valuable in investigating how organisations manage their social impacts. It allows exploration of the processes organisations use to assess environmental conditions, to respond to stakeholder demands and to attend to corporate social issues (Ackerman, 1975). Including social responsiveness in such an examination also is consistent with existing models of corporate social performance (Carroll, 1979; Wartick and Cochran, 1985; Wood, 1991a). However, while these models agree that corporate social responsiveness is one element of corporate social performance, there is less agreement on what actually comprises the construct. While Carroll (1979) and Wartick and Cochran (1985) depicted social responsiveness as reactive, defensive, accommodative or proactive, Wood (1991a:703) argued that these were categories, rather than processes, of responsiveness. Drawing on Ackerman's (1975) characteristic behaviours of socially responsive firms, Wood (1991a) depicted corporate social responsiveness as comprising environmental assessment, stakeholder management and issues management, reflecting the need for organisations to handle information, people and groups, and social issues and events, respectively (Wood, 1991a:703). However, given the generally broader application of the term 'issues management' than the restricted meaning intended by Wood (1991a), the last dimension may be better conceptualised as organisational response mechanisms. Further, the examination of socially responsive processes used by the RCA in its responsible gambling program suggests that it is not just the existence of socially responsive processes that will influence the social performance of an organisation. Rather the extent of these processes, and their effectiveness in assisting the organisation to gain an accurate understanding of environmental conditions and stakeholder expectations so that appropriate corporate response mechanisms can be developed, also are important.

Thus, corporate social responsiveness appears to emanate chiefly from the social orientation of an organisation, that is, its prioritisation of corporate social principles.

Further, it provides a means to translate these principles into organisational practices aimed at managing the social impact(s) under study, as discussed below.

Corporate Social Responses of NSW Clubs in Managing Problem Gambling

A further factor revealed by this study as central to understanding how NSW clubs have managed problem gambling is their corporate social responses to the problem. The study has demonstrated that the environmental influences on NSW clubs which nurtured an increasingly commercial orientation, in turn subordinating the development of effective social response processes, resulted in few socially responsible practices to address problem gambling prior to the late 1990s. As found in the primary research (Chapters Five and Six), policies and programs to address problem gambling and to provide a more responsible gambling environment were implemented in a minority of NSW clubs by 1998. Further, these findings also demonstrated that, where such policies and programs existed, they were limited mainly to secondary and reactive primary harm minimisation strategies, with more proactive strategies that would enhance harm minimisation and consumer protection less widely implemented. This preference for a passive response to problem gambling also was reflected in the practices adopted by most participating clubs in the RCA's trial responsible gambling program. Thus, the social responses of NSW clubs in addressing problem gambling remained either non-existent or passive up to 1998.

However, the greater social orientation adopted by the RCA between 1997 and 1999, and the socially responsive processes incorporated in developing its trial and statewide responsible gambling programs, signal the RCA's potential for improving the social responses of NSW clubs to problem gambling in the future. Further, NSW legislation has made an improved response obligatory. This response required the development and publication by the RCA of an enforceable problem gambling policy in 1998 (*Liquor and Registered Clubs Legislation Amendment (Community Partnership) Act 1998 NSW*) and the implementation of minimum practices in responsible gambling by NSW clubs from 2000 (*Gambling Legislation Amendment (Responsible Gambling) Act 1999 NSW;* draft *Registered Clubs Amendment (Responsible Gambling) Regulation 1999 NSW*). While the Department of Gaming and Racing will be responsible for enforcing these minimum practices, their limited resources mean that the RCA's role in encouraging and facilitating legal compliance amongst NSW clubs will be critical in determining how extensively such practices are implemented and, in turn, how effective they prove to be in addressing problem gambling. Thus, while legislation has diminished the capacity of the RCA to self-

regulate the industry in responsible gambling, proactive leadership from the RCA would seem necessary to optimise compliance amongst NSW clubs. This represents a considerable challenge, given the lack of sanctions available to the RCA, the competitive pressures faced by NSW clubs, general resistance to change amongst club management, and the clubs' preference for a passive approach to responsible gambling. Thus, while the RCA appears cognisant of the need to improve responsible gambling practices to protect the reputation and legitimacy of the industry, it still needs to convince the industry that improved practices are in its best long-term interests.

The discussion above and existing models of corporate social performance (Zenisek, 1979; Wartick and Cochran, 1985; Wood, 1991a) suggest that any examination of the management of corporate social impacts would be incomplete without including an assessment of organisational practices implemented to address those social impacts. Further, the study's findings confirm the utility of considering both social policies and social programs as comprising possible organisational practices in managing their social impacts, as depicted in Wartick and Cochran's (1985) and Wood's (1991a) models of corporate social performance. Further, the study's findings revealed that the mere existence of socially responsible policies and programs does not guarantee socially desirable outcomes, but that the potential effectiveness of those responses to minimise or negate the social impact under study and their degree of implementation are integral to optimising the social performance of an organisation. This is a point raised by Wood (1991a) who noted that policies can exist without being implemented, programs can be implemented in the absence of formal policies, and that social impacts, both negative and positive, may occur without, or in spite of, formal policies and programs (Wood, 1991a:692-693).

Thus, the effectiveness and implementation of social policies and programs appears to be an intermediate step between the processes of social responsiveness and the social impacts of the organisation, or its corporate social results.

Corporate Social Results of NSW Clubs in Managing Problem Gambling

Wood (1991a:708) argued that the outcomes of corporate behaviour are of direct and obvious interest in the assessment of corporate social performance, as this performance frequently is judged by the observable impacts of corporate action or inaction (Wood, 1991a:693). As discussed below, the research conducted in this study also supports this contention. That is, the responses of NSW clubs to managing problem gambling have influenced its impacts, which in turn have

influenced how stakeholders have judged the social performance of the clubs in their machine gambling operations.

By the late 1990s, problem gambling had emerged in Australia as a significant corporate social issue due to concerns about its impacts on individuals, families and the community. In redefining problem gambling as a public health issue, the epistemic community and other pressure groups emphasised that these impacts emanate principally from the policies and practices of gambling operators and governments, rather than from psychological or medical weaknesses of individual gamblers. These criticisms were further fuelled by the results of social impact studies into gambling (for example, Dickerson and Baron, 1993; Dickerson, Walker and Baron, 1994; Dickerson *et al.*, 1995; Delfabbro and Winefield, 1996; AIGR, 1996, 1998f), and by the findings of the NSW (IPART, 1998) and Federal (Productivity Commission, 1999a, 1999b) government inquiries into gambling. These investigations highlighted the nature, extent and impacts of problem gambling and further cemented problem gambling as a social issue, placing the onus for addressing it firmly on gambling operators and governments. Thus, by the late 1990s, the corporate social performance of many gambling operators in Australia was judged to be lacking due to their failure to address problem gambling and its impacts through more responsible management practices.

While some gambling operators had introduced responsible gambling programs by 1998, these were generally viewed as having a minimal effect on reducing the incidence and consequences of problem gambling, fuelling calls for minimum mandatory standards for gambling operators (IPART, 1998; Productivity Commission, 1999a, 1999b). Further, the passage of the *Gambling Legislation Amendment (Responsible Gambling) Act 1999 NSW* and associated regulations signalled government recognition that self-regulation in responsible gambling had proved inadequate in managing the social impacts of gambling. However, the effectiveness of these minimum standards in reducing the impact of problem gambling remains to be seen. As Wood (1991a:692-693) has noted, social policies and programs, on their own, do not guarantee socially desirable outcomes.

Events of the 1990s also drew attention to the impacts of machine gambling operated by NSW clubs. Environmental influences fostering the increasingly expansionist and aggressively commercial orientation of NSW clubs resulted in minimal processes, policies and programs in responsible gambling by 1998. Further, social impact studies of gambling in NSW (AIGR, 1996, 1998f) highlighted the disproportionate association between problem gambling and machine gambling, a

relationship given further credence by the IPART (1998) and Productivity Commission (1999a, 1999b) reports. Thus, by the late 1990s, the social performance of NSW clubs was widely judged to be deficient. As the largest providers of machine gambling in NSW and Australia, combined with their minimal responsible gambling measures at that time, NSW clubs were seen as major contributors to problem gambling and its impacts. It was these impacts that fuelled stakeholder criticisms of NSW clubs as irresponsible providers of machine gambling and government legislation aimed at reducing these impacts.

Thus, an examination of corporate social impacts appears indispensable in explaining how organisations manage those impacts. It allows a more complete understanding of the level of stakeholder concern for those impacts and the extent and type of pressure applied to organisations to address those concerns. Further, it is contended that an understanding of corporate social impacts requires consideration of their nature (whether positive or negative), their extent (widespread or contained) and the degree to which they are felt (severe to mild). These dimensions of problem gambling appeared important in this study in explaining its emergence as a corporate social issue in Australia and the pressure for gambling reform applied by various stakeholders by the late 1990s. This heightened pressure was fuelled by increased recognition of the negative effects of problem gambling on individuals, families and communities, studies that demonstrated its prevalence in the NSW population (AIGR, 1996, 1998f; Productivity Commission, 1999a, 1999b), and the severity of attendant personal, interpersonal, vocational, legal and financial problems. For NSW clubs, the contribution of gaming machines to problem gambling, the prevalence of gambling-related problems amongst gaming machine players, and the severity of machine-related gambling problems, helped to explain the particular stakeholder pressures they faced by the late 1990s.

In summary, the nature, extent and degree of corporate social impacts represent an outcome of organisational responses to address the social problem under study, and in turn appear to strongly influence stakeholder judgements about the organisation's corporate social performance.

Corporate Social Performance of NSW Clubs in Managing Problem Gambling

While the literature on corporate social performance generally recognises that it is a subjective construct based on stakeholder judgements of the organisation, only Zenisek's (1979) model explicitly presents the construct as a function of the

congruence between organisational behaviour and stakeholder expectations. Failure to include stakeholder expectations in other models of corporate social performance (Carroll, 1979; Wartick and Cochran, 1985; Wood, 1991a) limits their use in empirical research. Absence of evaluative criteria against which organisational behaviour can be assessed means that such an assessment is, at best, highly subjective. However, this study has shown that an understanding of stakeholder expectations greatly assists in explaining how organisations manage their social impacts, at least in the context of problem gambling in NSW clubs. The summary of relevant findings below highlights how stakeholder demands arising from their judgements of the social performance of NSW clubs, have been instrumental in shaping the clubs' response to problem gambling.

Prior to the 1980s, problem gambling received little explicit attention in Australia from external stakeholders such as pressure groups, the epistemic community, and governments. In NSW, the explicit linkage between club gaming machines and social benefit, and their comparatively low-key marketing, meant NSW clubs were subject to minimal criticism at that time. Gambling reformers were more preoccupied with other negative aspects of gambling, such as moral degradation, crime and social disruption. Influenced by US theory in the 1980s, the Australian epistemic community tended to view problem gambling as arising from mental and medical problems of individuals. Further, the selective liberalisation policies of governments, where gambling was legalised to promote social benefits and to curtail illegal gambling operations, helped to deflect attention from any responsibility the clubs might have in addressing problem gambling and in responsible provision of gambling.

After the 1980s, expansionist government policies on gambling were mirrored by gambling operators, resulting in increased accessibility and diversity of gambling, and aggressively commercial marketing strategies by NSW clubs in the newly competitive environment. The more blatant pursuit of economic imperatives by NSW clubs in their machine gambling operations, accompanied by minimal demonstrated concern for their social impacts, helped fuel community concern for problem gambling. This concern was bolstered by the elevation of harm minimisation in government gambling policies, and a redefinition of problem gambling as a social and public health issue, which reflected a more innovative Australian approach to the problem. This, in turn, focused stakeholder demands on gambling operators to be more responsible providers of gambling.

By 1998, increasing incongruence had emerged between the organisational behaviour of NSW clubs in addressing problem gambling and that expected by key stakeholders. More specifically, this incongruence appeared related to gaps between what key stakeholders expected of clubs in terms of socially responsible principles, processes, practices and impacts. In terms of principles, the clubs' subordination of social to economic objectives was at odds with more vocal arguments to elevate social benefit, harm minimisation, consumer protection, and legal compliance principles to match or exceed the heightened status given to revenue raising in both government and corporate policy on gambling. In terms of processes, the clubs' previous failure to acknowledge and respond to community concern for problem gambling was incompatible with calls for a more inclusive approach to developing gambling policy, one informed by expert opinion and stakeholder input. The practices advocated by stakeholders to address problem gambling largely had been ignored by NSW clubs, and its social impacts exacerbated. The few initiatives in responsible gambling that had been implemented by NSW clubs prior to 1998 were not considered sufficiently proactive by stakeholders to effectively address problem gambling and had not been implemented widely enough to reduce their criticism of club gaming machine operations. As social impact studies and negative publicity fuelled the arguments of gambling reformers, NSW clubs continued to ignore the substantial role played by club gaming machines in exacerbating problem gambling. Thus, increasingly throughout the 1990s, expectational gaps between the principles, processes, practices and impacts of machine gambling operations in NSW clubs and those expected by key stakeholders meant that the corporate social performance of NSW clubs in addressing problem gambling through responsible gambling initiatives was viewed poorly by many constituencies.

However, heightened stakeholder demands in 1998-99 expedited a response from NSW clubs and were influential in shaping the nature of that response. While the RCA had embarked on developing its responsible gambling program by 1997-98, the AIGR's (1998e) evaluation of the trial program, and the IPART (1998) and Productivity Commission (1999a, 1999b) reports strengthened community input into gambling reform and articulated an increasingly convergent viewpoint on the responsibilities of gambling operators to improve their social performance in gambling. This culminated in NSW legislation that established minimum standards in responsible conduct of gambling. Underpinned by principles of harm minimisation, consumer protection, fair trading and the public interest, this legislation removed the discretion of NSW clubs to decide their own minimal responsible gambling practices, although the RCA retained the opportunity to facilitate their implementation through socially responsive processes. Thus, by 1999,

the future direction of NSW clubs in responsible management of gambling had been shaped largely by stakeholder demands for the clubs to improve their social performance by incorporating socially responsible principles, processes and practices in their machine gambling operations in ways that would be expected to reduce the impacts of problem gambling.

Thus, the influence of stakeholder demands on how NSW clubs have managed problem gambling suggests that, theoretically, stakeholder judgements about corporate social performance are informative in explaining how organisations manage their social impacts. Further, those judgements of corporate social performance arise from the degree of congruence between organisations and stakeholders in the actual and expected prioritisation of corporate social principles, the extent and effectiveness of corporate social processes, the effectiveness and implementation of corporate social practices, and the nature, extent and degree of social outcomes.

The importance of examining corporate social performance in studies of how organisations manage their social impacts also is consistent with models of corporate social issues (Molitor, 1977; Eyestone, 1978; Starling, 1980; Mahon, 1989; Bigelow, Fahey and Mahon, 1993; Carroll, 1993) that consider their development as a function of the stances adopted by the organisation and its constituencies. Drawing on models of corporate social issues draws attention to stakeholder judgements about corporate social performance. This approach helps to integrate concepts in the corporate social issues field into the corporate social performance construct to provide a more complete examination of how organisations manage their social impacts.

Development of Problem Gambling and Responsible Provision of Gambling as a Corporate Social Issue for NSW Clubs

The final key factor revealed in this study as influencing how NSW clubs manage problem gambling was its gradual emergence as a corporate social issue for the clubs, and a broadened definition of the issue from problem gambling to responsible provision of gambling. Until the late 1990s, problem gambling and responsible provision of gambling were not considered serious social issues by most NSW clubs and so they did not accept that a concerted organisational response was necessary. However, by 1998, problem gambling and responsible provision of gambling had assumed the three essential characteristics of corporate social issues identified by Wartick and Mahon (1994:306) – expectational gaps, controversy and impacts.

The existence and extent of expectational gaps between the behaviour of NSW clubs in their machine gambling operations and those expected by key constituencies provided the catalyst for problem gambling and responsible provision of gambling to emerge as significant corporate social issues for the clubs by 1998. As gaps widened between the principles, processes and practices which NSW clubs had adopted to address problem gambling and those expected by key stakeholders, and as NSW clubs began to acknowledge that problem gambling had the potential to have important impacts on their machine gambling operations, controversy arose over how to close these expectational gaps.

In terms of Waddock and Mahon's conceptualisation of sources of controversy (1991), there was reasonable agreement by 1998 between NSW clubs and their stakeholders over key facts relating to problem gambling (the efficacy dimension), but there was substantial disagreement over the ends or goals to be achieved in addressing problem gambling (the effectiveness dimension) and the means to attain those ends (the efficiency dimension). Analysis of how NSW clubs interpreted their social responsibilities in gambling in 1997-98 indicated that the clubs were seeking a 'satisficing' (Simon, 1957) solution to problem gambling, considering that the problem could be resolved through applying principles of secondary and reactive primary harm minimisation in their machine gambling operations. In contrast, key stakeholders advocated a more comprehensive set of goals to solve the problem, underpinned by principles of secondary and primary harm reduction, consumer protection and fair trading. Further, the clubs and their stakeholders advocated different measures to address problem gambling. During 1997-98, the clubs favoured passive measures that placed the onus of responsibility on individual gamblers to identify and act on a gambling problem, rather than more proactive measures which might reduce the appeal and profitability of gaming machines. In contrast, key stakeholders indicated their preference at that time for a more comprehensive, interventionist and proactive set of practices for NSW clubs to address problem gambling through a holistic approach to responsible provision of gambling.

Thus, even though the performance of NSW clubs in their machine gambling operations was considered socially irresponsible by key stakeholders by 1998, and even though the RCA and most club managers surveyed considered it would be in the best long-term interests of the industry to be more responsible providers of gambling, most clubs continued to resist stakeholder demands for a more proactive response. Thus, an inherently unstable situation had emerged by 1998, where NSW clubs largely acknowledged that problem gambling could potentially impact

significantly on their machine gambling operations, but where the existence and extent of expectational gaps and controversy between their stance and that of their key constituencies propelled the problem into a corporate social issue.

Nevertheless, by that time the RCA had made substantial progress in developing its responsible gambling program for NSW clubs, reflecting the considerable stakeholder pressure it had attracted as the industry's peak association. The progress of the RCA's program during 1998-99 reflected the association's acknowledgement that resolving the issue of problem gambling required narrowing existing gaps between club behaviour and stakeholder expectations, by encouraging the clubs to pursue a more comprehensive set of goals in responsible gambling and by implementing an extensive set of responsible gambling practices. However, the deficiencies of the RCA's trial responsible gambling program and the convergence of additional contextual pressures during 1998-99 prompted a legislated solution to the issue. Thus, the evolution of problem gambling to an issue of social significance reduced the discretion of NSW clubs to establish their own goals and practices in responsible gambling, thus shaping the future direction of NSW clubs in managing the impacts of problem gambling.

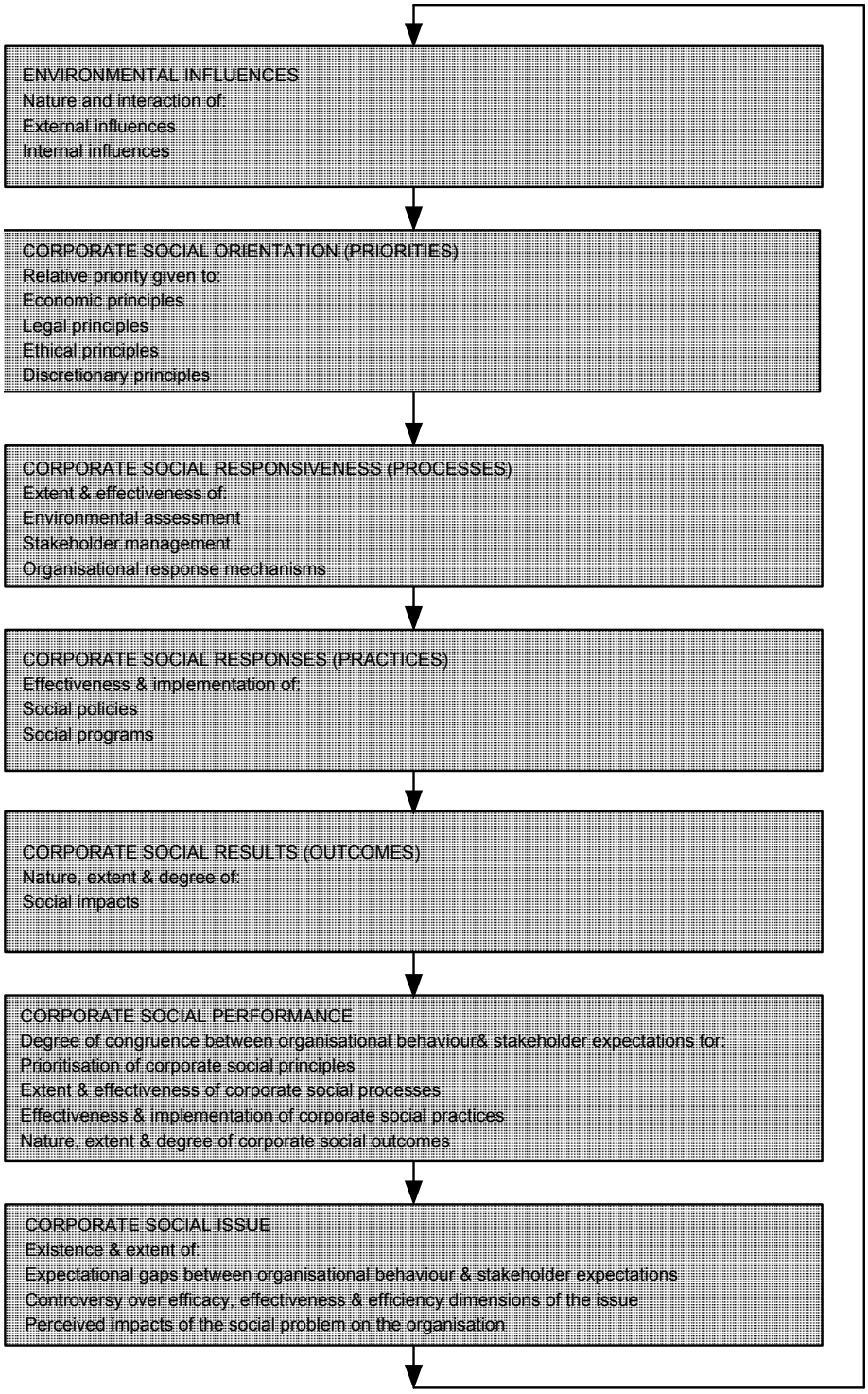
In summary, the discussion above has demonstrated that a consideration of factors contributing to corporate social issues can assist in explaining how organisations manage their social impacts. This contention is consistent with conceptualisations of corporate social issues as a function of their interpretation by organisations and those constituencies capable of influencing organisational policies or an organisation's environment (Mahon and Waddock, 1992:20). Thus, if expectational gaps and controversy are sustained between organisational behaviour and stakeholder expectations, then stakeholders will exert pressure on the organisation to address the problem in a way congruent with their demands. This, in turn, will help to shape how the organisation manages that social problem.

9.3.2 A Framework for Investigating Key Influences on the Management of Corporate Social Impacts

Drawing on the theoretical and empirical findings of this research, Figure 9.1 depicts the key influences that have emerged in this study on how NSW clubs have managed problem gambling. It is proposed as a tentative framework that might assist future investigations of how organisations manage their social impacts. It represents an attempt to advance the theoretical underpinnings of future research into the management of corporate social impacts by providing a framework grounded in this

study's findings and to overcome deficiencies revealed in existing theoretical frameworks in fully explaining these findings. While this study utilised and adapted conceptual models of corporate social performance and corporate social issues to underpin the research, no single existing framework appeared adequate to fully interpret the data. It appears that a framework that integrates various elements from both of these fields is most useful in explaining and consolidating the findings. However, the utility of this model remains to be tested for other organisations, industries, contexts and social impacts.

Figure 9.1
A Framework for Investigating Key Influences on the Management of Corporate Social Impacts



Source: derived from the findings of this study.

In summary, seven main elements are incorporated in Figure 9.1. The framework proposes that how organisations manage their social impacts is subject to environmental influences that shape the corporate social orientation of the organisation. This orientation, reflected in the relative priority given to economic, legal, ethical and discretionary principles, influences the extent and effectiveness of socially responsive processes adopted to deal with the problem, which in turn influence the effectiveness and implementation of the organisation's social responses. It is these responses that determine the nature, extent and degree of the organisation's social impacts.

Based on these impacts, along with the principles, processes and practices underpinning organisational efforts to address the problem, stakeholders make judgements about the corporate social performance of the organisation according to the degree of congruence between their expectations and the organisation's behaviour. If the corporate social performance of the organisation is judged to be poor, reflecting the existence of significant expectational gaps between the organisation and its stakeholders, if controversy exists over how to resolve the problem, and if the organisation accepts that the problem has potential for significant impacts on its operations, then a corporate social issue emerges.

Finally, reflecting the continuous nature of organisational attempts to manage social impacts, the framework depicts the development of a corporate social issue as feeding back into the environmental influences that shape the organisation's social orientation. This emphasises the ongoing nature of organisational attempts at managing corporate social impacts, and the continuously changing external and internal factors that influence these attempts. The framework therefore recognises that managing corporate social impacts is a continuous function of organisations operating in a dynamic environment.

9.3.3 Summary

This section has provided a theoretical analysis of the study's findings on how NSW clubs have managed problem gambling. Seven key factors emerged from the study as influencing the management of problem gambling by NSW clubs. These were environmental influences, the clubs' social orientation, social responsiveness, social responses and social impacts, their corporate social performance as judged by influential constituencies, and the status of problem gambling as a corporate social issue. Reflecting the limited capacity of prior models of corporate social performance and corporate social issues to fully explain this study's findings, these

seven factors were presented as a tentative framework that might guide future research into organisational management of social impacts.

The next section identifies the limitations of this study and its empirical, theoretical and methodological contributions, before recommendations are made for further research.

9.4 LIMITATIONS AND CONTRIBUTIONS OF THE STUDY

All empirical research is subject to limitations and this study is no exception. This section acknowledges the theoretical, empirical and methodological limitations of this study, before its contributions to knowledge are discussed.

9.4.1 Limitations of the Study

Theoretically, this study has been limited by its focus on an area that has received relatively little research attention - social performance by not-for-profit gambling operators. Accordingly, it relied on concepts, models and instruments in the corporate social performance literature to inform the development of the research framework, to measure certain constructs and to analyse the study's findings. While this reliance did not appear to seriously undermine the validity of the results, the use of concepts, models and instruments targeted specifically at the not-for-profit and gambling sectors, if developed, might have illuminated different or additional variables that influence social performance in these organisations.

Further, to investigate the social performance of not-for-profit organisations that operate gambling yielded additional theoretical difficulties, given the infancy of conceptual development relating to many aspects of gambling, particularly problem gambling and its management. Not only is the concept of problem gambling itself ill-defined, but its measurement, antecedents, impacts, remedies and prevention are subjects of ongoing debate. Thus, the study may have interpreted some of these constructs in ways that may be debatable. In fact, their interpretation depends to a large extent on the disciplinary background of the researcher, with different interpretations probable depending on whether research into problem gambling is undertaken from a management, public health, psychological, medical, sociological or other perspective.

This dearth of theoretical developments relating to problem gambling also extends to the area of responsible provision of gambling, where both research efforts and

theoretical advancements have been minimal. Responsible provision of gambling is an ill-defined concept, with few existing theoretical underpinnings to pinpoint what its goals should be, how it may best be achieved, and related opportunities and barriers. Indeed, this study has exposed the diversity of views on what responsible provision of gambling could entail, how it might best be implemented, monitored and enforced, and what strategies might be most effective in preventing or minimising problem gambling. In the absence of ideal models of responsible provision of gambling against which the social performance of NSW clubs could be evaluated, this study relied on congruence with stakeholder opinions for this evaluation. Conceivably, given the limited knowledge in the field, the social performance of gambling operators could meet the expectations of stakeholders, but still be inappropriate or inadequate to effectively address problem gambling.

Empirically, this study has been limited to one gambling industry sector in one Australian jurisdiction and over a limited period of time. As such, its empirical findings are specific to this context. The distinctive characteristics of NSW clubs, the political, social, cultural and economic environments in which they operate, their relationships with key constituencies, and the particular Australian approach to responsible provision of gambling and to addressing problem gambling which has influenced the clubs, means that the empirical findings have limited generalisability. However, it was possible to draw on these empirical findings to propose a theoretical research framework that might inform other similar studies, as presented earlier in this chapter.

Certain methodological weaknesses of this study also are acknowledged. Most limiting were the small, non-representative samples of club managers and stakeholders, and the low response rate to the mail questionnaire survey attained during data collection in 1997-98. As such, no one set of data utilised in this study should be considered representative of the population, although efforts at triangulation and the convergence of the findings from the various data sources imply that, in combination, these data sets can be accepted as reasonably indicative. However, social desirability of responses remains a concern in an area of research as sensitive as problem gambling. While efforts were made to minimise this problem in the various data collection methods and instruments used, the effect of social desirability bias cannot be ruled out in this study.

A further methodological limitation arose through the timing of the research that coincided with a major policy shift on responsible gambling in NSW clubs, with the NSW and Federal inquiries into gambling in 1998-99, and with the introduction of

NSW legislation on responsible conduct of gambling. Thus, the original research design, conceived in 1997, was subsequently altered, even though much of the empirical research had been conducted before these events occurred. Thus, the decision to accommodate developments that occurred after mid-1998 meant some dilution of the study's focus on the preceding time period. Further, the author's role, albeit minor, in informing this policy shift through involvement with the RCA's responsible gambling program, may have reduced objectivity. However, this appeared a worthwhile tradeoff given the insights and access to data gained through this involvement. Efforts were made to neutralise potential subjectivity by drawing only on data that was in the public domain. Nevertheless, a certain degree of subjectivity is unavoidable in interpreting social issues, particularly in an historical context, and the author does not claim that the analysis in this dissertation is value-free.

9.4.2 Contributions of the Study

While subject to the limitations identified above, this study has made a number of empirical, theoretical, methodological and policy contributions to knowledge.

Empirical Contributions

Prior to this study, few historical analyses of the NSW registered clubs industry had been undertaken. Of these, Caldwell's (1972) doctoral thesis was the most comprehensive and focused, although it concentrated on a very early time period in the industry's development. However, other studies of gambling in Australia have provided more recent, but briefer, examinations (for example, Charlton, 1987; O'Hara, 1988; AIGR, 1999b). Thus, this study has updated Caldwell's (1972) extensive analysis of the NSW industry's development, an important contribution given the vast changes that have occurred within individual clubs, the NSW club sector and their environmental contexts over the last three decades. Further, while the historical analysis in this study also covered the time period examined by Caldwell (1972), it has done so from a different perspective. While Caldwell's (1972) thesis focused largely on the development of NSW clubs as mass leisure institutions, this study has concentrated on the increasing commercialisation of NSW clubs, how this commercialisation has influenced their machine gambling operations, the contribution of club machine operations to problem gambling, and how the clubs have managed this issue.

Additionally, this study has provided a comprehensive analysis of the historical emergence of problem gambling and responsible provision of gambling in Australia

to an issue of substantial concern to governments, gambling providers and the community by the late 1990s. While other studies also have researched certain factors contributing to this emergence (for example, AIGR, 1997), this study has taken a distinctive approach by grounding the analysis in a theoretical model of the development of corporate social issues (Mahon and Waddock, 1992). This approach allowed the emergence of problem gambling and responsible gambling to be examined as a function of the interplay between relevant stakeholders, by plotting changes in their stances over time that combined to propel the issue through its lifecycle. This analysis therefore has historical value and provides the basis for future investigations of possible shifts in stakeholder stances on problem gambling and responsible gambling and comparative studies of the emergence of the issue in other jurisdictions.

This study also has presented a comprehensive examination of responsible provision of gambling models used in various US and Australian gambling industry sectors and jurisdictions. While other studies have completed similar investigations (AIGR, 1998e; IPART, 1998; Productivity Commission, 1999a, 1999b), this study has approached the task from the perspective of theoretical models of corporate social performance. This allowed an exploration of the strengths and deficiencies of these responsible gambling models from a theoretical base. Their potential utility for the NSW club industry also was considered in light of contextual factors likely to influence their acceptance by both the club industry and its constituencies.

Further, this dissertation has, to the author's knowledge, presented the first comprehensive, historical examination of the management of problem gambling by gambling providers. While previous research has described or assessed existing responsible gambling programs (for example, AIGR, 1998e; IPART, 1998; Productivity Commission, 1999a, 1999b), these studies have approached the task from a contemporary stance, with few attempts made to explain how or why such programs evolved. In contrast, this study has taken a longer-term perspective in tracing how the NSW club industry's approach to managing problem gambling has changed over time. In considering these changes since the legalisation of club gaming machines in 1956, this study has exposed a multitude of environmental factors (political, commercial, social and cultural) that have influenced the social orientation of the clubs over time, which in turn has influenced the principles, processes and practices they have adopted to address problem gambling.

Empirical contributions of this study also include the collection and analysis of certain baseline data against which future data can be compared. For example,

empirical data on the social performance of NSW clubs in gambling in 1997-98 (Chapters Five and Six) provide a basis against which their future performance can be evaluated. That is, such baseline data can provide a yardstick to measure any future increase or decrease in the measures adopted by NSW clubs to address problem gambling, any changes in attitudes amongst club management to responsible provision of gambling, or in their opinions of the principles that should underpin it. Measuring any such changes may assist in future evaluations of the implementation of the RCA's statewide responsible gambling program and of the legislated minimum standards in responsible gambling amongst NSW clubs.

Further, the baseline data collected in this study on stakeholder opinions on responsible management of gambling can be compared to future developments in public opinion. For example, this comparison would allow assessments of whether stakeholder viewpoints on responsible gambling have converged or diverged over time, and whether the RCA's statewide program and the legislated minimum standards for responsible gambling in NSW have appeased their demands for a more comprehensive and proactive approach to addressing problem gambling than was apparent in 1998.

Theoretical and Methodological Contributions

This study also has made a number of theoretical and methodological contributions to knowledge. First, it has assessed the applicability of corporate social performance constructs in not-for-profit organisations, using NSW clubs as a case study. As noted in Chapter Four, social responsibility in not-for-profit organisations largely has been unexplored, reflecting an implicit acceptance that such organisations are inherently more socially responsible than profit-based firms (Mahon and McGowan, 1991). Thus, conceptual advances relating to the social performance of not-for-profit organisations have been limited. However, this study has demonstrated the utility of certain concepts drawn from the social performance literature on profit-oriented firms in explaining the social performance of not-for-profit NSW clubs. These have included Carroll's (1979, 1991a) principles of corporate social responsibility, Ackerman's (1975) characteristics of socially responsive firms, social policies and programs included in models of corporate social performance (Wartick and Cochran, 1985; Wood, 1991a), and Zenisek's (1979) conceptualisation of corporate social performance as the degree of congruence between organisational ideologies and behaviours and those expected by key stakeholders.

This study also has examined responsible provision of gambling in NSW clubs within the broader framework of corporate social performance. As discussed in Chapter Four, conceptual advances in responsible management of gambling are in their infancy. However, this study has demonstrated that the constructs in the corporate social performance field cited above can inform examinations of responsible management of gambling. They can provide a theoretical basis for assessing the adequacy of existing responsible gambling models, and provide direction for the development of new responsible gambling models, such as that as undertaken by the RCA for NSW clubs and that introduced by NSW legislation in 1999.

Further, the primary research for this study applied Carroll's (1979) four-dimensional model of corporate social responsibility (economic, legal, ethical and discretionary principles) and Aupperle's (1982) related instrument to a specific aspect of gambling operations – the management of problem gambling in not-for-profit NSW clubs. To the author's knowledge, this represents the first application of this model and its associated measuring instrument to gambling, to a not-for-profit sector, and to a specific organisational impact. That is, this study has shown the utility of the model and instrument in identifying the principles that underpin how NSW clubs were addressing problem gambling in 1998. In contrast, previous applications of the model and instrument have focused on identifying principles that underpin how organisations manage their social impacts in general. Thus, the study has demonstrated that Carroll's (1979) model and Aupperle's (1982) instrument can be usefully adapted to consider the social performance of organisations in managing one specific organisational impact.

Further, Carroll's (1979) model was utilised in this study to analyse the principles advocated by the clubs' key constituencies in managing problem gambling, those apparent in existing responsible gambling models, and principles underpinning the RCA's trial responsible gambling program and the legislated minimum standards for NSW clubs. This represents the first known application of this model to external stakeholders, and to existing and proposed measures to improve how organisations manage a specific organisational impact. Applying the same model to NSW clubs, their stakeholders, and existing and proposed responsible gambling programs allowed an assessment of the congruence between the principles advocated by NSW clubs and their stakeholders in responsible gambling, and the likelihood of stakeholder expectations being met by existing and proposed responsible gambling programs. Thus, this study has demonstrated a range of applications of Carroll's

(1979) model that were informative in explaining the principles underpinning responsible provision of gambling from a variety of perspectives.

This study also has demonstrated how, in the absence of ideal measures that are known to be effective in reducing or preventing problem gambling, that examining socially responsible policies and programs can contribute to assessing the social performance of gambling operators, particularly when compared to stakeholder expectations. Little is known about which policies and programs are most effective in addressing problem gambling. This study has not attempted to rectify this deficiency. However, it has shown the utility of comparing the practices adopted by NSW clubs in responsible gambling to those expected by their key constituencies to assess the clubs' social performance in gambling and to inform the identification of practices that can be implemented to appease stakeholder demands for improved measures to address problem gambling. Thus, this study has shown that stakeholder expectations are one benchmark against which organisational social performance can be assessed and that they can provide direction for gambling operators in improving that performance.

This study also has made a theoretical contribution to knowledge by drawing on the empirical findings to propose a conceptual framework that might inform future investigations of how organisations manage their social impacts (Figure 9.1). This represents a theoretical advance in that it has attempted to rectify deficiencies in explaining the research findings that became apparent in existing models of corporate social performance and corporate social issues development. That is, the study demonstrated that existing models in these fields were inadequate to fully explain the factors that emerged in this study as influencing how NSW clubs manage problem gambling. The proposed framework therefore sought to integrate certain concepts from both of these fields to provide an improved explanatory model of how organisations manage their social impacts. It is, however, a task for future research, to determine the efficacy of this framework in other contexts.

Finally, this study has demonstrated the value of using a multi-method approach to investigate a phenomenon as complex and emotionally volatile as problem gambling. Given the complexity of the topic under study, careful consideration was given to a methodological approach that was able to reveal the comprehensive range of factors influencing the management of problem gambling by NSW clubs. In addition, the methodology needed to be capable of capturing and explaining diverse perspectives on problem gambling and its management, in the absence of an ideal model or established set of solutions in responsible provision of gambling. Further,

given the inherent sensitivity of the topic, precautions against social desirability bias in the primary research also were necessary. It was considered that a multi-method approach offered the best potential capacity to address these methodological challenges.

Accordingly, secondary and primary research was undertaken, as well as both qualitative and quantitative data collection and analysis. In summary, the methods employed in this study have included archival research, historical analysis, exploratory interviews, case studies, quantitative survey methods, and literature searches. The aim was to draw on as wide a range of sources as practicable to capture the richness and complexity of the topic under study, while verifying the accuracy of findings where possible through triangulation. This approach recognises that no single research method is free from flaws, that no one set of data can fully explain complicated social phenomena, and that multiple methods allow the research issue to be viewed from multifarious perspectives. Using multiple methods assists in verifying the accuracy of data collected, in overcoming inherent limitations of single methods, and in providing a multi-dimensional perspective on the topic under research.

Policy Contributions

To some extent, this study also has made some contributions to gambling policy in NSW and Australia and indeed, to the events documented in this thesis. The qualitative research (interviews with nineteen NSW club managers and case studies of six NSW clubs with responsible gambling programs) that illuminated the clubs' perspective on addressing problem gambling in 1997-98, informed the RCA's trial responsible gambling program for NSW clubs. These findings helped to draw attention to the opportunities and barriers facing the RCA in responsible gambling by identifying which practices were most acceptable to NSW club managers and therefore most likely to be implemented on a voluntary basis, and by illuminating the types of support that NSW clubs expected from the RCA at that time.

Indirectly, these findings may also have informed the findings of the *NSW Gaming Inquiry* (IPART, 1998) and the Commonwealth Government's inquiry into Australia's gambling industries (Productivity Commission, 1999a, 1999b), as they were conveyed to these inquiries as part of the AIGR's (AIGR, 1998c, 1999a) and the RCA's (1998a) submissions. These findings revealed the general reluctance of NSW club managers to implement proactive and comprehensive measures to address problem gambling under self-regulation. As such, they may have added further fuel

to the subsequent passage of legislated minimum standards in responsible gambling for NSW clubs.

9.5 RECOMMENDATIONS FOR FURTHER RESEARCH

This study has revealed the need for additional research into gambling and into the social performance of gambling operators, and to build on opportunities revealed by this study for further examination. The research gaps exposed in this study underpin the following recommendations for further investigation.

- Given the importance of the NSW club industry as a major provider of gambling at state, national and international levels, research should continue into its historical development. While Caldwell's history of the industry (1972) has provided a solid foundation, additional research is needed to update this history or to provide alternative interpretations. While this study has made inroads into the former, the historical update in this study focused on machine gambling in NSW clubs, largely ignoring the other roles and functions of the club sector (for example, provision of leisure facilities, community contributions and advancement of social, recreational and sporting interests).

- As significant social issues, problem gambling and responsible provision of gambling deserve further research attention. While this study has briefly documented the development of these issues in Australia, a more comprehensive analysis would be worthwhile. Additionally, both problem gambling and responsible provision of gambling require further conceptual clarity, accompanied by research into how problem gambling might best be addressed through responsible gambling policies and practices at both government and corporate levels. This might involve more rigorous evaluation of existing approaches to responsible provision of gambling, experimental designs to test the effectiveness of various strategies in preventing or minimising problem gambling, or investigation of compliance mechanisms to optimise implementation. Evaluation of the RCA's responsible gambling program after statewide implementation is also an area for further research. While the proposed statewide program may include a compliance audit, it will not assess the effectiveness of the program in reducing problem gambling.

- Because this study has been limited to the distinctive context of NSW and the NSW club industry, comparative studies in other jurisdictions and industries would be fruitful. These could identify salient factors influencing the development of problem gambling and responsible provision of gambling as significant social issues. Further, while this study has gone some way in identifying barriers to responsible provision of gambling in NSW clubs, such assessments could also be made in other gambling industries. Once such barriers are identified, efforts could be better focused on ways to overcome those barriers. Additionally, responsible management of gambling in other gambling industries deserves research attention, perhaps by replicating the methods used in this study or by other means. Given their similar environments and geographical spread, comparative data on the NSW hotel industry would be particularly useful in helping to identify the role of profit-based versus not-for-profit organisational charters on responsible conduct of gambling by gaming machine operators.

- Given the difficulties encountered in this study with the dearth of research into the social performance of not-for-profit organisations, this is an area warranting further investigation. Such research could further test the applicability of corporate social performance concepts and models in the not-for-profit sector beyond what was attempted in this study and develop sector-specific theories. Efforts should be made to operationalise related concepts so they can be tested empirically. In general, much work remains to be done to advance conceptual developments to assist in investigating the social performance of not-for-profit organisations.

- While the framework presented in Figure 9.1 was grounded in the empirical findings of this study, additional research is needed to test its applicability to other organisations, industries, contexts and social impacts. There are many distinctive characteristics of NSW clubs, their environments, and the issue of problem gambling that may limit the generalisability of the framework. Further research would clarify which elements in the framework may have general utility and which are limited to the particular issue researched in this study.

- This study has been limited to examining socially responsible principles and practices to address problem gambling. However, a wider interpretation of responsible provision of gambling would encourage investigation into ways

to prevent or minimise other negative social impacts of gambling, or to maximise its social benefits. For example, such studies could focus on the entertainment, social and leisure value of gambling, the impacts of gambling on community life, or its influence on prevailing moral and ethical community standards or behavioural norms.

- Finally, this study has viewed responsible management of gambling mainly from the perspective of gambling operators. A study focusing on the role of governments in responsible gambling would help provide a more comprehensive picture, while a community perspective would illuminate its role in shaping responsible gambling policies and programs. However, an integrated study of the role of all pertinent stakeholders might yield the most complete examination.

9.6 CONCLUSION

Social responsibility in gambling is an area of empirical investigation that presents many difficulties due to the infancy of research into both corporate social responsibility and legalised gambling, and because it is an emotionally charged and contested phenomenon that is difficult to define. Despite these difficulties, this study's findings should provide an empirical contribution that is relevant not just for academic purposes, but also for practitioners seeking to grapple with an important social issue. While the issues of problem gambling and responsible provision of gambling may defy complete resolution, and while the interface between gambling operators and their stakeholders may never be perfectly harmonious or fully understood, it is hoped that this study has contributed to knowledge and provided a basis for further research opportunities and practical applications in this area.

The importance of responsible provision of gambling and Australian efforts to address problem gambling cannot be overstated when the direction of current trends in legalised commercial gambling in many jurisdictions is one of unprecedented expansion. Competitive rivalry between gambling providers, fuelled by the economic interests of gambling operators and governments, stand in stark contrast to efforts by other stakeholders to elevate social, ethical and community interests in gambling policy and management. It is hoped that empirical hurdles and political barriers will not dissuade continued research efforts into an aspect of modern day commercial gambling that has significant impacts on social wellbeing and the public interest. The changing fortunes of gamblers, gambling industries, governments and

other constituencies may well depend on the continued expansion of knowledge in this area.

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APPENDICES

APPENDIX A

SCHEDULE FOR THE INTERVIEWS WITH THE 19 NSW CLUB MANAGERS

The Club Managers' Association Australia has made a commitment to its members to examine the issue of responsible practice of gaming in NSW clubs. As a first step in meeting this commitment, we are endeavouring to gauge the opinions of club managers about the positive and negative impacts of gambling and to explore their general attitudes to adopting some practices currently used in other jurisdictions to minimise any negative effects of gambling. We are not suggesting that these practices are the right ones, nor that the NSW club industry should adopt them. Rather, they simply reflect a range of ways in which other states are facing this issue and provide a basis for gauging the opinions of NSW club managers. In this way, we hope to identify what opportunities and barriers club managers see as encouraging or discouraging responsible practice of gaming in their venues. We realise that social impacts of gambling is a sensitive issue, but would appreciate honest answers. We assure you that you and your club will not be identified in our research findings.

Firstly, we'd like to ask some general questions about how you perceive gambling and its impacts:

While gambling has some positive impacts, there is some concern about negative social impacts, so...

- Do you think gambling causes serious problems for some people?
- How extensive do you think gambling-related problems are in the community?
- What types of problems do you think arise for people who lose control of their gambling?
- What types of gambling do you think excessive gamblers have the most trouble with?
- How common do you think gambling-related problems are amongst club patrons?
- What types of club gaming do you thinkpatrons might have the most problems with?

Our next few questions are about responsibility for gambling-related problems:

- Whose responsibility do you think it is, ifany, to minimise the incidence of gambling-related problems?
- Do you think the NSW club industry istaking sufficient responsibility in harm minimisation in gambling?
  Do you think it is in the NSW club industry's best interests to take more responsibility?
- What measures do you think can be taken to minimise gambling-related problems?
  Does your club take any of these measures? Why or why not?
- Do you think problem gamblers can beidentified? What signs would you look for?

Our next questions are based on some practices used in other states to minimise gambling-related problems. We'd like your opinion on whether you think NSW clubs should or would adopt any of these practices.

Industry initiatives:

- Do you think some guidelines should bedeveloped to help NSW clubs adopt more responsible practice of gaming?
  If yes, who should develop and fund such guidelines and how might they be developed?

What types of guidelines might be useful? ie: what sort of advice should they contain?
How well do you think such guidelines would be adopted in the club industry?

- Do you think the industry should developa self-regulating code of practice in responsible gaming?
  If yes, who should develop and fund such a code and how might it be developed?
  What do you think such as code of practice should specify?
  How well do you think such a code would be adopted in the club industry?
- Do you think training is needed for gaming managers and staff in responsible practice of gaming?
  If yes, who should develop and fund a training program and how might it be developed?
  What types of things should such a training program cover?
  Which types of employees should be trained?
  How well do you think such a training program would be adopted in the club industry?
- Do you think industry initiatives such as guidelines, codes of practice, and training should be developed cooperatively amongst all gambling operators in the state or should each sector (eg: clubs, hotels, casinos) develop its own?
  What are the opportunities and barriers to cooperation amongst the different sectors?
- What do you think of the idea of an industry accord to develop and periodically review initiatives in responsible gaming and to liaise with key community groups?

Venue initiatives:

- Do you think clubs should develop a house policy on responsible practice of gaming?
  If yes, what sorts of things should such a house policy cover?
- Do you think clubs should ensure their gaming staff can recognise signs of problem gambling?
  If yes, how do you think this can best be achieved?
- What should clubs do if a patron admits to having a gambling problem?
  Has this ever happened in your club and what did the club do?
- Do you think clubs should bar problem gamblers from playing poker machines?
  Under what circumstances? (eg: if they request to be barred, if they admit to having problems, if a family members requests it)
  If yes, how should such a barring system should work? ie: how would it be implemented?
  Do you think clubs should operate and promote a self-barring program for problem gamblers?
- Do you think clubs should encourage bigwinners to have a cooling off period and take payment by cheque instead of cash?
- Does your club have a policy on staff accepting tips from poker machine players?
- Do you think club employees should be prohibited from playing machines while on duty, on breaks or before and after their shift?
- What proportion of your club's staff regularly play poker machines, say once a week or more?
- Do you think clubs should prevent credit betting?
  If yes, how can it be prevented and what measures does your club have in place?

- What is the club's policy on cashing patrons' cheques?
- What is the club's policy on obtaining cash using club EFTPOS facilities?
- Are there any ATMs in the club? How far away is the nearest ATM?

Information for poker machine players:

- Signage is an important part of a responsible service of alcohol strategy. Do you think signage could be used in responsible practice of gaming?
  If yes, what types of signage might be useful?
- Do you think players are sufficiently aware of their chances of winning and losing on poker machines? ie: do most recognise it is pure chance, that machines are programmed to pay back less than what is put into them?
  Do you think clubs have a responsibility to make this information more accessible to players?
  If yes, how might this be done?
- Do you think players are sufficiently aware of the different features of poker machines and how selecting such features can alter the amount bet? ie: do most understand that bet size depends on the machine's denomination, tokenisation, multi-line features, multi-game features?
  Do you think clubs have a responsibility to make this information more accessible to players?
  If yes, how might this be done?
- Do you think players are sufficiently aware of how payouts occur on poker machines? ie: do they adequately understand pay-tables, what constitutes a win, how credits accumulate, etc?
  Do you think clubs have a responsibility to make this information more accessible to players?
  If yes, how might this be done?
- Do you think players know how to budget their money for playing poker machines? ie: do they adequately understand the dangers of credit betting, borrowing money to play, spending more than they can afford, increasing bets when losing?
  Do you think clubs have a responsibility to make such advice more accessible to players?
  If yes, how might this be done?
- Do you think players can sufficiently recognise if they have a gambling problem? ie: would most recognise that frequently spending more than planned, losing money they can't afford, hurting people close to them through their gambling, are signs that they might have a problem?
  Do you think clubs have a responsibility to make such advice more accessible to players?
  If yes, how might this be done?
- Do you think players are sufficiently aware of what to do if they think they have a gambling problem? ie: are they adequately aware of existing counselling services?
  Do you think clubs have a responsibility to make this information more accessible to players?
  If yes, how might this be done?
  Would your club object to notices in the club advising patrons of a telephone hotline service for problem gamblers?
- Do you think players are sufficiently aware if a machine has malfunctioned or short-paid them? Do they know what to do if they think this has happened?

Do you think clubs have a responsibility to make this information more accessible to players?
If yes, how might this be done?

- How does your club ensure its poker machines are working properly?
  How does the club let its patrons know if some machines are malfunctioning or out of order?
- What is the procedure in your club if a player has a poker machine-related complaint or dispute?
  About how often do complaints or disputes over poker machines occur?
  Is there a need for an independent disputes resolution body to deal with poker-machine related disputes or unethical practices in poker machine gaming?
- Regarding all these aspects of player information, is this information available to your non-English speaking players?

Advertising of poker machine gaming:

- What advertising does your club do to promote its poker machines? Can you briefly describe its main content and message?
- Do you think poker machine advertising by the club industry in general is appropriate in its content and message? What aspects, if any, do you think should be changed?
- Do you think advertising of poker machine gaming should be restricted to certain media, certain publications, or certain times of the day? Please specify.

Liaison with the welfare sector:

- Do you think the club industry should liaise more closely with the welfare sector to minimise harm in gambling?
  If yes, how might closer links be developed?
- Would most clubs know where they can refer patrons with gambling problems to for help?
  Where would your club refer problem gamblers to?
  Do you think clubs should provide this information to problem gamblers?

Support for counselling services:

- Do you think clubs should donate funds to gambling-related counselling services?
  If yes, about how much should they donate? (perhaps $ or % of poker machine profits)
  Do you think such funding should be compulsory through a levy system?
- Do you think clubs should donate funds for research into problem gambling and its treatment?
  If yes, about how much should they donate? (perhaps $ or % of poker machine profits)
  Do you think such funding should be compulsory through a levy system?
- Are there any types of non-financial or in-kind support which clubs should provide for gambling-related counselling services?
- Are there any types of non-financial or in-kind support which you think clubs should provide for research into problem gambling and its treatment?

We'd now like to ask you about legal obligations in machine gaming:

- What do you see as clubs' main legal responsibilities in machine gaming?
- How do you ensure your club adheres to these obligations?
- How does your club ensure minors, intoxicated and self-barred (if applicable) persons do not use poker machines?
- How does your club prevent poker machine tampering, theft, fraud and money laundering?

Next, we'd like your general thoughts on opportunities and barriers in adopting more responsible practice of gaming in clubs.

- Which of the measures we've talked about would be most readily accepted by clubs?
- Are there any other measures we haven't mentioned which might be taken?
- What do you think are the main barriers to adopting the types of practices we've been talking about in the club industry? How might such barriers be overcome?

Finally, we'd like a little background information on your club:

- Type of club (eg: RSL, bowls, golf, etc.)
- Number of members
- Number of poker machines
- About what % of the club's revenue is earned through poker machines?
- Could we please have a copy of the most recent Annual Report for your club?

APPENDIX B

DETAILED SUMMARY OF THE INTERVIEWS WITH 19 NSW CLUB MANAGERS

This appendix contains a detailed summary of interviews with the nineteen NSW club managers. Their responses are summarised in terms of their:

- perceived responsibility for addressing gambling-related problems;
- attitudes to implementing industry-level responsible gambling strategies;
- attitudes to implementing venue-level responsible gambling strategies;
- support for agencies and research for problem gambling;
- legal obligations in machine gambling;
- perceived opportunities and barriers to responsible gambling strategies in NSW clubs.

B.1 PERCEIVED RESPONSIBILITY FOR ADDRESSING GAMBLING-RELATED PROBLEMS

This section presents a detailed summary of findings from the first part of the interview schedule that gathered opinions of nineteen club managers about the NSW club industry's responsibility for addressing the issue of problem gambling. Two sub-sections focus on the club managers' perceptions of gambling-related problems and responsibility for addressing these.

B.1.1 Perceptions of Gambling-Related Problems

Club managers were asked six questions relating to gambling-related problems. These related to whether respondents thought that gambling causes problems for some people, extent of problem gambling in both the community and amongst club patrons, types of problems encountered by those who lose control of their gambling, and types of gambling and club gambling most associated with loss of control.

Extent of Gambling-Related Problems

All but three interviewees agreed gambling causes serious problems for some people, with responses varying from 'absolutely', 'it is a major problem', to 'I think we'd only be lying if we didn't think it did', to 'yes, but not as bad in clubs as casinos'. However, two managers did not know, and one commented that 'gambling is not the cause of the serious problem', rather that some people have 'a problem which exudes excessive, compulsive behaviour which causes gambling to be a problem in their life'.

Many respondents had difficulty estimating how extensive gambling-related problems might be in the community, although sixteen agreed they affect a small minority of gamblers. Some commented 'it is very hard to gauge because you don't always hear of it' because 'gambling problems are probably a less visible destructive habit than alcohol or drug abuse'. Some noted 'nobody knows...it's impossible to detail' and 'I don't think there's enough information around'. Another commented 'there's not the epidemic proportions they're trying to make out - that is, the anti-gaming lobby'. Another implied the problem was virtually non-existent, having 'never heard of families breaking up...families going without...or families playing it tough because of gambling'. Only three managers perceived gambling-related problems as extensive, noting 'there must be a lot', it is 'very serious and extensive', and 'it gets worse as the economic situation get worse', while another thought

‘problem gambling appears to be growing in the community, although it may be just the attention being given to it’.

Respondents’ perceptions of the extent of gambling-related problems amongst club patrons can be grouped into three categories. Three respondents thought such problems were extensive enough for concern, commenting ‘it’s very common...there’s no doubt’, ‘it’s definitely a concern’ and that ‘clubs would probably have a major impact’ because they are ‘the larger number’ (of gambling venues) and offer ‘facilities and venues...very close to those peoples’ homes’. Seven respondents thought gambling-related problems amongst club patrons were not a concern. Indicative comments included ‘I haven’t heard of anyone having problems’, ‘I can’t see any problem at all’, and ‘because we only offer limited types of gambling opportunities, I don’t think too many people lose control’. Nine respondents were unsure about the issue, with many commenting it was difficult to gauge because ‘it’s hard not to confuse big gamblers with problem gamblers’, because ‘we don’t see the effects away from the club’ and because of difficulties in defining a gambling problem.

Two managers offered estimates of the percentage of club patrons with gambling problems. One perceived ‘25 percent of club patrons (to) have varying degrees of addiction to gambling’, while another stated that ‘based on observation...one in 30 who play poker machines may exhibit some of the signs of compulsive gambling’.

The number of problem gamblers who had come to the attention of respondents varied from ‘two or three people at most a year’, to ‘one serious problem’ in ten years, to ‘seven members handing in their membership card on the basis of gaming’. Another commented ‘I think everyone who works in a club could name about a dozen people...they see every day, seven days a week, day and night’.

Types of Gambling-Related Problems

Collectively and without prompting, the club managers identified the following problems that might arise for people who lose control of their gambling:

- family problems, such as domestic violence, family break-up, and family conflict;
- behavioural problems, such as anti-social behaviour, being ‘agro’, ‘aggressive’ and ‘short tempered’, excessive drinking, and mood swings ‘from euphoria to depression’;
- work-related problems, such as poor performance, loss of own business, and destruction of workplace relationships;
- personal problems, such as ‘loss of self-esteem’, depression, withdrawal, preoccupation, reduction in support group, breakdown of personal relationships, loneliness, health and social problems;
- financial problems in maintaining family commitments such as food, clothes, bills and rent, repossession of belongings, debts to criminals and associated threats of violence;
- legal problems, arising from criminal activity.

Some interviewees noted similarities between the consequences of problem gambling and drug and alcohol addiction, commenting that these could be

'dramatic', 'terribly sad' and that 'you virtually lose everything'. However, two respondents said they didn't know what kinds of problems might be encountered from uncontrolled gambling, with one contending 'I don't think it's as bad now as it used to be...people seem more aware of the problems'.

Types of Gambling Associated with Problem Gambling

When asked what types of gambling excessive gamblers might have most trouble controlling, less than half the interviewees identified gaming machines. Of those, some comments were that 'even though they're more passive gaming...they are very controlling and addictive', offering a form of 'instant gambling...as there is no resting period from the time you bet until it is time to bet again'. About half the managers considered TAB betting and casino games most problematic. This is because they are 'associated with an adrenaline rush... more conducive to hooking someone', 'there is no restriction on the size of the wager', they provide a 'quick fix' and 'quick return', 'allow the option of spending a lot of money quickly in the heat of the moment', 'stakes are higher and quicker' and because 'it's a group thing'. Some managers pointed out that gaming machines are less a concern because 'the most anyone can lose at one time is $10', and because 'there is not a lot of interaction between the individual and the machine' so 'a gambler with a raw gambling addiction would get very bored'. Two managers were unsure which forms of gambling are most problematic, with another noting that it may be 'different people, different types' and another that 'problem gamblers...will be people who gamble on everything'. One interviewee offered the following analogy: 'compared to drugs, TAB equals heroin, poker machines equal cocaine, Lotto, etc. equals Cerapax'.

When asked what types of club gambling patrons might have most trouble controlling, twelve respondents identified gaming machines, pointing to their 'large numbers, high visibility and more prizes offered'. Five managers identified the TAB, again explaining that unlimited bet sizes contributed to abuse, while one interviewee noted that 'Keno has its hooks; it's addictive as well'. One contended 'all forms of gambling have their problems', and another that 'none of the forms of gambling would be more likely than others to cause problems'.

B.1.2 Responsibility for Addressing Problem Gambling

Club managers were asked about responsibility for minimising gambling-related problems, and the extent and appropriateness of responsibility currently taken by the NSW club industry.

Responsibility for Minimising Gambling Related Problems

Most respondents thought numerous stakeholders have some responsibility to minimise gambling-related problems. Their unprompted responses are listed below (numbers in brackets indicate the number of respondents identifying the particular stakeholder as having some responsibility):

- gambling venues (15);
- government (9);
- individual gamblers (5);
- local communities, community and welfare groups (3);
- employee and employer associations/unions (1);

- gaming machine manufacturers (1);
- family and friends (1).

Fifteen interviewees thought gambling venues, including clubs, should play some role in minimising gambling-related problems, with some commenting ‘if we are providing the service and it is creating a problem for the community, then we have to look at it very seriously’, and ‘if you’re aware of a problem and you don’t do anything, you’re condoning it and it won’t go away’. Another noted ‘I believe part of it should fall back on clubs...I know the industry won’t say it (but) they should’.

Many club managers considered minimising gambling-related problems to be a shared responsibility, primarily amongst ‘every organisation that gains from gambling’. One suggested ‘all parts of (gambling) industries should be putting up a fighting fund’, another that ‘all associations should be getting together to cooperate in the education process’ and another that ‘it has to be an industry and government combined effort’. Nine also noted the responsibility of the NSW Government given the ‘enormous amount of money it makes through taxes’ and because it is ‘constantly promoting more gaming’. The government could shoulder some responsibility through a ‘community awareness campaign’, ‘general advertising’ and ‘funding of counselling and research’.

However, two respondents considered the problem wholly the responsibility of individual gamblers, with the strongest comment being ‘why should the public at large, or anybody, be responsible for anyone else’s behaviour...that is censorship...this is supposed to be a free society...people should be able to look after themselves and...their own thoughts and practices, morals and ethics’. Another contended ‘I don’t really think it is our responsibility...I don’t think there is much we can do. If there are problems, you don’t really see them here’.

Extent and Appropriateness of Responsibility Taken by the NSW Club Industry

Seventeen interviewees thought the NSW club industry is not taking sufficient responsibility in harm minimisation in gambling. As one explained, ‘I don’t think there is really anything happening at the moment, is there?’ However, while agreeing that more responsibility could be taken, two noted gambling problems had ‘never been an issue in the past’, only recently becoming ‘a more prevalent topic amongst the media and community groups’, so ‘the club industry (now) needs to be proactive in its approach to this issue’. As one explained, because ‘the industry has grown up with poker machines...it should share a proportion of the responsibility’. However, other managers thought ‘we do as much as we can’, that the industry is being sufficiently responsible but its ‘hands are tied by government’, that ‘no manager in any club knowingly lets some bloke gamble away his home or life savings’, and that ‘a lot more clubs are becoming a lot more proactive in that area rather than waiting for governments to legislate...I think the club industry is a far more professionally minded industry when you compare it to hotels, because we are more community minded’.

Sixteen managers agreed it would be in the best interests of the NSW club industry to take more responsibility in harm minimisation in gambling. Benefits included promoting ‘a more positive image in the community’ as ‘good corporate citizens’, to ‘not only to be seen to be doing something, but to actually ensure policies are carried

through and that staff and patrons are educated', 'to introduce a responsible code before it's legislated', and because it makes good 'business sense' to 'have 1,000 people gambling $20 a time and using other club amenities, than to have 20 people gambling $1,000 and maybe losing their money and leaving'. However, some respondents qualified their opinion, stating 'every (gambling) organisation should take equal responsibility' as 'if you only have one section taking steps, then it would be pointless for clubs to do it' because 'the compulsive gamblers...will only go to other organisations to satisfy their compulsive needs'.

B.2 ATTITUDES TO IMPLEMENTING INDUSTRY-LEVEL RESPONSIBLE GAMBLING STRATEGIES

This section presents findings from the second part of the interview schedule which explored attitudes of the club managers to adopting industry-level strategies distilled from existing models of socially responsible gambling, as reviewed in Chapter Four. These comprised industry guidelines in responsible provision of gambling, a self-regulating code of practice, training in responsible provision of gambling, a cooperative approach to responsible provision of gambling amongst gambling industries, an industry accord to develop and periodically review responsible gambling strategies and liaise with key community groups, and an independent disputes resolution body.

B.2.1 Responsible Provision of Gambling Guidelines

There was consensus amongst interviewees that guidelines are needed to help NSW clubs adopt more responsible gambling practices. Eight considered guidelines should be 'industry controlled, industry driven' and developed by the RCA or the CMAA because they 'represent all the clubs'. As one manager stated, 'I certainly would not like to see the government come in and say this is how it's got to be done, because the government will only get it wrong'. Conversely, a minority of four managers thought all stakeholders should be involved, perhaps through a joint committee or working group from club industry associations, club managers, state government, gaming machine manufacturers, concerned community groups, problem gambling counselling and welfare services, the PMCA, the AHA, the TAB and research bodies. Another three interviewees felt the government should develop responsible gambling guidelines, perhaps with industry input, while a further two considered they should be developed by representatives from all gambling sectors through their industry associations.

Concern was expressed over uniformity amongst all gambling sectors so there is 'a state standard'. One manager explained that 'if you go in separate groups and you have the AHA handling the problem one way, and the clubs handling it another way and the TAB and so on, the gambler that does have the real problem, who goes from place to place, is not going to know whether he's Arthur or Martha'. Similar concerns were expressed over enforcement of guidelines, with one respondent advocating that 'the government should formulate the policy...(so) it becomes legislation'.

While seventeen respondents wanted some industry input in developing guidelines for responsible provision of gambling, not all felt the industry should fund it. While one felt guidelines should be funded solely by club contributions collected by the

RCA or CMAA, others considered all gambling industries should contribute through their industry associations. All but one considered the state government should contribute funding from gambling taxes, as ‘you can’t rip $400 million out of an industry and say you’ve got a problem with gambling, but you’re not doing anything about it’. A few managers felt a levy based on a percentage of turnover or profit could raise funds, while others vehemently opposed this due to the ‘very substantial’ recent increase in gaming machine taxes and because ‘ultimately when there is a tax to be paid or a levy, it goes to consolidated revenue and the people it is designed to go to, it doesn’t get to’.

Without prompting, interviewees proposed the following for inclusion in guidelines on responsible provision of gambling:

- ways to identify symptoms of problem gambling;
- how to approach problem gamblers and courses of action to help them;
- legal issues and limitations;
- advice about counselling services and contacts;
- information to allow self-assessment of gambling problems and advice on seeking help;
- signage;
- in-house policy;
- statistics on the extent of the problem;
- industry code of practice;
- a slogan or warning, such as ‘enough’s enough’.

It was suggested that guidelines could be modelled on those in other jurisdictions ('why recreate the wheel?') after first evaluating their effectiveness.

When asked how well they thought such guidelines would be adopted, responses ranged from very positive to somewhat negative. About half the managers thought they would be widely adopted as 'most things they do in the club industry are pretty professional' and 'the industry realises that they are needed and it's more a case of them actually waiting for them to come than being in opposition to them'. However, a few thought more 'progressive' and 'professional' clubs would adopt them, while less professional and perhaps some smaller clubs may be 'bah and humbug' about it.

The remaining respondents were more pessimistic. As one commented, 'I think clubs can be greedy, very protective of what they've got and unless there's a major problem hitting them in the face...they would not look at it as well as they should'. Three respondents felt guidelines needed to be a legislative requirement before being widely adopted. As one explained, 'if it was put into...an Act, we would follow it. But if you were to leave it to individual clubs...it would just go on like it is now.' Another felt unless guidelines were 'government backed and government pushed', 'general apathy and problems with change' would mean they would 'meet a lot of resistance'. Conversely, a few managers felt guidelines would only be adopted if they were 'universal in the gaming industry' with 'industry support across the board'.

B.2.2 Self-Regulating Code of Practice

All but four respondents thought the industry should develop a self-regulating code of practice in responsible provision of gambling. While three of these four supported developing a code, they doubted whether self-regulation would work as 'it seems to be a soft option', one 'that would just subside into the background'. Another considered 'the whole gaming industry' needed involvement for an effective code. One manager thought a code would not work at all.

Again, there were diverse opinions on who should develop and fund a code of practice. Most advocated substantial club industry input into development, perhaps through industry associations, while others felt input from government, all gambling sectors, counsellors, gaming machine manufacturers and community groups was appropriate. Over half felt a code should be funded from gambling taxes, or jointly funded by industry, government and other stakeholders.

Unprompted suggestions for the contents of a code of practice comprised:

- policies and procedures;
- public education materials, such as posters and leaflets;
- definition and recognition of problem gambling;
- symptoms of problem gambling, perhaps via a checklist;
- procedures for approaching and helping problem gamblers;
- referrals to counselling and welfare organisations;
- legal implications and parameters;
- self-exclusion options;
- family involvement;
- training;

- availability of people at the club to assist;
- extent of the gambling problem.

Again, some managers felt there were valuable models in other jurisdictions, such as South Australia and Victoria, which could assist in developing a code.

Four respondents felt a code would be well adopted in the industry, with one commenting 'they are screaming out for it now...it will be adopted as soon as it is put out'. The remainder were more circumspect, commenting that 'knowing the industry, it adopts things but doesn't enforce it', that it 'will be very difficult for clubs to deal with because clubs derive so much of their income through poker machines', and that 'a lot of clubs would see it as a danger'. Others felt that how a code was presented would determine how well it was adopted. For example, some felt that as long as the industry was involved in its formulation it would be adopted, but 'if it was just slam bam from the government saying this is the way we're going to do it, you'd get a lot of negativity'. Two reiterated the need for a code to be legislated 'if they're serious about it', either under an Act or as a licensing condition, whereby 'if you want gambling facilities, you should be responsible enough to put in a program.' This underpinned concern that some clubs would otherwise pay 'lip service' to a code, that 'some clubs may adopt these practices but do nothing else, (while) others would actually utilise resources to implement them'.

B.2.3 Training in Responsible Provision of Gambling

While one manager felt unqualified to judge whether training was needed in responsible conduct of gambling, the remainder considered it necessary. It was generally agreed training should include all gaming managers and staff 'from the top...right to the bottom', because 'the last thing we need is untrained people - management or other - going up to someone and saying you've got a problem'. Many pointed out that operational staff can best identify 'problem gamblers' from their 'day to day contact' with patrons, but that they should be trained in awareness and identification only, referring the issue to senior management to approach the person. However, three insisted only managerial staff should be trained 'because it is a judgmental situation', 'far too grey an area', and because of high reliance on casual staff who might be 'well intentioned but...can completely misconstrue the whole area and...create a lot of problems for themselves, their organisations and...even end up with a defamation suit'.

When asked who should develop and fund training in responsible provision of gambling, all responding managers stressed the need for industry involvement, to either wholly develop and fund training, or with input and funding from the government, other gambling sectors and stakeholders. The RCA, CMAA or CMDA, perhaps in conjunction with Technical and Further Education (TAFE), were identified as being best able to develop and deliver training which could be tax deductible, provided in-house through zone educational officers and accredited through the Australian Hospitality Review Panel (AHRP). The current approach to training in responsible service of alcohol was cited as a suitable approach, being mandatory, tax deductible, paid for by the clubs and accredited.

Unprompted suggestions for the content of a training program in responsible provision of gambling comprised:

- assistance or guidelines for policy development, such as information kits;
- information about problem gambling, including why it occurs, symptoms, types of problems and benefits of assisting those with problems, to build empathy amongst staff;
- approaching, handling and treatment of 'problem gamblers', such as provision of an in-house counsellor or contact and where to refer them to for help;
- patron information, including signage and guides for gamblers;
- spheres of responsibility and limitations, such as privacy issues;
- responsible promotion of gambling.

Nine managers felt training in responsible conduct of gambling would be widely adopted, but seven thought it should be compulsory. Otherwise, clubs would 'put up signs and forget about it', only 'a small minority would expend resources to implement it effectively', and 'you would just get that apathetic attitude...and if they are not made to do it, they just don't'. One noted training should be compulsory across all gambling sectors and another that the industry needed input into its development to be widely adopted.

B.2.4 Cooperative Efforts Amongst Gambling Operators

When asked if industry initiatives such as guidelines, a code of practice and training in responsible provision of gambling should be developed cooperatively amongst all gambling operators in the state, seventeen managers agreed, considering 'there should be one rule for all and one basic code'. As well as encouraging a uniform approach, cooperation would consolidate 'proper funding for a realistic, consistent and cohesive program' and provide 'opportunities to learn from each other'. However, one manager felt while an overarching policy is needed, each industry may need its own house policy to suit individual circumstances. Only two respondents felt each gambling sector should develop independent strategies, as 'each individual market is different', and 'because of the (different) gambling stakes and different environments'.

However, barriers to cooperation were identified, relating mainly to competitive rivalry. These included 'natural competition', 'power struggles', 'different agendas', 'protection of interests in their gaming income', that 'clubs and the hotels are on a bit of a collision course', and that 'the profit driven sectors could look at this as another reduction of their profits'. Thus, some respondents felt the government needed to either legislate, or at least organise for all sectors to work cooperatively on the issue. As one explained, 'I think the operative thing would be government legislation, or the government getting the industries together saying you've got to...work together'.

B.2.5 Gambling Industry Accord

About half the interviewees approved of an industry accord to develop and periodically review responsible gambling strategies and liaise with key community groups. Resulting benefits would be shared responsibility, learning from others' experiences, a way to involve community groups and increased effectiveness in dealing with regulatory, economic, technological and product changes in gambling. However, two managers qualified their agreement with concerns about the types and

agendas of community groups involved. One explained, ‘you would need to be very careful (about) the structure of those key community groups...if they were made up with a strong anti-gaming core, (this) could create some difficulties’. Others pointed out that while an accord sounds ‘good in theory’, it would be ‘very time consuming’ and may be ‘difficult in getting off the ground’. Others were unsure, considering each sector needs its own guidelines.

B.2.6 Independent Disputes Resolution Body

With advanced technology of machines and their ability to replay the last game, the managers reported that machine-related disputes are becoming less common. Their frequency varied among the clubs from ‘two or three times per week’ to ‘twice in six years’. This large variation is probably because minor disputes are handled by floor staff and do not involve management. Because of the infrequency of major disputes unable to be resolved in-house, all but one manager considered there was no need for an independent disputes resolution body to deal with gaming machine related disputes or unethical practices in machine gambling. One manager described the idea as ‘overkill’, while another explained that recourse available to players through club management, machine manufacturers, the Department of Gaming and Racing and the court system provided sufficient avenues.

B.3 ATTITUDES TO IMPLEMENTING VENUE-LEVEL RESPONSIBLE GAMBLING STRATEGIES

Venue initiatives in existing models of responsible gambling reviewed in Chapter Four included providing patron information on problem gambling, self-exclusion programs, restricting access to cash for gambling, providing more product information, and restrictions on advertising and promotion of gambling. Interviewees were asked their opinion on adopting these measures in NSW clubs.

B.3.1 Provision of Patron Information on Problem Gambling

Consistent with strategies in existing models of responsible gambling, areas relating to provision of patron information on problem gambling comprised house policies, signage on responsible gambling, information on how to recognise a gambling problem and what to do about it, staff awareness of problem gambling, and club referrals for assistance.

House Policies in Responsible Gambling

Seventeen respondents agreed clubs should develop a house policy on responsible provision of gambling, although only one club claimed to have already done so. Two favoured an industry-wide policy. Of those who approved, unprompted suggestions for content included:

- mechanisms for increasing awareness of gambling problems, such as identified ‘warning signs’;
- educational standards in responsible provision of gambling and mechanisms for increasing empathy for problem gambling;
- internal chains of command for notification and dealing with people with gambling problems;

- referrals to welfare and counselling services;
- self-exclusion procedures and restricted access to gambling for identified problem gamblers;
- signs and slogans in clubs, club newsletters and bulletins to members;
- prevention of credit betting;
- limits on cheque cashing and use of EFTPOS;
- advice on promoting machine gambling to 'social' rather than 'problem' gamblers.

One manager considered two house policies necessary - one a 'general statement' for public display, and the other a 'specific statement of what action to take' for staff use. Another noted that liaison with gambling counsellors would be beneficial in developing a house policy which was 'tried and tested'. Another felt 'all policies need to have some bite behind them', similar to fines imposed for breaches of responsible service of alcohol legislation.

Signage

There was consensus among interviewees that signage could effectively encourage responsible gambling, although two expressed concern that people do not usually read signs, particularly in gambling areas where 'there are so many things happening'. The importance was noted of signage being 'simple to read and comprehend', consisting of 'a catchy slogan', 'a clear, concise message' or perhaps 'four or five main points to trigger the patron to inquire further'. While some felt signage needed to be 'eye-catching' and 'strategically located' in gambling areas, at change counters and between machines, four considered a 'discreet', 'non-intrusive' approach more appropriate. This might include leaflets on site, cards given to those who might have a gambling problem and flyers distributed to members. This approach would prevent the impression of 'someone in their face accusing them of having a problem'. As one manager commented, 'obviously you don't want a great big poster, because...they'll say, there's a problem in this club'. Another felt signage would meet a 'terrible lot of resistance', and another that he would have to consider it carefully as 'most of the revenue that comes from clubs comes from poker machines'. Generally, there was broad agreement that if signage was a required part of policy, clubs would comply, although its prominence was questioned.

Without prompting, suggested types of signage included:

- leaflets with a checklist of problem gambling indicators;
- contact details of counselling services, particularly a telephone number;
- reminders to players to 'enjoy themselves without overextending', like the casino slogan to 'bet with your head, not over it';
- flyers to members;
- inclusion of referral numbers for counselling services on gaming machine rules;
- contact name of a club employee who can assist;
- house policy on responsible provision of gambling, outlining the aims of patron care;
- printed cards with relevant information;
- messages on gaming machine screens which players must scroll through.

No clubs in the sample provided any signage in languages other than English. Four managers pointed out that the number of NES people visiting their clubs was very small and another five that they had experienced no communication problems despite having some NES patrons. However, a minority does get a reasonable number of NES patrons. However, as the manager of one club explained, 'the universal word is money...They might say to you 'don't speak English', but when it comes to money, they know it'. Another manager of a club with 'about 25% of our membership of Asian origin' stated 'we don't have any other languages represented here because the official language in Australia is Australian English, so we don't have to have it'. One felt that because most signage is 'number related and picture related', this provided a 'common language'. However, a few clubs were planning to provide more NES communication. One club was attempting to employ people from NES backgrounds to provide information, while another had two staff learning Mandarin. Other managers noted that, amongst their large staff, there was usually someone who could converse with a NES patron and that, as NES patrons often visited the clubs in groups, there was generally someone in the group who could interpret. Other managers were concerned that with the diversity of ethnic groups, especially in Sydney, 'you would have to have information in 30 different languages'.

Information on How to Recognise and Act on a Gambling Problem

When asked if they thought players could sufficiently recognise if they have a gambling problem, most interviewees agreed that while signs such as not being able to pay bills or buy food would be obvious, many would be in self-denial and that 'the hardest step is the person firstly acknowledging a problem'. Three likened the situation to that of alcoholics who 'know in their own heart they have a problem, but don't acknowledge it' and 'tend to look away' because 'it gets them so bad that they can't help it'.

Ways the managers thought clubs could help patrons recognise a gambling problem included the following unprompted mechanisms:

- staff training to recognise gambling problems and pass on information about assistance;
- displaying checklists to allow people to self-assess a problem;
- displaying memory jolts such as 'are you spending excess money?' and 'do you have enough money to buy lunch?';
- checklists and advice within pamphlets.

However, certain barriers were perceived as limiting the clubs' ability to help patrons recognise a gambling problem. First, there was little a club could do unless the player firstly acknowledged and was willing to confront the problem. Second, clubs are often not aware of who might have problems because, with note acceptors on some gaming machines, 'they come in with the money, they go out with no money, so you've got no way of detecting whether they have a problem'. Third, privacy rights of patrons would preclude a confrontational approach, meaning provision of 'passive information' may be the most appropriate form of assistance.

Over half the managers thought players are not sufficiently aware of what to do about a gambling problem, 'basically because the industry hasn't made any awareness' and 'we don't provide any information'. Of those who thought players

know where to seek help, Gamblers Anonymous, Lifeline, the Salvation Army and the Presbyterian Church were mentioned as organisations which ‘everyone is aware of’.

All interviewees considered clubs should make information about help for gambling problems more accessible to patrons. Suggestions were by brochures, posters, stickers, advertisements in club magazines, in a displayed house policy, handouts at the front desk, notices on machines, community advertising paid for by government, personal advice from staff and as part of a patron information kit on machine gambling. All club managers had no objection to notices in their club advising patrons of a telephone hotline service for problem gambling, although two managers felt these should be displayed ‘discreetly’ and ‘subtly’.

Staff Awareness of Gambling Problems

All responding managers thought clubs should ensure staff can recognise signs of problem gambling, with some commenting supervisors and gaming staff would be aware of people with gambling problems through observation and regular contact. Most managers felt training in recognising signs of problem gambling and awareness of legal parameters was needed to increase staff awareness, accompanied by guidelines on warning signs, house policies on procedures to take, signage within the club and a referral system for those needing help.

There were very mixed responses when asked if and how people with gambling problems could be identified. Four managers thought it near impossible, others considered it possible but difficult, while the minority thought it easy. Unprompted indicative signs were suggested as:

- aggressive or anti-social behaviour or other behavioural changes;
- trying to borrow money;
- looking ‘down and out’, ‘haggard’, or ‘deteriorated’;
- cheque cashing amount and frequency;
- amount of time spent in the club and spent playing gaming machines;
- purchase of TAB tickets, or notes or coins from the change bar;
- being introverted, ‘jittery’, quiet and keeping to oneself, ‘out of the action’;
- change in patterns, such as a working person suddenly starting to come in during the day;
- increased alcohol consumption;
- chronic smoking;
- use of note acceptors or coin dispensers to hide expenditure;
- through player tracking;
- comments, such as ‘I’ve just done my rent money’ or ‘continually complaining I’ve lost’ or ‘I have nothing’;
- not being happy when they win a ‘good amount’;
- bouncing cheques;
- progression from ‘playing a 5 cent machine to a $2 machine’;
- being paged by their children;
- trying to ‘hide what they are doing, based on their location and where they place themselves in the poker machine room away from other people for long stints’.

Respondents generally identified a combination of the above as signs of problem gambling. Many also qualified their answers. For example, while aggression may indicate gambling problems, 'someone might have just had a bad day...you can misinterpret those things'. Similarly, time spent playing gaming machines might be misleading as 'they might only be playing a one cent machine, playing one credit'. Another noted 'people could lose a lot of money but it's not a problem if they have got it...whereas other people mightn't have much money and cannot afford to lose any of it'.

Of those who thought 'problem gamblers' difficult to identify, reasons included potential invasion of privacy, no knowledge of the person's financial situation, and use of note acceptors and coin dispensing machines so 'they could sign in at the club, go to the machine, and never once go to the bar'.

Respondents pointed to difficulties in approaching people with gambling problems due to concerns about invasion of privacy and anti-discrimination laws. Two noted that, while player tracking devices could identify frequent gamblers, the notion of 'big brother' deterred their usage other than for marketing and data retrieval purposes. Another respondent commented 'if you walked up to an Aboriginal person or an Asian person or someone of an ethnic background...you would have the Anti-Discrimination Board down on you that quickly'. As one manager explained, 'suspected problem gamblers can be identified, but this is not the main issue. They must identify the problem first before any help can be given'.

Most managers were wary of legal limitations, recognising they could only help if patrons were first to 'gain ownership of the problem, recognise it and admit it to themselves'. Recognising the 'confidentiality' and 'sensitivity' of the issue also was considered important, as was avoiding breaches of anti-discrimination legislation and 'getting in the middle of a family squabble' if family members and not the gambler sought help.

When asked what clubs should do if a patron admits to a gambling problem, a range of unprompted suggestions were made:

- suspend cheque cashing facilities;
- impose a cooling-off period after wins;
- voluntary self-exclusion from the club or relinquishing membership;
- find out what the person wants to do and 'give them full support';
- information and referral to counselling;
- prevent gambling until assistance is sought and the person has regained control;
- counsel them;
- report to the Board and inform the patron by letter that he or she cannot play gaming machines in the club.

Eleven managers cited instances when patrons had sought help for gambling problems. Their responses had included:

- direction to club personnel responsible for dealing with the issue;
- self-exclusion;
- restriction of the patron's membership to prevent him or her playing machines;

- organised repayment schedules for dishonoured cheques;
- provision of contact names and numbers for counselling;
- counselling the patron.

Most of these managers thought these measures effective, but four did not know whether the person with the gambling problem had continued to patronise other gambling venues.

Club Referrals for Assistance

Fourteen managers thought most clubs would not know where to refer patrons with gambling problems for help. One argued that welfare and counselling services 'certainly haven't made themselves known to clubs which seems strange...you think they would come to the source'. However, all agreed this is information clubs should know and provide.

When asked where they would refer such people to for help, two managers identified Gamblers Anonymous, three mentioned Lifeline, two noted the Salvation Army, two identified Break Even in Queensland, one noted 'counselling services in the community', while another mentioned Veteran Affairs. One contended 'we don't have anything in this area we can refer them to', while two pointed out they had never been confronted with this problem.

B.3.2 Self-Exclusion

While only four of the eleven managers who had been approached by patrons seeking help for a gambling problem had excluded or restricted gambling access to them, all but two of the nineteen interviewees agreed people with gambling problems should be barred from playing gaming machines, but only if they admitted the problem and requested exclusion. Concern was raised that, unless there was a standard approach, 'barring them without their approval will just lead them to another gaming venue, maybe one less willing to help'. This would mean 'you've passed the buck' and 'haven't solved the problem...you've just moved it elsewhere and lost your revenue'. Another respondent pointed out self-exclusion should be only one strategy in an overall rehabilitation program 'to deal with the root of the problem'.

When asked how an exclusion program might be implemented, most managers thought it should be voluntary, that they would seek written patron agreement, request they relinquish their membership card or seek a court order, and that they would then inform staff through a list of names or photographs. If such persons were later found in the club or found playing gaming machines, management would remove them or, as one suggested, 'just nicely tell them they are not allowed to be playing the machines because they requested it'. One manager explained that, once a person has self-excluded at his club, a seven day cooling-off period is imposed before the club will reconsider whether that person should be allowed back if they so requested. It was felt seven days was sufficient for the person to 'think about it'.

However, potential problems were mentioned in implementing self-exclusion. These were difficulties for staff in monitoring and identifying barred persons entering the club and playing machines, particularly as note acceptors mean people do not have to use change facilities; that patrons could easily join and access the club under

another name; and that the system would be ineffective unless cooperation from all local gambling venues was obtained which 'would be almost impossible in Sydney where there are so many pubs and clubs'. Another manager stated he would need legal advice on the right of clubs to exclude members. His understanding was that members have a right to enter the club and use its facilities and should anyone try to make the person leave, they could be charged with assault. One manager considered self-exclusion programs 'garbage' as excluded patrons would just gamble elsewhere.

While seventeen managers were willing to implement self-exclusion, three were reticent about promoting it. One manager stated 'it wouldn't be in my best interests', while another contended there was 'no need to advertise it'.

The situation was considered more complex if a family member requested a patron be barred. Respondents suggested the club should firstly ascertain if the patron knew a family member had approached the club, that the family member be given information on helping the person, that management speak to the person and advise him/her of the family's concern, and that they refer the person to counselling and try to convince the person that self-exclusion would help. Only one manager considered his Board would bar a patron solely on request from a family member.

B.3.3 Access to Cash for Gambling

Strategies limiting access to cash for gambling included in existing responsible gambling models in other sectors such as South Australia include imposing a cooling-off period by paying big winners by cheque, preventing credit betting, limiting cashing of cheques for gambling, and restricting withdrawals and access to EFTPOS facilities and ATMs.

When asked if clubs should encourage big winners to take payment by cheque to promote a cooling-off period, twelve interviewees disagreed. As one explained, 'just because there are big winners does not mean they have a gambling problem' nor does it 'mean they have invested a lot of money'. Another explained some big winners 'would be quite clear in their mind about what they are going to do' and invest winnings in a 'planned' way. However, another explained 'the best way of getting your money back is to give it to them in cash', and another that 'we tend to push cash because we think maybe we will get some of the money back and that's what we are all about. We're here to make money'.

However, for security reasons, nearly all clubs had procedures where big winners were offered cheques. Many interviewees were concerned about personal security of patrons leaving their club with large amounts of cash, while cheque payment also protected the club against machines malfunctions, illegal activity or in case staff paid out the wrong amount. However, one interviewee noted that, despite having a policy of paying big winners by cheque, 'the only time we'd pay cash would be if the person is one that we know has put a substantial amount of money in the machine and (is) obviously a high stakes punter'.

Respondents pointed out that most patrons, '99.99 percent', want cash payments, because they 'have a right to that money', want to 'recycle it' or 'walk out the door with it'. One manager believed that some people, particularly the elderly, thought winnings were taxable and insisted on cash. He noted this could be a useful component of patron education.

Thus, while nearly all clubs had procedures for encouraging big winners to accept cheque payment, this was for security rather than to deter over-spending. As one interviewee explained, 'whether a player would need a cooling off period in respect of a gaming problem would need to be taken on a case by case basis. This, however, would leave the club open to charges of discrimination'. Another noted that a cooling off period may be ineffective as, with the 'propensity for cancel credits not jackpots...large wins are paid back into the machine rather than cashing (them)'. He suggested lower limits could be set on machines before they 'lock out' after a jackpot so patrons can 'evaluate if they want to keep playing'.

The managers also were questioned about providing credit, cheque cashing and use of EFTPOS and ATMs for gambling purposes. All recognised the illegality of credit betting and maintained they had strict procedures to prevent it. These included staff training and regular reminder memos, use of EFTPOS or credit cards only for meals, entertainment, membership fees and the like, installing ATMs which accept only debit transactions, cheque cashing controls and policies against borrowing money.

Cheque cashing controls had been progressively tightened in the clubs to prevent dishonoured cheques. As one manager explained, 'people would come in and join the club for $10, cash a cheque for $150, and that's pretty good change'. Only one club had ceased cashing cheques because management was concerned people were doing so specifically to play gaming machines. Cheque cashing policies in the nineteen clubs included:

- no cashing of cheques allowed;
- restriction of cheque cashing facilities to members;
- presentation of membership badge, personal details and photo identification with the cheque;
- entry of cheque cashing transactions in the membership file;
- limits on amounts cashed, ranging from $50 to $2,000;
- limits on the number of cheques cashed per day, such as 'three transactions...in three days', five cheques of $200 per day;
- suspension of cheque cashing facilities if a cheque is dishonoured;
- approval of cheque cashing by senior management;
- use of telechecking systems which access customer accounts to verify sufficient funds;
- confidential listing at the cashier of people not allowed to cash cheques;
- cheques must be made payable to the club;
- patrons cannot change the amount on cheques once cashed.

While most clubs provided EFTPOS facilities, three allowed its use only to pay for goods, meals, entertainment and fees, and did not allow cash to be withdrawn. Other managers noted banks impose a limit on cash withdrawals anyway and that the person must have available funds to withdraw cash.

Ten clubs had ATMs in, or at the entrance to, gaming machine rooms (as one manager said, 'slap bang in the middle of the pokies'), while others provided them in the foyer or other club areas. As one manager noted, his club had moved the ATM out of the gaming room as 'a caring sort of move' so patrons 'have to walk away

from the machines to get more money, and if they're closer to the door, they may be closer to a wiser decision'. Three smaller clubs had no ATMs. Clubs providing ATMs relied on bank withdrawal limits.

B.3.4 Providing Product Information

A key element of responsible gambling strategies in existing models such as South Australia is provision of information for players outlining how gaming machines work and how to play to maximise enjoyment and minimise risks of problem gambling. Signage, player information in brochures, and dispute handling procedures are the main vehicles.

Player Information on Machine Features

Information for players on how gaming machines operate has been a component of responsible gambling strategies in other sectors, as identified in Chapter Four. It explains chances of winning and losing, how different features of machines affect bet size, and how payouts occur.

Nearly all respondents agreed most patrons are sufficiently aware of their chances of winning and losing on gaming machines, that it is 'common knowledge' 'they don't have a great chance of winning', that 'they are not going to get all the money back they put in'. However, many commented that numerous patrons do not completely understand how this is determined and there is lack of understanding of both the chance nature of the game and the way payback percentages are set.

In relation to chances of winning, one manager explained he did not think patrons understood that machine payouts occur on a random basis, returning a particular percentage over time. When he explains his club's machines pay back 90 percent, patrons say 'well, I've put in...$100, and didn't get $90 back'. Another explained 'I don't think they can understand it can pay out $20,000 one month and next to nothing the next, and still be okay over a 12 month period'. Another contended 'I don't think they understand the game of chance and the fact that every gambling house...has to work on the basis that the higher the volume, the more that will eventually come to the house. That's the nature of gambling. It is a case of diminishing returns.' Another manager went further by explaining that 'part of the marketing of gambling is to convince the participant that some skill has been used...Advertising to convince the patron the chance is random may not be believed and would not be an accepted promotion by an operator'.

In relation to how payback percentages are set, interviewees commented that, while most players have a general understanding of this and that 'if you change the percentages or cardings, people are very perceptive, they'll notice the variance', 'there are definitely some people who think they're rigged'. One manager considered 'some people do honestly think we go about each day and re-calibrate the machines'. Another commented 'we do have a few people who think I sit in my office all day everyday, and as soon as they get a pay, I push a button and they don't get any more'.

However, a minority of managers contended that understanding how machines work is not particularly important, as players 'are willing to take the risk for entertainment value' and that 'most people coming here are buying time...it's a leisure activity. It's

not winning or losing; that's just a by-product of it'. As one explained, 'when people complain about losing money on poker machines, it's not that they've done a certain amount, it's how long it's taken them to do it'.

There were mixed opinions when asked if clubs have a responsibility to make information about how machines work more accessible to players. A small minority of clubs publicises payback percentages as a promotional strategy, and managers tend to explain this to patrons if asked or if a patron complains about losing. Two interviewees felt publicising payback percentages would not make any difference, being 'more beneficial to clarify curiosity than to stop someone being a compulsive gambler'. However, both advantages and disadvantages were identified. For example, it would 'get rid of the misconception of the magical screw' and could be used for promotion, but may raise expectations that a certain percentage will be paid back during every playing session. About half the respondents were very concerned that, if payback percentages were publicised, players might expect a guaranteed return for every dollar bet. One explained, 'a little bit of information can be dangerous' and another that, while 'patrons should have the right to know the percentage return that machines are set at', they would need to understand 'that a particular machine will not operate to percentage in the short term'.

Another concern was the inequity of publicising payback percentages from gaming machines without other gambling operators doing likewise. As one manager explained, if 'we're going to run an advertising campaign and...explain to people that...you're only going to get 90 percent return, let's do the same with Lotto and say you're only going to get 60 percent return, 75 percent on keno and 85 percent on horses'. As he pointed out, 'poker machines are one of the highest (percentage paybacks) outside the table games at the casino'.

Unprompted suggested mechanisms to provide patron information on how machines work included:

- general information leaflets;
- facts sheets in club newsletters;
- publicising percentage paybacks on each machine;
- signage;
- in the club's Annual Reports;
- on demand , whereby club staff 'would have the opportunity to explain more fully the carding so players don't get only half the story'.

Another aspect of gaming machines potentially misunderstood by players is how various features, such as machine denomination, tokenisation, multi-line and multi-game features, can influence the amount bet. When asked if players are sufficiently aware of this, nearly all managers recognised different levels of understanding between regular and novice players, with regular players being 'very aware' and 'like little mathematicians'. Even with advancements in machine technology, other managers contended that 'the change is minimal', 'it isn't a complicated process', 'they must realise it' and 'it doesn't take them long' to understand how the machine operates. However, novice or infrequent players 'wouldn't have a clue' and 'might get caught a few times'. Another noticed that some older players 'tend to stick to machines they know'. It was noted that novices can always ask floor staff to explain how a machine operates.

When asked if clubs had a responsibility to make information on machine features more accessible to players, three managers felt this was the machine manufacturers' responsibility and could be part of legislative requirements. One suggested manufacturers should standardise screens as 'it would be impossible to give written guidelines as there are six different manufacturers and a wide variety of features that are constantly changing'. Two managers were concerned that contemporary machines explain features and prizes only through a help screen that players may not choose to access or which are 'only useful for the computer literate'. However, others felt information already provided was sufficient, relying on staff knowledge of new machine features to answer patron queries. Two managers felt it the patrons' responsibility to 'review the artwork and the machine features before spending their money', while another felt providing clearer or more accessible information would serve no purpose as players are 'blissfully ignorant, (wanting) just to sit in front of the machine and vegetate and play'. One manager contended that 'part of the entertainment value of the games is to work out why you won. Advanced, clear information may reduce the attraction'. Even for those agreeable to providing more patron information about machine features, major barriers were identified as rapid changes to machine features, numerous types of machines, and the large numbers of employees who would need to be familiar with all machine features. Thus, many respondents felt machine manufacturers were better placed to provide this information, either on the machines or in brochures clubs could display.

The managers gave very similar responses to those above when asked if they thought players understood how payouts occur on machines. Only one manager felt 'they wouldn't have a clue'. Nearly all interviewees felt players were familiar with this, especially given that 'in NSW, poker machines have been part of the culture for over 40 years', agreeing 'it would be rare for a patron not to have a basic understanding' and that 'they will tell you if they think they're getting ripped off'. Again, about half the managers mentioned their floor staff were capable of answering queries and three that providing further information was the responsibility of machine manufacturers and the government which approves machines.

Player Information on Machine Malfunctions and Disputes

Responsible gambling strategies in other sectors also address the issue of consumer protection against machine malfunctions, and procedures for machine-related disputes. All interviewees were confident that gaming machine players are sufficiently aware if a machine has malfunctioned and saw little need for increased information. Mechanisms in place were identified as gaming machine rules displayed in gambling areas and lock-up mechanisms on malfunctioning machines. Preventative maintenance, on-site technicians, fault books, and regular cashflow and other analyses help prevent malfunctions, while call buttons on machines and adequate floor staff allowed patrons to easily query a result. All clubs are required under regulation to turn malfunctioning machines off and display an out-of-order sign until fixed.

All clubs in the sample claimed to have set procedures for gaming machine related disputes. Generally, these comprise a chain of command among club staff to deal with problems, depending on the amount of money involved. If the problem cannot be resolved on the spot, player details are usually gathered, dispute details entered into a book, the club performs a cashflow analysis and the player is then notified of

the outcome. In serious cases, the manufacturer is requested to issue a full report on machine performance. Numerous managers mentioned that, with disputes over small amounts of money, the club pays the player anyway, to 'save face' and for 'PR' reasons, particularly if the patron is a 'really good customer'.

Information on Budgeting Gambling Expenditure

As identified in Chapter Four, some gambling venues in other sectors such as South Australia provide patron advice on budgeting gaming machine expenditure.

When questioned about the ability of players to budget money for playing gaming machines, about half the club managers were confident most players control expenditure within pre-planned or manageable limits. Their view was that, while some players do spend more than intended, 'they don't get carried away excessively'. This over expenditure was considered 'human nature', limited to small amounts when players feel they are 'on a roll', when 'their heart overrules their head' or when they 'know they're going to get a win'. It was recognised that extreme or persistent lack of control by players was a sign of problem gambling, but that this involved a minority of players. Eight managers were adamant they had no right to advise players on how to spend their money. One contended 'I don't think we, as operators, should become sheriffs' and another that 'who am I to tell them how much they should or shouldn't put in and...further to that, how the hell am I supposed to know?' More strongly worded opposition came from one manager who responded with 'do we teach them to wipe their bottoms?...This is censorship'. Another queried 'who judges spending more than planned? Most people do this when they go shopping', while another queried whether spending $50 on gaming machines was any worse than spending $50 'on a shirt they don't really need'. Five respondents noted difficulties in establishing appropriate budgets and monitoring player expenditure. One stated that 'not knowing the person's financial circumstances, how can you?' and another that 'I don't know how you would detect...whether a player is overdoing it'. One manager was concerned that 'if you limit how much they can spend, you'd probably find a downturn'.

Interviewees felt, given the possible inappropriateness and difficulties of helping patrons budget gambling money, their clubs already have sufficient controls to minimise uncontrolled expenditure through limits on cashing cheques and prevention of credit betting. However, displaying warning signs and slogans to remind players to 'bet with their head, not over it', as well as information through internal magazines and pamphlets as part of player education, were suggested ways of assistance.

B.3.5 Restrictions on Advertising and Promotion of Gambling

As identified in Chapter Four, responsible gambling strategies in some jurisdictions such as Victoria include an advertising code of ethics to deter false, misleading or deceptive advertising of machine gambling, to ensure such advertising is in good taste and targets audiences 18 years and over, and to discourage association of gambling with excessive alcohol consumption. The sample of club managers were asked to describe their club's gaming machine advertising, whether gaming machine advertising by the club industry in general is appropriate in its content and message, and whether there should be advertising restrictions.

Current Gaming Machine Advertising Practices

When describing the main content and message of their gaming machine advertising, managers drew a distinction between external advertising practices and in-house gaming machine promotions.

The extent of external advertising ranged from weekly, full-page advertisements in local papers, along with television and radio advertisements, to flyers distributed to local households, to regular club magazines and newsletters sent only to members. Two reported their club did not advertise gaming machines, while thirteen interviewees considered their club advertised the whole club concept, rather than focusing predominantly on machine gambling, the main intention being to keep people aware of club events and services. As one manager noted, 'it's all about getting people in the club', and another that his club's advertising aims to 'get them in to drink and eat, and we feel that people, while they are already here...will go into the gaming side of things'. Another explained that, 'if you just advertise pokies on their own, it means nothing these days', while a second noted that 'people know the club's got poker machines. They know we've got gambling. Tell them what they don't know'. However, while few clubs maintained they advertised their gaming machine installations *per se*, all advertised the various gaming machine promotions conducted by the club, at least in-house. One interviewee described this as 'dangling the carrot to the donkey...(We advertise) what you win, and to win it you have to play the poker machines'. Another considered that, while gaming is not the current focus of his club's advertisements in the local press and various Asian newspapers, 'it should be'.

All clubs in the study conducted numerous in-house gaming machine promotions publicised through various media, communication with members and within the club. These included entry into draws for major prizes or cash for spending a certain amount on gaming machines, and other bonus and loyalty systems. The importance of such promotions in 'trying to encourage patrons away from our competitors to come here and play our poker machines competitively' was stressed by one manager, while another noted that 'we try...to gear our promotions towards poker machines, but also other areas, but that's our income and we do aim our marketing at that, no doubt'. Other interviewees emphasised the importance of gaming machine promotions because 'that's the big dollar', 'that's the major cashflow' and 'there's no doubt it's all linked to gaming machine revenue in the long run'. One manager noted, 'internally, I think that clubs market the machines fairly aggressively'.

Restrictions to Gaming Machine Advertising Practices

When asked if gaming machine advertising by the NSW club industry in general is appropriate or if any changes should be made, there were very mixed responses. Numerous examples of inappropriate club advertising in other clubs were cited. These advertised gaming 'very heavily', 'all they do is advertise their promotional games', and concentrated 'on that specific market which is gambling' by advertising the 'highest return to players' or that 'x amount of turnover through their machines paid out x amount of dollars'. However respondents generally considered the industry is promoting machine gambling responsibly, as part of the total package of club entertainment, although with some exceptions. Two managers felt clubs adopted this style of advertising largely out of self-interest. One explained that 'most managers realise...it's not in our ethos, it's not part of our upbringing, to say 'I'm going to the club to play the pokies'. You have to say you're 'going to the club to

listen to the band', and then you go to the club and you actually play the pokies or keno...They don't even use the band.' A second manager commented that 'the last debate between the hotels and the clubs, how the clubs were so protective of poker machines...was very bad hype...because it really brought a lot of emphasis on how much money...the industry and governments make out of poker machines'. Thus, it was not considered beneficial for the club industry's public image to advertise gaming machines too blatantly. However, with recent legalisation of poker machines in NSW hotels, a few interviewees expressed concern that clubs may have to follow suit if hotels begin to advertise machines aggressively, and that this 'will deteriorate poker machine advertising'.

Mixed responses were again evident when interviewees were asked whether they felt advertising of gaming machines should be restricted to certain media or times of the day. Two managers vehemently opposed restrictions, considering it 'the first attack on problem gambling' and 'just more censorship'. A third manager felt advertising restrictions unnecessary as clubs were already advertising responsibly, and a fourth because he did not 'really think teenagers are influenced by that (because they) think clubs are for oldies'. A fifth manager contended 'I don't think there is a problem with children having access through a poker machine area...because if you look at anybody now who is playing poker machines, they didn't have the problem put in their face when they were a baby'. A sixth manager felt it would be 'unfair practice' and should be up to individual clubs to decide when and where to advertise, while a seventh felt it unnecessary to restrict advertising because 'they've got to be over 18 to play the machines anyway'.

Of those unopposed to advertising controls, three felt any restrictions should apply to all gambling. Eight agreed with restrictions, mainly so gambling is not promoted to minors, during 'children's time' on television, during programs classified for general audiences and family rated shows, nor in newspapers which children see because 'whilst gaming has been accepted by the community, it is causing problems and...kids from a young age see this as the norm'. However, the main restriction considered appropriate by one manager was that 'gaming should not take up the majority of the ad', arguing it should be 'presented as a package of services'. Two managers commented on the inappropriateness of the TAB's 'adrenaline bet' advertisements, while another felt that recent Club Keno advertising was 'sort of targeting younger patrons'. However, of those who agreed on restricted advertising, one felt this should be implemented through a code of practice rather than legislation, while another felt advertising should be restricted to internal promotions only through mail-outs to members and in-house advertising.

B.4 SUPPORT FOR AGENCIES AND RESEARCH FOR PROBLEM GAMBLING

This section is concerned with the fourth part of the interview schedule (Table 5.1). Building positive relationships with relevant agencies, along with providing financial and other support to counselling services and gambling research, have been key elements of responsible gambling strategies in other sectors, as discussed in Chapter Four. The interviewees were asked their opinions on providing similar support from NSW clubs.

B.4.1 Liaison with Problem Gambling Assistance Agencies

Seventeen of the club managers interviewed agreed the NSW club industry should liaise more closely with the welfare sector to minimise gambling-related harm. The sector's expertise could raise awareness of the extent of gambling-related problems, particularly amongst club patrons, assist in developing guidelines for responsible provision of gambling, and help club managers identify and assist problem gamblers. Communication arrangements between clubs and welfare bodies would mean that 'should a problem arise, you've got fairly ready access to that person's skill and knowledge'. One interviewee also pointed out that closer relationships would help the welfare sector 'understand our predicament. It's not easy to identify who the problems are and...I think they need to understand that'.

One manager felt the welfare sector should only become involved if and when a patron sought help. As he explained, 'I'm not sure whether it would be wise for us to be getting involved with them prior to...being notified that there is a problem'. Two managers would only consider closer ties if the welfare sector 'has identified the fact that the problem is coming from the clubs'. As one contended, 'nobody has come to the clubs and said, look, I have had to come here to say we have had a few problems throughout your club, so that is why, to me, there is no big problem'. Another explained that the role of clubs was to 'provide the service and try and make as much money as possible' and that unless the welfare sector could prove clubs were part of the problem, he was 'not going to try to make those people spending their money in the club aware of the fact that they shouldn't be spending money in the club'.

Only two managers were opposed to building closer links with welfare bodies. One considered existing welfare officers in some clubs adequately handle the issue, while the other felt 'the welfare sector should change its ways...by distributing agents around...(and) when a person receives a welfare payment, part payment should be paid to rent and food'.

When asked for ideas on how closer relationships between clubs and the welfare sector could be developed, unprompted responses included (numbers in brackets indicate the number of respondents):

- through a 'cooperative committee', 'working group', think tank' or 'forum' involving representatives from the clubs and welfare organisations, as well as perhaps government and machine manufacturers (8);
- through welfare organisations making first contact with clubs (4);
- through the RCA and CMAA establishing links (2);
- publication in the venue of welfare organisations and their telephone numbers (1);
- through welfare participation in staff training in responsible provision of gambling (1);
- through a welfare group association providing telephone contact numbers to clubs (1).

B.4.2 Financial and Other Support for Counselling Services

Sixteen interviewees thought the state government should contribute funds for counselling services for problem gamblers, as it 'has to accept responsibility for its actions and its actions in the past'. Reasons included that 'the government makes a lot of money out of gaming', 'to standardise methods of counselling...right across the state', that 'funding or research provided by industry may provide the opportunity to shade the problem to benefit (it)', and that 'if they're good enough to collect your gambling taxes, then they've got to redirect that towards what they're trying to fix'. Nine managers thought funding should come wholly from the state government, while seven thought it should contribute along with industry and other stakeholders. However, one manager commented 'even more funding should be received from hotels and casinos as they do not provide anything back to the community from gambling, as they are profit maximising organisations'. Another manager considered the RCA should provide funding, while one thought charities which 'receive extensive funds from clubs' should fund it. Only one manager thought the individual should fund it, explaining 'if you're sick, you go to a doctor, and if you have a gambling problem, you do exactly the same thing'.

Of those who agreed with financial contributions from clubs to counselling services, five thought a levy imposed as a percentage of taxable gaming machine income most appropriate, two thought it should be a flat dollar contribution, while another considered grants should be made from industry associations on behalf of clubs. Another two managers preferred donations to services in the local community, considering it a 'conscience decision' assessed on a 'case by case' basis by individual clubs. Another contended the severity of the problem needed assessment before clubs contributed funds, while another pointed out the possible reluctance of welfare organisations to 'be seen as taking a benefit from the people who are creating the problem'. By those favouring a levy, concerns were raised that 'the industry would need a guarantee that every last cent went to what it was meant for', that there should be 'some insurance that the organisation was accountable', and that, 'if (clubs) had a levy system, it would have to be applied equally to every form of gambling throughout NSW'.

Without prompting, other suggested support for counselling services included:

- advertising counselling services in club magazines;
- spending time with counselling services to raise staff and management awareness and knowledge about problem gambling;
- assisting with fund-raising for counselling services;
- facilitating referrals of patrons to counselling services;
- use of club meeting rooms.

B.4.3 Financial and Other Support for Gambling Research

Mixed responses were apparent when interviewees were asked if clubs should donate funds for gambling research. Seven managers felt the government should fund research into gambling-related problems, while another thought research funding should come from both clubs and the government. Another felt all 'gambling agencies' should contribute. However, five managers thought clubs should contribute as 'once this problem gambling issue gets bigger - and it will get

bigger - I think clubs will obviously realise that there is a need for looking into the problem'. Of these five, one contended that contributions should be 'something clubs do on an individual basis', while two felt the RCA or CMAA should be 'the forum through which funds from clubs are channelled into research'.

Without prompting, other suggested support for gambling-related research included:

- allowing researchers access to club financial information, patron statistics and 'anecdotal evidence';
- allowing researchers to survey, interview and observe club patrons;
- management and staff time for researchers;
- publishing the clubs' own research;
- use of club facilities;
- club surveys of members to identify the extent and severity of gambling problems.

B.5 LEGAL OBLIGATIONS IN MACHINE GAMBLING

Codes of practice and other guidelines in existing responsible gambling models remind venue operators of legal obligations in machine gambling, particularly gambling on credit and by minors, intoxicated and self-excluded persons, as well as the responsibility to ensure machines are working correctly.

Club managers interviewed appeared very much aware of legal responsibilities in machine gambling. Abiding by the *Registered Clubs Act 1976 NSW* and other regulatory requirements were considered paramount. Specific requirements identified were prevention of gambling by minors, recording of all monies, ensuring machines are functioning to specifications, taxation requirements, fraud prevention, licensing, signage, and duty of care to patrons.

Ways clubs ensure they adhere to legal requirements were reported as responsible management, checks by the Board of Directors, producing required reports, electronic surveillance, staff training, financial accounting procedures, gaming machine analyses, written procedures, adequate supervision and floor staff, and advice from the RCA.

To prevent machine tampering, theft, fraud and money laundering, the clubs had various mechanisms in place, although these varied between clubs. Mechanisms reported included gaming machine analyses, financial reconciliations, attention to a person's cheque-cashing history so aberrations are noticed, use of vouchers redeemed for cash rather than receipts so the person has no transaction record to launder money, electronic surveillance, machine alarms, staff training on counterfeit notes, notification to management if someone requests changing large amounts of money, staff vigilance, close relations with local police, and having gaming machines in view of staff.

Clubs in the sample reportedly used a variety of procedures to prevent gambling by minors and intoxicated persons. These included front door surveillance, including requests for proof of age and identification, displaying necessary signage,

management surveillance, staff training and vigilance, employee empowerment to refuse service or ask for identification, and security cameras.

As only four managers had ever self-excluded people with gambling problems, there was little comment on how clubs ensure such persons do not play gaming machines. Displaying photos of the person, accompanied by door checks, staff awareness and security cameras, were the most common mechanisms reported.

B.6 PERCEIVED OPPORTUNITIES AND BARRIERS TO RESPONSIBLE GAMBLING STRATEGIES IN NSW CLUBS

This section presents results for the sixth part of the interview schedule by identifying the main opportunities and barriers to adopting more responsible gambling strategies in NSW clubs as perceived by the interviewees.

B.6.1 Perceived Opportunities in Responsible Provision of Gambling in NSW Clubs

Interviewees identified the following strategies as most likely to be accepted by NSW clubs (numbers in brackets indicate the number of respondents):

- standard guidelines, codes of conduct, house policies and procedures which could be used across the club industry or adapted for use by individual clubs (10);
- standard guidelines, codes of conduct, house policies and procedures to be used by all gambling industries (3);
- printed materials and signage, such as posters and brochures for patrons to allow self-assessment of gambling problems and contacts for counselling services (3);
- education of club managers and staff in responsible provision of gambling (2);
- a consultative committee of representatives from all stakeholders in gambling industries to plan a strategy (1);
- a telephone hotline service for problem gamblers (1).

Most respondents were positive the club industry would support these measures. For example, one considered ‘the industry would be well and truly for...a common outline and a common strategy of identifying...gamblers’ problems’, and another that, ‘as far as policies and strategies...I think most managers would be responsible and welcome it with open arms’. A third considered ‘any responsible management...will adopt responsible programs. It’s a responsible industry. We’ve shown in the past that registered clubs are responsible...they’re community based’. However, some interviewees acknowledged that ‘some (clubs) would say, no I don’t want to do that, if they were to do their dough’, that some would adopt an ‘I don’t care’ or ‘I’m not my brother’s keeper’ attitude. Two interviewees maintained that legislation would be needed for most clubs to adopt any measures. No managers were able to identify additional measures to those already raised by the interviewer which clubs could take to address the issue of problem gambling.

B.6.2 Perceived Barriers in Responsible Provision of Gambling in NSW Clubs

When asked what they considered to be the main barriers to clubs adopting responsible gambling practices, the interviewees identified the following:

- potential loss of profits, because 'gaming is their lifeblood', 'some...would rather have the money than anything else' and 'in this climate, there's a lot of clubs doing it tough (and) the last thing they want is to scare punters away';
- apathy and resistance to change unless legislation required it;
- lack of awareness and 'hard facts' about the extent and severity of gambling-related problems amongst club patrons and lack of 'any real contact with anyone with a serious gambling problem';
- uniformity amongst all gambling sectors and difficulties of bringing all sectors into line, particularly given the 'us and them' attitude between gambling industries which may hinder cooperation. that is, 'knowing the background of the RCA and the aha confrontation (over) the last couple of years, I see that as an early barrier';
- 'ignorance', lack of education and professional management, where 'some clubs are from the old school' and 'basically, people don't give a rats';
- lack of support from club directors, as 'in many clubs, the secretary manager has very little say';
- potential problem of 'sending...gambler(s) to another venue because you have mistakenly targeted them as problem gamblers';
- time and resources to implement responsible practices, particularly for smaller clubs without full-time management who will 'see it as another imposition';
- difficulties in people admitting they have a gambling problem, which would be a barrier to adopting responsible gambling practices.

Some suggestions were made for overcoming these barriers:

- presenting responsible practices 'in a clear fashion', precisely and 'not clouded with all sorts of funny issues to decide';
- legislation to apply to all clubs, with club input in development;
- legislation to apply to all gambling venues, with industry input into development;
- education of directors, management and staff of the nature, extent and seriousness of the problem and 'that it is our responsibility' to minimise harm in gambling;
- gathering of 'hard facts' to encourage understanding of the extent of problem gambling amongst club patrons;
- requiring adoption of responsible practices as a prerequisite to membership of gambling industry associations;
- a government advertising/education campaign to help people recognise symptoms of gambling problems, its effects and solutions;
- development of club-wide guidelines for handling patrons with gambling problems and resolving their problems.

APPENDIX C

INTERVIEW SCHEDULE FOR THE 6 CASE STUDIES OF NSW CLUBS WITH RESPONSIBLE GAMBLING PROGRAMS

With the Australian Institute for Gambling Research and the Registered Clubs Association of NSW, I am researching responsible provision of gambling in NSW clubs. Your club has been identified as one which has some responsible provision of gambling strategies in place. I'd like to ask you some questions about what your club is doing in responsible gaming, including why and how your program was initiated, what it comprises, and how effective it has been.

- What overall objectives was your club trying to achieve in its responsible gaming program?
- Why did the club implement the policy and program?
- How were they implemented? What steps were taken?
- How is the program managed? Whose responsibility is it?
- What is the role of directors, managers and staff in overseeing and implementing the program?
- What are the elements of the program?
- How is it monitoried and evaluated?
- What elements do you think are effective and ineffective?
- Have there been any particular difficulties encountered in implementing the program?
- Can I please have a copy of any supporting material used in your program?
- Can you show me around the club to view evidence of your program?

APPENDIX D

DETAILED SUMMARY OF THE 6 CASE STUDIES OF NSW CLUBS WITH RESPONSIBLE GAMBLING PROGRAMS

This detailed summary of six case studies of NSW clubs with responsible gambling programs is presented according to each club's background, responsible gambling policy, impetus for its responsible gambling package, and key elements of its package. Use of these categories to summarise the cases facilitated comparative analysis of the clubs and allowed their principles and practices in responsible provision of gambling to be identified and evaluated in Chapter Five.

D.1 CLUB A

D.1.1 Background

Established in the 1950s, Club A currently has around 34,000 members and over 300 staff, being 'the largest employer in the area'. It opens 24 hours for 365 days a year, 'not having shut the doors for 3 to 4 years.' It operates 471 gaming machines and 86 multi-terminal machines in a dedicated room, as well as keno and a TAB. Extensions underway will expand the gaming machine facility to 566 machines. The assistant manager described the surrounding area as of low to medium socio-economic status. Club membership is comprised of 10-15 percent Asians, 20-25 percent Lebanese, 10-15 percent Greek and Korean, the remainder being 'regular Aussies'. Daytime patronage is typically 'regular Aussies' under 50 years. Between 5pm and 2am, younger people patronise the club. The typical poker machine player was described as less than 50 years, 'unlike many other clubs which attract the 'blue rinse' set'. However, multi-terminal machines are played mainly by 25-40 year olds who, according to the manager, are attracted by the challenge and interaction. Gaming machines provide about 90 percent of the club's revenue.

D.1.2 Responsible Gambling Policy

The assistant manager described Club A's approach to responsible management of gambling as 'proactive from a low-key viewpoint', as 'we are walking on eggshells'. He felt that ignoring problem gambling is 'short-term gain for long-term loss' as the club 'needs to look after the community'. He cited the example of providing higher gaming machine returns than required to ensure players do not feel 'ripped off'. If they did, they would lose interest in the club, threatening its and the community's long-term interests. He noted Club A needs to be 'responsible and community focused' due to its 'high profile' and the potential for clubs to become 'scapegoats' for gambling problems.

D.1.3 Impetus for the Policy and Program

The assistant manager noted that club management started 'thinking about' responsible provision of gambling four to five years ago. Attendance at an AGA course in Nevada pointed out 'everyone basically has a capacity for compulsiveness', but with gambling, there is potential to 'lose your house'. He thought that up to 5 percent of people might be 'problem gamblers'. He also cited increased attention to responsible service of alcohol as an impetus for a responsible approach to gambling. Another was a call from the NSW Department of Gaming and Racing which had received a complaint that the club's machines were 'not paying back enough'. The complainant had spent $2,500 in one night, and the Department commented 'we think you might have a problem gambler'. The club had already developed brochures and guides on how to play gaming machines, then added

information from G-Line[66] and Foxwoods Casino.[67] G-Line posters and signs also were displayed when they became available. No other consultation on responsible provision of gambling was undertaken, although since the interview, the club has contracted with a private consultancy to further develop its package.

D.1.4 Components of the Program

Signage

Brochures developed by the club are displayed in gambling areas. G-Line posters, both English and multi-lingual versions, are displayed behind toilet doors. The assistant manager felt using G-Line material 'best', as he does not know enough about other services to recommend one over another.

Self-Exclusion

Four people have self-excluded from the club. The assistant manager feels it is 'up to the individual', and when approached, tries to ascertain whether the person is 'doing it for the right reasons'. He feels it important to assess whether they are 'genuine', as it is 'no good if they're going to change their mind tomorrow'. He then gives the person information on G-Line and/or a local private hospital and talks to them 'for as long as they want', feeling the person often 'wants someone to listen to them'. The patron's photograph is then taken and given to security staff. However, security staff are not told the reason for exclusion due to 'privacy issues'. If the person tries to enter the club, he or she is not allowed and must come and see the club the next day. All this is recorded, with a report generated by the security and surveillance department. No time frame is set for exclusion, unless the patron decides on this.

Access to Cash

Cashing of cheques is limited to $200 per day per member. Cheques must be made out to the club, 'with very few exceptions'. No redemption of cheques is allowed. If members wants to cash larger cheques, they must see the manager who may allow it 'for genuine reasons'. The manager wanted to ban all cheque cashing, but the Board opposed this. Dishonoured cheques have been reduced 'by about 90 percent' since introducing a policy where members must wait for a first cheque to be cleared before cashing others. The club has three ATMs, one in the gambling area. While the assistant manager noted ATMs are often used inside clubs 'for security', he admits this 'makes it easier for the gambler'. However, he feels that the bank limit on cash withdrawals from both ATMs and EFTPOS is 'adequate'.

Payment of Winnings

The club pays gambling winnings by cash or cheque, leaving this 'up to the player'. Most players, '99 percent', take cheques 'for security reasons'. However, the assistant manager envisaged most clubs would not object if there was a limit on cash payments of 'say, $2,000'. The club has a $9,000 to $10,000 jackpot won everyday,

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[66] G-Line is a free 24 hour problem gambling helpline that provides crisis counselling and a referral service on how and where to get financial, legal and face-to-face counselling. It was established by the NSW Government in October 1997 (*Liquor and Gaming*, December 1997) and is run by a private contractor.

[67] Foxwoods Casino is the largest in the world and is located in Connecticut, USA.

and he contended most winners of these stop playing because 'they've achieved what they want'.

Referrals to Counselling Services

This is generally through brochures and posters which list the G-Line number only.

Advertising and Promotion

Club A embarked on a 'big advertising campaign' in October 1997 to 'shore up the club's position against Star City Casino'. The assistant manager noted the club 'got devastated' when the temporary casino opened, but suffered no extra effect from the permanent casino. This campaign followed the opening of Trumps, the club's multi-terminal gaming room, in September 1997 and included billboard advertising at railway stations to 'create awareness' of the new facilities. The billboards state 'There's a new game in town. Interactive Blackjack, Roulette and Horseracing 24 Hrs a Day', along with the club's name and logo. However, the assistant manager noted the club will not renew billboard contracts once expired. The club runs no gaming machine promotions, as the manager feels 'people come to play the machines, not to win irons, jugs and electric blankets'. He believes the club's policy of returning 94 percent back to players from the machines is better than 'giving 92 percent back and the chance at more'. Philosophically, he says he is against loyalty programs as 'people can become hooked'.

Staff Involvement

Staff awareness of the program is maintained through six-weekly staff meetings. They are told 'if they have any doubts about the ability of a player to support their gambling expenditure, or if they show agitation', they are to report this to a supervisor. Supervisors then record the player's name and monitor him or her for about a week through 'an observation role only'. They then report their observations to the assistant manager who may 'talk to' the player. This has happened only once.

Evaluation

No formal evaluation of the responsible gambling package has been conducted at Club A. However, the assistant manager noted 'we know a problem exists', but 'we can't quantify the extent of the problem'. Therefore, 'we can only be as proactive as we can'.

D.2 CLUB B

D.2.1 Background

Established 30 years ago Club B currently has 50,000 members, 478 gaming machines, along with keno, bingo and a TAB. The club has some multi-terminal machines which are 'popular'. Club patronage can be categorised into two groups - the 'blue rinse set' who play the 1 and 2 cent machines, and 'business owner-operators' who have 'high cashflow' and play $1 and $2 machines.

D.2.2 Responsible Gambling Policy

The club's approach to responsible provision of gambling was described by the gaming manager as a 'passive approach', relying on patron information. The policy

is not written down. The underlying club philosophy is very community oriented, so it is 'not good business to have problem gamblers'. However, 'limits' on the extent of the club's responsibility were noted. For example, the gaming manager feels 'clubs are not the problem', and most are sufficiently responsible now. She feels hotels are more aggressive marketers of gambling, being private operators driven by profit. She also feels, as NSW is a mature market for gambling, players are more controlled than in other jurisdictions where there is 'novelty value'. She also stressed that the 'entertainment value' of gaming machines needs to be recognised, especially for the 'blue rinse set' who play low denomination machines to extend playing time.

D.2.3 Impetus for the Policy and Program

The gaming manager noted that Club B's general manager is 'very community oriented' and noticed increased media attention to problem gambling which triggered his concern and action. The program had been operating for about 12 months at the time of the interview. The club's *Guide to Responsible Gaming* was developed on the initiative of the general manager, who informed directors, management and staff. The *Guide* was then disseminated, and G-Line signs displayed in toilets. The gaming manager maintained that directors and staff were, and are, fully supportive of the program.

D.2.4 Components of the Program

Signage

The club displays G-Line posters in club toilets and its *Guide to Responsible Gaming* in all club foyers and at cashiers in gambling areas. This *Guide* contains advice to 'enjoy yourself within your limits', ten points of advice to help patrons to 'never bet over your head', information and the contact number for the club's occupational health specialist, and contact phone numbers for another 15 counselling services.

Self-Exclusion

The gaming manager explained if a patron admits a gambling problem she would make an appointment with the club's occupational health specialist and ban the patron if he or she requested. If excluded patrons want to return, she would 'talk to them first', but would not stop them 'if they insisted' as 'we have to treat them like adults, not children'. She stressed that any self-exclusion must be voluntary and not due to a request from a family member. She also noted she is 'not a psychiatrist' and so cannot judge whether someone has a gambling problem.

Access to Cash

Club B does not have a policy on ATMs and EFTPOS machines, but the gaming manager noted the banks set a $500 limit on cash withdrawals. ATMs in the club are located in the front and rear foyers, and at the change bar in gambling areas.

Payment of Winnings

Club policy on payment of winnings seemed vague, but an example was given where, with a $10,000 win, the club would pay $3,000 in cash and the rest by cheque. This was considered a security issue and incentive for the winner to 'put it in the bank' . The club keeps large wins 'pretty low profile' and tries to convince players to take most of their winnings by cheque for security.

Multi-Lingual Information

While G-Line posters have multi-lingual information, the club's *Guide to Responsible Gaming* is in English only.

Referrals to Counselling Services

The club has a professional occupational health specialist available for free member consultation. He is a medical practitioner providing assistance, including counselling, to anyone who feels they may have a gambling problem. His contact number is listed in the club's *Guide to Responsible Gaming*, along with another 15 counselling services.

Advertising and Promotion

The club advertises gaming machine promotions in the local paper, as part of a package of all club amenities. The gaming manager feels there is no need to advertise gaming machines *per se*, as everybody knows the club has them. However, the club recently advertised its multi-terminal machines to create awareness. As she explained, 'gaming is the bread and butter of the club'. Gaming machine promotions are run mainly during the day and are considered rewards for patron loyalty rather than inducements to gamble. The club 'gives away' a car each month, as well as travel and, recently, a house and land package.

Staff Involvement

There is no staff training in responsible provision of gambling, although the gaming manager said she 'needs to look at this', especially for supervisors. She noted that staff would be aware of which patrons have gambling problems, such as those who play to win and not for entertainment, but that staff are not to infer a gambling problem. She cited one incident where a staff member was 'over-enthusiastic' and approached a patron who was 'getting cranky' with a machine suggesting he/she might have a gambling problem. The patron 'went off' and the gaming manager later reprimanded the employee. While there were few staff guidelines when the program was initiated, staff are now instructed to refer such matters to the gaming manager. She feels most patrons would be likely to speak to a manager first anyway. She noted she has 'seen a lot of compulsive gamblers, both in clubs she has worked in and in her personal life' and so 'hates compulsive gambling'.

Evaluation

The gaming manager noted that program effectiveness was 'difficult to know', as it was 'too soon to tell'. The club has had no feedback from its occupational health specialist or other counselling services on clients coming from the club, as these are confidential services. She noted there has been no effect of the package on club gambling profits.

D..3 CLUB C

D.3.1 Background

Club C has about 30,000 members and over 300 staff. There are 350 gaming machines, with a $5 million extension due for completion mid-1998 incorporating

another 120 machines. The club has no multi-terminal machines, but operates keno, bingo and a TAB. Patronage is mainly local, and have varied nationalities. Daytime patrons tend to play the 1 and 2 cent machines and are typically middle-aged locals or on coach tours from other clubs. At night, patrons tend to be from Asian, Lebanese, Arabic and Maltese backgrounds, playing higher denomination machines.

D.3.2 Responsible Gambling Policy

No external advice was sought for developing the club's responsible gambling policy. The gaming manager described its philosophy as restricted to helping people who ask for assistance, rather than being 'in your face', even though 'there are quite a few people with problems'. Even when a relative has approached the club with concern about a patron's gambling behaviour, she feels the club cannot take action as it could be a 'vendetta' against the patron.

However, she has approached patrons and offered unsolicited advice on three occasions. The first was when a women stated 'she couldn't understand what she was doing wrong' as everyone else seemed to win on a particular machine. The gaming manager then explained how gaming machines work, the odds of winning, that failure to win was not the lady's fault, and the importance of spending only what she can afford. The second occasion involved a regular player who 'vomited each time he lost' on machines. She spoke to his family, but the patron did not admit a problem. The gaming manager feels strongly that little can be done to help such people. The third occasion involved a regular patron who becomes abusive when losing. The gaming manager suggested the patron query whether she might have a gambling problem and gave her G-Line information.

However, the overall philosophy underlying the program is one of information provision when patrons seek help. The gaming manager feels 'this is all we can do' and that the club 'can't assist anyone till they admit a problem and seek help'. The club 'doesn't think it should be responsible' for such problems, rather it is the 'individual player's responsibility'. However, it does have a written policy on responsible provision of gambling, although this is not displayed. It consists of one page, with the only relevant reference being:

> Having a flutter on the poker machines, Club Keno or Club TAB can be fun, but for some people, gambling gets out of control and can start to mess up their lives. People worried by their own gambling or that of a relative or friend will be helped by a call to **G-Line**. Club C's advice is keep it fun and **BET WITH YOUR HEAD, NOT OVER IT**.

D.3.3 Impetus for the Policy and Program

In late 1997, the club worked with a consultant to develop a 12 month business plan for the club, as the club wants 'to be leaders, not followers, in the industry'. A brainstorming session focused on problems and milestones. The club's philosophy is that 'the club is for the community', so 'let's prove it' through responsible provision of gambling. Following this, the responsible gambling package was initiated by the general manager, and received no opposition from club directors, 'as long as it has no impact on poker machine profits'. The gaming manager noted a facilitating mechanism to gain support of directors for new initiatives was that each had his/her own area of responsibility, such as gaming or marketing, and so takes special pride

in it. As she explained, it is ‘easier to convince one director rather than seven’, of the value of new ideas.

D.3.4 Components of the Program

Signage

Signage consists of G-Line posters, with additional information added by the gaming manager. She felt that existing G-Line posters lack ‘indicators for self-assessment’ of a gambling problem, and so added the following lines:

‘Remember:
- Your best bet is the one you can afford.
- Never gamble with borrowed money.
- Never chase your losses.
- Whose money are you gambling with?’

A copy of the multi-lingual version of the G-Line poster with these additions is contained in communication to members, such as the Annual Report and three-monthly newsletters. However, only the English version of the poster, with additions, is displayed in the club and only behind toilet doors. The gaming manager feels multi-lingual posters would ‘upset people’ as ‘English is the language that’s spoken in Australia’. She also feels it too confrontational to have posters displayed in public or gambling areas of the club because it risks offending people, making them ‘feel guilty unnecessarily’ and because it might stop the ‘harmless $5 being put through machines’. She also feels that, if signage was too prominent, it would impact negatively on gambling profits. However, the club is developing a brochure on problem gambling which will be available in the front foyer with other club information, to avoid being ‘intimidating and indiscreet’.

Self-Exclusion

No formal policy exists on self-exclusion. The gaming manager noted there has been no publicity about self-exclusion in the club and no one has inquired. If approached, she would record details ‘in a book’, but admitted she would let patrons back in if they requested, although she would ‘talk to them first’ and ‘if necessary, suggest they seek help first’. She doubts the effectiveness of self-exclusion, feeling it might just shift the problem elsewhere.

Access to Cash

The club has ATMs in gambling areas and no policy or limits on EFTPOS withdrawals, other than bank limits. However, the club has a written policy on cheque cashing. Cheques must be authorised by directors, senior management or duty managers and be payable to the club. Only one cheque is cashed for any individual per day, with the maximum amount being $1,000 without permission from the general manager. If a cheque is dishonoured, no further cheques are cashed until the dishonoured cheque has been cleared. No cashed cheques are returned to patrons, particularly on collection of a payout, as this practice is potentially illegal.

Payment of Winnings

The club's policy is to pay any wins over $5,000 by cheque, which cannot be cashed in the club. The gaming manager said the club would be willing to reduce this to $3,000.

Multi-Lingual Information

As well as multi-lingual versions of the G-Line posters provided in club newsletters and the Annual Report, the club has staff who speak Mandarin, Cantonese, Vietnamese and Korean. The gaming manager is currently learning Cantonese.

Referrals to Counselling Services

The club relies mainly on G-Line posters and the associated counselling service. The gaming manager suggested G-Line should provide more than one phone number because clients may not like the person they first talk to, or may relapse into a gambling problem and be 'embarrassed' to talk to the same person again. She also commented that the effectiveness of Gamblers Anonymous was restricted, as a message on their phone required a caller to 'please ring back between 9am and 3pm'. She thought someone with a problem might need immediate help or be unlikely to ring back.

Advertising and Promotion

The club does not limit gaming machine promotions, considering they 'reward player loyalty'. The gaming manager feels promotions have no effect on 'die-hard' gamblers, stating 'if they want to gamble, they will', and that such players don't participate or 'get distracted' by promotions anyway. She also noted the club has no clocks in gambling areas, as 'we are a business - we want your money'.

Staff Involvement

Staff have received no training in responsible provision of gambling, but know they cannot approach patrons themselves, but must refer the matter to the gaming manager. However, she thinks staff 'know who puts the money in' and who might be at risk of problem gambling, but admitted this was more difficult with note acceptors on machines. This meant they 'could no longer tell who the top five players are'. In any case, two staff members spoken to by the researcher thought 'there is nothing they can do unless a problem gambler admits a problem'.

Evaluation

The gaming manager felt measuring the effectiveness of the club's responsible gambling package impossible. Since late 1997, two people concerned with their gambling behaviour have approached the club, and the gaming manager has approached the three people mentioned earlier. She also 'received two phone calls which maybe she wouldn't have received otherwise'.

D.4 CLUB D

D.4.1 Background

Club D has about 25,000 members, most of whom are over 50 years, 'lonely for entertainment' and in high socio-economic brackets. The club does not promote

itself to young people. While 60 percent of members are from Anglo-Celtic backgrounds, 40 percent are 'multi-culturals of all types'. The club has 181 gaming machines and one multi-terminal machine.

D.4.2 Responsible Gambling Policy

The *Responsible Gambling Policy* at the club, dated 24 November 1997, identifies the club's commitment to 'the issue of responsible gambling' and 'protecting the privacy and interest of members'. It contains three points clarifying that no employee is to initiate an approach to patrons regarding their gambling habits, that, if approached by patrons, staff are to refer the matter to senior management who will follow the club's *Responsible Gambling Procedures*, and that the club, to the best of its ability, will honour self-exclusion from club facilities, services or membership. The *Responsible Gambling Procedures* note 'the appropriate action to be taken in regard to a member that has a gambling problem is dependent upon the circumstances and the members' acknowledgement of the extent of the problem'. While it states all senior management should 'have a general understanding of the most common scenarios that may arise and the general procedures that may be implemented', all such matters must be referred to the Gaming Manager or General Manager 'to evaluate the issue and to work with the member concerned'. The *Procedures* then outline appropriate actions for persons approaching the club to suspend their own cheque cashing facility, third parties approaching the club to cancel friends' or family members' cheque cashing facilities, and for implementing a self-imposed ban on entering club premises.

D.4.3 Impetus for the Policy and Program

The club instigated a responsible gambling policy about nine months ago in response to increased focus on the issue by the RCA and government, and because of its work with the local GCSS which received funding from the Casino Community Benefit Fund.

D.4.4 Components of the Program

Signage

Signage includes printed material from G-Line and GCSS. GCSS brochures are displayed in the club's foyer, as this is 'low key'. Multi-lingual G-Line posters are in the toilets only, although they were displayed at change counters before a temporary gambling facility was introduced during renovations. Wallet cards are usually in a holder at change counters, although with renovations, the card holder had gone missing. The gaming manager feels wallet cards are particularly effective as they are 'discrete', but was highly critical of G-Line's supply of printed material, which is only in lots of 50 brochures, leaflets and wallet cards at a time. She explained the first 50 wallet cards lasted only three weeks and that, when she rang to request more, G-Line insisted the club forward a letter explaining why it wanted more before they would be issued. She also criticised G-Line's 1800 number, as problem gamblers may consider a centralised service 'impersonal' or 'not as compassionate or local'. She felt a local agency is 'far more beneficial'. Therefore, the club provides GCSS brochures, printed on the club's behalf at its expense and supplied in lots of 200. The club's responsible gambling policy is usually included in the club's journal, but was absent from the current issue.

Self-Exclusion

The club's *Responsible Gambling Procedures* state that, on requesting self-exclusion, the patron is to complete and sign a standard *Request for Self-Imposed Ban*, which is forwarded to the general manager, gaming manager and operations manager 'for processing'. While there is no set time period for exclusion, the patron would have to wait seven days to re-enter the club. While Club D would notify other clubs in the area if they barred a person for criminal or behavioural problems, they would not for gambling problems. No patron has requested self-exclusion, with the interviewee suggesting that perhaps it 'has not been advertised enough'.

Access to Cash

The club 'took the opportunity of renovations' to move ATMs outside gambling areas because it 'saw the writing on the wall' regarding responsible provision of gambling. The club introduced a cheque cashing policy due to problems with bounced cheques. Over a four month period, 'weekly' cheque cashers were identified and given formal approval to cash cheques unless they bounced one in the future. There are about 100 people on this approved list, with no further additions envisaged. Cheque cashing is limited to $100 per day, with management authorisation required. The gaming manager noted this policy aims to prevent bounced cheques and admitted some cashed cheques may be used for gambling. However, if a patron was spending a $100 per day on gaming machines, she would 'talk to the person'. If patrons want to suspend cheque cashing facilities, the club's *Responsible Gambling Procedures* require them to complete and sign a standard letter forwarded to the Accounts Department. There is a seven day 'cooling off period' before cheque cashing facilities can be reinstated. If a third party wants to suspend a patron's cheque cashing facility, the club explains it cannot do this, but offers to 'contact the member to discuss their gambling habits and to take appropriate action depending on the response of the member involved'.

Identifying and Approaching Problem Gamblers

Some indicators of problem gambling identified were players who 'play six machines at a time', chain smoke, become aggressive, and who are regular players, but with 'secretive behaviour'. However, they noted that with note acceptors and smart cards, it is difficult to recognise at risk gamblers, 'especially if winnings are added onto smart cards so the patron doesn't even have to collect from the change desk but can keep playing'. However, the gaming manager thought 'there is much to be said for management and staff getting to know members', so the latter feel 'comfortable and friendly enough that they would open up and seek advice'. She raised the issue of employee gambling, noting staff were 'at risk groups'.

The gaming manager has approached suspected 'problem gamblers' unsolicited and given out 'six or so' brochures. This was considered an 'impersonal approach'. Of the six, she knew of two who went to GCSS which provided financial advice about how much they could afford to gamble. On another occasion, a wife concerned about her husband's gambling called the club. The operations manager told her the difficulties of providing information about her husband's gambling, but later looked on the club's database and found the person had not patronised the club for six weeks. He then rang the wife and told her this to allay her fears. However, he readily acknowledged the person could be gambling elsewhere. When questioned what he would have done if the database had shown the person was a heavy gambler, he said he would have sought advice from his general manager, due to privacy concerns. In

another example, about four years ago, a regular gaming machine player used to leave his five or six year old son in the 'kid's room' 'for hours'. Staff advised him the child could only be left for half an hour and that the club would not tolerate his actions and 'he moved on'. Another woman, described as a 'regular, heavy gambler', wanted a $17,000 win in cash. While the club gave her a mixture of cash and cheque payment, she had 'spent it all in a week's gambling'. The operations manager told her she had a gambling problem and she has not been in the club since, although he did not know whether she sought help. The gaming manager thought the woman probably wouldn't admit a problem and would have gone to another venue thinking 'isn't my money good enough for Club D?'.

Payment of Winnings

For winnings over $1,500 for members, the excess is paid by cheque. For visitors, this limit is $1,000. Winners must then wait two working days to collect the cheque to impose a 'cooling off period'.

Referrals to Counselling Services

An 'impersonal approach' is taken to referrals through G-Line and GCSS material.

Advertising and Promotion

In-house promotions are related mainly to gambling, but there is 'limited' external advertising. Promotions are advertised through the club's quarterly journals, in the local newspaper, and through mail-outs to members. The gaming manager noted the content advertises promotions, such as 'win a car', but 'not gambling *per se*'. She felt with 'bigger clubs advertising on TV', there was 'too much of it' and was against 'this type of environment thrown at you', referring to 'focusing just on gaming and on winning'. She noted some TV advertisements 'focus totally on gambling'.

Evaluation

The gaming manager noted that evaluation of the responsible gambling package was 'impossible', especially as 'no one had approached the club as yet'.

D.5 CLUB E

D.5.1 Background

Club E has about 22,000 members and 322 gaming machines, trading 24 hours a day, 365 days a year. The club has a broad cultural mix of members from 35 to 40 nationalities. No estimation could be made of the percentage of NES members.

D.5.2 Responsible Gambling Policy

The responsible gambling strategy was initiated in mid-1997, although the gaming manager noted it is still developing, being a 'living, breathing thing'. It involves liaison with Wesley Mission which the club funds annually, with funding committed for five years. There is no written policy, although the gaming manager considered this would be an appropriate component of staff induction which is currently conducted on a 'face to face' basis over three to four hours when all club policies are

explained. Since the interview, the club has contracted a private consultant to develop the package further.

D.5.3 Impetus for the Policy and Program

The gaming manager stated ‘no particular issue’ provided impetus for the program, but the club felt it ‘owed it to the community’. The feeling was that, if the club is creating a problem, then it needs to help the community. Initiated by management, the program has full support from the Board, although there was some staff scepticism that the club was being hypocritical. He considers this the reason why Wesley business cards and notices continually disappeared when first provided.

D.5.4 Components of the Program

Signage

Wesley Mission initially provided 200 business cards, and the club now prints these itself. About 3,000 cards have been printed. These are located at every cashier, reception and the TAB. G-Line posters are displayed above coin dispensers and ATMs. The club includes a ‘section on responsible gambling’ in every club bulletin distributed to members and all households in a 5 kilometre radius.

Self-Exclusion

Self-exclusion is only at the patron’s request and ‘on a lifetime basis’. The gaming manager explained if barred patrons were excluded for a shorter time they could continue gambling at other venues, return to the club, and blame it for their problems. He clarifies to patrons that self-exclusion means they can never again be members of the club. He writes to the member ‘to be sure’ and suggests counselling. Patrons are given seven days to change their mind. The club has self-excluded ‘four or five people in 18 months’. It intends purchasing equipment to create a photographic file of excluded persons to facilitate non-entry.

Access to Cash

The club’s cheque-cashing policy includes no cashing of third party cheques and a $250 limit in 14 days. There are two ATMs in the club, one in the gambling area, which is considered a ‘convenience’ and recognition that the club is ‘not our brother’s keeper’. EFTPOS facilities only operate in food areas.

Payment of Winnings

A ‘substantial proportion’ of major prizes are paid by cheque. However, the cash/cheque balance is decided on an individual basis. Usually two cheques are given - one for a smaller amount which can be cashed at the club, the other for the balance which ‘usually’ cannot be cashed at the club. This second cheque has sometimes been cashed for regular, high spending players, but this is ‘rare’ and occurs perhaps once in 20 or 30 times. However, the gaming manager noted many patrons want cash as they fear cheques will affect social security payments. He noted the security risk of large cash payments, and that the club will escort winners home.

Referrals to Counselling Services

The club works with Wesley Mission’s counselling service, funding it with an annual grant committed for five years.

Advertising and Promotion

The club conducts ‘very restricted’ advertising in the local media. It usually advertises gaming machine promotions by letter box drops, but does not advertise

gaming machines *per se*. Radio advertising does not mention gaming machines, except when the club installed some multi-terminal machines and wanted to 'create awareness'. No television advertising is conducted. The club conducts a range of in-house gaming machine promotions, with the gaming manager stating 'he would rather have patrons getting more for their money in Club E, than less in another venue'.

Staff Involvement

Management's role is limited to 'an information role only, as we are not trained counsellors'. Staff are told to refer problem gamblers to a manager. While the gaming manager considers it impossible to identify problem gambling without invading a person's privacy, he feels by 'developing a rapport with customers', patrons see management and staff as approachable and would seek advice.

Evaluation

No evaluation of the responsible gambling package has been undertaken. However, Wesley Mission has been asked for the number of clients coming from the club, whether the club is the only cause or whether there are 'other factors'. The gaming manager feels this will allow him to justify to the Board that the annual grant to Wesley is 'money well spent' as the people who need help are accessing and receiving it.

D.6 CLUB F

D.6.1 Background

Club F has just under 6,000 members, with the 'majority of NES members' being Italian. It has gaming machines in three areas of the club - 127 in the main gambling area, eight in the Sports Bar, and ten at the Bowling Club. There are no multi-terminal machines.

D.6.2 Responsible Gambling Policy

The club's *Responsible Service of Gaming: Detailed Strategy* includes:

- a mission statement that 'X Club understand and accept that while Club activities do not cause compulsive gambling or alcohol abuse, they do provide an opportunity to pursue these destructive behaviours. X Club accepts that we have a responsibility to the community to help alleviate problem gambling by providing diligent compliance with all laws and regulations, proactive education/information and reactive treatment resource identification and information';
- a policy statement 'to actively participate in local, regional, state and national programs designated to help alleviate problem gambling';
- a brief explanation for 'why problem gambling is a problem';
- that the club should 'do something about problem gambling' because it can help prevent or minimise it, to demonstrate community commitment, because it is good 'business sense' to have satisfied customers returning to the club, and

because ‘working in a gambling-related environment provides its own particular temptations’;

- what the club can do to help prevent problem gambling, through not providing credit for gambling and access to minors;
- three possible indicators of problem gambling;
- what staff should do if approached by a patron seeking assistance;
- organisations and contact details of GCSS and G-Line.

The assistant manager supplied a folder containing the club’s *Responsible Service of Gaming: Detailed Strategy*, a responsible gambling brochure, a poster, wallet cards and a memo to all staff informing them that:

> The subtle placement of Responsible Service of Gaming materials has now taken place around the club. These materials are a very powerful tool in helping gamblers realise that they may have a gambling related problem. **The cards and fliers are there for players to take. Under no circumstances are Club employees to distribute or make references to these materials.** If players do have questions please direct them to the Duty Manager.

The assistant manager explained that, if a patron seeks help, staff are instructed to point to material available, or call a manager if a patron insists. However, he noted the manager would ‘only do the same thing’.

D.6.3 Impetus for the Policy and Program

The program was initiated in December 1997. Over a year ago, the club heard that ‘clubs need to do something’ about responsible provision of gambling, and examined related casino material from Las Vegas. Workshops by the AGA in Nevada also sparked attention. The club consulted with GCSS and held a staff meeting to discuss the package and distribute the memo. It was viewed positively by management, directors and staff, signalling that ‘the club does care’.

D.6.4 Components of the Program

Signage

Printed material was developed in consultation with GCSS. Wallet cards with contact details for GCSS and G-Line are displayed at the cashier’s desk and TAB terminal, and contain the club’s responsible gambling logo on the back: ‘Don’t let the game get out of hand. It’s entertainment.’ The gaming manager felt information could be available for players on how machines work, suggesting most clubs would not object. While he felt the wording important, he generally considered ‘the more information the better’.

Self-Exclusion

This has occurred once in six years. In this instance, the patron was mentally impaired and had been gambling at the club ‘for a while’. The institution where the patron resided requested he be excluded. The patron came back once, but on mentioning the call from the institution, left with no objection. If a patron sought to be excluded due to gambling, the assistant manager would document this, let all personnel know the person was not allowed in, and provide the person with

information on counselling contacts. There is no time frame for self-exclusion, and the assistant manager noted that response to a request to re-enter the club would depend on 'whether the person was a member or not' and whether he or she 'belonged to any auxiliary clubs'. However, he noted this was 'hypothetical' as he had not yet had to do this. He considered effectiveness of self-exclusion could be increased by referrals to counselling, but sees potential charges of discrimination if patrons self-exclude and then are denied re-entry if they 'say that they're cured'.

Access to Cash

The club's cheque cashing policy has been tightened considerably. No third party cheques are cashed, the Transacts telechecking system is used, and there is a $200 per day limit. As a result, cheque cashing has decreased. ATMs are located in gambling areas. Bank limits only apply to ATMs and EFTPOS withdrawals.

Payment of Winnings

Members are limited to $2,000 in cash and non-members $1,000, with the remainder paid by cheque. Winners then have to wait two days to collect cheques. This was introduced as a form of harm minimisation and is 'strictly enforced'.

Advertising and Promotion

The gaming manager noted 'harsh competition' means the club 'does its best to compete'. He feels 'we wouldn't hinder ourselves in competition', and that they 'do the norm' to compete. He feels advertising should 'identify the prize' and then say 'see details in the club'. He has not noticed any 'borderline' practices in clubs and had few comments about advertising and promotion of gambling in general.

Evaluation

No evaluation of the package had been undertaken.

APPENDIX E

AUPPERLE'S (1982) CORPORATE SOCIAL RESPONSIBILITY INSTRUMENT

Based on their relative importance & application to your firm, allocate up to, but not more than, 10 points to each set of four statements. For example, you might allocate points to a set of statements as follows:

A	=	4	A	=	1	A	=	0
B	=	3	B	=	2	B	=	4
C	=	2	C	=	0	C	=	3
D	=	1	D	=	7	D	=	0
Total	=	10 points	Total	=	10 points	Total	=	7 points

1. It is important to perform in a manner consistent with:

   _____ A. expectations of maximizing earnings per share.
   _____ B. expectations of government & the law.
   _____ C. the philanthropic & charitable expectations of society.
   _____ D. expectations of societal norms & ethical norms.

2. It is important to be committed to:

   _____ A. being as profitable as possible.
   _____ B. voluntary & charitable activities.
   _____ C. abiding by laws & regulations.
   _____ D. moral & ethical behaviour.

3. It is important to:

   _____ A. recognise that the ends do not always justify the means.
   _____ B. comply with various federal regulations.
   _____ C. assist the fine & performing arts.
   _____ D. maintain a strong competitive position.

4. It is important that:

   _____ A. legal responsibilities be seriously fulfilled.
   _____ B. long-term return on investment is maximized.
   _____ C. managers & employees participate in local voluntary & charitable activities within their local communities.
   _____ D. when securing new business, promises are not made which are not intended to be fulfilled.

5. It is important to:

   _____ A. allocate resources on their ability to improve long-term profitability.
   _____ B. comply promptly with new laws & court rulings.
   _____ C. examine regularly new opportunities & programs which can improve urban & community life.
   _____ D. recognise & respect new or evolving ethical/moral norms adopted by society.

6. It is important to:

   _____ A. provide assistance to private & public educational institutions.
   _____ B. ensure a high level of operating efficiency is maintained.
   _____ C. be a law-abiding corporate citizen.
   _____ D. advertise goods & services in an ethically fair & responsible manner.

7. It is important to:

   _____ A. pursue those opportunities which will maximise earnings.
   _____ B. avoid discriminating against women & minorities.
   _____ C. support, assist & work with minority-owned businesses.

_____ D. prevent social norms from being compromised in order to achieve corporate goals.

8. It is important that a successful firm be defined as one which:

_____ A. is consistently profitable.
_____ B. fulfills its legal obligations.
_____ C. fulfills its ethical & moral responsibilities.
_____ D. fulfills its philanthropic & charitable responsibilities.

9. It is important to monitor new opportunities which can enhance the organization's:

_____ A. moral & ethical image in society.
_____ B. compliance with local, state & federal statutes.
_____ C. financial health.
_____ D. ability to help solve social problems.

10. It is important that good corporate citizenship be defined as:

_____ A. doing what the law expects.
_____ B. providing voluntary assistance to charities & community organizations.
_____ C. doing what is expected morally & ethically.
_____ D. being as profitable as possible.

11. It is important to view:

_____ A. philanthropic behaviour as a useful measure of corporate performance.
_____ B. consistent profitability as a useful measure of corporate performance.
_____ C. compliance with the law as a useful measure of corporate performance.
_____ D. compliance with the norms, mores & unwritten laws of society as useful measures of corporate performance.

12. It is important to:

_____ A. recognise that corporate integrity & ethical behaviour go beyond mere compliance with laws & regulations.
_____ B. fulfill all corporate tax obligations.
_____ C. maintain a high level of operating efficiency.
_____ D. maintain a policy of increasing charitable & voluntary efforts over time.

13. It is important to:

_____ A. assist voluntarily those projects which enhance the community's 'quality of life'.
_____ B. provide goods & services which at least meet minimum legal requirements.
_____ C. avoid compromising societal norms & ethics in order to achieve goals.
_____ D. allocate organizational resources as efficiently as possible.

14. It is important to:

_____ A. pursue only those opportunities which provide the best rate of return.
_____ B. provide employment opportunities to the hard-core unemployed.
_____ C. comply fully & honestly with enacted laws, regulations, & court rulings.
_____ D. recognise that society's unwritten laws & codes can often be as important as the written.

15. It is important that:

_____ A. philanthropic & voluntary efforts continue to be expanded consistently over time.
_____ B. contract & safety violations are not ignored in order to complete or expedite a project.
_____ C. profit margins remain strong relative to major competitors.
_____ D. 'whistle blowing' not be discouraged at any corporate level.

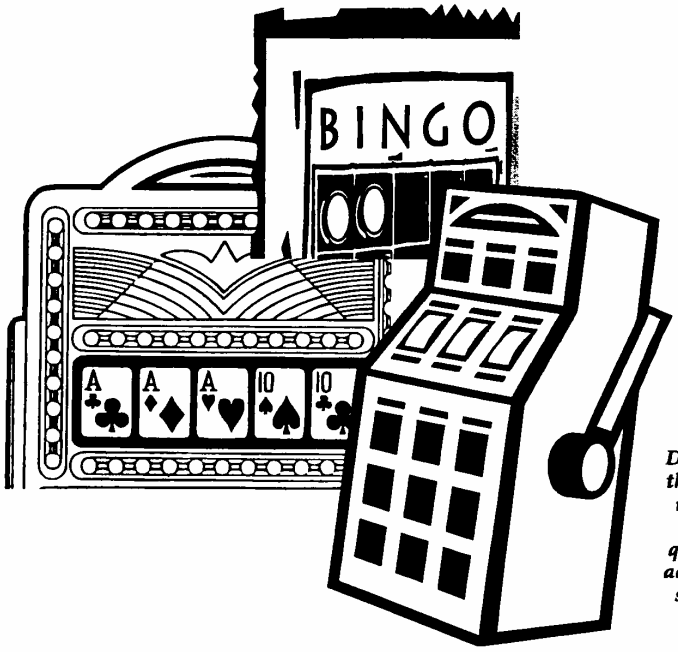
Source: Aupperle (1982:212-214).

APPENDIX F

MAIL SURVEY QUESTIONNAIRE TO NSW CLUBS

• Towards Responsible Provision of Gaming •

A study of opinions of NSW club managers



This study is the first of its kind conducted to better understand how NSW club managers feel about responsible provision of gaming in their clubs. The results will enable Club Management Development Australia to represent the collective opinions of NSW club managers at forthcoming industry forums. Please answer all of the questions. If you wish to make any additional comments, please use the space provided on the last page or attach additional pages. Your comments will be read and taken into account.

Please address all correspondence to:
Responsible Gaming Project Manager • Club Management Development Australia •
2A Lord St • BOTANY NSW 2019

Our first few questions are about your perceptions of gambling-related problems.

1. Do you think gambling results in serious problems for some gamblers? (please tick one box)

o Yes o No o Don't know

2. Problem gambling is said to occur when a person's gambling behaviour results in harm to themselves, their family and perhaps the community. Which 3 types of gambling do you think are most likely to be associated with problem gambling? (please tick one box in each column)

Most Likely	***2nd Most Likely***	***3rd Most Likely***
o Lotto/lottery	o Lotto/lottery	o Lotto/lottery
o Gaming machines	o Gaming machines	o Gaming machines
o Casino table games	o Casino table games	o Casino table games
o Bingo	o Bingo	o Bingo
o On-course betting	o On-course betting	o On-course betting
o TAB betting	o TAB betting	o TAB betting
o Sports betting	o Sports betting	o Sports betting
o Keno	o Keno	o Keno
o None	o None	o None
o Other (please specify)	o Other (please specify)	o Other (please specify)
_____	_____	_____

Our next few questions are about responsibility for minimising gambling-related problems.

3. Whose responsibility do you think it is to minimise gambling-related problems? (please tick one box in each column)

Most Responsibility	***2nd Most Responsibility***	***3rd Most Responsibility***
o Gambling venues	o Gambling venues	o Gambling venues
o State Government	o State Government	o State Government
o Counselling/welfare bodies	o Counselling/welfare bodies	o Counselling/welfare bodies
o Poker machine manufacturers	o Poker machine manufacturers	o Poker machine manufacturers
o Individual gamblers	o Individual gamblers	o Individual gamblers
o No one	o No one	o No one
o Other (please specify)	o Other (please specify)	o Other (please specify)
_____	_____	_____

4. Do you think the NSW club industry is currently taking sufficient responsibility in minimising gambling-related problems? (Please tick one box)

o Yes o No o Don't know

5. Do you think it is in the NSW club industry's best interests to take more responsibility in minimising gambling-related problems? (Please tick one box)

o Yes o No o Don't know

The next few questions ask whether you think the NSW club industry should implement industry-wide responsible gaming strategies now implemented by some other gaming sectors.

6. Do you think the NSW club industry should: (please circle either Yes or No beside each question)

a.	Implement guidelines to help clubs adopt more responsible gaming practices.....…….	Yes	No
b.	Implement a self-regulating industry code of practice in responsible gaming.....……..	Yes	No
c.	Implement training programs for club managers & staff in responsible gaming.....…...	Yes	No
d.	Encourage an industry accord amongst the various gambling sectors to develop & review initiatives in responsible gaming & to liaise with key community groups.....……	Yes	No
f.	Encourage an independent disputes resolution body to deal with poker machine related disputes or unethical practices.....….	Yes	No

7. Do you think guidelines, a code of conduct & training programs to help gaming venues adopt more responsible gaming practices should be developed *individually* by each gambling sector or *cooperatively* amongst all gambling sectors or *not developed at all*? (please tick one box in each column)

Guidelines	***Code of Practice***	***Training Programs***
o Individually	o Individually	o Individually
o Cooperatively	o Cooperatively	o Cooperatively
o Not developed at all	o Not developed at all	o Not developed at all

8. Who do you think should be involved in developing guidelines, a code of conduct & training programs to help NSW clubs adopt more responsible gaming practices? (please tick as many boxes as appropriate)

Guidelines	***Code of Practice***	***Training Programs***
o Registered Clubs Association	o Registered Clubs Association	o Registered Clubs Association
o Club Managers Association	o Club Managers Association	o Club Managers Association
o Dept of Gaming & Racing	o Dept of Gaming & Racing	o Dept of Gaming & Racing
o Poker Machine Council of Aust.	o Poker Machine Council of Aust.	o Poker Machine Council of Aust.
o Counselling/welfare bodies	o Counselling/welfare bodies	o Counselling/welfare bodies
o Concerned community groups	o Concerned community groups	o Concerned community groups
o Poker machine manufacturers	o Poker machine manufacturers	o Poker machine manufacturers
o Other gambling sectors	o Other gambling sectors	o Other gambling sectors
o Other (please specify)	o Other (please specify)	o Other (please specify)
_____	_____	_____

9. Who do you think should be involved in funding guidelines, a code of conduct & training programs to help NSW clubs adopt more responsible gaming practices? (please tick as many boxes as appropriate)

Guidelines	***Code of Practice***	***Training Programs***
o Registered Clubs Association	o Registered Clubs Association	o Registered Clubs Association
o Club Managers Association	o Club Managers Association	o Club Managers Association
o Dept of Gaming & Racing	o Dept of Gaming & Racing	o Dept of Gaming & Racing
o Poker Machine Council of Aust.	o Poker Machine Council of Aust.	o Poker Machine Council of Aust.
o Counselling/welfare bodies	o Counselling/welfare bodies	o Counselling/welfare bodies
o Concerned community groups	o Concerned community groups	o Concerned community groups
o Poker machine manufacturers	o Poker machine manufacturers	o Poker machine manufacturers
o Other gambling sectors	o Other gambling sectors	o Other gambling sectors
o Other (please specify)	o Other (please specify)	o Other (please specify)
_____	_____	_____

10. Would your club be likely to voluntarily adopt guidelines, a code of practice & training programs in responsible gaming if developed for the NSW club industry? (please tick one box in each column)

Guidelines	***Code of Practice***	***Training Programs***
o Yes	o Yes	o Yes
o No	o No	o No
o Don't know	o Don't know	o Don't know

Listed below are some harm minimisation practices implemented in gaming venues in other jurisdictions. Please tick <u>one</u> box next to <u>each</u> item to indicate whether you think your club:

- ***already implements*** **these practices.**
- ***would implement*** **these practices if endorsed by the NSW club industry.**
- ***would not implement*** **these practices even if endorsed by the NSW club industry.**

		Already implements	*Would implement*	*Would not implement*
11.	Have a house policy on responsible provision of gaming.....	o	o	o
12.	Ensure gaming staff can recognise signs of problem gambling.....	o	o	o
13.	Encourage problem gamblers to self-bar themselves from playing poker machines.....	o	o	o
14.	Encourage a cooling off period before poker machine players collect big wins.....	o	o	o
15.	Encourage big winners to take payment by cheque instead of cash.....	o	o	o
16.	Prohibit cashing of patrons' cheques for cash to play poker machines.....	o	o	o
17.	Prohibit cash withdrawals to play poker machines from club EFTPOS facilities.....	o	o	o
18.	Prohibit automatic teller machines in poker machine areas.....	o	o	o
19.	Provide signage for players about responsible provision of gaming.....	o	o	o
20.	Provide player information on how poker machines work (eg: non-skill, odds of winning).....	o	o	o
21.	Provide player information on how different features of poker machines influence bet size (eg: multi-coin, multi-line bets).....	o	o	o
22.	Provide player information on how payouts occur on poker machines (eg: pay-tables, winning combinations, accumulation of credits).....	o	o	o
23.	Provide player information on budgeting money for playing poker machines.....	o	o	o
24.	Provide player information on recognising if they have a gambling problem.....	o	o	o
25.	Provide player information on what to do if they think they have a gambling problem.....	o	o	o
26.	Provide information on a telephone hotline service for problem gamblers.....	o	o	o
27.	Provide player information about how to recognise if a poker machine has malfunctioned or short-paid them.....	o	o	o
28.	Provide player information about what to do if they have a poker machine related complaint or dispute.....	o	o	o
29.	Prevent any advertising or promotion of poker machine gaming.....	o	o	o
30.	Ensure advertising & promotion of poker machine gaming is socially responsible.....	o	o	o
31.	Restrict poker machine advertising to certain media, publications, or times of the day to prevent minors seeing it.....	o	o	o
32.	Liaise closely with the welfare sector to minimise harm in gambling.....	o	o	o
33.	Know where to refer patrons with gambling problems for help.....	o	o	o
34.	Donate funds to gambling-related counselling/welfare services.....	o	o	o
35.	Donate funds for research into problem gambling & its treatment.....	o	o	o
36.	Donate in-kind (non-financial) support for gambling-related counselling/welfare services.....	o	o	o
37.	Donate in-kind (non-financial) support for research into problem gambling & its treatment.....	o	o	o

Our next set of questions is about your club's objectives in its poker machine operations. Based on their relative <u>importance & application</u> to your club's poker machine operations, please allocate up to, but not more than 10 points to <u>each set</u> of four statements below. For example, you might allocate points to a set of statements as follows:

A	**=**	**4**	**A**	**=**	**1**	**A**	**=**	**0**
B	**=**	**3**	**B**	**=**	**2**	**B**	**=**	**4**
C	**=**	**2**	**C**	**=**	**0**	**C**	**=**	**3**
D	**=**	**1**	**D**	**=**	**7**	**D**	**=**	**0**
Total	**=**	**10 points**	**Total**	**=**	**10 points**	**Total**	**=**	**7 points**

38. In my club's poker machine gaming operations, it is important to perform in a manner consistent with:

_____ A. expectations of maximising earnings.
_____ B. expectations of government & the law.
_____ C. the philanthropic & charitable expectations of society (eg: donations, community support).
_____ D. expectations of societal norms & ethical norms (eg: what is considered just & fair).

39. In my club's poker machine gaming operations, it is important to be committed to:

_____ A. being as profitable as possible.
_____ B. voluntary & charitable activities.
_____ C. abiding by laws & regulations.
_____ D. moral & ethical behaviour.

40. In my club's poker machine gaming operations, it is important to:

_____ A. recognise that the ends do not always justify the means.
_____ B. comply with various government regulations.
_____ C. assist community & charitable projects.
_____ D. maintain a strong competitive position.

41. In my club's poker machine gaming operations, it is important that:

_____ A. legal responsibilities be seriously fulfilled.
_____ B. long-term return on investment is maximised.
_____ C. resources are used to participate in local voluntary & charitable activities.
_____ D. promises are not made which are not intended to be fulfilled.

42. In my club's poker machine gaming operations, it is important to:

_____ A. allocate resources on their ability to improve long-term profitability.
_____ B. comply promptly with new laws & court rulings.
_____ C. examine regularly new opportunities & programs which can improve community life.
_____ D. recognise & respect new or evolving ethical/moral norms adopted by society.

43. In my club's poker machine gaming operations, it is important to:

_____ A. provide assistance to community & charitable institutions.
_____ B. ensure a high level of operating efficiency is maintained.
_____ C. be a law-abiding corporate citizen.
_____ D. advertise machine gaming in an ethically fair & responsible manner.

44. In my club's poker machine gaming operations, it is important to:

_____ A. pursue those opportunities which will maximise earnings.
_____ B. avoid discriminating against women & minority groups.
_____ C. support, assist & work with community & charitable institutions.
_____ D. prevent social norms from being compromised in order to achieve corporate goals.

45. It is important that clubs with successful poker machine gaming operations be defined as those which:

_____ A. are consistently profitable.
_____ B. fulfil their legal obligations.
_____ C. fulfil their ethical & moral responsibilities.
_____ D. fulfil their philanthropic & charitable responsibilities.

46. It is important to monitor new opportunities in poker machine gaming which can enhance my club's:

_____ A. moral & ethical image in society.
_____ B. compliance with statutes.
_____ C. financial health.
_____ D. ability to help solve social problems.

47. It is important that good corporate citizenship in poker machine gaming operations in clubs be defined as:

_____ A. doing what the law expects.
_____ B. providing voluntary assistance to charities & community organisations.
_____ C. doing what is expected morally & ethically.
_____ D. being as profitable as possible.

48. In my club's poker machine gaming operations, it is important to view:

_____ A. philanthropic behaviour as a useful measure of performance.
_____ B. consistent profitability as a useful measure of performance.
_____ C. compliance with the law as a useful measure of performance.
_____ D. compliance with the norms, ethics & unwritten laws of society as a useful measure of performance.

49. In my club's poker machine gaming operations, it is important to:

_____ A. recognise that corporate integrity & ethical behaviour go beyond mere regulatory compliance.
_____ B. fulfil all corporate tax obligations.
_____ C. maintain a high level of operating efficiency.
_____ D. maintain a policy of increasing charitable & voluntary efforts over time.

50. In my club's poker machine gaming operations, it is important to:

_____ A. assist voluntarily those projects which enhance the community's 'quality of life'.
_____ B. provide goods & services which at least meet minimum legal requirements.
_____ C. avoid compromising social norms & ethics in order to achieve goals.
_____ D. allocate organisational resources as efficiently as possible.

51. In my club's poker machine gaming operations, it is important to:

_____ A. pursue only those opportunities which provide the best rate of return on investment.
_____ B. provide employment opportunities to the long-term unemployed.
_____ C. comply fully & honestly with enacted laws, regulations, & court rulings.
_____ D. recognise that society's unwritten laws & codes can often be as important as the written.

52. In my club's poker machine gaming operations, it is important that:

_____ A. philanthropic & voluntary efforts continue to be expanded consistently over time.
_____ B. contract & safety violations are not ignored.
_____ C. profit margins remain strong relative to competitors.
_____ D. ethical & moral responsibilities be fulfilled.

Finally, we'd like some details about your club to help us analyse the results.

53. Location of your club (please tick one box):

o Sydney o Regional city o Regional town or community

54. Type of club (please tick one box):

o Bowls o Returned services o Religious
o Golf o Workers/professional o General/community/social/recreational
o Leagues o Ethnic/national/cultural o Other (please specify) _____
o Other sporting

55. About how many financial members (of all types) does your club currently have? _____

56. About how many financial social members does your club currently have? _____

57. About how many full-time equivalent employees does your club currently have? _____

58. About how many poker machines does your club currently have? _____

59. From your club's *most recent* Annual Report, about how much was:

a. Total income for your club? $_____

b. Assessed poker machine profit for your club? $_____

If you have any other comments on this issue, please write them in the space provided over the page. They will be read and taken into account.

Thank you very much for participating in this study. Your contribution is greatly appreciated. Be assured that your answers will remain strictly confidential.

Please return this questionnaire in the envelope provided by 10th April to:

Responsible Gaming Project Manager
Club Management Development Australia
2A Lord St BOTANY NSW 2019

Additional comments:

Please return this questionnaire in the envelope provided by <u>10th April</u> to:

Responsible Gaming Project Manager
Club Management Development Australia

2A Lord St BOTANY NSW 2019

APPENDIX G

FIRST COVER LETTER FOR THE MAIL QUESTIONNAIRE SURVEY

23 March 1998

Dear Club Manager

Club Management Development Australia (CMDA) would like to request your participation in a unique study into responsible provision of gaming in NSW registered clubs. CMDA has been involved with preliminary workshops with the NSW Department of Gaming and Racing, the Registered Clubs Association of NSW and the Australian Institute for Gambling Research to discuss possible policies and programs in responsible provision of gaming in NSW clubs. However, no research has been conducted to date to find out how all club managers actually feel about responsible gaming and ways they might practise it in their clubs. We are attempting to remedy this situation by conducting a survey of all NSW club managers, with the voluntary research assistance of Ms Nerilee Hing, as part of her PhD studies supervised by Professor Jan McMillen, Executive Director of the Australian Institute for Gambling Research at the University of Western Sydney.

As you would appreciate, club gaming has shown remarkable growth in the last few decades and makes a significant contribution to both local communities and the Australian economy. However, with the growth of other types of gaming in Australia, state governments and gaming venues have been subject to some criticisms about the social impacts of gaming, particularly "problem gambling" which can have harmful consequences for a small minority of people and their families.

While participation in this study is entirely voluntary and you may withdraw at any time, we would be extremely grateful if you could spare about 20-30 minutes of your time to complete the enclosed questionnaire and return it to us in the envelope provided by 10th April 1998. The questions are easy to understand and give you the opportunity to express your candid feelings about responsible gaming in NSW clubs. We appreciate that club managers are busy people, but it is important that as many as possible have a say on this important issue.

We would like to emphasise that your answers will be completely confidential. Responses will be collated and presented by overall statistics only, with no identification of individual answers possible. The researcher will be providing CMDA with a report on the results, but stress that even they will not have access to individual answers. This report will enable CMDA to represent your interests in the planned forthcoming forums on responsible gaming in clubs, which also involve the Registered Clubs Association of NSW, the NSW Department of Gaming and Racing, the NSW Council of Social Services and the Australian Institute for Gambling Research. You may obtain a copy of the report later this year by contacting CMDA. The results will also be incorporated into the researcher's PhD thesis, and resulting academic articles.

If you have any questions or would like further information, please call or fax the Project Manager. Her telephone number is (02) 66 203 928 and her fax number is (02) 66 222 208. Thank you in advance for your co-operation. Your contribution to this important study is greatly appreciated.

Sincerely

Prue Foster
Education Manager
Club Management Development Australia

Nerilee Hing
Project Manager
University of Western Sydney

This research project has been approved by the University of Western Sydney Macarthur Ethics Review Committee (Human Subjects). Any complaints or reservations about this research can be directed to the Ethics Committee through the Executive Officer, Kokila De Silva, phone (02) 46 203 641. Any complaint you make will be treated in confidence and investigated fully and you will be informed of the outcome.

APPENDIX H

SECOND COVER LETTER FOR THE MAIL QUESTIONNAIRE SURVEY

14 April 1998

Dear Club Manager

A few weeks ago we wrote to you seeking your opinion on responsible provision of gaming in NSW registered clubs. Club Management Development Australia (CMDA) is undertaking this study because we believe that surveying the opinions of all NSW club managers will enable us to better represent your interests in the planned forthcoming forums on responsible gaming in clubs. These forums will involve the CMDA, the Registered Clubs Association of NSW, the NSW Department of Gaming and Racing, the NSW Council of Social Services and the Australian Institute for Gambling Research.

We are writing to you again because of the importance each completed questionnaire has to the usefulness of this study. In order for the results of this study to be truly representative of the opinions of NSW club managers, it is essential that each club returns its questionnaire.

If you have already returned your questionnaire, please accept our sincere thanks. If you haven't, we would be extremely grateful if you could spare about 20-30 minutes of your time to complete it and return it to us in the envelope provided by 4 May 1998. The questions are easy to understand and give you the opportunity to express your candid feelings about responsible gaming in NSW clubs. We appreciate that club managers are busy people, but it is important that as many as possible have a say on this significant issue.

We would like to emphasise that your answers will be completely confidential. Responses will be collated and presented by overall statistics only, with no identification of individual answers possible. The Project Manager will be providing CMDA with a report on the results, but stress that even they will not have access to individual answers. You may obtain a copy of the report later this year by contacting CMDA.

If you have any questions or would like further information, please call or fax the Project Manager, Nerilee Hing. Her telephone number is (02) 66 203 928 and her fax number is (02) 66 222 208. Thank you in advance for your co-operation. Your contribution to this important study is greatly appreciated.

Sincerely

Prue Foster
Education Manager
Club Management Development Australia

Nerilee Hing
Project Manager
University of Western Sydney

This research project has been approved by the University of Western Sydney Macarthur Ethics Review Committee (Human Subjects). Any complaints or reservations about this research can be directed to the Ethics Committee through the Executive Officer, Kokila De Silva, phone (02) 46 203 641. Any complaint you make will be treated in confidence and investigated fully and you will be informed of the outcome.

APPENDIX I

CHARACTERISTICS OF CLUBS RESPONDING TO THE MAIL QUESTIONNAIRE SURVEY

Location of Club	**Frequency**	**%**
Sydney	109	44.1
Regional city	40	16.2
Regional town or community	96	39.2
No response	2	0.8
Type of Club	**Frequency**	**%**
Bowls	31	12.6
Golf	17	6.9
Leagues	33	13.4
Other sporting	23	9.3
Returned services	92	37.2
Workers/professional	9	3.6
Ethnic/national/cultural	1	0.4
Religious	3	1.2
General/community/social/recreational	14	5.7
Other (mostly combinations of the above)	17	6.9
No response	7	2.8
No. of financial members	**Frequency**	**%**
Up to 1,000	19	7.7
1,001 - 3,000	50	20.2
3,001 - 5,000	49	19.8
5,001 - 10,000	52	21.1
10,001 - 20,000	40	16.2
20,001 - 30,000	13	5.3
30,000 - 40,000	9	3.6
More than 40,000	6	2.4
No response	9	3.6
No. of social members	**Frequency**	**%**
None	25	10.1
Up to 1,000	33	13.4
1,001 - 3,000	28	11.3
3,001 - 5,000	33	13.4
5,001 - 10,000	28	11.3
10,001 - 20,000	20	8.1
20,001 - 30,000	6	2.4
30,000 - 40,000	4	1.6
More than 40,000	1	0.4
No response	69	27.9
No. of full-time equivalent employees	**Frequency**	**%**
Less than 10	39	15.8
11 - 20	39	15.8
21 - 40	51	20.6
41 - 60	24	9.7
61 - 80	20	8.1
81 - 100	17	6.9
101 - 150	20	8.1
151 - 200	14	5.7
201 - 300	4	1.6
More than 300	5	2.0
No response	14	5.7

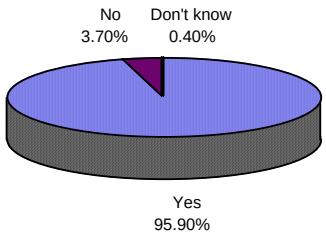
No. of Poker Machines	Frequency	%
1 - 20	17	6.9
21 - 40	26	10.5
41 - 60	33	13.4
61 - 80	20	8.1
81 - 100	30	12.1
101 - 120	9	3.6
121 - 140	19	7.7
141 - 160	10	4.0
161 - 180	11	4.5
181 - 200	25	10.1
201 - 250	13	5.3
251 - 300	7	2.8
301 - 350	10	4.0
351 - 400	4	1.6
401 - 500	3	1.2
More than 500	2	0.8
No response	8	3.2
Total club income	**Frequency**	**%**
Under $200,000	3	1.2
$200,000 - $500,000	6	2.4
$500,001 - $1,000,000	15	6.1
$1,000,001 - $2,000,000	36	14.6
$2,000,001 - $3,000,000	27	10.9
$3,000,001 - $4,000,000	9	3.6
$4,000,001 - $5,000,000	11	4.5
$5,000,001 - $6,000,000	16	6.5
$6,000,001 - $7,000,000	5	2.0
$7,000,001 - $8,000,000	5	2.0
$8,000,001 - $9,000,000	8	3.2
$9,000,001 - $10,000,000	6	2.4
$10,000,001 - $15,000,000	29	11.7
$15,000,001 - $20,000,000	13	5.3
$20,000,001 - $30,000,000	5	2.0
$30,000,001 - $40,000,000	2	0.8
More than $40,000,000	3	1.2
No response	48	19.4
Assessed poker machine profit	**Frequency**	**%**
Under $200,000	9	3.6
$200,001 - $500,000	18	7.3
$500,001 - $1,000,000	21	8.5
$1,000,001 - $1,500,000	24	9.7
$1,500,001 - $2,000,000	16	6.5
$2,000,001 - $2,500,000	16	6.5
$2,500,001 - $3,000,000	9	3.6
$3,000,001 - $4,000,000	15	6.1
$4,000,001 - $5,000,000	10	4.0
$5,000,001 - $6,000,000	9	3.6
$6,000,001 - $7,000,000	8	3.2
$7,000,001 - $8,000,000	7	2.8
$8,000,001 - $9,000,000	7	2.8
$9,000,001 - $10,000,000	6	2.4
$10,000,001 - $15,000,000	10	4.0
$15,000,001 - $20,000,000	7	2.8
$20,000,001 - $30,000,000	6	2.4
$30,000,001 - $40,000,000	1	0.8
$40,000,001 - $50,000,000	1	0.8
More than $50,000	1	0.8
No response	46	18.6

APPENDIX J

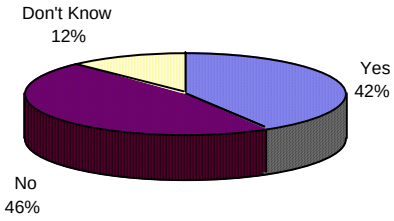
GRAPHS OF FREQUENCY DISTRIBUTIONS OF SELECTED SURVEY RESULTS

J.1 PERCEIVED RESPONSIBILITY FOR ADDRESSING PROBLEM GAMBLING

Does Gambling Cause Serious Problems for Some Gamblers?
N = 241



Is the NSW Club Industry Currently Taking Sufficient Responsibility for Minimising Gambling-Related Problems?
N = 243



Is it in the Best Interests of the NSW Club Industry to Take More Responsibility for Minimising Gambling-Related Problems?
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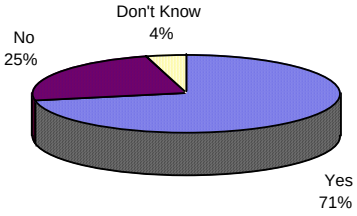
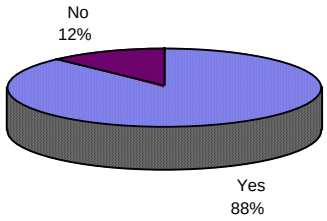


J.2 SUPPORT FOR INDUSTRY-LEVEL STRATEGIES IN RESPONSIBLE PROVISION OF GAMBLING

Should the NSW Club Industry Develop Guidelines to Help Clubs Adopt More Responsible Gaming Practices?
N = 242



Would Your Club be Likely to Adopt Responsible Provision of Gambling Guidelines?
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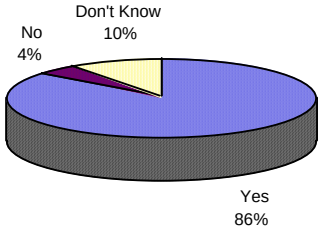
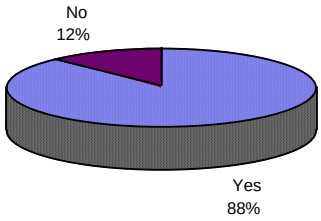
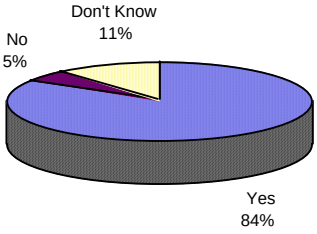


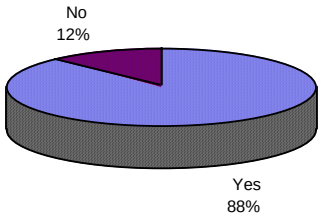
Should the NSW Club Industry Implement a Self-Regulating Code of Practice in Responsible Gaming?
N = 242



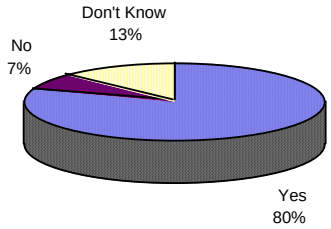
Would Your Club be Likely to Adopt a Self-Regulating Code of Practice in Responsible Provision of Gaming?
N = 244



Should the NSW Club Industry Implement Training Programs for Club Managers and Staff in Responsible Gaming?
N = 242



Would Your Club be Likely to Adopt a Training Program in Responsible Provision of Gaming?
N = 244



Should the NSW Club Industry Encourage an Industry Accord?
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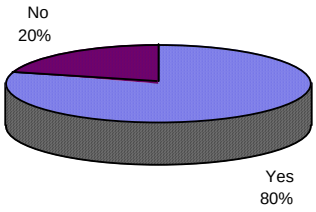

Should the NSW Club Industry Encourage an Independent Disputes Resolution Body?
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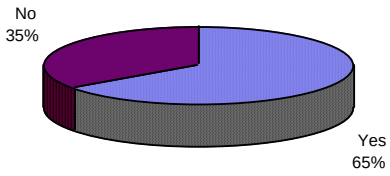
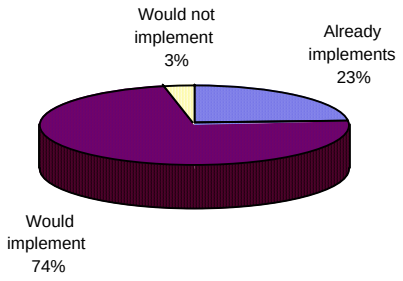
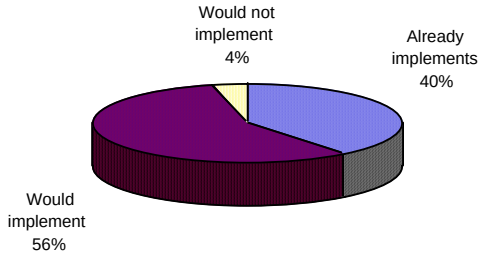


J.3. SUPPORT FOR VENUE-LEVEL STRATEGIES IN RESPONSIBLE PROVISION OF GAMBLING

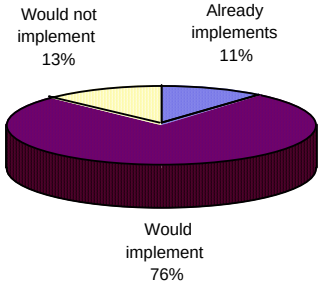
Would Your Club Implement a House Policy on Responsible Provision of Gaming?
N = 243



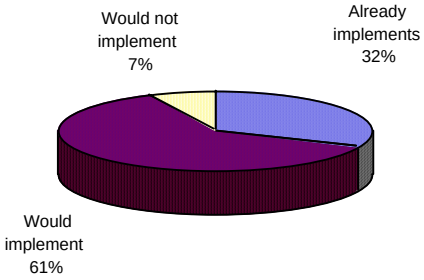
Would Your Club Provide Signage for Patrons About Responsible Provision of Gaming?
N = 243



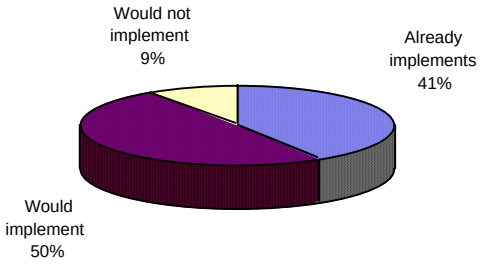
Would Your Club Provide Player Information on Recognising if They Have a Gambling Problem?
N = 243



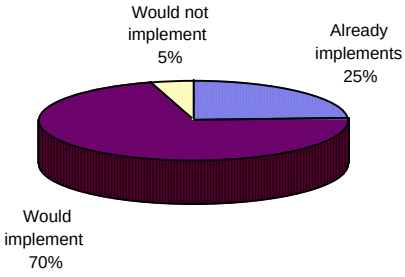
Would Your Club Provide Player Information on What to do if They Think They Have a Gambling Problem?
N = 244



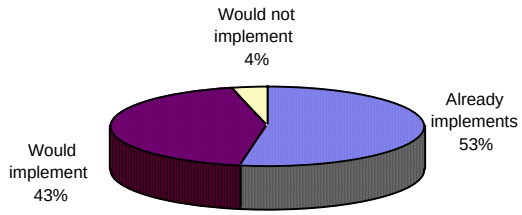
Would Your Club Provide Player Information on a Telephone Hotline Service for Problem Gamblers?
N = 244



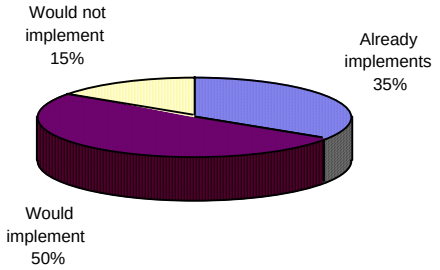
Would Your Club Ensure Staff Can Recognise Signs of Problem Gambling?
N = 244



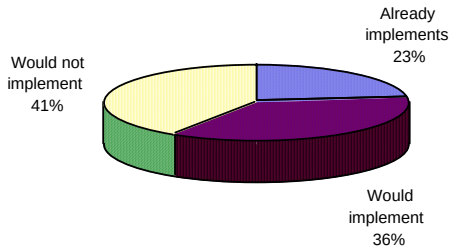
Does Your Club Know Where to Refer Problem Gamblers to for Help?
N = 244



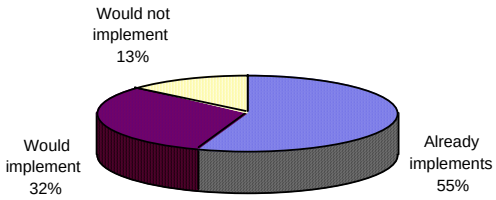
Would Your Club Encourage Problem Gamblers to Self-Bar Themselves from Playing Poker Machines?
N = 240



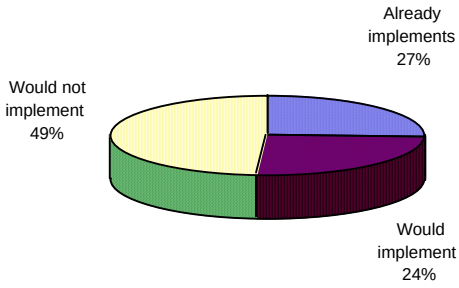
Would Your Club Encourage a Cooling-Off Period Before Players Collect Big Wins?
N = 242



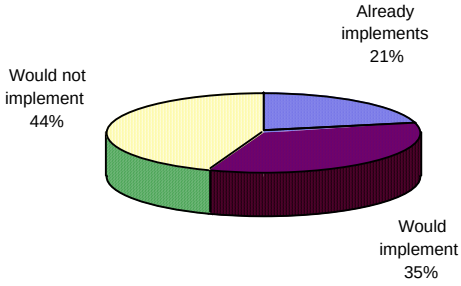
Would Your Club Encourage Big Winners to Take Payment by Cheque?
242



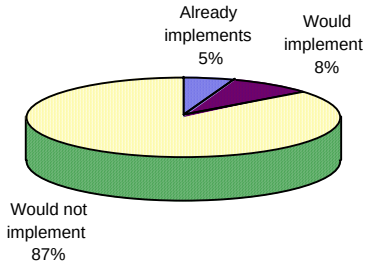
Would Your Club Prohibit Cashing of Patrons' Cheques for Playing Poker Machines?
N = 238



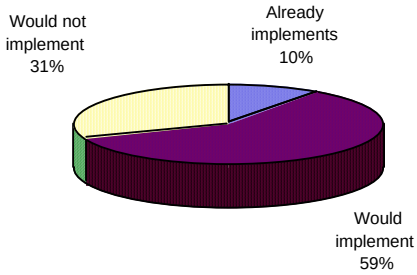
Would Your Club Prohibit ATMs in Poker Machine Areas?
N = 243



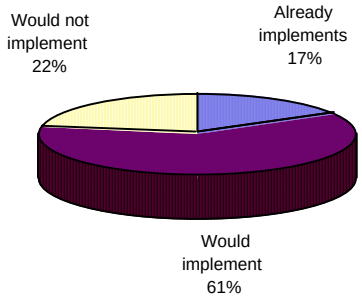
Would Your Club Prohibit Cash Withdrawals from EFTPOS Machines for Playing Poker Machines?
N = 237



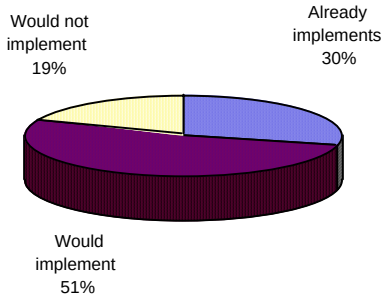
Would Your Club Provide Player Information on How Poker Machines Work?
N = 241



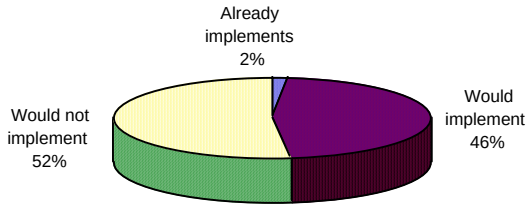
Would Your Club Provide Player Information on How Different Features of Poker Machines Influence Bet Size?
N = 242



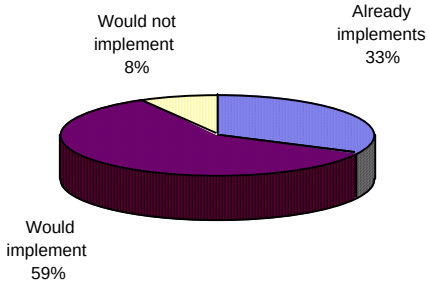
Would Your Club Provide Player Information on How Payouts Occur on Poker Machines?
N = 238



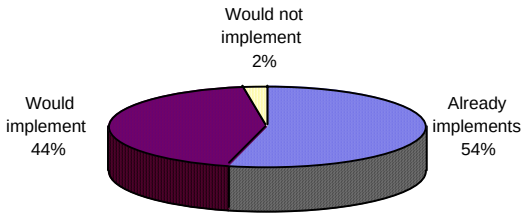
Would Your Club Provide Player Information on Budgeting Money for Playing Poker Machines?
N = 242



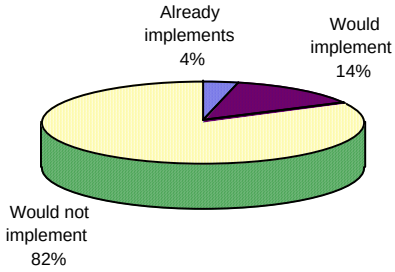
Would Your Club Provide Player Information on Recognising if a Machine Has Malfunctioned of Short Paid Them?
N = 240



Would Your Club Provide Player Information on What to do if They Have a Machine Related Complaint or Dispute?
N = 243



Would Your Club Prevent Advertising or Promotion of Poker Machine Gaming?
N = 242



Would Your Club Ensure that Advertising or Promotion of Poker Machine Gaming is Socially Responsible?
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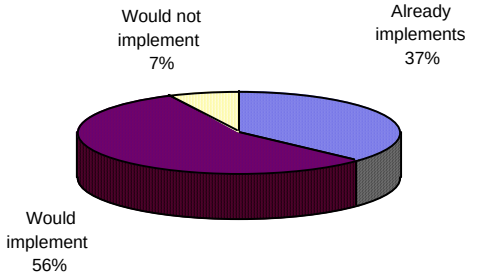
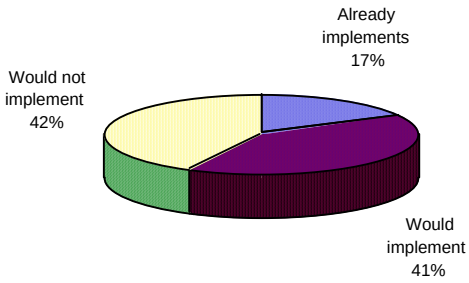
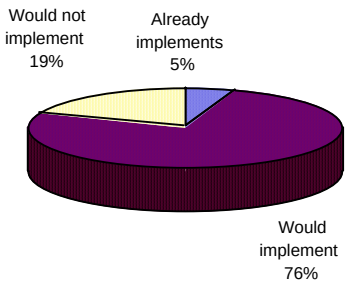


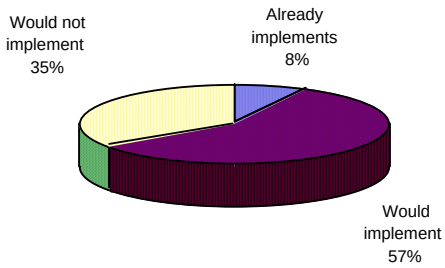
Would Your Club Restrict Poker Machine Advertising to Prevent Minors Seeing It?
N = 238



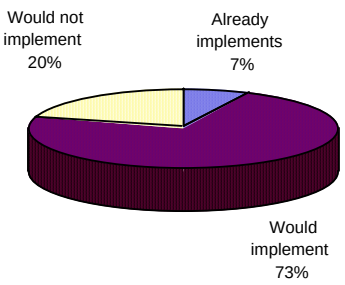
Would Your Club Liaise Closely with the Welfare Sector to Minimise Harm in Gambling?
N = 242



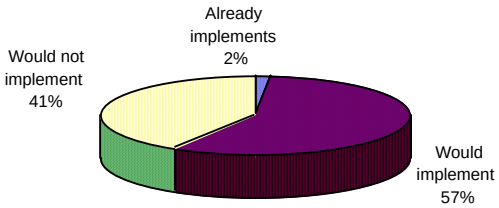
Would Your Club Donate Funds to Gambling-Related Welfare/Counselling Services?
N = 236



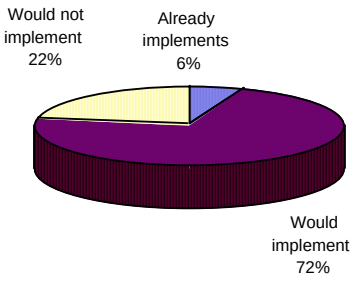
Would Your Club Donate In-Kind to Gambling-Related Welfare/Counselling Services?
N = 235



Would Your Club Donate Funds for Research into Problem Gambling and its Treatment?
N = 234



Would Your Club Donate In-Kind Support for Research into Problem Gambling and its Treatment?
N = 237



APPENDIX K

THE RCA'S PROBLEM GAMBLING POLICY

THE RCA'S PROBLEM GAMBLING POLICY

It is recognised that the expansion of legalised gambling generates an increase in gambling related problems. In NSW, it is estimated that 1.1 per cent of the adult population suffer problem gambling (Blaszczynski, 1996). Financial problems are not the only manifestation of problem gambling. There are related issues of harm experienced by the gambler, their family and the community.

In the 1950s, the NSW Government authorised the registered clubs in NSW to operate gaming machines on the basis that the profits derived would go back to club amenities and the community. The clubs were allowed to own gaming machines on the basis that machine profits should not go to private individuals.

The Registered Clubs Association of NSW (RCA) recognises that a small number of patrons who engage in club gambling activities may be adversely affected, and that this may have a harmful impact not only on them, but also on their family and the community.

A more complete understanding of the effects of gambling in the community will be obtained from a forthcoming Federal Government Productivity Commission inquiry into the economic and community impacts of gambling and from a New South Wales Government inquiry into the social impacts of gambling in NSW.

In May 1998, the NSW Parliament passed the *Liquor and Registered Clubs Legislation Amendment (Community Partnership) Act, 1988* which places a legislative framework on the social responsibilities of the conduct of gambling in NSW. The legislation in question (Section 87AA, Problem Gambling Policy) calls upon the RCA to publish "an appropriately funded policy that is capable of enforcement for minimising harm caused to the public interest and to individuals and families by gambling in registered clubs". This is that policy.

The RCA had taken initiatives in this area prior to the legislation and, to this end, had commissioned the Australian Institute for Gambling Research (AIGR), University of Western Sydney Macarthur (UWSM) to run a workshop on the responsible management of gambling. The RCA is committed to implement this overall policy, which provides in the first instance for a responsible management of gambling trial program in four development stages leading to a detailed implementation program. This policy itself will be refined during the process of development and implementation. The RCA is committed to future statewide application of the policy.

A. THE RCA'S POSITION

The RCA has resolved to adopt this policy to demonstrate its social responsibility and its commitment to members and other patrons, their families and the wider community.

The RCA is the representative body for over 90 per cent of the 1,513 registered community clubs (as at June, 1997). These clubs are major providers of leisure and gambling services in NSW. The RCA has a stated mission to lead the Club Movement into a united, prosperous and community focused industry. With regard to values, the RCA encourages "member clubs to operate responsibly in the community and support and respond to community needs" (RCA Strategic Business Plan, 1997).

B. POLICY OBJECTIVES

This policy is to provide for the development and implementation of steps for the responsible management of gambling in NSW clubs. Responsible gambling can be defined as decisions and actions taken by the club industry in relation to gambling that are *desirable in terms of the broad values and objectives of the community*. Responsible management of gambling is a policy which provides for responsible gambling and seeks to minimise the harm associated with gambling and provides for the responsible provision of gambling.

The policy goes beyond minimum compliance with the requirements of law and regulation, and is to actively conform with community standards in the public interest.

It is a *preventative* policy which will minimise harm and maximise benefits to consumers and the community, and will ultimately benefit the industry itself. It reflects a commitment by the RCA to ensure that gambling activities are carried out in accordance with broad community values in relation to gambling.

It takes into account the differential impact of gambling on different people in the community, particularly in terms of gender and culture.

It also reflects the RCA's commitment to effective industry *self-regulation*, to enable the RCA to ascertain the problems facing club patrons and take steps to rectify them, thus minimising the need for government intervention.

The RCA will encourage its members to enforce the policy through the publication and re-evaluation of the policy, the provision of training and the provision of a Gambling Code of Practice for clubs. The RCA also is committed to public accountability regarding the implementation of its policy, which will be subject to monitoring and independent review.

C. CORE PRINCIPLES

1. Compliance and Effectiveness

It is recognised that for the policy to be effective it must be adopted and enforced by member clubs. Implementation of the policy will attend to the following matters, to promote compliance and effectiveness.

- The policy is to ensure that clubs comply with all relevant legislation and regulations which govern their operations, eg the Registered Clubs Act, the Liquor Act, the Gaming and Betting Act, the Fair Trading Act, the Contract Review Act, the Trade Practices Act, the Lotteries Act, the Privacy Act.
- The RCA is committed to promoting knowledge of the policy amongst RCA members and to the community

- The RCA is to provide appropriate and comprehensive strategies and guidelines for club boards of directors, club management and staff.
- The RCA is to provide training for club boards of directors, managers and staff about the policy objectives and program strategies.
- The RCA is to ensure the policy itself is monitored regularly by an independent review.
- The RCA is to produce and promote strategies which are fair and seen to be fair, and to develop specific criteria upon which the evaluation will be based.

2. Consumer Protection

- Principles of fair trading will guide the objectives, design and implementation of the trial and final programs, ensuring that the programs have regard to consumer protection, good industry practice, an appropriate code of conduct and the law.
- Principles which govern responsible industry policies on financial transactions and credit will provide a guide as to how to facilitate compliance with existing legislation and as to community standards, eg. on the prohibition of credit and payment of winnings.
- The policy is to provide an effective customer complaints resolution scheme, ensuring that complaints and disputes are dealt with by the appropriate process or forum and are regularly reviewed.
- The RCA and the AIGR in the steps they take will handle information responsibly and adhere to principles of privacy in the collection and use of information about patrons (*The National Principles for the Fair Handling of Personal Information* 1998) and those principles will guide the trial and final program.

3. Harm Minimisation

'Harm minimisation' related to gambling refers to programs and measures where the adverse consequences to the public, individuals and families are reduced, and where emphasis is placed upon the protection and promotion of the community interest. To this end, harm minimisation in relation to gambling in clubs could include:

- adequate signage to inform gamblers of counselling and other support services;
- an effective self-exclusion program for gamblers with problems;
- responsible advertising and marketing;
- liaison with community service organisations, counsellors and medical practitioners;
- the prohibition of under age gambling;
- the adoption of responsible practices in the conduct of promotions and inducements to gamble;
- examination of the handling of financial transactions in relation to clubs (eg location of ATMs, cheque cashing, credit provision);
- guidelines for a responsible gambling environment.

Put simply, harm minimisation is about *modifying the environment in which gambling occurs as well as modifying gambling behaviour to reduce adverse consequences*. It is a practical approach: the standard measure of achievement is not an ideal gambling level or situation but whether the chances of adverse consequences have been reduced by the introduction of preventative measures.

4. Accountability

- Public accountability of the policy and the program will be undertaken through annual reviews of its operation and performance by an independent body. To this end, a reporting mechanism will be established between the RCA and member clubs and a review undertaken through an independent committee.
- The RCA and its members will be accountable for their activities by monitoring and reporting the application of the program, highlighting any systemic industry problems, and by publishing these results in a document for public consumption.
- Performance indicators will be identified against which effectiveness of the policy can be measured.
- The RCA will provide for adherence to a Code of Practice, which establishes standards of conduct to reflect community expectations.

D. PROGRAM IMPLEMENTATION AND EVALUATION

The initial program comprises of four stages as set out below. The first three stages of that initial program are fully funded by payments the RCA will make to the Australian Institute for Gambling Research (AIGR). The program will be developed by the AIGR and administered through the UWSM Research Office and will conform to UWSM policy. The AIGR will provide all administrative support for the project. The final stage of the initial program (ie. post-evaluation) will be administered by the RCA.

The initial program team is:

- Professor Jan McMillen, Executive Director, AIGR
- Dr. Rob Lynch, Sydney
- Nerilee Hing, Southern Cross University
- Michelle Toms, AIGR
- Professor Alun Jackson, Centre for Problem Gambling Research, Melbourne University

The initial program will develop and evaluate the implementation of club strategies designed to reduce the harmful effects of gambling. This requires the selection of a set of criteria for evaluating outcomes, which support the hierarchical nature of harm reduction goals. The program is designed to address periodic review and refinement during the initial program and also during future statewide implementation and evaluation.

Stage 1: Program development (November, 1997 - May 1998)

- Valuable baseline information to guide program development was obtained from a RCA sponsored workshop conducted on 17th November 1997, attended by representatives of industry, government and problem gambling agencies.
- A comprehensive literature review of related research, policies and practices was
- undertaken by the AIGR.
- Preliminary consultations have been conducted with other club managers and community groups.
- An Industry Reference Group (IRG), comprised of representatives from industry, government and community organisations was established at the instigation of the RCA. The IRG consists of representatives from the RCA itself, Australian Hotels Association, TAB, Star City, NCOSS, the Department of Gaming and Racing, Premiers Department and the NSW Cabinet Office. The IRG was established to assist in and advise on the development of the policy and initial program.

Stage 2: Trial program (June - October 1998)

- Preparation of proposed program, including a schedule for implementation and an evaluation strategy.
- Review and revision of the proposed program with consultation within the RCA and consultation with the IRG and other key stakeholders.
- An evaluation process will be incorporated into the trial program before it commences.
- The program then will be trialed in a selected number of clubs (approximately 20 venues). This trial will involve a representative sample of rural, regional and urban venues. The sample will be designed to accommodate clubs of different

size and orientation (eg. RSL, sport, social clubs) and include venues with clientele from various cultural groups, socio-economic backgrounds, and different age groups.

- The trial program will be implemented for four months, administered by the Project Manager under the supervision of the AIGR.

Stage 3: Evaluation (October - November 1998)

- At the end of the three month trial, an evaluation report will be prepared by the AIGR and distributed within the RCA and to government and other interested parties for their review and feedback.
- A final report will be similarly distributed and published.

Stage 4: Post-Evaluation

- On receipt of the final report regarding the initial program, the RCA will refine this policy and adopt and implement a program for statewide implementation of responsible provision of gambling.
- The RCA will demonstrate ongoing commitment to regular reviews of that program.

APPENDIX L

THE RCA'S RESPONSIBLE MANAGEMENT OF GAMBLING STRATEGIES

SIGNAGE, BROCHURES & PUBLICATIONS

Goal

To inform patrons and staff of the venue's responsible gambling policy, gambling facilities and the availability of support services for problem gamblers.

Core Elements

Make available to patrons a 'Player Guide' booklet which contains information on responsible gambling policy, code of practice, operation of club gaming, betting odds and agencies and support services for problem gamblers and their families.

This publication will be available through the RCA.

'Best Practice/Code of Practice' and related material in a place visible and accessible to patrons at all times.

Checklist of possible venue strategies

- ☐ plaques
- ☐ posters
- ☐ brochures
- ☐ wallet cards

Provided in:

- ☐ English and other community languages

Located in:

- ☐ toilets
- ☐ change bars
- ☐ gaming areas
- ☐ other club areas
- ☐ club foyers
- ☐ in venue publications
- ☐ telephone areas
- ☐ reception area

Detailing:

- ☐ G-line number or others
- ☐ Screening questions about problem gambling
- ☐ Local support agencies
- ☐ Slogan
- ☐ Suggestions aimed at encouraging breaks from play

SELF - EXCLUSION

Goal

To encourage patrons at risk of gambling problems to take responsibility for their behaviour through an effective self-exclusion mechanism.

Core Elements

Make available to patrons the option of self-exclusion from the venue for a specified period of time.

Self-exclusion forms and procedural guidelines will be available through the RCA.

Venue guidelines for breach of self-exclusion and reinstatement of patron.

Checklist of possible venue strategies

Time period for self-exclusion:

- ☐ One month
- ☐ Three months
- ☐ Six months
- ☐ Longer
- ☐ Until patron desires
- ☐ Counsellor recommendation

In-house procedures:

- ☐ Clearly explain procedures to patron
- ☐ Give list of procedures to patron
- ☐ Sign contracts between patron and venue
- ☐ Take photograph of patron
- ☐ Refer patron to venue's community liaison delegate
- ☐ Give photo to venue reception/security staff
- ☐ Prohibit the sending of promotional material to patron
- ☐ Record details of self-excluding patron
- ☐ Cool off period after self-exclusion
- ☐ Staff information and training
- ☐ Staff reporting procedures to management for actions

RESPONSIBLE MARKETING

Goal

To promote responsible advertising of gambling products and to conform with community standards.

To encourage responsible practices in the conduct of promotions and inducements to gamble.

Core Elements

Code of Advertising in line with Advertising Standards Council.

The RCA will provide a review of legal obligations, government and advertising guidelines for responsible practices in the conduct of promotions and incentives to gamble.

Checklist of possible venue strategies

- ☐ do not use happy hours to promote gambling
- ☐ do not provide free alcoholic drinks to patrons when gambling
- ☐ do not provide free food to patrons when gambling
- ☐ advertising focus on entertainment rather than winning
- ☐ do not associate gambling with alcohol
- ☐ do not target minors
- ☐ do not target vulnerable or disadvantaged groups
- ☐ development of a positive gambling slogan

Sources of responsible advertising:

- ☐ Television
- ☐ Radio
- ☐ Newspapers - local
- ☐ Mailouts
- ☐ Billboards
- ☐ Outside venue
- ☐ Ethnic communities publications
- ☐ Venue publications

COMMUNITY LIAISON

Goal

To develop links between the venue and relevant community organisations that will provide support and advice for problem gamblers and their families and to promote community standards and expectations.

Core Elements

The nomination of a manager or board member to be trained in, and accept responsibility for liaison with community groups including local government, health practitioners and support services for problem gamblers and their families.

Regular consultation with members and community representatives on community expectations and the implementation of all responsible gambling strategies

Checklist of possible venue strategies

- ☐ develop a directory of local support agencies (eg. counsellors,medical practitioners, local government)
- ☐ participate in a regional forum of venue community liaison officers (pending ACCC authorisation)
- ☐ liaise with local support agencies on a regular basis
- ☐ develop a Partnership Forum with the local community
- ☐ nominate a representative for a zone forum

FINANCIAL TRANSACTIONS AND CREDIT

Goal

To encourage patrons to develop responsible practices in the use of finances for gambling purposes through limiting the availability of cash and credit.

Core Elements

Venues must have in place a written policy for cheque cashing, payment of winnings and financial transactions.

The RCA will provide a statement of legal obligations in regard to financial transactions and credit.

Checklist of possible venue strategies

ATMS:

- ☐ No credit withdrawals
- ☐ To be located outside of gaming areas
- ☐ Provide deposit functions
- ☐ Venue limit on cash advances

EFTPOS:

- ☐ Withdrawal limit
- ☐ Outside of gaming area
- ☐ No credit withdrawals
- ☐ Limit on frequency of credit card withdrawals

Cheque cashing:

- ☐ No cheque cashing
- ☐ No 3rd party cheques cashed
- ☐ No redemption of cheques
- ☐ Limit on frequency of cheque cashing
- ☐ Policy for patrons who bounce cheques
- ☐ Banking authorisations to prevent bounced cheques
- ☐ Report dishonoured cheques at Board meetings
- ☐ Senior management to authorise cashing of cheques
- ☐ Prohibition of cheques for Keno, ClubTab

Payment of winnings:

- ☐ Impose a venue limit on cash winnings
- ☐ Pay remainder of winnings by cheque, cannot be cashed at club
- ☐ Wait for specified time period to collect cheque from winnings

- ☐ Transport home for large winners

GAMBLING ENVIRONMENT

Goal To establish a pleasant and safe environment which encourages patrons to gamble within their financial means.

Core Elements

Adhere to guidelines for a safe environment in which to gamble (eg adequate ventilation, adequate lighting)

Checklist of possible venue strategies

- ☐ to provide clocks in gambling areas
- ☐ to provide windows in gambling areas
- ☐ gambling areas to have direct access to sunlight
- ☐ clear marking of unplayable machines
- ☐ encourage breaks to play or ‘cooling off’ period
- ☐ a separate coffee/tea area in the gambling area
- ☐ provision for reservation of gaming machines
- ☐ provide a range of alternative leisure activities
- Provide security and surveillance measures

VENUE INTERVENTIONS

Goal

To promote the concept of patron and employee care through informing and training venue staff on problem gambling and appropriate interventions.

Core Elements

Management, staff and board to undergo training which includes recognition of problem gambling and procedures/legalities for providing care for patrons and staff with gambling problems.RCA provision of a checklist of possible signs of problem gambling.

Nominate a manager or other relevant person to be the point of reference for patrons, or families of patrons, with gambling problems.

Venue procedures for dealing with problem gambling.

Venue procedures for recording and responding to concerns from customers, families and the community.

Checklist of possible venue strategies

- ☐ Register of incidents and actions taken with at risk patrons
- ☐ Procedure for identifying at risk staff
- ☐ Provide information about problem gambling to employees
- ☐ Provide assistance for employees with gambling problems
- ☐ On-going training for employees
- ☐ Procedures for approaching patrons who may have a problem with gambling (Collective board/management rather than staff responsibility).
- ☐ Staff gambling policy (eg. no gambling on working day) including disciplinary measures for breach of policy

PRINCIPLE: COMPLIANCE AND ENFORCEMENT

Compliance mechanism

1. Monitoring

Industry Monitoring
- gambling related marketing
- overall venue compliance with responsible gambling strategies
- sanctions for breach of certificate of registration

Venue Monitoring
- the speed and quality of service provided to patrons with gambling problems
- the quality of the self-exclusion program
- the number of brochures and wallet cards picked up by patrons

2. Training programs for venue directors, managers and staff

- Venue directors, managers and employees to undertake accredited training programs with responsible service of gambling modules (eg Tourism Industry Accreditation Training Program)
- Compulsory training requirement for Club Management

Possible incentives for compliance

- Good publicity for venues with innovative approaches to responsible management of gambling
- Publicity for venues with good record of compliance
- Monetary prize for best practice/compliance
- Self-assessment through a questionnaire to clubs as this would also "raise awareness"
- Awareness campaign on responsible gambling
- Development of quality standards, such as "3 ticks for compliance", and receipt of "official endorsement" or "seal of approval"
- Management education about responsible gambling, through CMAA or similar, as part of their accreditation process
- Keeping records of courses of actions taken and any complaints
- Staff recognition for completion of responsible gambling module

PRINCIPLE: CONSUMER AND EMPLOYEE PROTECTION

1. Fair Trading

Industry actions
- Code of Practice / Best Practice Guidelines
- Review relevant legal obligations

Venue actions
- Display Code of Practice / Best Practice Guidelines so it is visible and accessible to patrons
- Disseminate to club board of directors, management and staff through literature and training

2. Effective Customer Complaints Resolution Scheme

Industry actions
- Develop appropriate process (eg. venue guidelines, statement of complaint)
- Monitor and keep a log of complaints

Venue actions
- Checklist for venue customer complaints procedure
- Develop appropriate procedure and review mechanism

3. Community Education

Industry actions
- Develop long-term strategy

4. Privacy

Industry actions
- Develop a statement of privacy regulations in respect of the responsible gambling practices of patrons and venue employees

Venue actions
- Develop specific privacy regulations in respect of patrons and venue employees who may experience problems with gambling
- Adhere to privacy regulations (eg. confidentiality of documents relating to self-exclusion)

APPENDIX M

PARTICIPANTS AT THE FONGA WORKSHOP ON THE NSW GAMING INQUIRY

1 JUNE 1998

Dianne Keogh	Anglicare Welfare Services
Professor Jan McMillen	Australian Institute for Gambling Research
Michelle Carvalho-Mora	Benevolent Society of NSW
Reg Singh	Centrecare Catholic Community Services, Liverpool
Trish Menzies	Family Support Services Association of NSW
Clorinda Lee	Immigrant Women's Speakout Association NSW
Marg Barry	Inner Sydney Regional Council for Social Development
Annabel Mayo	Lifeline Financial Counselling Service, Parramatta
Roy Bishop	Local Community Services Association
Ken Jarvis	Mission Australia
Gary Moore	NSW Council of Social Service
Paul Symond	NSW Council on Problem Gambling
Nerilee Hing	Southern Cross University
Colin Menzies	The Public Practice
Major Dennis Garland	The Salvation Army
Rev. Harry Herbert	Uniting Church Board for Social Responsibility
Richard Brading & Janelle Ford	Wesley Community Legal Service
Jim Connelly	Wesley Gambling Counselling Service

APPENDIX N

PARTICIPANTS IN THE RCA WORKSHOP: TOWARDS A RESPONSIBLE GAMBLING PROGRAM FOR NEW SOUTH WALES, 17 NOVEMBER 1997

- Australia Gaming Machine Manufacturers' Association
- Australian Institute for Gambling Research – workshop coordinator
- Club Management Development Australia
- ClubKeno Holdings
- CMP Marketing
- Convenience Advertising (Australia)
- Gaming Council of Australia
- G-Line
- Leagues Club Association of NSW
- NSW Department of Gaming and Racing
- Racing Industry Participants Advisory Committee
- Registered Clubs Association of NSW
- Sydney Harbour Casino
- Totalisator Agency Board of NSW (NSWTAB Ltd)
- Wesley Gambling Services

APPENDIX O

CLUBS AND ASSOCIATIONS REPRESENTED AT THE RESPONSIBLE GAMBLING WORKSHOP AT THE CMAA ANNUAL CONFERENCE, 16 JUNE 1998

- Caboolture RSL Club
- Cabra-Vale Diggers Club
- Capalaba Soccer & Recreation Club
- Currumbin RSL Club
- Ettalong Beach Memorial Club
- Five Dock RSL Club
- Forster Tuncurry Memorial Services Club
- Grosvenor Club
- Guildford Leagues Club
- Logan Diggers Club
- Matraville RSL Club
- Miranda RSL Club
- Musgrave Hill Bowls Club
- NSW Leagues Club
- Ramsgate RSL Club
- Registered Clubs Association of NSW
- Registered and Licensed Clubs Association of Queensland
- Revesby Workers Club
- Riverwood Legion & Community Club
- Sherwood Services Club Inc.
- Southport Australian Football Club
- St John’s Park Bowling Club
- St Mary’s Rugby League Club
- Sth Tweed Bowls Club
- Toowoomba Sports Club
- Tuggerah Lakes Memorial Club
- Tweed Heads Bowls Club
- Windale Gateshead Bowling Club

APPENDIX P

MEMBERSHIP OF THE INDUSTRY REFERENCE GROUP FOR THE RCA'S RESPONSIBLE GAMBLING POLICY AND TRIAL PROGRAM

- Australian Institute for Gambling Research project team
- Australian Hotels Association (AHA)
- Club Managers' Association Australia (CMAA)
- ClubKeno
- Department of Gaming and Racing (DGR)
- NSW Council of Social Service (NCOSS)
- NSW Cabinet Office
- NSW Lotteries Commission
- Premier's Department
- Registered Clubs Association of NSW
- Star City Casino
- Totalisator Agency Board of NSW (NSW TAB Ltd)
- Wesley Mission

APPENDIX Q

OTHER ORGANISATIONS AND AGENCIES CONSULTED FOR THE RCA'S RESPONSIBLE POLICY AND TRIAL PROGRAM

- Adelaide Central City Mission
- Australian Medical Association (AMA) - NSW
- Breakeven - Victoria & Queensland
- Centre for Problem Gambling Research, Melbourne University
- Community Education, Gambling, Financial and Legal Officers (Victoria)
- Ethnic Communities Council (ECC)
- Émigré Multicultural Communications
- G-Line
- Human Service agency representatives
- Inter-church Task Force (Victoria)
- Liquor, Hospitality and Miscellaneous Workers' Union (LHMWU)
- Moreland City Council (Victoria)
- Multicultural and Ethnic Affairs Commission, South Australia
- National Association for Gambling Studies (NAGS)
- NSW Council on Problem Gambling (NSWCPG)
- NSW Council of Social Service (NCOSS)
- Public Interest Advocacy Centre (PIAC)
- Responsible Gambling Advisory Committee, Queensland
- QLD Department of Families, Youth and Community Care (FYCC)
- Wesley Mission
- Various community service agencies in NSW, Victoria and South Australia
- Managers of registered clubs in NSW, Queensland and Victoria
- Researchers, academics and medical practitioners experienced in the field.

APPENDIX R

BEST PRACTICE GUIDELINES IN THE RCA'S TRIAL RESPONSIBLE GAMBLING PROGRAM

Best Practice Guidelines

Responsible Management of Gambling in New South Wales Registered Clubs

To promote the responsible management of gambling, the Management and Directors of this club agree to:

1 Trade and provide gambling services so as to conform with the various Acts of Parliament which apply to the Registered Clubs Industry.

2 Promote responsible gambling which conforms with community standards and expectations.

3 Implement policies to encourage responsible practices in advertising, promotions and providing inducements to gamble.

4 Establish a written policy for cheque cashing, payment of winnings and financial transactions to encourage patrons to develop responsible practices in the use of finances for gambling purposes.

5 Implement procedures for the handling of personal information pertaining to gambling patrons within the Club.

6 Establish a pleasant and safe gambling environment.

7 Promote the concept of patron and employee care through informing and training Club staff on problem gambling and appropriate interventions.

8 Encourage patrons to take responsibility for their gambling activity through an effective self-exclusion or other mechanism.

9 Inform patrons and staff of the Club's responsible management of gambling policy, gambling facilities and the availability of support services for problem gamblers.

10 Develop links between the club and relevant community organisations that will provide support and advice for problem gamblers and their families.

To provide support and advice, the Club has appointed the following senior official(s) to liaise with community organisations and be a confidential point of contact within the Club for patrons, or the families of patrons, who believe they may have a problem with gambling.

If you, or a family member believe you may have a problem with gambling, you should contact the following club official(s):

Name_____Telephone_____

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The Sydney Morning Herald

Personal Communication

19 managers of NSW clubs who wished to remain anonymous

Bailey, Richard, spokesperson for the Liquor, Hospitality and Miscellaneous Workers Union (NSW).

Brecko, Stan, Director of Gaming, Registered Clubs Association of NSW.

Diaz, Ken, Assistant General Manager, Five Dock RSL Club.

Edwards, Greg, Operations Manager, Ryde-Eastwood Leagues Club.

Ford, David, Executive Director, Queensland Office of Gaming Regulation.

Foster, Prue, Education Manager, Club Managers' Association Australia.

Greenhouse, David, Policy Branch, NSW Department of Gaming and Racing.

Hardwick, Yvette, Gaming Manager, Parramatta Leagues Club.

Heinrich, Robert, Gaming Manager, Western Suburbs Leagues Club.

Krell, Wayne, Assistant Chief Executive Officer, Registered Clubs Association of NSW.

Levett, Greg, Assistant General Manager, Canterbury-Bankstown Leagues Club.

Logan, Katrina, Gaming Manager, Mt Pritchard and District Community Club.

McGregor, Margo, Community and Public Relations Manager, Australian Hotels Association (South Australia).

Moore, Gary, Director, NSW Council of Social Service.

Moriarty, Gary, Executive Officer Gaming, Northern Territory Racing and Gaming Authority.

Pickering, Bronwyn, Gaming Manager, Ryde-Eastwood Leagues Club.

Rahilly, Anne, Public Relations Officer, Victorian Casino and Gaming Authority.

Schlanders, Maxinne, Corporate Services Division, West Australian Office of Racing, Gaming and Liquor.

Spencer, David, Gaming Machine Operations, Australian Capital Territory Revenue Office.

Toneguzzo, Stephen, Managing Director, Global Gaming Services.

GLOSSARY OF TERMS

Approved amusement device:

Also known in NSW as a 'draw card' machine, this type of gaming machine operates video draw-poker, but the device is 'hopperless' so that players cannot collect coins direct from the machine. Instead, credits can be redeemed for cash or prizes.

Cancel credit payments:

These are accumulated credits redeemed by a player, not paid directly by the gaming machine, but paid by book payment. This would occur, for example, where a player might wish to cash in their credits on a machine and the amount is above that designated to be paid directly by the machine (Hing, Breen and Weeks, 1998:311).

Casino gaming:

This 'includes wagers on table games, gaming machines, and keno systems' at a casino. 'Casino games have set rules and fixed odds…, designed to return a percentage from each wager to the casino operator' (Tasmanian Gaming Commission, 1998:3).

Central monitoring system:

Usually a 24-hour electronic monitoring system of all gaming machines in a jurisdiction *via* a central computer, usually undertaken by the government regulator or by an agent supervised by the regulator. The system allows regulators to monitor the integrity of each machine and the games operated, and provides greater certainty that the correct amounts of gaming tax are paid (Productivity Commission, 1999:12.13).

Club Keno:

A keno game linked through all participating NSW clubs. Each player selects up to 15 numbers from 80 on a playing card and wins are determined by matching the selected numbers against the 20 numbers drawn. The winning numbers for each game are drawn in the Club Keno Centre in Sydney and transmitted to all participating clubs instantaneously. Results are displayed on TV monitors within the clubs. A new game is played every 3-4 minutes.

Dispersed prizes:

The funds which have been accumulated and not paid at the time when a link progressive jackpot system or a progressive jackpot gaming machine is disposed of (Hing, Breen and Weeks, 1998:311).

Gambling:

This has been defined as ‘the (lawful) placement of a wager or bet on the outcome of a future uncertain event’ (Tasmanian Gaming Commission, 1997:3).

Gambling expenditure:

This is ‘the net amount lost, or in other words, the amount wagered less the amount won, by people who gamble. Conversely, by definition, it is the gross profit (or gross winnings) due to the operators of each particular form of gambling’ (Tasmanian Gaming Commission, 1998:4).

Gambling turnover:

This equates to the total amount wagered (Tasmanian Gaming Commission, 1998:9).

Gaming:

This comprises ‘all legal forms of gambling other than racing, such as lotteries, poker and gaming machines, casino gaming, football pools and minor gaming’ (Tasmanian Gaming Commission, 1998:4).

Gaming machine:

A device where ‘a player may place a small wager on a game of pure chance, or a game of both chance and an application of game rules...but not pure skill or manual dexterity, and potentially win a prize either in cash or in kind’ (Toneguzzo, 1996a:145). ‘In most jurisdictions, operators must return at least 85 per cent of wagers to players as winnings, either by cash or a mixture of cash and product. Gaming machines have the capacity to be linked in order to offer major jackpots’ (Tasmanian Gaming Commission, 1998:5).

Gaming machine denomination:

This refers to the bet unit the gaming machine operates on, such as 5 cent, 10 cent, 20 cent, $1 and $2. One coin or note equal to the bet unit equates to one credit on the machine, which is the minimum wager on each game.

Gaming machine meters:

The meters on each gaming machine show incremental turnover, total wins, the amount in the cashbox, jackpot amounts and cancelled credits during the accounting period (Hing, Breen and Weeks, 1998:311).

Gaming machine profit:

This is the excess of revenue over outgoings on a gaming machine (Hing, Breen and Weeks, 1998:311).

Gaming machine revenue:

This is the amount of money actually cleared from a gaming machine during the accounting period. It differs from turnover in that all automatic payouts already have been deducted (Hing, Breen and Weeks, 1998:311).

Gaming machine turnover:

This is the amount of money that has been put into a machine over the accounting period (Hing, Breen and Weeks, 1998:311).

Hit rate:

This equals the average number of plays on a gaming machine between each winning combination.

In-house linked jackpots:

These can be won where more than one gaming machine or one or more banks of gaming machines in a venue contribute to the jackpot prize pool (Toneguzzo in Hing, Breen and Weeks, 1998:314).

Instant lottery:

This is 'commonly known as 'scratchie tickets', where a player scratches a coating off the ticket to identify from the characters underneath, whether the ticket is a winner. Prizes in the instant lottery are paid on a set return to players and are based on the number of tickets in a set, the cost to purchase the tickets and a set percentage retained by the operator for costs' (Tasmanian Gaming Commission, 1998:6).

Jackpots:

These are amounts paid for certain winning combinations designated as jackpot combinations on a gaming machine. There are three types of jackpots. Standard jackpots are won on designated combinations. Stand-alone progressive jackpots occur where one or more additional jackpots can be won on a machine. The machine allocates a certain percentage of its turnover towards the progressive jackpot amounts that are won on a designated combination. Linked progressive jackpots occur where additional jackpots can be won on a machine that is linked to one or several others within a venue. All linked machines allocate a certain percentage of their turnover towards the linked progressive jackpot amount (Hing, Breen and Weeks, 1998:311).

Keno:

This is 'a game where a player wagers that their chosen numbers match any of the 20 numbers randomly selected from a group of 80 numbers via a computer system or a ball draw device. Keno is linked to all venues within a particular jurisdiction, enabling the operator to offer large jackpot prizes. Keno has a fixed pay-scale such that the payout for each wager is established by rules, and is independent of the total wagers made on the game' (Tasmanian Gaming Commission, 1998:6).

Lotteries:

'Lotteries are conducted Australia wide by both government and commercial operators. There are three components to a lottery, the purchase of a ticket, a draw and a prize. A person whose ticket is selected in a lottery, wins a prize based on the total amounts wagered after deduction of a set percentage by the operator to cover costs. Lotteries are sold at various outlets around Australia such as newsagents. The same operators may also conduct lotto, pools and instant lottery' (Tasmanian Gaming Commission, 1998:6).

Lotto:

This is ‘a game where a player selects any six numbers from 1 to 45 in anticipation that those numbers will be among 8 numbered balls, randomly drawn from a ball draw device containing 45 balls numbered from 1 to 45. …There are five prize divisions, with Division 1 being the major prize. The amount of prize pay-out for each division is dependent on the amount of wagers made, less the operator’s costs. A player wins if their (sic) selected numbers match those randomly drawn in a set combination’ (Tasmanian Gaming Commission, 1998:6).

Minor gaming:

This is ‘the collective name given to raffles, bingo, lucky envelopes and the like’ (Tasmanian Gaming Commission, 1998:4).

Multi-game machines:

These machines incorporate several games on one machine. The game options are generally selected by touching the screen logo representing a particular game. Each game has its own pay table that can be viewed by touching the appropriate picture or symbol.

Multi-line gaming machines:

This type of machine has multiple pay lines. A pay line is the line along which a certain combination is needed to win. On a multi-line machine, players can choose how many pay lines they want to play. The original bet will apply for each additional line played. For example, playing one line on a $1 multi-line machine will deduct $1 from the credit meter; playing 2 lines will deduct $2; playing 3 lines will deduct $3, and so on.

Multiplier/multi-bet gaming machines:

This type of machine allows players to bet additional credits on each spin for each pay line played. For each winning combination, the amount won will be multiplied by the number of credits bet on the pay line. For example, if a player chooses to bet 5 credits on one pay line of a $1 multiplier machine, $5 will be deducted from the machine’s credit meter. If the player did the same on two paylines of that machine, $10 will be deducted from the machine’s credit meter.

Multi-terminal/interactive gaming machines:

These allow patrons to play on simulated games, usually blackjack, roulette or horse-racing games. Several players can play the one game simultaneously.

Mystery jackpot:

A mystery jackpot on a gaming machine must be won when the jackpot amount accumulated reaches between a pre-determined and advertised minimum and maximum amount. Thus, there is a higher probability of winning the mystery jackpot as it approaches the maximum amount.

Net gaming machine income:

This is the total cash cleared from a gaming machine, less the total book payments, excluding dispersed prizes and progressive jackpots (Hing, Breen and Weeks, 1998:311).

Note acceptors:

These devices on gaming machines allow players to insert notes rather than coins. They have made the ability to enter credits on a gaming machine far easier for the player, and the physical handling and storage of large quantities of coin are reduced for the operator. Thus, they provide a convenience to players and lend themselves to increased profitability (Toneguzzo in Hing, Breen and Weeks, 1998:314).

On-course bookmakers:

These are persons licensed to accept wagers at the racetrack on both horse and greyhound racing. A player can wager any amount above a set minimum and will receive the bookmaker's odds at the time of making the wager, irrespective of whether the bookmaker later alters those odds (Tasmanian Gaming Commission, 1998:3).

On-course totalisator:

This is a TAB operated at a racecourse during race meetings (Tasmanian Gaming Commission, 1998:6).

Outgoings from gaming machine:

These comprise jackpots, cancelled credit payments, refills, short pays and dispersed prizes (Hing, Breen and Weeks, 1998:311).

Payouts:

These are the sums of money paid as prizes to players when they get a winning combination on a gaming machine. Automatic payouts occur when coins are dispensed automatically from the machine on a winning combination. Manual payouts or book payments, are paid by authorised venue personnel when the winnings from a combination exceed a certain amount. Manual payouts can be paid in cash or by cheque and are recorded in a payout book. Manual payouts are paid for jackpots, short pays and cancelled credits, while the book also is used to record poker machine refills and progressive jackpot amounts when a machine is disposed of (Hing, Breen and Weeks, 1998:311).

Pay table:

All gaming machines have a pay table, located either on a panel above the game screen or on a separate 'help' screen, that displays winning combinations and the credit payout applicable to each combination.

Percentage return:

This is the percentage of gaming machine turnover returned to players as prizes. By law, the percentage return must be at least 85 percent in most Australian jurisdictions.

Poker machine:

This is ‘a device designed for the playing of a game of chance, or a game that is partly a game of chance and partly a game requiring skill, and for paying out money or tokens or for registering a right to an amount of money or money’s worth to be paid out’ (*Registered Clubs Act 1976 NSW*).

Pools:

This is ‘a numbers game of chance where the winning numbers are based on the results of the United Kingdom or Australian soccer matches. Each week 38 soccer matches are selected to form the ‘match list’. Each match is assigned a number from 1 to 38. The results of the matches are then collected and ranked, with scored draws ranked highest and home score wins ranked lowest. The six highest ranked match numbers are then used as the official results numbers for the Pools draw. …To play the Pools, players select six numbers from the 38. If the selected numbers are the same as the official results numbers the player wins one of the five division prizes’ (Tasmanian Gaming Commission, 1998:7).

Racing:

This defined as ‘legal betting with bookmakers and totalisators, both on racecourses and off-course (TAB). It is related to betting on the outcome of horse and greyhound races, and, in recent times, on some other specified sporting events such as football matches’ (Tasmanian Gaming Commission, 1998:8).

Refills:

These are amounts of money inserted by the venue into the hopper of a gaming machine. These are recorded as book payments (Hing, Breen and Weeks, 1998:311).

Registered club:

This is defined as a club in NSW that applies for a liquor licence and that must be a body, association or company formed for social, literary, political, sporting, athletic or other lawful purposes (*Liquor Act 1905 NSW*). For a club to be registered, it must meet requirements needed to obtain a certificate of registration issued under Part II of the *Registered Clubs Act 1976 NSW*. The main requirements for club registration are that:

- it shall be conducted in good faith as a club;
- it is a company under corporations law, or in certain circumstances a co-operative;
- it is established for social, literary, political, sporting or athletic purposes or for any other lawful purpose, and to provide accommodation for its members and their guests;
- it has premises of which it is the *bona fide* occupier for club purposes, provided and maintained from club funds;
- its premises contain accommodation appropriate for club purposes, with a properly constructed bar room;
- no club member shall derive profit, benefit or advantage from the club not offered equally to every full member of the club;

- no manager, employee or director shall receive any payment calculated by the amount of liquor purchased, supplied, sold or disposed of by the club;
- it keeps correct accounts and books of its financial affairs;
- it does not supply liquor or food to be consumed away from club premises at functions sponsored and paid for by non-members;
- all clubs have the automatic right to accept new members up to a total of 6,250. An application to the Licensing Court is required to increase membership above this number;
- registration is subject to conditions relating to complaints against registered clubs (Part 2, Section 17), objections to applications by clubs (Part 2, Section 25), rules of registered clubs (Part 3), management of clubs (Part 4), offences in relation to clubs (Part 6) and keeping and operating of poker machines (Parts 10 and 11).

Short pays:

These may occur where, due to a gaming machine malfunction, the machine pays a lesser amount than it should on a winning combination. The difference is paid to the player by book payment (Hing, Breen and Weeks, 1998:311).

Smart cards/player tracking devices:

These provide for cashless gambling via a debit card, and for player promotional systems whereby players accumulate points for a promotional prize generally based on the amount of turnover. These cards allow a central computer system to track an individual player's play and game preferences (Toneguzzo in Hing, Breen and Weeks, 1998:314).

Sports betting:

This is defined as 'the wagering on all types of local, national or international sporting activities (other than the established forms of horse and greyhound racing), whether on or off-course, in person, by telephone, or via the internet' (Tasmanian Gaming Commission, 1998:19).

Statewide linked jackpots:

These can be won where more than one gaming machine or one or more banks of gaming machines in multiple venues in a jurisdiction contribute to the jackpot prize pool (Toneguzzo in Hing, Breen and Weeks, 1998:314).

Tokenisation:

Tokenised machines accept only one denomination of coin, which then equates to a certain number of credits, depending on the machine's denomination. For example, on a 10 cent tokenised machine, a $1 coin is converted into 10 credits on the machine's credit meter.

Totalisator Agency Board (TAB):

'This form of gaming is Australia-wide and is the amount wagered at TAB outlets (other than those on a race track). Totalisator gaming is where a player makes a

'unit' wager (a unit being any multiple of 50 cents or $1 depending on the jurisdiction), the operator deducts a percentage of the total units wagered (for costs including tax), and the remainder is returned as dividends (winnings) to players in multiples of the unit wagered' (Tasmanian Gaming Commission, 1998:9).

Touch screen monitors:

These allow gaming machine players to make selections by touching the screen rather than pressing the machine's buttons (Toneguzzo in Hing, Breen and Weeks, 1998:314).

'X Standard' gaming machine:

This is 'a protocol for gaming machine security' (IPART, 1998:9) and essentially refers to gaming machines that meet the technical requirements to support centralised monitoring functions, due to be introduced for all NSW gaming machines in January 2001.