



Taking Action on Problem Gambling



VICTORIA

Victorian
Auditor-General

Taking Action on Problem Gambling

Ordered to be printed

VICTORIAN
GOVERNMENT PRINTER
July 2010



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The Hon. Robert Smith MLC
President
Legislative Council
Parliament House
Melbourne

The Hon. Jenny Lindell MP
Speaker
Legislative Assembly
Parliament House
Melbourne

Dear Presiding Officers

Under the provisions of section 16AB of the *Audit Act 1994*, I transmit my performance audit on *Taking Action on Problem Gambling*.

Yours faithfully



D D R PEARSON
Auditor-General

28 July 2010

Contents

| | |
|---|------|
| Audit summary..... | vii |
| Background..... | vii |
| Conclusions | viii |
| Findings | ix |
| Recommendations | xi |
| Submissions and comments received | xii |
| | |
| 1. Background | 1 |
| 1.1 Gambling in Victoria | 1 |
| 1.2 Problem gambling | 3 |
| 1.3 Legislation and administration..... | 6 |
| 1.4 Taking action on problem gambling | 7 |
| 1.5 Audit objective and scope | 8 |
| 1.6 Structure of report | 8 |
| 1.7 Audit method and cost..... | 8 |
| | |
| 2. Basis for the strategy..... | 9 |
| 2.1 Introduction..... | 10 |
| 2.2 Conclusion..... | 10 |
| 2.3 Addressing problem gambling..... | 10 |
| 2.4 Evidence and rationale supporting the strategy | 13 |
| 2.5 Departmental advice | 19 |
| | |
| 3. Strategy implementation..... | 21 |
| 3.1 Introduction..... | 22 |
| 3.2 Conclusion..... | 22 |
| 3.3 Implementing the strategy | 23 |
| | |
| 4. Strategy effectiveness | 31 |
| 4.1 Introduction..... | 32 |
| 4.2 Conclusion..... | 32 |
| 4.3 Inherent evaluation and monitoring difficulties | 32 |
| 4.4 DOJ's activities in assessing performance..... | 33 |
| | |
| Appendix A. <i>Audit Act 1994</i> section 16—submissions and comments | 39 |

Audit summary

Background

Around 73 per cent of Victorian adults engaged in some form of legal gambling in 2009, mainly public lotteries, electronic gaming machines (EGM), also known as poker machines, wagering and at the casino.

In 2008–09 Victorians lost \$5.1 billion gambling, and more than \$2.7 billion of this was lost on EGMs. Three-quarters of gamblers with problems who used Gambler's Help services in 2007–08 reported EGMs as their primary gambling activity.

In 2007–08, losses on gambling represented on average 2.76 per cent of household disposable income. More than \$1.6 billion was paid to the state in taxes and levies, most of which is set aside to fund health services, community projects, problem gambling services, community education initiatives and gambling research.

While most people gamble responsibly, an estimated 29 000 adults are problem gamblers and a further 97 000 are moderate risk gamblers. The consequences of problem gambling include financial harm, crime, family dysfunction and domestic violence.

Problem gamblers are significantly more likely than non-problem gamblers to have a mental disorder, depression or an anxiety condition, trauma and hardship in their lives, and to smoke. Compared to non-problem gamblers, they also report a significantly higher number of negative life experiences affecting both themselves and their families, such as divorce, legal difficulties, and financial issues.

The legislative and administrative framework accepts gambling as a valid activity but also promotes responsible gambling, supports problem gamblers and requires the industry to have the highest standards of probity. These themes were the basis of the 2006 *Taking action on problem gambling* strategy (the strategy), a comprehensive, multifaceted strategy drawing on public health and social regulation models to address gambling-related harm. The strategy has been funded over five years with \$132.3 million.

The audit examined whether the strategy was based on sound evidence and research; whether the Department of Justice (DOJ) and the independent regulator, the Victorian Commission for Gambling Regulation (VCGR), are implementing the strategy as intended; and whether there is reasonable assurance that initiatives are achieving their objectives.

Conclusions

The development of problem gambling strategies is difficult and complex, due mainly to the lack of reliable evidence nationally and internationally about the effectiveness of specific initiatives. Introduced in 2006, DOJ's *Taking action on problem gambling* strategy contained 37 initiatives. Some of these initiatives were new but most were enhancements or extensions of existing initiatives.

DOJ structured its strategy around public health approaches and social regulation models that are commonly used for problems involving the physical, mental and social wellbeing of the community. These approaches attempt to understand the factors that influence behaviour and use prevention, intervention and treatment techniques.

The use of this model was appropriate, and it was plausible that the individual initiatives included in the strategy might reduce problem gambling and gambling-related harm. However, there was little or no evidence to suggest the initiatives examined in this audit would be effective.

For DOJ to be able to assess the effectiveness of the strategy and its many initiatives, and to offset the paucity of evidence, it was imperative that ongoing performance management and evaluation arrangements were in place when the strategy commenced to allow its performance to be progressively assessed. This assessment could have guided DOJ in focusing efforts on the most effective initiatives, in terms of achieving reduction in the prevalence of problem gambling and the level of gambling-related harm.

However, its performance management and reporting system lacks essential elements and cannot provide progressive assessment of the strategy. DOJ's capacity to conclude on the effectiveness of the strategy has been compromised by problems with the development and management of its evaluation framework. Delays to the evaluation framework's implementation have further reduced its usefulness. The evaluation of problem gambling interventions is inherently difficult, because of the scarcity of robust and credible evaluations nationally and internationally. Nevertheless, it was still feasible for DOJ to establish appropriate monitoring and evaluation processes.

DOJ took some important steps to augment the evidence base for its problem gambling initiatives, through its 2009 epidemiological study and its ongoing research program. Although these were not intended to assess the effectiveness of the strategy's initiatives, they provide valuable additional information on problem gambling. In particular, the results of the epidemiological study can be used in the future to assess the prevalence of problem gambling and gambling-related harm.

DOJ and VCGR have adequately acquitted their responsibilities in implementing strategy initiatives. The discharge of these responsibilities could be strengthened to improve the efficacy of problem gambling interventions, particularly those initiatives relating to encouraging industry promotion of responsible gambling, decision making on the number of EGMs in communities, and better equipping venue staff to assist problem gamblers.

Findings

Basis for the strategy

Based on experience in similar public health issues, it was reasonable and appropriate to implement a broad-based, multifaceted policy approach as a response to problem gambling. However, not all initiatives were supported by evidence that they had worked or that they were likely to work.

The evidentiary basis for capping the number of EGMs in specified regions and imposing a maximum density of EGMs for all regions throughout Victoria (excluding the casino) was weak. DOJ's advice to government was that regional caps would not reduce gambling revenue by more than approximately 2 per cent. Restricting access to ATMs was supported by minimal evidence and reducing the bet limit to \$5 was based on logical argument but not evidence. There was stronger evidence to support mandating codes of conduct for gambling venues and for self-exclusion programs.

Reducing the maximum amount a player could insert in an EGM at the start of play by around 90 per cent, as well as requiring that all winnings above \$1 000 be paid entirely by cheque, had no evidence to support their introduction and there was nothing to suggest they would reduce problem gambling and gambling-related harm.

Nonetheless, DOJ's advice was based on the best information available at the time.

Strategy effectiveness

It is inherently difficult to obtain information on the effectiveness of problem gambling interventions, due to issues such as defining who is a problem gambler. However, it is still important to establish an appropriate performance management and reporting system and an evaluation framework to collect the performance information required.

No targets were set for measuring achievement of strategy objectives, nor were appropriate key performance indicators developed to determine achievement of outcomes. As such, DOJ's ability to effectively measure the ongoing performance of the strategy has been hindered.

While the strategy's evaluation framework is theoretically sound, it does not explain how findings on individual initiatives will be aggregated and the selection of evaluation projects under the framework was also not transparent. Further, development of the evaluation framework was delayed by a failed tender process. This prevented establishment of a baseline level of performance against which to assess any subsequent level of improvement. This means there will be a long lead time before DOJ knows whether its strategy is having an impact on problem gambling.

Strategy implementation

DOJ and VCGR are implementing the strategy as required. It is within budget and largely within time frames. Nevertheless, aspects of their implementation of the strategy could be improved.

One of VCGR's key responsibilities is assessing and approving applications for new gaming venues or increased numbers of EGMs at existing venues, based on whether they will cause a net detriment to the community of the municipality in which the premises are located. VCGR staff prepare social and economic impact assessments as one source of information to support this decision making. While only a small number of its decisions have been appealed, its processes supporting decision making should be improved by identifying principles on which net detriment can be assessed. In addition, social and economic impact assessments should routinely include impacts not solely across the whole local government area (LGA) but also on communities within LGAs, given that the socio-economic profiles within an LGA can vary significantly.

VCGR is responsible for approving and subsequently auditing compliance with codes of conduct and self-exclusion programs. However, it cannot effectively monitor or audit some aspects of these because the Ministerial Directions relating to codes of conduct and self-exclusion programs are not sufficiently clear and specific about how the requirements should be implemented or audited. Criteria that VCGR uses for approvals do not require that the codes of conduct and self-exclusion programs are capable of being audited. The focus of auditing should be on confirming the actions taken by venue operators, not whether operators have made written commitments to take actions.

Venue staff working in gambling areas are required to attend a responsible gambling training course. The quality and effectiveness of current training courses has been questioned by the Responsible Gambling Ministerial Advisory Council and this was reinforced by the results of our visits to venues.

Recommendations

| Number | Recommendation | Page |
|--------|--|------|
| 1. | The Department of Justice (DOJ) should continue to address critical gaps in the evidence base through evaluation, its performance management and reporting system and research programs. | 19 |
| 2. | The Victorian Commission for Gambling Regulation (VCGR) should further develop its template for social and economic impact assessments by: <ul style="list-style-type: none"> expanding the data included in the assessments to more comprehensively consider the impact of gaming venues in communities using trend data taking account of the socio-economic profile of different areas within municipalities examining how other indicators, such as gambling-related bankruptcy and homelessness, could be used to augment the analysis of social and economic impact. | 30 |
| 3. | VCGR should develop principles on which net detriment can be assessed. | 30 |
| 4. | VCGR should revise the criteria for approving codes of conduct and self-exclusion programs to allow actions taken by venue operators in implementing these initiatives to be audited. | 30 |
| 5. | VCGR should provide venue operators with documentation of the outcome of audits relating to responsible gambling initiatives. | 30 |
| 6. | DOJ should: <ul style="list-style-type: none"> evaluate the effectiveness of current responsible gambling training arrangements expand the scope of the Responsible Gambling Ministerial Advisory Council's upcoming review of the learning principles to address quality assurance processes, standardised assessments, and multiple levels of training. | 30 |
| 7. | DOJ should improve evaluation of its strategy, including establishing baseline data, and developing targets and performance indicators. | 37 |

Submissions and comments received

In addition to progressive engagement during the course of the audit, in accordance with section 16(3) of the *Audit Act 1994* a copy of this report was provided to the Department of Justice and the Victorian Commission for Gambling Regulation with a request for comments or submissions.

Agency views have been considered in reaching our audit conclusions and are represented to the extent relevant and warranted in preparing this report. Their full Section 16(3) comments and submissions however, are included in Appendix A.

1 Background

1.1 Gambling in Victoria

Around 73 per cent of Victorian adults engaged in some form of legal gambling in 2009. The main forms of gambling are:

- electronic gaming machines (EGM), also known as poker machines or 'pokies'
- casino table games
- wagering (betting on horse, harness or greyhound racing and sports betting)
- public lotteries.

Gambling taxation and levy revenue for 2008–09 was \$1.65 billion. This is 13 per cent of state-generated taxes. Around \$1.37 billion of this, or 83 per cent, was paid into the Community Support Fund, the Hospitals and Charities Fund, and the Mental Health Fund. These fund health services, community projects, problem gambling services, community education initiatives and gambling research.

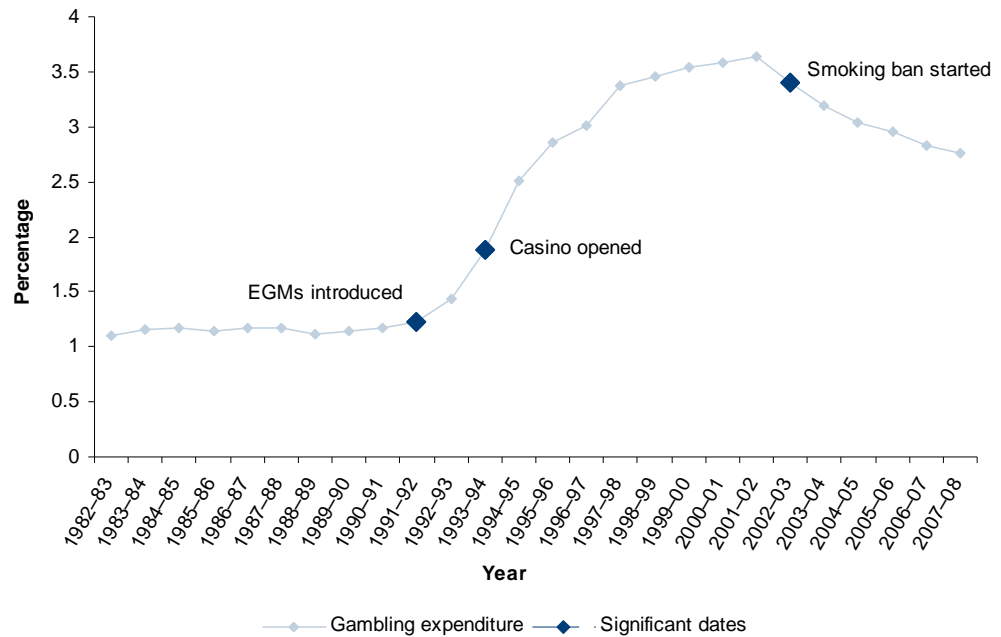
According to the Department of Justice (DOJ), the gambling industry is a major source of employment in Victoria with around 15 000 people working in gaming venues, wagering and gaming agencies, and clubs and hotels with EGMs. An estimated 75 000 people (equivalent to 30 000 full-time jobs) are also employed in the racing and support industries, which are estimated to contribute more than \$2 billion to the economy annually. More than half of this is estimated to be generated in regional and rural areas.

1.1.1 Player losses

Player loss is the total amount lost by players gambling. It is also called expenditure. The most recent data from the Victorian Commission for Gambling Regulation (VCGR) for 2008–09 is that the total player loss in Victoria was \$5.1 billion, equivalent to about 1.75 per cent of the gross state product.

In 2007–08, Victorians lost on average 2.76 per cent of their household disposable income on gambling, which is about the Australian average. Figure 1A shows player loss as a percentage of household disposable income, from 1982–83 to 2007–08.

Figure 1A
Player loss as a percentage of household disposable income
1982–83 to 2007–08



Source: Victorian Auditor-General's Office, based on data from the Queensland Treasury's Australian Gambling Statistics.

EGM losses

As at 30 June 2009, there were 26 772 EGMs licensed to operate in 515 venues. Players lost more than \$2.7 billion in 2008–09 on these but the amount lost varies greatly by location. For example, in 2008–09 players lost \$121.1 million on the 989 EGMs in the 16 venues in the local government area (LGA) of Greater Dandenong. This is equivalent to \$1 164 lost by each adult in the municipality. By contrast the loss on the 205 EGMs in Boroondara's five venues was \$19.56 million, or \$150 per adult. Figure 1B shows the player loss in the five highest and lowest spend LGAs in 2008–09. Average player loss on EGMs¹ and the actual number of EGMs is higher in lower-income communities.

¹ The figures for player loss on EGMs per adult are likely to be understated because 27 per cent of Victorians do not gamble.

Figure 1B
The five highest and lowest metropolitan local government areas
in terms of player loss in 2008–09

| Local government area (LGA) | Total player loss | Net EGM loss per adult | Median gross weekly income | Number of EGMs | Number of venues |
|-----------------------------|-------------------|------------------------|----------------------------|----------------|------------------|
| City of Greater Dandenong | \$121 121 651 | \$1 164 | \$461 | 989 | 16 |
| City of Maribyrnong | \$58 794 682 | \$1 043 | \$577 | 511 | 12 |
| City of Brimbank | \$136 448 331 | \$1 002 | \$506 | 953 | 15 |
| City of Moonee Valley | \$79 133 168 | \$909 | \$666 | 746 | 11 |
| City of Monash | \$123 939 875 | \$876 | \$654 | 1 020 | 16 |
| Shire of Yarra Ranges | \$34 765 901 | \$315 | \$611 | 427 | 8 |
| City of Stonnington | \$23 483 897 | \$284 | \$959 | 295 | 7 |
| City of Bayside | \$19 428 862 | \$270 | \$886 | 225 | 6 |
| Shire of Nillumbik | \$10 884 192 | \$233 | \$797 | 117 | 3 |
| City of Boroondara | \$19 561 087 | \$150 | \$934 | 205 | 5 |

Source: Victorian Auditor-General's Office, based on data from the Victorian Commission for Gambling Regulation and Community Indicators Victoria.

1.2 Problem gambling

While most people gamble responsibly, some have trouble controlling their gambling. The government has adopted the Australian Ministerial Council on Gambling's definition of problem gambling, as 'characterised by difficulties in limiting money and/or time spent on gambling, which leads to adverse consequences for the gambler, others or for the community'.

1.2.1 Prevalence of problem gambling

There have been many attempts to estimate the prevalence of problem gambling, and the number of people classified as problem gamblers varies depending on the method of measurement.

The Productivity Commission's 2010 inquiry report on Gambling estimates that across Australia prevalence of problem gambling is between 0.5 and 1 per cent of the adult population.

In 2009 DOJ published an epidemiological study on problem gambling, the largest study to date of problem gambling in Victoria. Figure 1C shows the prevalence of different categories of gamblers according to this study. The table also includes Victoria's population of 4.1 million adults at the time of the study.

Figure 1C
Prevalence of types of gamblers

| Category of gambler | Prevalence (per cent) | Estimated number of adults |
|------------------------|-----------------------|----------------------------|
| Problem gamblers | 0.7 | 29 000 |
| Moderate-risk gamblers | 2.4 | 97 000 |
| Low-risk gamblers | 5.7 | 234 000 |
| Non-problem gamblers | 64.3 | 2 640 million |
| Non gamblers | 26.9 | 1 104 million |

Source: Department of Justice and the Australian Bureau of Statistics.

1.2.2 Profiles of problem gamblers

While problem gamblers are not a homogenous group, many share the same characteristics. According to DOJ's epidemiological study, compared with the general adult population, problem gamblers tend to be male, under 65 years old, have a personal income between \$31 200 and \$51 999, and work as machinery operators, drivers, labourers and in sales.

Among problem gamblers, there is a higher proportion of people with Indigenous backgrounds and a lower proportion of people who have migrated to Australia in the last five years.

Problem gamblers often have psychological and health problems, and are more likely than non-problem gamblers to:

- have a mental disorder
- have depression or an anxiety condition
- state that they have experienced a lot of trauma, hardship and problems in their life
- smoke.

Problem gamblers report a range of negative life experiences affecting both themselves and their families. In the epidemiological study, problem gamblers were significantly more likely than non-problem gamblers to report that in the past year:

- someone close to them had died or had had a major illness or injury
- they had been divorced
- they had experienced legal difficulties
- they had troubles with work
- their financial situation had changed considerably
- arguments with someone close to them had increased.

1.2.3 Gambling-related harm

Gambling becomes problematic when it harms the gambler, their family and friends and/or the community. Determining what harm is will vary depending on the circumstances and characteristics of an individual gambler. Harm experienced may be transient and minimal or chronic and significant. Some individuals can afford to lose more money than others before their gambling becomes harmful.

Financial harm

Detrimental financial consequences of gambling can range from spending more than one can afford and gambling more than intended in attempts to win back losses, to more serious consequences, such as bankruptcy or being unable to afford daily essentials. Gambling can also have vocational impacts, including loss of productivity, job changes or job loss.

Crime and gambling

A 2008 literature review by DOJ found that offenders in the correctional services system had far higher rates of problem gambling than the general community. This finding was supported by the 2009 epidemiological study which found that in response to the question 'In the past twelve months, has your gambling led you to do anything that is technically against the law?' 15 per cent of problem gamblers responded in the affirmative.

Crime can be a cause or a result of gambling and there is an established link between problem gambling and criminal activities, such as fraud, robbery and theft, drug offences, violent crimes and murder. A 2008 study of all Australian convictions for deception-related offences between 1998 and 2007 identified 528 criminal cases in which gambling was a significant factor. Victoria had the highest number of criminal cases relating to gambling, 156, as well as the most lost to fraud, \$102.7 million. Offenders were most likely to use EGMs. In those cases where EGMs were identified as the main mode of gambling, there were twice as many women as men involved. This research was conducted using only publicly available information from court transcripts and as such the extent of gambling-related crime in jurisdictions may be understated, as there may be instances where offences occurred in which gambling was a significant factor but which were not reflected in court transcripts.

Impact on others

Problem gambling can lead to family dysfunction and domestic violence including spouse and child abuse. The Productivity Commission's 1999 report on Australia's Gambling Industries found that 20 per cent of problem gamblers said they had insufficient time for their families. Eleven per cent said that their gambling had led to an important relationship breaking up, and 9 per cent reported a permanent separation due to gambling. Problem gamblers are also more likely to have close relatives who are problem gamblers.

1.2.4 Problem gambling and EGMs

DOJ's epidemiological study found many links between problem gambling and the use of EGMs. While public lotteries were the most popular gambling activity for all gamblers, playing EGMs was the highest-spend activity for problem and moderate risk gamblers. The study found that 46 per cent of problem gamblers surveyed started their gambling on EGMs. Furthermore, of gamblers with problems who contacted Gambler's Help services in 2007–08, 74 per cent said EGMs were their primary gambling issue.

1.2.5 Losses by problem gamblers

It is difficult to estimate how much problem gamblers lose. This is partly because self-reporting expenditure estimates are unreliable, and problem gamblers are not a well-defined group. In their 2010 inquiry report on Gambling, the Productivity Commission estimated that problem gamblers account for 22–60 per cent of total EGM player loss, and that the overall likely range for problem and moderate risk gamblers is 42–75 per cent of player loss.

Using the lower range of the Productivity Commission's estimate of 22 per cent of all player loss on EGMs, and the DOJ estimate that there are around 29 000 problem gamblers, the average amount lost by problem gamblers on EGMs during 2008–09 is calculated to be approximately \$20 500 each.

1.3 Legislation and administration

1.3.1 Legislation

The three main gambling Acts are the:

- *Gambling Regulation Act 2003*
- *Casino Control Act 1991*
- *Casino (Management Agreement) Act 1993*.

Together, these Acts regulate all forms of gambling. The principles behind them are:

- a commitment to responsible gambling, by assisting and protecting problem gamblers and those at risk of becoming problem gamblers, and minimising the effects on their families and the wider community
- a commitment to the highest standards of probity for gambling service providers
- acceptance of gambling as a valid activity for many people.

1.3.2 Roles and responsibilities

The Gaming and Racing Business Group administers the government's gambling-related policies. It comprises DOJ's Office of Gaming and Racing and the VCGR.

DOJ provides policy advice and support to the Ministers for Gaming and Racing on matters such as:

- development and implementation of gambling legislation and regulations
- promotion of responsible gambling strategies
- problem gambling services
- gambling research initiatives.

VCGR was established in July 2004. It is a statutory authority under the *Gambling Regulation Act 2003* and reports to the Minister for Gaming. It is responsible for the regulation of gambling, including in relation to EGMs, and its functions include:

- regulating the operation and use of EGMs
- detecting offences committed in, or in relation to, approved gaming venues and the casino
- receiving and investigating complaints from patrons concerning the conduct of gaming in approved venues and the casino
- ensuring that all taxes, charges and levies are paid
- advising the Minister for Gaming on community concerns about the economic and social impact of gambling on the wellbeing of the community.

1.3.3 New gaming licence arrangements

Two entities have gaming operator's licences under the current arrangements for operating EGMs. These two entities acquire, distribute, operate and monitor EGMs. Their gaming operator licences expire in 2012.

In 2010, licensed venue operators bid directly for 10-year venue-specific EGM entitlements, which authorise venue operators to own and operate EGMs from 2012.

1.4 Taking action on problem gambling

In October 2006 the government released *Taking action on problem gambling: A strategy for combating problem gambling in Victoria* (the strategy) with funding of \$132.3 million over five years from 2006–07 to 2010–11. The strategy incorporated previous government actions and announced new initiatives.

The strategy identifies seven priority action areas:

- building better treatment services
- ensuring a more socially responsible gambling industry
- promoting healthy communities
- protecting vulnerable communities
- improving consumer protection
- enhancing the regulator
- fostering gambling research.

DOJ is the lead agency responsible for implementing the strategy, including research and policy. VCGR regulates aspects of initiatives and has a role in implementation of some initiatives. The strategy is funded from the Community Support Fund, which is administered by the Department of Planning and Community Development.

1.5 Audit objective and scope

The audit objective was to assess whether the strategy has reduced the level of problem gambling-related harm.

The audit sub-objectives were to determine whether:

- initiatives under the strategy are based on sound evidence and research
- DOJ and VCGR are implementing the strategy as intended
- there is reasonable assurance that the various interventions are achieving their objectives.

The audit has focused on EGMs as they are the main cause of gambling-related harm.

1.6 Structure of report

The rest of this report is structured as follows:

- Part 2 examines the evidence basis for developing the strategy
- Part 3 assesses how well the strategy is being implemented
- Part 4 examines the effectiveness of the strategy.

1.7 Audit method and cost

The audit was performed in accordance with the Australian Auditing and Assurance Standards. The total cost of the audit was \$310 000.



2

Basis for the strategy

At a glance

Background

Taking action on problem gambling was released in October 2006 covering the period 2006–07 to 2010–11. It is a multifaceted strategy designed to reduce the level of problem gambling, minimise its harm and create an environment that encourages responsible gambling.

Conclusion

Due to the limited national and international research in the field of problem gambling, the evidence underpinning the inclusion of specific initiatives in the strategy was not sufficient to indicate that they would be successful in reducing the prevalence of problem gambling and gambling-related harm.

Nevertheless, the public health model that the Department of Justice (DOJ) adopted is consistent with generally accepted practice for complex public health interventions.

Key findings

- DOJ provided the best information and advice available at the time to government to support the introduction of the strategy.
- There was, however, limited or no evidence to suggest whether most initiatives would be effective.
- The model used as the structure for the strategy is based on generally accepted practice for dealing with public health issues.

Recommendation

The Department of Justice should continue to address critical gaps in the evidence base through evaluation, its performance management and reporting system and research programs.

2.1 Introduction

The five-year *Taking action on problem gambling* strategy (the strategy) for 2006–07 to 2010–11 aims to:

- reduce the level of problem gambling
- minimise the harm associated with problem gambling
- create and maintain a gaming environment that encourages responsible gambling and discourages behaviours associated with problem gambling.

The strategy is multifaceted and uses public health and social regulation models. The government intended that it be supported by analysis, research and experience from other jurisdictions. The strategy is intended to benefit the community, taking into consideration both social and economic effects of gambling.

This chapter examines whether the initiatives under the strategy are based on sound evidence and research.

2.2 Conclusion

Due to the limited national and international research in the field of problem gambling, the evidence underpinning the inclusion of specific initiatives in the strategy was not sufficient to indicate that they would be successful in reducing the prevalence of problem gambling and gambling-related harm.

Nevertheless, the public health model that the Department of Justice (DOJ) adopted is consistent with generally accepted practice for complex public health interventions.

2.3 Addressing problem gambling

2.3.1 Initiatives introduced prior to the strategy

Several initiatives addressing problem gambling preceded the 2006 strategy, and are still in effect. These include:

- reducing gaming venue hours to a maximum of 20 hours per day with a compulsory four hour shut down
- requiring electronic gaming machines (EGM) advertisements to carry warnings about problem gambling, then banning EGM advertising and further restricting gambling signage
- installing clocks on all EGMs
- introducing minimum lighting levels and natural light requirements
- requiring all new EGMs to display information about the odds and the amount of time and money spent by players.

These have not been shown to have a significant effect on problem gambling. While the ban on smoking in venues was not a responsible gambling initiative, the timing of this initiative coincided with a large decrease in the average amount lost on EGMs. DOJ's 2009 epidemiological study revealed that problem gamblers are more likely to smoke than other people.

2.3.2 *The Taking action on problem gambling strategy*

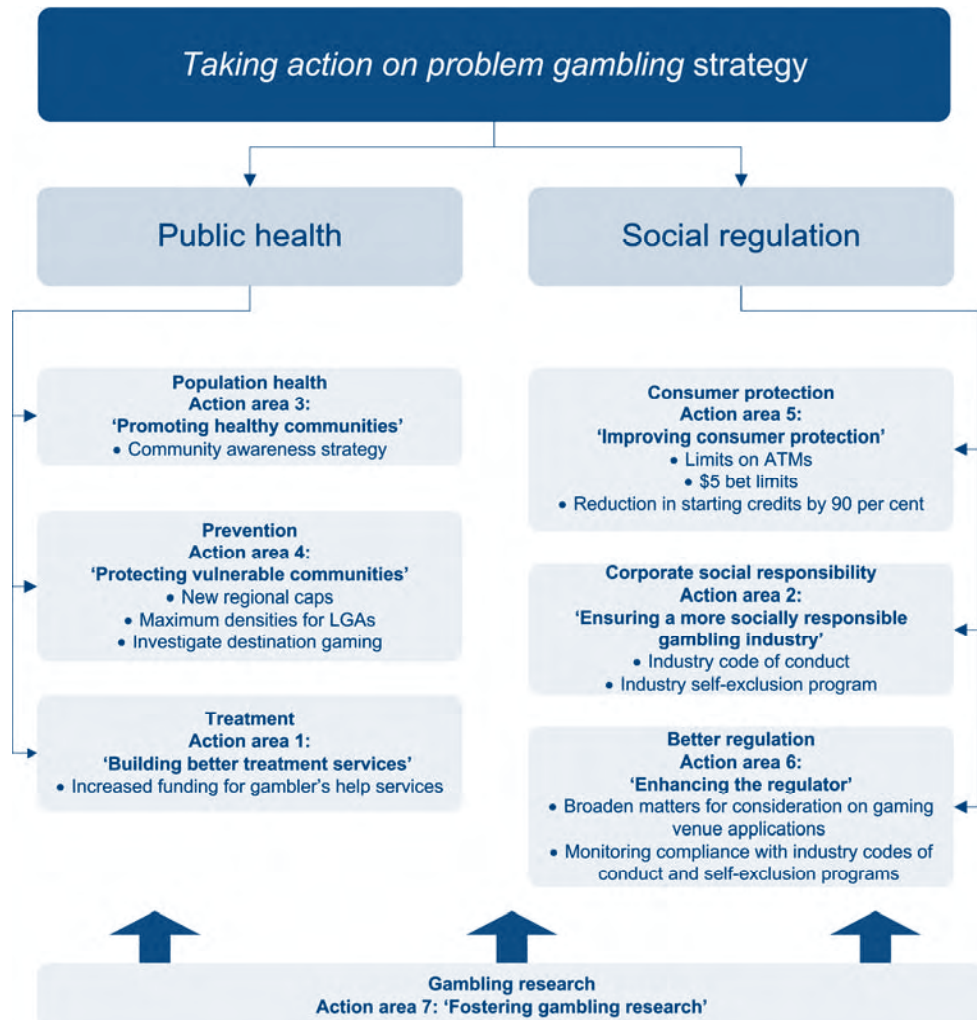
In 2006 the five-year strategy was released. It consists of seven action areas:

- building better treatment services
- ensuring a more socially responsible gambling industry
- promoting healthy communities
- protecting vulnerable communities
- improving consumer protection
- enhancing the regulator
- fostering gambling research.

Across these action areas there are 37 initiatives, most of which are extensions or enhancements of existing initiatives. To bring these initiatives together, the strategy was structured around public health approaches and social regulation models that are commonly used for improving the physical, mental and social wellbeing of the community. Public health approaches focus on harm minimisation and attempt to understand the factors that influence behaviour. These approaches use prevention, intervention and treatment initiatives and have been used for programs targeting smoking, active recreation, alcohol consumption and the use of illicit drugs.

Figure 2A shows the strategy's action areas and some of its associated initiatives.

Figure 2A
Taking action on problem gambling strategy components



Source: Victorian Auditor-General's Office, based on data from the Department of Justice.

In 2007 DOJ published a progress report on the implementation of the strategy. Initiatives already implemented included the online counselling service, the Problem Gambling Research and Treatment Centre, and amendments to legislation to implement harm minimisation initiatives.

2.3.3 Subsequent initiatives

Since the strategy began, the government has announced further responsible gambling initiatives. The industry codes of conduct and the self-exclusion program were voluntary under the original strategy. In 2007 they were made mandatory.

In 2008, the government announced it would introduce pre-commitment mechanisms on EGMs to allow gamblers to set time and loss limits before they use machines. From 1 December 2010, all next-generation machines must have these pre-commitment mechanisms and from 2013 all machines must have them. A more stringent pre-commitment system will operate from 2015. The government intends to link all EGMs so that once a player reaches the pre-set limit they will be barred from all Victorian EGMs for a period. This mechanism may also provide a way to track the activity and losses of problem gamblers.

2.4 Evidence and rationale supporting the strategy

Unlike other public health issues such as alcohol abuse, problem gambling is a relatively new field and lacks a substantial evidence base. However, information on the likely effectiveness of problem gambling policy is still necessary to inform the overall structure and design of the strategy, and the individual initiatives included.

There was a reasonable rationale and previous experience in similar fields to support the implementation of a broad-based multifaceted approach as an appropriate overall response to problem gambling. However, there was little evidence to suggest that specific initiatives would be effective in reducing problem gambling and gambling-related harm. Lack of evidence to support specific initiatives should not necessarily preclude their introduction. However it is important to identify evidence gaps in order to address them through ongoing monitoring, evaluation and research.

2.4.1 Rationale supporting a public health approach

The strategy was based on recognised models of public health and social regulation. In a broad-based approach, the strategy brought together existing treatment services, a new regional caps policy developed in response to the Regional Caps Review Panel, and a range of existing and new interventions to address problem gambling.

The argument for a multifaceted strategy with various types of intervention was supported by evaluation and experience in related fields. DOJ commissioned the report *Evaluation of Electronic Gaming Machines Harm Minimisation Measures in Victoria*, released in December 2005.

This report found that there was a lack of credible research data on specific initiatives to inform policy decision making. However, it did provide information on the most appropriate approach to address problem gambling. It found that, because problem gambling behaviour is complex, reducing gambling-related harm needs to be viewed as an extension of existing and accepted public health practices and strategies, such as those applied to drug and alcohol use. As such, harm reduction needs to be acknowledged as part of a multi-dimensional response that includes addiction prevention and rehabilitation, supportive public health and social policies, monitoring and rigorous evaluation.

2.4.2 Evidence base for initiatives

Eight initiatives from the strategy were examined to determine whether they were based on sound evidence and research:

- new regional caps
- setting a maximum density for local government areas (LGA)
- limiting access to ATMs
- halving maximum bet limits
- reducing the maximum starting credits by 90 per cent
- requiring payment of winnings by cheque
- an industry code of conduct
- strengthening the self-exclusion program.

These were chosen as those that were more likely to have the most substantial and verifiable evidence base, and to provide coverage of most action areas of the strategy.

When the strategy was developed, there was little evidence, nationally or internationally, about whether these specific initiatives would reduce problem gambling.

This is particularly so for the initiatives to pay winnings by cheque, and reducing the maximum amount a player can insert into an EGM at the start of play. Figure 2B summarises the evidence base available to support the initiatives at the time of strategy development.

Figure 2B
Evidence available to support initiatives
at the time of the strategy’s announcement

| Initiative | No empirical evidence or rationale | Plausible rationale | Minimal empirical evidence | Some empirical evidence |
|--|------------------------------------|---------------------|----------------------------|-------------------------|
| An industry code of conduct | | | | ✓ |
| Strengthen the self-exclusion program | | | | ✓ |
| New regional caps | | | ✓ | |
| Setting a maximum density for LGAs | | | ✓ | |
| Limiting access to ATMs | | | ✓ | |
| Halving maximum bet limits | | ✓ | | |
| Reducing the maximum starting credits by 90 per cent | ✓ | | | |
| Requirement for payment of winnings by cheque | ✓ | | | |

Source: Victorian Auditor-General's Office.

New regional caps and the maximum density for LGAs

These initiatives limit the number of EGMs in an area. The strategy extended the existing policy, increasing the number of capped regions and limiting the number of EGMs to ten per 1 000 adults in all regions across the state. A 2005 report by the Regional Electronic Gaming Machines Caps Review Panel, which was commissioned by DOJ, found that the regional caps policy implemented in 2001 was 'not of a scale and scope that would lead to a shift in the way gaming machines are distributed and, therefore, was unlikely to reduce accessibility to gambling opportunities'.

While links had been established between density of EGMs and problem gambling, there was not a strong relationship between the two. The gaps in the evidence base to support limiting the number of EGMs in an area are that there is:

- no consistent relationship between availability of EGMs and prevalence of problem gambling
- no evidence to support or provide an optimal number or distribution of machines within a region that would reduce the incidence of problem gambling or gambling-related harm
- no evidence to support using the measure of *number of EGMs per 1 000 adults* to determine optimal density
- no research on accessibility generally including the relative impact of each accessibility initiative when multiple initiatives are introduced simultaneously
- no data to determine the impact or effectiveness of setting maximum density levels per LGA.

DOJ acknowledged that the aim of the caps was to limit the concentration of EGMs in vulnerable areas. However it is not evident that the expansion of the regional caps policy has significantly reduced player loss in capped areas. Moreover, departmental advice to government demonstrated that the policy would not result in a reduction in gambling revenue by more than approximately 2 per cent.

Limiting access to ATMs

The strategy introduced the policy to require the removal of those ATMs in gaming venues that did not limit the amount that could be withdrawn on any one card to \$400 in a 24-hour period.

The failure to resist urges to gamble and spend more time and more money than intended is a characteristic of some gamblers. On this basis it is reasonable to assume that ready access to cash has the potential for greater levels of expenditure than intended by the gambler. However there is minimal empirical evidence demonstrating that the initiative would be effective in reducing gambling-related harm.

Figure 2C summarises the evidence available to support the initiative to limit access to ATMs at the time of strategy development, and the evidence gaps.

Figure 2C
Evidence for limiting access to ATMs

| Evidence available to support the initiative/s | Gaps in evidence base |
|--|---|
| Some evidence that problem gamblers use ATMs more often than recreational gamblers. | No data on which specific dollar limits on withdrawals would be most effective in reducing gambling-related harm. |
| Problem gamblers agree that removing ATMs would help them control their spending limits. | No evidence on the optimal number and location of ATMs in a venue. |
| Daily limits on withdrawals may be more effective than removing ATMs entirely. | No information on the daily withdrawal limit that is least inconvenient for patrons who are not problem gamblers. |
| | Minimal evidence on which to base an adequate decision as to the most appropriate proximity of ATMs to gaming floors. |
| | Minimal evidence on the impact of daily withdrawal limits and number and access to ATMs. |

Source: Victorian Auditor-General's Office.

Harm minimisation measures

Under the strategy the maximum bet on EGMs was reduced from \$10 to \$5 per spin. Problem gamblers tend to spend more than recreational gamblers. It was therefore reasonable to assume that reduced gambling spend would reduce problem gambling, if players did not compensate by playing longer. However, although there may be some indication that overall player loss will decrease, whether or not reducing the maximum bet to \$5 will impact problem gambling or gambling-related harm is yet to be determined.

The maximum amount a player could insert in an EGM at the start of play has also been reduced from \$9 949 to \$1 000, and all winnings above \$1 000 are to be paid by cheque. However, there is no evidence-base to support these initiatives and nothing to suggest these measures would reduce problem gambling.

Codes of conduct and self-exclusion programs

The strategy included support for a voluntary code of conduct for the gambling industry. In 2007 codes of conduct were made mandatory.

The codes were intended to make the industry more responsible so that gambling occurred in safe and supportive environments in a way that minimised gambling-related harm.

The codes of conduct comprise several components intended to encourage responsible gambling. Evidence indicates that the following components of the codes are effective to varying degrees:

- staff training to improve knowledge and understanding of problem gambling
- self-exclusion programs allowing problem gamblers to voluntarily exclude themselves from certain venues
- providing information to enhance informed choice.

There has been less research on the effects of other components of the codes, including physical environments, advertising and promotion of problem gambling, and harm minimisation.

Self-exclusion programs were running before the strategy was introduced, but from 2009 gaming venues were required to have a program in place. They are also a component of the codes of conduct. There is limited but growing evidence indicating that most gamblers who self-exclude benefit from it, especially those who:

- acknowledge they have some difficulties with their gambling
- are motivated to ban themselves from entry into gaming venues.

Not all problem gamblers will exclude themselves, but there is sufficient evidence that it is effective for a proportion. The potential for linking of EGMs by 2015 under the pre-commitment initiative may make it easier to monitor whether self-exclusion programs are effective.

2.4.3 Adding to the evidence base

As already acknowledged, there was limited empirical evidence to support inclusion of some of the strategy initiatives. While the general model adopted for the strategy is well established, there is no evidence to suggest that any single intervention on its own will have a significant impact on problem gambling. Consequently the overall effectiveness of the strategy has to be ascertained, as well as the individual initiatives, to determine how well various aspects of the strategy are working together.

The strategy acknowledged that there were gaps in the research and identified several ways to expand the supporting evidence and to help guide future policy and decision making. To do this, DOJ:

- Commenced an evaluation in 2009 to determine the effectiveness and impact of the strategy and several of its initiatives. The effectiveness of the implementation of this framework is discussed in Part Four.
- Awarded \$5 million in grants between 2007–08 and 2010–11 to research problem gambling. The Responsible Gambling Ministerial Advisory Council recommends priority areas of research to the minister, with previous grant rounds focusing on accessibility to gambling products, emerging technologies, and youth and gambling. An independent peer review panel provides advice on research scoping, methodology and feasibility.

- Established the Problem Gambling Research and Treatment Centre to research problem gambling treatment, with current studies including one on risk and protective factors in problem gambling.

In addition to the above, a major contribution to the evidence base was DOJ's 2009 epidemiological study. The study had a sample size of 15 000 people, the largest such study undertaken in Victoria, and it:

- estimated problem gambling prevalence
- examined gambling behaviours of Victorians, focusing on 'health and wellbeing issues of gamblers in an effort to understand the possible determinants of problem gambling'
- identified levels of gambling risk to help plan effective treatment services to assist problem gamblers as well as prevention and early intervention strategies to reduce gambling-related harm.

This study was important in augmenting the evidence on the nature and extent of problem gambling, and will be the basis for a longitudinal study. Although the aim of the study was not to provide information on the effectiveness of the strategy, it could be used to measure the outcomes of the strategy in reducing the prevalence of problem gambling.

Some specific research initiatives were conducted as commitments under the strategy, including an investigation into destination gaming.

Destination gaming

Destination gaming is a model of venue distribution with fewer but larger gaming venues. Action area four of the strategy committed to examine destination gaming arrangements in Victoria, as 'findings in a number of reports suggest that less gaming venues might reduce problem gambling by making it less likely that problem gamblers will attend venues on impulse alone'. The Regional Electronic Gaming Machine Caps Review Panel report also recommended that destination gaming be investigated. Furthermore, there is evidence that there is a link between accessibility and gambling-related harm, as discussed in the Productivity Commission's 2010 inquiry report on Gambling.

The strategy committed to investigate whether destination gaming would deliver net community benefit to Victoria and if it found that this was likely, then destination gaming arrangements would be trialled.

DOJ published a report in May 2008 to acquit this commitment. The report concluded that it was not possible to determine the precise impact of destination gaming on problem gambling, but that it was likely to be limited.

However, the report's methodology was flawed. For example, it:

- did not consider the benefits of destination gaming for existing problem gamblers, but focused on potential new problem gamblers
- did not examine the destination gaming arrangements in Western Australia, the only Australian jurisdiction with destination gaming
- provided no rationale for basing its analysis on a model of 100 venues across Victoria, when a destination gaming venue ought to be considered as a single gaming venue with no other venues within a large radius
- argues without foundation that people living close to a destination gaming venue would be at greater risk of becoming problem gamblers.

Given these limitations, the report could not provide evidence about the appropriateness of destination gaming in Victoria.

In 2010, new EGM entitlements were granted to venue operators to operate EGMs in clubs and hotels throughout Victoria from 2012 until 2022. Consequently, it is unlikely that destination gaming style arrangements could be introduced in Victoria.

2.5 Departmental advice

DOJ offered the best information and advice available at the time to make reasonable policy decisions to address problem gambling. DOJ's advice regarding the most effective model for the strategy was based on appropriate information. DOJ provided information on the likely negligible impact of the strategy on state revenue, as well as how a multifaceted public health model was most appropriate.

DOJ's Office of Gaming and Racing prepared a business impact assessment to support the inclusion in the strategy of the codes of conduct, self-exclusion programs, limits on access to ATMs and regional caps. The business impact assessment was rigorously scrutinised by DOJ and other areas of government. DOJ accurately reported the lack of evidence regarding the likely effectiveness of individual initiatives under the strategy.

Recommendation

1. The Department of Justice should continue to address critical gaps in the evidence base through evaluation, its performance management and reporting system and research programs.

3 Strategy implementation

At a glance

Background

The Department of Justice (DOJ) and the Victorian Commission for Gambling Regulation (VCGR) are responsible for implementing the *Taking action on problem gambling* strategy (the strategy).

Conclusion

DOJ and VCGR have adequately discharged their respective responsibilities as the agency responsible for problem gambling policy and as regulator. The strategy is well managed in terms of budget and timeliness. Some aspects of ongoing implementation of the strategy, however, could be improved, such as assessments supporting VCGR decision making, auditing of venue compliance, and training for venue staff.

Key findings

- The strategy is within budget and largely within time frames.
- There have been few appeals against VCGR decisions regarding new venues or increases to numbers of electronic gaming machines. However, VCGR's social and economic impact assessments, which support VCGR decision making, should routinely use a broader range of information.
- VCGR cannot effectively enforce codes of conduct or self-exclusion programs because of difficulties in auditing compliance.
- There is no quality assurance process for responsible gambling training courses.

Recommendations

- VCGR should further develop its template for social and economic impact assessments to expand information supporting decision making.
- VCGR should develop principles on which net detriment can be assessed.
- VCGR should revise the criteria for approving codes of conduct and self-exclusion programs to allow actions taken by venue operators in implementing these initiatives to be audited.
- VCGR should provide venue operators with documentation of the outcome of audits relating to responsible gambling initiatives.
- DOJ should expand the scope of the Responsible Gambling Ministerial Advisory Council's upcoming review of the learning principles to address quality assurance processes, standardised assessments, and multiple levels of training.

3.1 Introduction

The Department of Justice (DOJ) and the Victorian Commission for Gambling Regulation (VCGR) are responsible for implementing the *Taking action on problem gambling* strategy (the strategy).

DOJ is the lead agency with responsibility for delivering all the strategy's initiatives. This entailed developing the legislation for several initiatives including codes of conduct, self-exclusion programs, limiting access to ATMs and EFTPOS, regional caps and municipal limits. DOJ also administers gambling-related treatment, community education and awareness programs, and the research program.

Under the strategy, VCGR was responsible for:

- determining applications for new gaming venues or increases in electronic gaming machine (EGM) numbers at venues
- preparing social and economic impact assessments to inform commissioners in making decisions for new gambling venues or increases in EGM numbers at venues
- auditing venue compliance with harm minimisation and responsible gambling strategies such as codes of conduct, self-exclusion programs, bet limits, and limitations on ATMs
- determining the maximum permissible number of EGMs for regions using the criteria set by the minister and implementing the regional caps.

This chapter addresses where improvements could be introduced to enhance the effectiveness of the strategy in operation.

3.2 Conclusion

DOJ and VCGR have adequately discharged their responsibilities as the agency responsible for problem gambling policy and as regulator respectively. The strategy is well managed in terms of budget and timeliness. Some aspects of ongoing implementation of the strategy, however, could be improved, such as assessments supporting VCGR decision making, auditing of venue compliance, and training for venue staff.

3.3 Implementing the strategy

3.3.1 Applications for new EGM venues and changes to EGM numbers

Legislation requires that the VCGR only approves applications for either new EGM venues, or increases in EGM numbers at venues, where there will be no net detrimental effect on the community of the municipal district in which the premises are located. VCGR conducts hearings to determine these applications, considering a broad range of matters. Few of the VCGR's decisions have been appealed.

Definition of net detriment

To approve an application for a new gaming venue or to increase the numbers of EGMs at existing venues, VCGR must be satisfied that the net economic and social impact of its approval will not be detrimental to the wellbeing of the community of the municipality in which the premises are located. To assist the decision-making process, VCGR holds public hearings to hear evidence for each application and considers a wide range of information including social and economic impact assessments prepared by VCGR staff. These reports are provided to the VCGR commissioners, as well as the applicant and the relevant council, prior to the public hearing. Applicants and councils also prepare submissions to support their positions, which the VCGR considers in its hearings. In the five years to June 2009, VCGR considered 92 applications for new premises or licence amendments (increases), approving 85 (in part or in full) and refusing seven.¹ Only six decisions from the 92 applications were appealed to VCAT, indicating a high level of acceptance for VCGR's findings.

The *Gambling Regulation Act 2003* (the Act) does not define net detrimental social and economic impact, nor does it offer guidance on how it might be quantified. In the absence of a definition, researchers have identified a range of social indicators and venue-specific factors for assessing the impact of gambling on communities. These include the size and type of venue, its location in relation to shopping centres, residential areas or transport corridors, the range of other facilities offered at the venue, how the venue will be marketed and venue opening hours.

As a definition of net detriment may be difficult to develop, VCGR could adopt principles on which to base their decision to approve a new gaming venue or an increase in EGM numbers. One submission to the VCGR regarding an application included some specific principles to determine whether a gaming venue was appropriate. In summary, these principles were that a venue:

- is not in an area of socio-economic disadvantage and considers communities within the area that are vulnerable to gambling
- is not in an area of housing stress

¹ While the VCGR has approved 85 new or changed licences, the overall number of venues and EGMs in the period has fallen.

- is not in an area where gambling accessibility is already high
- demonstrates significant attempts to minimise harm potentially caused by the venue
- contributes positively to the community through its additional facilities and promotion of health and wellbeing
- will have a significant positive effect on the local economy.

We consider that these principles provide a sound basis for making a decision on the net detriment of a new venue or change in EGM numbers, because they cover the key factors for considering the social and economic impact of EGM gaming in a community.

Matters for consideration in impact assessments

VCGR prepares its social and economic impact assessments using mainly point-in-time data for the particular municipality to assist commissioners in their deliberations on whether to approve new gambling venues or increases in EGM numbers at venues. Its assessments include information on:

- type of venue and number of EGMs in the area
- density of EGMs in the municipality compared to other municipalities
- local area population statistics compared to other municipalities and the state
- current and projected EGM expenditure compared to other municipalities and the state.

However the social and economic impact assessments prepared by VCGR staff do not generally take account of the differing communities that may exist within a municipality. As Figure 3A shows, local government areas (LGAs) are not homogenous. For example, within the Monash LGA, 34 per cent of Glen Waverley's population have an income in the highest quartile whereas in Clayton, 37 per cent have an income in the lowest quartile.

Figure 3A
Income variation within the Monash local government area

| Monash local government area suburb | First income quartile (lowest) | Fourth income quartile (highest) |
|-------------------------------------|--------------------------------|----------------------------------|
| Glen Waverley | 20 per cent | 34 per cent |
| Wheelers Hill | 16 per cent | 41 per cent |
| Clayton | 37 per cent | 15 per cent |
| Oakleigh | 25 per cent | 30 per cent |

Source: Victorian Auditor-General's Office, based on data from the Department of Planning and Community Development.

VCGR has provided examples where it has taken into account socio-economic variations within LGAs when assessing applications. To provide assurance that these variations are considered in all applications, VCGR's social and economic impact assessments should routinely provide broader information about areas within municipalities, possibly down to ABS collection districts, rather than whole municipalities.

Further, there is insufficient current information available from external sources on key issues such as the precise player loss attributable to problem gamblers and the nature and extent of links between the gambling industry and other sectors of the economy.

VCGR is revising its information requirements for the social and economic impact assessments, to help applicants, councils and other interested parties prepare their own submissions. This is an opportunity for VCGR to improve its methodology for preparing social and economic impact assessments by considering areas within municipalities, and also by:

- expanding the range of data in reports, for example:
 - number of contacts to Gambler's Help for the municipality compared to other municipalities
 - trends in average EGM loss per adult over at least the previous five years
 - average EGM loss per adult compared to average income per adult for the municipality compared to other regional or metropolitan municipalities
- using trend data rather than point-in-time data
- examining how other more comprehensive indicators, such as bankruptcy and homelessness as a result of problem gambling, could be used to augment the analysis of social and economic impact.

3.3.2 Responsible gambling compliance audits

The gambling industry is required to establish gambling environments that encourage responsible gambling and help consumers understand the risks of excessive gambling.

The codes of conduct and self-exclusion programs were intended to promote a more socially responsible industry. These were introduced in June 2009 with a monitoring and enforcement system run by VCGR. VCGR is also responsible for assessing and approving industry codes of conduct and self-exclusion programs that meet the requirements of Ministerial Directions made under the Act.

Monitoring compliance

VCGR cannot effectively monitor or audit some aspects of codes of conduct and self-exclusion programs. The Ministerial Directions do not sufficiently outline how venues should implement the requirements of the codes of conduct and self-exclusion programs so that the level of compliance can be audited.

For example, the following sections of the Ministerial Direction on responsible gambling codes of conduct could be complied with by venues in a manner that is not able to be audited:

- Section 5 says that a code of conduct must specify the information about responsible gambling that the relevant person will make available to customers, and the code must state how this information will be made available.
- Section 13 requires that a codes of conduct must specify what steps will be taken to ensure that minors will be prohibited from entry into areas where gambling is permitted.
- Section 14 requires that a code of conduct identify what steps a venue will take, where appropriate, to ensure customers are made aware of the passage of time.

A venue could meet the requirements of sections 5 and 14 of the Ministerial Direction by saying that they will make the information available on request. For section 13, a venue could state that there will be ongoing observation by staff. However, VCGR cannot readily verify from an evidentiary perspective whether this has occurred.

VCGR approves codes of conduct and self-exclusion programs that meet the requirements of the Ministerial Directions and has developed criteria and benchmarks for making these approvals. However, these criteria do not assess whether the codes of conduct and self-exclusion programs can be audited, and aspects of the Ministerial Directions are not sufficiently specific to allow actions taken by venue operators to be audited.

While VCGR is approving codes of conduct and self-exclusion programs in accordance with the Ministerial Directions, its role is to operationalise and give effect to the Directions. However, its criteria allow the approval of codes of conduct and self-exclusion programs that are not able to be audited. The criteria should be reviewed to make sure approved codes of conduct and self-exclusion programs contain commitments by venue operators to actions that are able to be audited.

VCGR has adopted an educative focus for the first 12 months of the implementation of the codes of conduct and self-exclusion programs. As the emphasis moves to compliance, this should be supported by more rigorous approval processes.

Multiple codes of conduct and self-exclusion programs

There are four codes of conduct for gaming venues and two self-exclusion programs currently in use in Victoria. These were developed by industry bodies including the gaming operators. VCGR advised that having multiple codes and self-exclusion programs allows it to identify better practice.

The end of the gaming operator duopoly in 2012 will result in significantly greater numbers of operators. Under future arrangements, the number of codes and self-exclusion programs in use—which VCGR would have to monitor for compliance—could increase. As the multiple codes of conduct and self-exclusion programs have been in use since 1 July 2009 and, as required by legislation, will shortly be reviewed, best practice could be identified and a uniform code of conduct and self-exclusion program could be developed and implemented at all gaming venues. This would help operators consistently implement responsible gambling measures, improve staff training, and reduce VCGR’s work approving multiple codes of conduct and self-exclusion programs and monitoring compliance.

Documenting and transmitting audit results

After VCGR’s Compliance and Investigation Branch audits a venue, it does not issue the venue with an official record of the audit, including any breaches detected. VCGR inspectors conduct an exit conference with the venue operator but this is not accompanied by a written report. A record of the audit detailing the level of compliance would increase transparency, provide VCGR with a stronger case when repeated breaches are detected, and provide the venue operator with an ongoing point of reference of the audit and its findings.

3.3.3 Responsible gambling training

Legislation requires that venue staff working in gambling areas be licensed. They are required to attend responsible gambling training courses within six months of starting employment.

DOJ is the lead agency for problem gambling policy development and implementation. It also conducts research relating to problem gambling, and evaluates interventions. DOJ could take a stronger role in overseeing responsible gambling training, such as through the establishment of a quality assurance framework for the training courses.

While DOJ is yet to evaluate the effectiveness of the training, it is involved in an upcoming review of the learning outcomes for responsible gambling training courses by the Responsible Gambling Ministerial Advisory Council (RGMAC). RGMAC is revising the learning outcomes to better cover the recently introduced requirements for codes of conduct and self-exclusion programs. This is an opportunity to consider the introduction of a quality assurance process for courses, standardised assessment, and the feasibility of multiple levels of training. During the course of the audit, RGMAC endorsed the establishment of a working group to review the effectiveness of the current responsible gambling training. The terms of reference have been expanded to include quality assurance and consideration of multiple levels of training.

Quality of training courses

The Act requires VCGR to approve the training courses for gaming venue staff. However VCGR does not have the expertise to evaluate training courses. It therefore manages this risk by approving courses:

- run by registered training organisations, which are required to meet Australian Quality Training Framework standards
- assessed against guidelines for learning outcomes developed by the RGMAC, which cover areas such as interacting with customers, understanding the nature of problem gambling, self-exclusion, and financial transactions relating to gambling such as payment of winnings by cheque.

Despite these measures, a number of reports and studies have raised concerns about the quality and effectiveness of the training courses. One review identified that many venue staff feel they need more training in responsible gambling, specifically in intervention techniques and identifying and approaching problem gamblers. Staff we interviewed at venues had difficulty recalling the content of training courses and in some cases, whether they had undertaken training at all. The report *Identifying Problem Gamblers in Gambling Venues*, commissioned by Gambling Research Australia, suggested that better training is required to help staff identify problem gambling behaviours in venues and how to respond.

In practice the training courses also had the following deficiencies:

- No quality assurance of the courses to determine whether course content and delivery adequately equips gaming venue staff to meet their legislative and regulatory requirements regarding responsible gambling.
- No evaluation of the effectiveness of the training courses.
- No standardised assessment of participants, to determine whether learning outcomes have been achieved and to encourage consistency across the industry.
- Course duration, typically between 2 and 4.5 hours, is short compared to the extensive course coverage included in the RGMAC's guidelines.

These issues should be addressed in RGMAC's upcoming review of its learning outcomes.

Multiple levels of training

In 2005 RGMAC recommended that there be an advanced responsible gambling training course for venue managers, supervisors and responsible gambling officers. VCGR identified and raised a number of issues for consideration before an advanced course was introduced, in particular:

- industry's capacity and commitment to providing training courses at two levels
- potential cost and burden to industry
- potential administrative burden on the VCGR from the implementation of this requirement.

Given that the responsible gambling duties of staff are increasing, due in part to the introduction of compulsory codes of conduct and self-exclusion programs, an advanced training course would assist venues to implement responsible gambling measures.

Given VCGR's concerns, RGMAC's upcoming review of the learning outcomes should revisit this issue to determine whether multiple levels of training are still relevant. RGMAC should assess whether the advanced training could take the form of additional modules to the existing training course, rather than a separate course. This might relieve some of the administrative burden of multiple courses.

3.3.4 Stakeholder and community engagement

Gambling is a contentious issue, with interested groups having diverse and polarised views. It is important therefore that DOJ and VCGR obtain a broad and thorough representation of views from the interested bodies. DOJ and VCGR currently consult appropriately with stakeholders. However, stakeholder engagement is likely to become more complex after the new licence arrangements commence in 2012.

RGMAC was established under the *Gambling Regulation Act 2003* to advise the Minister for Gaming on gambling issues. It consists of industry, academic, local government and community representatives. However, it is also often used as a consultation mechanism, given its broad stakeholder base. Furthermore, its terms of reference require RGMAC to provide advice on, amongst other things, the formulation and implementation of responsible gambling policy.

RGMAC has contributed to a number of initiatives but the extent of this contribution has been variable. For example, RGMAC was not extensively consulted in the lead up to the announcement of the initiative to restrict access to ATMs in venues. The guidance as to when RGMAC should be involved in formulation of policy is unclear and there should be greater transparency regarding when RGMAC should be consulted. This too should be examined in the review of RGMAC under the strategy evaluation framework.

Recommendations

2. The Victorian Commission for Gambling Regulation (VCGR) should further develop its template for social and economic impact assessments by:
 - expanding the data included in the assessments to more comprehensively consider the impact of gaming venues in communities
 - using trend data
 - taking account of the socio-economic profile of different areas within municipalities
 - examining how other indicators, such as gambling-related bankruptcy and homelessness, could be used to augment the analysis of social and economic impact.
 3. VCGR should develop principles on which net detriment can be assessed.
 4. VCGR should revise the criteria for approving codes of conduct and self-exclusion programs to allow actions taken by venue operators in implementing these initiatives to be audited.
 5. VCGR should provide venue operators with documentation of the outcome of audits relating to responsible gambling initiatives.
 6. The Department of Justice should:
 - evaluate the effectiveness of current responsible gambling training arrangements
 - expand the scope of the Responsible Gambling Ministerial Advisory Council's upcoming review of the learning principles to address quality assurance processes, standardised assessments, and multiple levels of training.
-

4 Strategy effectiveness

At a glance

Background

The Department of Justice (DOJ) collects some data to provide progressive information on the implementation of the *Taking action on problem gambling* strategy (the strategy). Additionally, DOJ has developed an evaluation framework to assess whether strategy outcomes have been achieved, in terms of reduced problem gambling and gambling-related harm.

Conclusion

It is not currently possible to conclude whether the strategy has been effective in reducing problem gambling, nor is there any information available at this stage as to whether the strategy is likely to achieve its outcomes. Any evaluation of the strategy is likely to require a lengthy lead time before information on the performance of the strategy is available.

Key findings

- There are inherent difficulties in evaluating the effectiveness of problem gambling strategies, due to factors such as identifying the extent of problem gambling and attributing outcomes to particular initiatives that were introduced concurrently.
- Measuring the effectiveness of the implementation of the strategy has been hampered by the absence of targets and key performance indicators specified for the strategy and its initiatives.
- The evaluation framework is based on a logical and appropriate structure but limitations of the design reduce the level of reliance that can be placed on the framework.
- Implementation of the evaluation framework was delayed by a failed tender process and, consequently, there will be a long lead time before the effectiveness of the strategy will be known.
- There was no baseline data established at the start of the strategy to measure subsequent performance.
- The process for selection of projects for evaluation was not documented.

Recommendation

The Department of Justice should improve evaluation of its strategy, including establishing baseline data, and developing targets and performance indicators.

4.1 Introduction

The limited available evidence regarding the likely effectiveness of most initiatives in the *Taking action on problem gambling* strategy (the strategy) meant that the level of assurance at the outset that they would be effective was low.

Given this, it is important that the Department of Justice (DOJ) has in place a range of mechanisms for evaluation, performance management and reporting to inform itself about how effectively the strategy is reducing gambling-related harm.

This chapter examines whether there is reasonable assurance that the strategy and its initiatives are achieving their objectives.

4.2 Conclusion

It is not currently possible to conclude whether the strategy has been effective in reducing problem gambling, nor is there any information available at this stage as to whether the strategy is likely to achieve its outcomes. Any evaluation of the strategy is likely to require a lengthy lead time before information on the performance of the strategy is available.

4.3 Inherent evaluation and monitoring difficulties

Reliable information is fundamental to support the measurement of problem gambling and the impact of interventions. There are, however, inherent difficulties in assessing the effectiveness of problem gambling initiatives. Nationally and internationally, robust and credible evaluations of problem gambling interventions are scarce because:

- Problem gamblers are a difficult group to identify. They are not homogenous and their identification depends on a subjective definition. To be classified as a problem gambler, an individual needs to have experienced 'adverse consequences'. Application of this definition in practice is difficult because the impact of gambling on individuals will vary, and the definition of 'adverse' is subjective. As a result, determining a defined group of problem gamblers, on whom to base data collection, is challenging.
- Tracking help-seeking problem gamblers over a long period is problematic as experience of longitudinal studies shows a declining rate of participation, due to a number of factors such as changed circumstances. This limits the collection of information on outcomes. DOJ are currently implementing a new performance measurement system to track problem gamblers. Implementation of this system is not yet complete and its success in collecting long-term data will not be known for some time.

- Problem gambling policy often involves multiple forms of intervention working concurrently. This is the case with the strategy. There are significant interdependencies between interventions, and individual projects are influenced by other projects. As such, it is difficult to attribute outcomes to particular initiatives.
- There are confounding factors that cannot be measured that may affect the level of gambling and evaluation of the impact of the strategy. The sudden liberalisation of gaming exposed Victorians to electronic gaming machines (EGM) but people may have adapted to this increased exposure over time and the risk of problem gambling may have decreased irrespective of whether a problem gambling strategy was in place. It may be difficult to identify, measure and assign changes that arose specifically from particular problem gambling initiatives.

4.4 DOJ's activities in assessing performance

Despite these data collection difficulties, it is possible to collect useful information on the effectiveness and impact of the strategy. This is particularly important as there is a lack of information on the likely effectiveness of initiatives. However, there are difficulties with the management and reporting system used by DOJ and their evaluation of the strategy.

4.4.1 Management and reporting system

DOJ's performance reporting and management system includes reporting to the Department of Planning and Community Development (DPCD) to acquit strategy funding and quarterly reporting to the Community Support Fund Committee of Cabinet. However, the information reported cannot be used to provide information on the effectiveness of the strategy because there are no targets or key performance indicators to measure outcomes.

Targets for the strategy

The general aims of the strategy are to 'reduce', 'combat' and 'address' problem gambling and gambling-related harm. However, DOJ did not establish any targets for the strategy and therefore did not specify the quantity of the reduction that would indicate success. The strategy is described as a continuation of previous efforts to address problem gambling, and argues that these efforts have already measurably reduced problem gambling. Therefore it should have been possible for DOJ to establish targets for any reduction in problem gambling and gambling-related harm that resulted from the strategy's introduction.

At the level of individual initiatives, there are no specified objectives or aims and consequently these also do not have targets. Some initiatives are not amenable to quantification of results. However, other initiatives, such as regional caps or treatment services for problem gamblers, could have had targets for measuring the impact of these initiatives on reducing problem gambling and gambling-related harm. Furthermore, these were extensions of existing initiatives and it is therefore reasonable to expect they had already been sufficiently developed with adequate lead time to establish targets.

Key performance indicators

Key performance indicators (KPIs) are intended to reflect the effectiveness of outputs in achieving outcomes. The strategy and its initiatives do not have KPIs and they do not specify how progress towards achieving outcomes of reducing problem gambling and gambling-related harm will be measured.

DPCD administers the funding for the strategy from the Community Support Fund. DOJ reports to DPCD in a stewardship sense to acquit how funds were spent. However this reporting does not extend to performance of the strategy. While these reports contain measures labelled as KPIs for each action area, they do not measure the extent to which strategy outcomes have been achieved. These 'indicators' focus on project milestones and output measures, such as hours of service.

DOJ should develop KPIs for key aspects of the strategy, to determine its overall performance. An example of a KPI that could be considered for the strategy overall is reduced prevalence of problem gambling, as measured by adults meeting criteria for problem gambling in epidemiological studies.

At the initiative level, an example of a KPI for the initiatives under 'building better treatment services' that could be used for performance management and reporting on the strategy could be a reduction in severity of gambling-related harm for people accessing Gambler's Help services. This could be measured using DOJ's new performance management system for Gambler's Help services and Gambler's Helpline. This system includes two KPIs that could provide information on outcomes and the effectiveness of interventions. The system will collect information from each client at four points of service to progressively measure the effectiveness of the intervention. DOJ could leverage off these KPIs by incorporating them into reporting on the performance of the strategy. At this stage the implementation of this system is not complete and it will not provide useful information for some time.

DOJ's data collection

DOJ collects data on problem gambling from many sources including Gambler's Help services and the Helpline, problem gambling campaigns, and the 2009 epidemiological study of problem gamblers.

However, the data collected from these is largely concerned with outputs such as measuring the amount of services, not the extent to which the initiatives have reduced problem gambling and gambling-related harm. For example, the data collected for evaluation of the problem gambling campaign included the number of hits to the campaign website, number of calls to the helpline during the campaign, basic demographic information about these callers and surveys to measure awareness of the campaign. This data is collected to determine the effectiveness of the campaign in achieving campaign objectives. DOJ cannot extrapolate from this information whether or not the campaign is reducing gambling-related harm. As a result, it also cannot use this information to assess the effectiveness of the strategy.

The Budget Paper Three (BP3) measures for gaming and racing management and regulation are measures of the level of services only, and only one is directly relevant to the strategy—the percentage of Gambler’s Help clients who receive a service within five days of referral. Reporting on other outputs, such as DOJ briefings processes and licensing activities done within time frames, is only indirectly relevant to the strategy. The BP3 measures cannot be used to provide any outcomes information on the strategy.

4.4.2 Development of the evaluation framework

In 2009 DOJ developed an evaluation framework to provide a structure for gathering information for a high level review of the whole strategy. The framework consists of a results-based approach to assess progress towards achievement of outcomes.

Specifically, this includes:

- use of program logic models for each initiative under the strategy to identify and articulate assumptions, target groups, project design parameters, implementation processes, objectives, and outcomes sought
- identification of recommended evaluation projects, then selection of high priority projects.

The framework is based on a logical and appropriate structure for monitoring and evaluating the strategy. However, difficulties aggregating evaluation results and the lack of planning to measure long-term outcomes reduces the accuracy, efficacy and timeliness of evaluation results. At this stage, the evaluation has provided no information that would allow a conclusion on the effectiveness of the strategy. These issues are discussed below.

Aggregation of evaluation results

The framework is based on the premise that ‘outcomes from the program and the Priority Action Areas can be aggregated and considered in terms of the impact of the strategy as a whole’. The strategy has been designed to incorporate a range of varied initiatives into a multifaceted approach, based on evidence that this is likely to be the most effective method.

However, it is not clear how the evaluation framework intends to aggregate the findings into a higher level understanding of outcomes. There are significant interdependencies between the projects, as the implementation of one project will have a direct influence on the outcomes and impacts of other projects across different action areas. DOJ is therefore unable to reliably report on the effectiveness of the strategy as a whole or on individual projects.

Long-term evaluation

While the strategy is a five-year initiative, it expects to achieve outcomes over a longer period. However the evaluation framework stops short of providing an action plan or resources to monitor and evaluate the impacts of the policies, programs and projects under the strategy beyond the five years. Currently there is no commitment to the strategy beyond 2011 and therefore no commitment to resource ongoing evaluation after this date. Without longer-term evaluation, outcomes from the strategy cannot be determined.

4.4.3 Management of the evaluation framework

DOJ needs to apply its evaluation framework effectively and in a transparent and timely manner to obtain relevant, appropriate and accurate information. However, as DOJ's rationale for selecting evaluation projects under the framework has not been documented, there is inadequate assurance that the most appropriate evaluation projects have been selected. Furthermore, delays in developing the framework have reduced the availability of information on effectiveness, and limited the ability to establish baseline measures for the strategy so that any progress subsequent to the introduction of the strategy can be measured. This significantly limits DOJ's ability to evaluate the effectiveness of the strategy.

Selection of evaluation projects

The selection of evaluation projects to be conducted is critical as the conclusions drawn on the overall effectiveness of the strategy are based on the outcomes from the individual evaluation projects selected. These outcomes are also important given their potential to influence future policy decisions.

The framework identified 328 possible evaluation projects to examine aspects of the strategy and its initiatives. The Evaluation Reference Group, consisting of staff from DOJ's Office of Gaming and Racing, chose 49 of these for further scoping, which it consolidated into 21 projects. The Reference Group did not document the basis for selecting evaluation projects. DOJ advised that the Reference Group chose the evaluation projects according to:

- amount of funding for the initiative
- existing evaluations of the initiative conducted prior to development of the framework
- significance of the initiative to the strategy
- perceived value of the evaluation.

DOJ did not record the subsequent decision making based on these criteria. This should have included recording assessments against these criteria, the relative weighting given to each criterion, and the ranking of projects. While the actual projects selected could be appropriate, there is no documented rationale as to why particular projects were selected over others for evaluation.

One of the first projects being conducted under the framework is a stocktake and gap analysis of existing data that could meet the strategy's basic data requirements. The project will also develop a framework to acquire and store data to be used in the later phases of the evaluation program. This is an important step, however, had it started before the selection of evaluations it could have helped inform the process.

Delays developing the framework

The evaluation of the strategy was delayed due to a lack of appropriate tenders. This has affected DOJ's ability to:

- establish baseline benchmarks to measure the extent of any improved performance since the strategy's introduction
- adjust projects prior to completion, based on findings of evaluations.

In particular, the lack of baseline data is a significant impediment to DOJ's evaluation of the strategy's overall effectiveness. Consequently it cannot confidently attribute the degree of any reductions in problem gambling, and gambling-related harm to the strategy and its initiatives.

It will be many years before the results of the outcomes-focused evaluations will be available as these will not start until the second last year of the strategy. This limits the ability to base future strategies or policy decisions on information from the evaluation of the effectiveness of the strategy.

Recommendation

7. The Department of Justice should improve evaluation of its strategy, including establishing baseline data, and developing targets and performance indicators.

Appendix A.

Audit Act 1994 section 16— submissions and comments

Introduction

In accordance with section 16(3) of the *Audit Act 1994* a copy of this report was provided to the Department of Justice and the Victorian Commission for Gambling Regulation with a request for comments or submissions.

The comments and submissions provided are not subject to audit nor the evidentiary standards required to reach an audit conclusion. Responsibility for the accuracy, fairness and balance of those comments rests solely with the agency head.

Submissions and comments received

RESPONSE provided by the Acting Secretary, Department of Justice



Department of Justice

Secretary

121 Exhibition Street
Melbourne Victoria 3000
GPO Box 4356
Melbourne Victoria 3001
Telephone: (03) 8684 0500
Facsimile: (03) 8684 0525
Penny.armytage@justice.vic.gov.au
www.justice.vic.gov.au
DX 210417

Our Ref: CD/10/266294

Mr D D R Pearson
Auditor-General
Level 24, 35 Collins Street
MELBOURNE VIC 3000

Dear Mr Pearson

Performance audit of *Taking action on problem gambling*

Thank you for your correspondence of 30 June 2010 enclosing a copy of the report on the *Taking Action on Problem Gambling* performance audit that will be tabled in Parliament in July 2010.

The Department of Justice appreciates the opportunity to comment on the report and I am pleased to provide the following for inclusion in the report.

The department welcomes the report's acknowledgement that the development of problem gambling strategies is difficult and complex and that the public health model used by *Taking Action on Problem Gambling* is consistent with generally accepted practice for complex public health interventions.

The department also welcomes the recognition that the best available information and advice has been used to support the strategy and that it is well managed in terms of budget and timeliness.

While noting the view that not all initiatives appear to have been adequately supported by evidence, it must be acknowledged that policies and programs sometimes need to be implemented on the best evidence that is available. Restricting *Taking Action on Problem Gambling* to only those measures that have been piloted for effectiveness would have significantly impeded the ability to develop an innovative strategy in response to a complex public policy issue.



RESPONSE provided by the Acting Secretary, Department of Justice – continued

In this regard, it is worth noting that the Productivity Commission's recently released report into gambling states that:

... an excessively high standard of proof about what would reduce consumer detriment from gambling would cause policy paralysis in an area where there are demonstrably large community costs from inaction ... there are good precedents for precautionary policy action in areas involving people's safety...

The department agrees, however, that there is a need to improve our knowledge and to this end, we continue to invest significant resources in a dynamic and internationally recognised gambling research program.

In relation to Responsible Gambling Codes of Conduct, the purpose of the Ministerial Directions is to set the minimum standards that a code of conduct must meet in order to be approved by the Victorian Commission for Gambling Regulation. The intention was not to prescribe in detail the content of those codes, but rather, give industry an opportunity to do more than merely comply with the black letter of the law. It was always envisaged that the development of effective codes would be an iterative process that is indicative of a sustained cultural change by the gambling industry and its staff.

It is worth noting that the Commission is required to report annually to the Minister for Gaming on codes of conduct and self-exclusion programs. The department will review the Ministerial Directions and consider the issues raised by the audit once the Commission's report is received later this year.

The department welcomes the findings in relation to responsible gambling training. As the report notes, the Responsible Gambling Ministerial Advisory Council has established a working group to review the effectiveness of current Responsible Service of Gaming training. The working group's terms of reference include the matters recommended in the report.

The department agrees that evaluating the effectiveness of strategies to combat problem gambling is complex but we remain confident that our evaluation framework has been developed using best practice principles and that it will deliver valuable information on the effectiveness of problem gambling initiatives. Both the strategy and the evaluation program have a further year to run and a full assessment of effectiveness will only emerge over the longer term.

Thank you for the opportunity to comment on the audit report.

Yours sincerely



LOUISE GLANVILLE
Acting Secretary

RESPONSE provided by the Chairman, Victorian Commission for Gambling Regulation



Victorian Commission
for Gambling Regulation

Mr D D R Pearson
Auditor-General
Victorian Auditor-General's Office
Level 24
35 Collins Street
MELBOURNE VIC 3000

Level 5, 35 Spring Street
Melbourne Victoria 3000
Australia
PO Box 1988, Melbourne
Victoria 3001 Australia
Telephone 61 3 9651 3333
Facsimile 61 3 9651 3777
www.vcgr.vic.gov.au



Dear Mr Pearson

The Victorian Commission for Gambling Regulation (VCGR) welcomes the proposed report by the Victorian Auditor-General's Office (VAGO) on the performance audit of the Victorian Government's *Taking Action on Problem Gambling* strategy (the strategy). The performance of the VCGR is examined in section 3, "Strategy implementation", of the audit report.

The VCGR notes the audit conclusion that the VCGR has discharged its regulatory responsibilities in relation to the strategy adequately and that the strategy is well managed in terms of budget and timeliness. This conclusion is particularly gratifying especially in light of the fact that the VAGO acknowledges that there are inherent difficulties in assessing the effectiveness of problem gambling initiatives and that both nationally and internationally, robust and credible evaluation of problem gambling interventions are scarce.

The VCGR appreciates the VAGO recommendations for improvement in respect of several aspects of the strategy implementation and, in accordance with Section 16(3) of the *Audit Act 1994*, makes the following submission in relation to those recommendations.

The VCGR agrees with **Recommendation 2** that the VCGR should further develop its template for economic and social impact assessment reports.

Assessment reports prepared by the VCGR have traditionally referenced point-in-time data, originally for Local Government Areas (LGAs) as a whole, and revised over recent years to give data for Statistical Local Areas (SLAs), the smaller geographical areas within a LGA. The increasing level of scrutiny applied to the socio-economic profile of different areas within municipalities during VCGR hearings, and evidenced in VCGR decisions, together with emerging data sources (such as the 2004 Jesuit Community Adversity and Resilience report), requires the VCGR to continually review the data contained in assessment reports.

In late 2009 the VCGR began its current 'overhaul' of assessment reports. This started with the redevelopment of maps accompanying assessment reports to show SLA boundaries within a LGA and examination of opportunities for the provision of maps showing statistical data for smaller geographical areas, such as Collector Districts or postcode areas, located within a certain radius of a gaming venue.

Consideration is now being directed towards the identification of new socio-economic indicators that could provide further valuable information about LGAs or smaller communities within LGAs. When deciding whether to include new data in assessment reports, the VCGR is cautious to ensure that data is independent, transparent and sound, placing the highest value on data available from a reputable source and which is available for defined geographical areas.

RESPONSE provided by the Chairman, Victorian Commission for Gambling Regulation – continued

At the same time, the VCGR is developing an economic and social “Toolbox” which, when complete, will see statistical data used by the VCGR in the preparation of its assessment reports also available to applicants, LGAs and the general public from the one place on the VCGR website.

Given the current VCGR program for review in respect of assessment reports, the VAGO recommendation that the VCGR further develop its template to examine other suggested indicators is both timely and relevant and will be considered by the VCGR as part of its current review.

Recommendation 3 suggests the VCGR develop principles upon which net detriment can be assessed. A list of general principles considered by the VAGO as providing a sound basis for decision making is provided later in its audit report.

The VCGR believes that its reasons for decisions included with each written determination handed down in respect of applications set clear precedents and benchmarks for assessing and determining net detriment. All VCGR determinations and reasons for decision are published on the VCGR website along with determinations and decisions of the VCGR’s predecessor, the Victorian Casino and Gaming Authority.

It is the VCGR’s experience that the varied and unique circumstances of each application in terms of impact and the demographic profile of the relevant LGA and community as at the time the application is considered, dictate that applications are considered on their individual merits rather than against standardised precedents applied unilaterally to all applications.

Therefore, rather than imposing set principles for the assessment of net detriment across applications generally, the VCGR proposes reviewing the format for its written reasons to ensure they clearly articulate the VCGR’s reasons for each determination and demonstrate the principles behind determinations.

The VCGR notes **Recommendation 4** and the suggestion that it should revise the criteria for approving Codes of Conduct (Codes) and Self-Exclusion Programs (SEPs) to allow actions taken by venue operators in the implementation of these initiatives to be audited.

As noted in the VAGO audit report, it was the VCGR’s intention from the outset that it would adopt an educative process during the first 12 months of operation of new Codes and SEP requirements. To this end, the VCGR established the Responsible Gambling Project Team (RGPT) to take lead responsibility for the educative program for Codes and SEPs and their implementation.

The RGPT was pivotal to the successful adoption and implementation of Codes and SEPs by venues to meet the 1 June 2009 commencement date for operation. The RGPT has subsequently turned its attention to reporting requirements in respect of Codes and SEPs and compliance and audit considerations. The RGPT will continue to carry out its responsibilities in respect of Codes and SEPs until 30 June 2011 when funding for the RGPT expires. At that time the VCGR will need to examine the resources available to dedicate to the ongoing monitoring and scrutiny of specific responsible gambling initiatives such as Codes and SEPs.

**RESPONSE provided by the Chairman, Victorian Commission for Gambling
Regulation – continued**

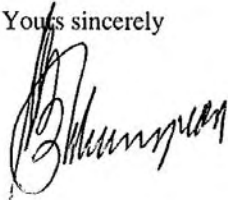
Although not recommended as a specific improvement, the VAGO suggests that industry and the VCGR could benefit from the identification of best practice and the development of a single uniform Code and SEP for implementation at all gaming venues. There is no doubt that the introduction of a single Code and SEP for venues would result in operational efficiencies for the VCGR when approving Codes and SEPs and conducting compliance audits. It is the VCGR's view that the operational efficiencies it would gain from the implementation of a single Code and SEP are significantly outweighed by the potential benefits to gamblers from the operation of multiple Codes and SEPs which allow industry and the VCGR to compare the various Codes and SEPs to identify best practice and opportunities for improvements.

The VCGR concurs with **Recommendation 5** and will implement procedures to provide venue operators with documentation of the outcome of audits relating to responsible gambling initiatives.

In its evaluation of the effectiveness of current responsible gambling training arrangements the VAGO makes the observation that the VCGR does not have the expertise required to evaluate training courses. It is unclear to the VCGR if the VAGO is satisfied that responsibility for approval of training courses should remain with the VCGR or if it is the VAGO's view that this responsibility should be relocated to a governing body with the appropriate skills. Either way, it is the VCGR's view that the body responsible for the approval of training courses should have the competence to assess the courses and have the opportunity to add value to training for the industry, something which is not a core expertise or a prescribed function of the VCGR at this time. The VCGR will raise the approval of training with the Department of Justice for further consideration.

The VCGR thanks you for the opportunity to comment.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Bruce Thompson', written in a cursive style.

Bruce Thompson
CHAIRMAN

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