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Gaming machines: harm and
protection

Some key questions

- What drives increasing EGM consumption?
- Do current arrangements provide any *balance* between enjoyment of EGM consumption and its social harms?
- Can this be achieved?
- How might the EGM technical system be re-focused on protection?

'Business as usual'

- Only a small proportion of gamblers suffer harmful consequences from EGM gambling
- Current EGM arrangements are safe: gamblers are the problem
- Current EGM arrangements should not be altered as this will reduce the enjoyment of those who are not troubled
- The worlds of EGM gamblers are well understood and their voices are heard in the framing of policy and regulation

The 'folk model'

- Poker machines are simple entertainment products
- They provide amusement in social venues
- They promote community participation
- They collect money for community purposes
- It's simply up to the individual to decide whether to gamble

So who's at fault?

- Flawed consumers!
- Problem gambling is viewed (particularly by industry and government) as an individual pathology
- In yesterday's Age ...
 - 'Ninety-eight per cent of people who play the slots suffer no negative consequences'
- So the ones who do are aberrations

Which means ...

- Governments are keen to acknowledge that they care
- But not to interrupt the flow of funds ...
- So the individual pathology approach is very attractive
- Fund counselling services, warning signs, and marginalia
- But DO NOT interrupt the flow of cash

What do EGMs do?

- EGMs are 'learning consoles' – conditioning users via intermittent system of rewards
- EGMs are not homogenous – every 'gaming' room presents an 'economy of qualities' – a diverse array of devices appealing to different consumer segments

Agency

- The conditioning system provides users with an appealing experience – often to the exclusion of all else
- 'Agency' – the capacity to make decisions – is affected: the user falls into the logic of the machine
- Which is a design goal – to encourage users to spend more TOD and to increase RevPAC

The EGM technical system

- Highly reflexive and iterative system, exemplifying the hyper-commodity – dematerialized consumption, constantly modified on basis of performance
- EGMs generate rich data, crucial to and used for product innovation – as Tattersalls’ point out in their submission to the EGM licence review:

From Tattersall’s submission to the EGM licence review (p.58)...

- “The Gaming Operators use their expertise, including by monitoring gaming data, to predict player preferences, resulting in optimal game utilisation.
- “Gaming Operators invest in management information systems, which provide better decision making in respect of machine and game purchases.
- “Gaming Operators can use their scale to optimise player experience. This means they can vary the type of games, the RTP and the size of stake (within legislated minimums) and other game features to meet changing player needs in every venue.”

Innovation

- Thus, innovation in the system results in 'intensification' of EGM use
- How?
 - Product development (Aristocrat spent \$104.2 million on R&D in 2006-07)
 - Gaming room design and ambience
 - Cultural prominence for more than 50 years
 - Identification of and response to market segments; including problem gambler segments

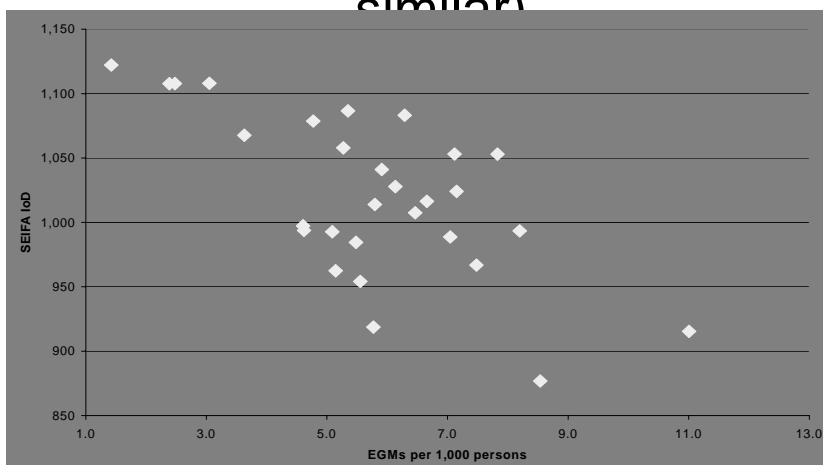
For the user ...

- Reinforcement hides losses whilst building illusion of win and providing enjoyment
- Multiple lines/bets increase the average cost of a spin/game
- Playing multiple lines increases odds paid on prizes but also volatility of outcomes
- Skew-ness in session duration toward very short sessions

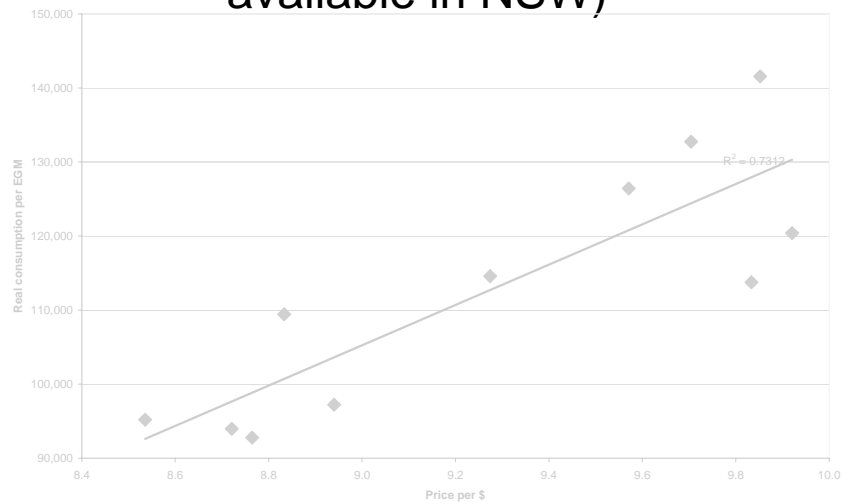
The volatile experience

- \$30 average session duration is 13 minutes (PC 1999)
- However more than half of \$30 sessions will end in 4 minutes or less...
- What is the 'rational' response to a very short session?
- Expected satisfaction can be costly to obtain

SEIFA IoD vs. EGM density, Metro Melbourne, 2002-03 (NSW is similar)



RTP vs. real EGM consumption Vic, 1994-2004 (no data freely available in NSW)



Gambling related harm

- Includes:
 - Financial (average EGM-PG thought to spend \$12,000+ pa)
 - Emotional (relationships, divorce, alienation, shame, guilt)
 - Criminal & other legal
 - Physical
 - Self-harm, incl. suicide
 - Lost productivity and opportunity costs

Harm minimisation

- Are we in fact committed to the minimisation of harm?
- Current regime does not represent good practice:
 - Ignores data (including non-system evidence)
 - Is not goal focused
 - Is not systematically evaluated
 - Lacks needed technical expertise

How much do problem gamblers spend?

(source: Caraniche 2005)

Category	N	%	Visits per week	\$ per visit	Weekly spend	Total weekly spend	% of weekly spend
Non-problem	130	31.1%	1.98	\$35.85	\$71	\$9,228	9.7%
Low risk	69	16.5%	2.13	\$56.52	\$120	\$8,307	8.7%
Moderate risk	106	25.4%	3.35	\$76.32	\$256	\$27,101	28.4%
Problem	113	27.0%	4.34	\$103.41	\$449	\$50,714	53.2%

Another estimate ...

- PC (1999) estimated problem gamblers spent about 42% of EGM consumption
- Somewhere around half the people in gaming rooms are likely to be in trouble with their gambling
- Can we sustain an argument about the small minority?
- Can we sustain an argument about not inconveniencing 'recreational' gamblers?

So ...

- Somewhere around half the EGM spend comes from problem gamblers
- Somewhere around half the people in gaming rooms are likely to be in trouble with their gambling
- Can we sustain an argument about the small minority?
- Can we sustain an argument about not inconveniencing 'recreational' gamblers?

Public health ...

- 'Public health' has been appropriated by many regulators
- The version most used in gambling is about 'rescuing' people – with some behaviour change and community education
- WIt does not address the system's characteristics – particularly the interface and the data issues
- We are preoccupied with downstream 'solutions'

Upstream - Downstream

- In a simplified public health model:
- 'Upstream' interventions prevent harm from occurring
- 'Downstream' interventions address the consequences of harm
- Treatment is downstream – necessary, but nowhere near providing a comprehensive approach to the problem

How to go upstream ...

- We must be driven by the evidence; which is accessible via the EGM system
- We would have regard to principles of consumer protection
- In other words – make sure the devices are safe to use, and very unlikely to inflict harm on those using them
- After all, this is supposed to be harmless fun

A consumer protection system?

- Means:
 - Probably reduced volatility, which would flow from lower prizes and lower stakes (do we need \$10, or even \$5, bets per spin?)
 - Certainly spend time and effort on game maths
 - Constrain marketing technologies
 - Consider smart card system wide pre-commitment

Pre-commitment, etc

- Effective pre-commitment needs a system wide network – which already exists
- Also needs a secure card or other device to 'authorise' play
- Would make self exclusion effective (for the first time)
- If well instituted would also assist many gamblers trying to manage their use

BUT ...

- Pre-commitment won't help everyone
- EGM technology can be modified to reduce the most extreme harmful consequences
- Whether this may result in EGMs that are less fun is an open question – the Brits don't think so
- Almost no other jurisdiction in the world does what we do

NSW

- Is the key to the resolution of EGM derived problem gambling
- The pokies are metastasised into the fabric of NSW society
- Harm production is industrialised and politically powerful
- As we see from the submissions to the PC
...

Finally

- A sustainable, ethically defensible EGM industry may be achievable
- It needs technological and social solutions, esp. in NSW
- These can't be delivered with current thinking
- Consumer protection and resistance to vested interests are critical elements, amongst many!