

COMPARATIVE STRATEGY REPORT

by GlobeScan, UK and Corporate Image
Funded by the NRGP – March 2013



N A T I O N A L

**Responsible
Gambling**

P R O G R A M M E

Introduction to the international assessment of responsible gambling activities worldwide

Original research by GlobeScan Incorporated

Background

In 2012, in accordance with our contract and approved budget, we sub-contracted the Toronto-based agency, GlobeScan - one of the world's most respected organisations specialising in reputation measurement and assessment - to undertake work which would partially fulfil our obligation to evaluate the effectiveness of the work we undertake for the NRGP.

The project was then expanded on the authorisation of the then Executive Director to include a comparative assessment of what is being done to minimise the problems caused by excessive gambling and the impact of such work on public opinion in other jurisdictions where gambling is legalised and regulated in similar ways to those which obtain in South Africa. The jurisdictions to be covered were Australia, Canada, Ireland, New Zealand, Norway, Sweden, the UK and the USA.

The assessment was to include not only a factual account of activities undertaken in these jurisdictions in comparison with South Africa but also an estimate of the reputation of the NRGP as an effective and cost-effective provider of services to actual and potential problem gamblers. In addition, the study sought to establish the NRGP's contribution to the well-being of the industry and of government to the extent that it mitigates the amount of negative media coverage of commercial gambling in South Africa, and lessens pressure to reduce - through onerous and expensive regulation - the industry's ability to trade freely and profitably with its customers.

This work was undertaken by GlobeScan during 2012 and completed to the satisfaction of ourselves and the then Executive Director on schedule and on budget by the end of Financial 2012-13.

Methodology

GlobeScan employed three techniques to fulfil their brief of comparing the work of the NRGP to similar work undertaken in other jurisdictions. These were:

- Research into what services are provided, at what cost, in the jurisdictions being evaluated
- In-depth interviews with international experts in selected jurisdictions including heads of relevant service-providing bodies and regulatory bodies
- Analysis of media coverage, public opinion and government responses to Responsible Gambling issues in different jurisdictions

Main Findings

These were almost entirely favourable in respect of the work of the NRGP by comparison with other jurisdictions. Thus they concluded that:

- There is a comparative absence of conflict between government, regulators, industry, service-providers and other stakeholders, with the evidence suggesting that in all cases what happens in South Africa in relation to stakeholder collaboration is as good as what happens elsewhere and, in some cases such as the UK, much better.
- The South African approach to responsible gambling is, by some considerable margin, more cost-effective than that of any other jurisdiction, spending US\$2m per annum to provide a coherent and comprehensive programme of treatment, prevention and research. This compares with New Zealand which provides a similar programme for \$18m and the UK which, for \$7.5m, delivers considerably fewer services since it

engages in very little prevention and public awareness work and has funded very little research of the sort that is appropriate to informing prevention and research strategies, as well as good public policy. In Canada, the combined spend on responsible gambling projects by the individual provincial governments which own the gambling industry is a whopping \$85m.

- In relation to media coverage of gambling issues, South Africa accounted for only 1% of all stories world-wide and the majority of these were positive for the SA industry, its regulators and the NRGP. This compares with the negative coverage of the industry and its regulators, most conspicuously in the UK, but also in New Zealand and Nova Scotia in Canada, in each of which the coverage blames both industry and regulators for failing to address the issue of problem gambling which they allege is a major social problem and requires higher levies and more restrictive regulation.
- The NRGP enjoys a high degree of credibility as a body which is independent of both government and industry, whose service-providers work coherently together and are well-led, whose work is appropriately research-based and which is honest in its dealings with both media and government. No other jurisdiction has a single organisation about which all these claims are credibly made. (See especially the comments from experts around the world italicised under section 7 of the Report).
- The NRGP in South Africa is seen as a global leader in relation to promoting responsible gambling; its work is studied closely by industry professionals and regulators world-wide as well as by all service-providing organisations; it is uniformly spoken of admiringly; it is regarded by some as a leader in the field whose structure and workings provide a model to be emulated internationally.
- The NRGP is not without weaknesses, principally in relation to addressing the issues of internet and social media gambling.

Grounds for Findings

On the basis of what the comparative evidence available to GlobeScan implied, the success of the NRGP as itemised above may be attributed to the following distinctive (though not individually unique) features of the Programme:

- Sound and coherent strategic planning from inception
- Good, collaborative relations amongst all stakeholders, especially industry, regulators and service providers, with high co-operation from the industry and an absence of intrusiveness by regulators
- Absence of hijacking by vested interests amongst any stakeholders, including service-providers
- Management and structure that ensure evaluation of effectiveness and cost-effectiveness of activities
- National and international reputation of the Programme's leadership
- Credibility of messages delivered to the public
- Use of research to inform best practice in prevention and treatment
- Information-sharing and collaboration amongst service providers
- Good relations with the media
- Peer review and evaluation

Conclusion

Though this Report is highly encouraging, especially in respect of the public awareness work which the NRGP undertakes, the Report also highlights the need for the programme to start addressing - in various ways - issues such as gambling via the internet. We expect to be able to formulate strategies for education and treatment in respect of these and all other forms of illegal gambling on the basis of the findings by the eight research teams which will be reporting this year.

Comparative Strategy Research

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1. INTRODUCTION

This Report summarises the findings of a study involving secondary research, primary polling and expert interviews conducted by GlobeScan on behalf of the National Responsible Gambling Programme (NRGP).

As part of its efforts to deliver on its mandate —ensuring the maximum possible effort is being undertaken to mitigate the harm done by problem gambling in South Africa — the NRGP perceived a need to gather information about the initiatives, programmes, and strategies adopted by equivalent institutions across other markets internationally, as well as high-level intelligence from experts in the industry.

The NRGP therefore commissioned GlobeScan to conduct research to determine perceptions of the NRGP, the degree to which the NRGP can be seen as cost effective, and the extent to which the NRGP has grown its reputation.

1.1 METHODOLOGY

1.1.1. Phase I: Desk Research

Following discussions with the NGRP, GlobeScan conducted desk research to investigate the regulatory framework, funding structure, and specific initiatives of foreign markets. This research covered jurisdictional strategies for addressing problem gambling issues in other parts of the world, and was focused on the following markets:

- Australia
- Canada
- Ireland
- New Zealand
- Norway
- Sweden
- UK
- USA

1.1.2. Phase II: Depth Interviews - Expert Analysis

With direction and support from the NRGP, GlobeScan constructed a list of potential expert respondents, focusing on high-level experts in the industry, including academic specialists and senior management of comparable organisations globally.

GlobeScan designed a detailed discussion guide to investigate the initiatives being pursued in other markets, how they are implemented and funded, and what their strategic priorities are.

Seven English-language telephone interviews were conducted by GlobeScan with experts in Australia, Canada, the United Kingdom and the United States. These interviews took place between 14 December 2012 and 11 April 2013.

The discussions investigated the experiences of implementing a variety of responsible gambling initiatives and strategies, their relative success, and their effectiveness. With this in mind, the discussion guide focused specifically on:

- Positive and negative feedback generated in response to implementation of responsible gambling strategies and initiatives
- Media coverage within individual countries
- The effectiveness of different campaigns, and the reasons for success and failure.

1.1.3. Phase III: Consumer Polling

In order to provide additional context to the findings of the expert interviews and secondary research, GlobeScan conducted online consumer polling with representative samples of 1,000 members of the online general public in three countries in order to explore the views of the general public towards regulation of the gambling industry and opinions of the industry itself.

Four questions were fielded in the following countries:

- Canada: January 24 – January 31, 2013
- UK: January 24 – February 17, 2013
- USA: January 24 – January 25, 2013

Findings from these questions are detailed below.

2. OVERVIEW

The findings of this study illustrate the degree to which responsible gambling policy around the world is still in its infancy. The countries we studied and the experts we interviewed present a diverse picture in terms of the degree of central coordination, funding streams, and (often unstated) underpinning cultural and moral assumptions that exist about the place that gambling occupies within a civilized society.

In most cases, however, responsible gambling policy, rather than being planned holistically, has emerged piecemeal in response to a changing political climate, commercial and technological innovation, and growing understanding of the pathology of problem gambling. Tensions often exist between different aspirations for responsible gambling and between the priorities of the various stakeholders involved

(industry, government, NGOs, consumers), often leading to negative perceptions of the industry and making the successful implementation of responsible gambling more difficult.

In this context, South Africa and the NRGF have had a rare opportunity to devise a comprehensive approach to responsible gambling policy “from the ground up,” learning from experience in other countries. As a result, the NRGF is widely recognized by the experts we interviewed to be an example of an enlightened evidence-based practice with an impact that is out of proportion to the amount spent by the South African state and by the industry itself. It is not surprising, therefore, that our qualitative scan of media coverage indicates that negative coverage of gambling in South Africa is infrequent.

The NRGF has also succeeded, to a greater degree than in many first-world countries, in securing a balance between nurturing a benign media and reputational environment, a high level of cooperation on the part of the industry, and low interference from government and bureaucracy which, in other markets, has led to effective responsible gambling policy being hijacked by vested interests. The coexistence between stakeholders involved in responsible gambling, and the fact that is not used as a lobbying issue or tool of political capital as it is elsewhere, allows for coherent policy and efficient delivery of services that are not held back by the restrictive structures and internecine conflicts between different stakeholders that plague other markets.

The haphazard nature of responsible gambling initiatives’ evolution across jurisdictions has created a variety of problems in terms of cost-effectiveness and efficiency. Securing funding from an industry that sees responsible gambling as antagonistic to business has proven problematic, and the lack of existing research and evaluation has meant that resources allocated to programmes are often expended inefficiently and not targeted in such a way as to maximize effectiveness. This is another area where the NRGF’s “from the ground up” position has proved advantageous, allowing them to target funding effectively and achieve greater results with fewer resources than other, more established jurisdictions.

This is not to say that there is not more that NRGF could be doing to fulfill its mandate; the experts we spoke to made a number of recommendations, often related to the challenge of online gambling and a focus on at-risk groups, and we explore these in greater depth within this document. But the picture that emerges of the NRGF from this research is of a

body that is recognised as a thought-leader in responsible gambling around the world and whose example its global peers aspire to follow.

3. GAMBLING IN SOUTH AFRICA AND THE NRGF

Historically, gambling in South Africa has been largely outlawed as an immoral activity. The Gambling Act of 1965 banned all forms of gambling apart from horse-racing, which was designated a sporting activity. Casinos were later permitted under the Apartheid government in the so-called “homelands.” Following the dismantling of Apartheid, homelands were incorporated into provinces, necessitating a new regulatory framework. The National Gambling Act 1996 permitted a maximum of 40 casinos to operate nationally (to be regulated by provincial governments) as well as allowing the introduction of a national lottery and, eventually, limited payout machines. It also established the National Gambling Board, an organization responsible for the supervision and regulation of the gambling industry.

3.1. ABOUT THE NRGF

The South African gambling industry established the National Responsible Gambling Programme which began operating in 1999, as a joint initiative between the industry and regulators, overseen by an independent Chair and accountable to the Department of Trade within the government. The NRGF is unique in its structure and integration of its three core divisions. It receives funding from the industry at 0.1% of winnings from players, but is governed independently of legislators and the industry, with all expenditure audited, reported upon in quarterly and annual reports, and made available publicly.

Treatment: Professional treatment, both in-patient and out-patient, by trained professionals is made available to every South African with a gambling problem, with training funded by the NRGF. A 24-hour telephone counseling line is also available, where gamblers may be referred to a treatment professional.

Prevention: This takes the form, primarily, of educating actual and potential problem gamblers through gambling awareness campaigns targeted at vulnerable communities such as the young, the impoverished, and those receiving benefits. In schools, this has included the “Taking Risks Wisely” programme dealing with risk-taking behaviours, and including text-based teachers’ resources backed up by a comprehensive web handbook. Education also encompasses industry training programmes on problem gambling for industry staff, senior managers, regulators, and health care workers.

Research: The NRGPs research division focuses on capturing the particularities of gambling and problem gambling in South Africa, and has included contributions from academics at local universities and from collaborators abroad. The NRGPs conducted four prevalence studies between 2001 and 2009 which are available through the website, as well as follow-up research on gambling and poverty and the neurophysiology of problem gambling.

4. CONDUCTING RESPONSIBLE GAMBLING PROGRAMMES – KEY POINTS

This section summarises the opening portion of GlobeScan’s interviews with experts in Australia, Canada, the UK, and the USA. At the start of our discussions, we asked a number of broad questions about the most important considerations when trying to implement responsible gambling programmes, what messages were most important to convey (on the part of the industry, regulators, and responsible gambling bodies), and what the most significant challenges to success were. Throughout these discussions, we found a number of consistent themes that transcended country-specific contexts.

4.1 CONSIDERATIONS IN IMPLEMENTING RESPONSIBLE GAMBLING

Much of the discussion focused on what needed to be in place prior to implementation. Many responsible gambling programmes have evolved gradually and have had to adjust to already existing regulatory systems not designed to accommodate such requirements.

Overall, we found that there was a great deal of consistency in the need for a broad-based approach that takes into account not only the various aspects of responsible gambling, but also the needs and interests of the different stakeholders (industry, government, regulators, NGOs, and patrons). Many of the difficulties that have emerged at the country level have arisen as the result of conflicting interests and distrust between stakeholders. A broad-based approach must go hand in hand with the evaluation of programmes both before and after implementation as, given that responsible gambling is a relatively new field, many techniques are essentially experimental, and programmes are too frequently introduced without proper research and evaluation.

4.1.1. A Holistic Approach: Several respondents stressed the need to avoid a narrow focus in devising a responsible gambling programme. In order to be successful, such a programme requires different considerations, interests, and support structures to be in harmony. This harmony was summed up by one academic in the acronym

PETEOR (Prevention, Education, Treatment, Enforcement, Operations, Research). All of these elements need to work together, with the research aspect informing all of the others. None of these elements can succeed in isolation:

“It’s really difficult to point to an area that’s more important than another one. One of the most important parts is to have the safety net in place, and there are many strands in a safety net. It’s really important to have all the strands in the safety net.” — Canada

Intrinsic to the success of this safety net is successful partnership among the different stakeholders involved.

4.1.2. Strategy and Partnership: All respondents, in some way, stressed the importance of a strategic approach prior to implementation, requiring the cooperation of all parties involved,

“One of the key things is having an overall strategic plan. Making sure all stakeholders have been represented in the development and the execution of that plan. Balance minimising harm with maximising revenue. A strategic plan incorporating all stakeholders that has that broader role of balancing the costs and benefits.” — Canada

This is consistent with our findings at the country level, as many of the most serious problems that emerged in implementation tended to relate to conflicts of interest, distrust, and lack of communication between stakeholders.

“The different stakeholders must work together. Industry, regulators, Ministry of Health, patrons, community. There will always be a difficulty balancing the different goals of different stakeholders. The industry wants to make money, The community may be anti-gambling lobbyists. The most difficult thing is to make sure there is a harmony between different stakeholders working together, and for the others to respect the goals of their partners.” — Canada

Ways of accomplishing such a coordinated response revolve around stressing the benefits for all stakeholders involved in responsible gambling, including the industry itself. As we have found elsewhere, poorly implemented responsible gambling negatively affects the reputation of the stakeholders involved. Conversely, active participation in meaningful and strategically implemented responsible gambling is beneficial to the industry and its license to operate. However, there are cultural barriers to be overcome.

“There is an entrenched mindset among people who have been in the gaming industry a long time that is resistant to

responsible gambling. Overcoming that mindset is vital. Make responsible gambling part of the business model.
— Canada

4.1.3. Research and Evaluation: Another indispensable and frequently mentioned consideration in implementing responsible gambling, is the importance of effective research prior to implementation, as well as continuous objective evaluation after the fact. Because the field of responsible gambling is relatively new, it is important to observe strategies closely, both at home and abroad, because all jurisdictions are essentially conducting, as one respondent put it, a “live experiment.”

“The most important thing is to assess efficacy and efficiency of the programme. In many jurisdictions, responsible gambling programmes are implemented in various strengths, but the most important thing is to make sure the programme achieves goals before implementing it. You need to have some empirical data to evaluate if it’s achieving its goal.” — UK

“Work out what effective responsible gambling measures are to be implemented. Many of the responsible gambling initiatives are not based on a theoretical or empirical basis. A lot of it is based on opinions and ideology.” — Australia

The corollary to this learning process is its distillation into effective programmes of training, education, and awareness.

4.1.4. Education and Training: This aspect of responsible gambling needs to take place at various levels of society.

“Education, of course, is important, but multi-level education is vital. Education of government officials (who will be creating policies of course), gaming employees (which is extremely important). There is also clinical education of patients, just as if someone has cancer you want them to be educated about their condition.” — USA

The perceived need for education is clearly apparent where stigmas about problem gambling are seen to hinder people from seeking help. Further, controversy in the public eye can be fuelled by, as one respondent in the UK put it, “political myths and narratives” which run deep in society.

The persistent quality of these myths may stem from the fact that gambling is frequently used as a proxy for other issues and a general moral scapegoat.

“Very often it’s not to do with concern about problem gambling, they just raise it in terms of problem gambling. They are morally opposed to casinos—they just don’t frame it that way because moral arguments have not much leverage in most publics now. Problem gambling becomes the lightning rod for other issues.” — Canada

Staff training has also proven to be a problem area for responsible gambling. Many of the jurisdictions where gambling has been mired in controversy, have been those where gambling industry staff have not reacted properly to problem gamblers, in some cases welcoming them back to continue gambling.

“Areas like staff training are often problematic in the gaming industry. They will be told to look out for problem gamblers but they won’t have clear instructions about what to do about it. In an industry that is very compliance-based they need clear instructions and not just vague and general instructions” — Canada

“Staff lack clarity about what to do and very often don’t. Staff need specific instructions— ‘If you see this, do this’—not broad philosophical instructions.” — Canada

4.1.5. Prevention: All of the above have implications for effective prevention of problem gambling and must work together if that is to be achieved. While treatment is widely agreed to be a vital aspect, anticipating the difficulties and putting the above measures in place are essential to having a preventative focus.

“Prevention is often overlooked, mainly because we look at in the ‘crisis moment’ and less from a public health perspective in trying to keep it from happening. The analogue in South Africa could be the focus on HIV throughout the African continent and the degree to which it is more effective and certainly less expensive to focus on prevention rather than treatment. The same is true of many public health issues including problem gambling.”
— USA

4.2 MESSAGING

Given the complex reputational aspects involved in the implementation of responsible gambling, and the stigmas often faced by the gambling industry, we explored what messages were most important to convey, both on the part of the industry and of regulatory organisations, to avoid reputational risk and foster a positive operational environment. Experts highlight the need for transparency

and openness about the risks of gambling as well as the benefits. They also stress the need to convey the importance of customers not gambling beyond their means.

4.2.1. Gamble Within Limits: At the level of the individual gambler, gambling within reasonable parameters is the vital message to convey.

“The most important thing for the industry, the regulators, and the patrons is to convey that you should not gamble more than you can afford to lose. When people get in to trouble, in the majority of cases, it is because they gamble too much. Either they gamble too much or they gamble for too long and run out of money. I would say the main idea to convey is the idea of gambling within limits.” — UK

“Most important message is that it is a recreational activity, but not a source of income and the likely outcome is that most people will lose. Some people may win in the short term, but in the longer term most people will lose. Industry must try to ensure gamblers do so in affordable levels and don’t attempt to chase losses. Specify the amount of money that you want to gamble and stay within those limits.” — Australia

However, in order to convey this message credibly, without the appearance of insincerity, a number of other issues and messaging challenges need to be overcome.

4.2.2. Overcoming the Stigma: Despite stressing the importance of effective and transparent messaging, respondents also generally recognise that this can be an extremely difficult task for an industry like gambling which, as a ‘vice industry’, is encumbered with a certain perception among the media and public

“It’s one of those situations where you’re damned if you do and damned if you don’t. If the industry doesn’t get involved, their reputation suffers because they are not doing enough about it. When they do get involved and support public education programmes etc, there is a tendency to think it is tainted because it’s industry-sponsored.” — USA

The experts we spoke to observed that this perception could be overcome only through transparency and honesty, not by rhetoric or insincere promises.

4.2.3. Be Realistic: Respondents were quick to stress the danger of overstepping the remit of responsible gambling.

It is important to be open about the downside of gambling and not to make statements that risk credibility.

“Be willing to say ‘we have a product which has a downside and it’s our responsibility to do something about the downside.’” — USA

“There are certain things I have heard that are not credible like ‘one problem gambler is too many, we don’t want any in our venues’—that kind of message rings of hypocrisy. People will believe that the industry puts in place safeguards and tries to identify people with problems and has prevention programmes, but they are not going to believe unbelievable hyperbole. Stick to what you do, don’t go overboard.” — Canada

“Responsible gambling programmes should not be expected to, nor should they even try to eliminate all harm. That can create real danger to reputation, because one can always ask the question ‘should the programme have done more?’ It is important to note that it is a balancing approach rather than an absolute elimination of harm. So we use words like ‘reduction of harm’ and ‘minimising costs’ but not elimination.” — USA

4.2.4. Show Integration: Honest and realistic messaging must be backed up with actions, which is where the skepticism towards responsible gambling practices is really defeated. In order to achieve this, the responsible gambling must be integrated not only in external marketing but into the business model itself.

“You can put out all the messages you want and people don’t believe you. The degree to which responsible gambling is embedded across the organisation is very important. So it’s not just about the messaging, it’s about ‘Is it real?’ Continuity of message and the actions in the organizations are very important.” — Canada

5. RESPONSIBLE GAMBLING WORLDWIDE

This chapter summarises the results of GlobeScan’s research into the issues faced in the implementation of responsible gambling worldwide, incorporating a combination of our own secondary research and our discussions with experts in the field¹. We focus on the reputation of the gambling industry in different jurisdictions worldwide, methods of regulation, and the variety of approaches to responsible gambling.

¹ Quotes included in country analysis are from experts within that country unless specified otherwise

5.1. SUMMARY

5.1.1. Politics of Gambling: We found that gambling industries worldwide have cultural baggage to overcome that causes problems for both them and for other stakeholders in the attempt to implement responsible gambling. Traditionally seen as a ‘vice industry’, gambling tends to be viewed with a degree of distrust which manifests in hostility from the general public and the media. Distrust of the industry can hinder its ability to generate knowledge in the area of responsible gambling, as research sponsored by the industry, or by a government that generates revenue from gambling, can be seen as “tainted.” This also extends to miscommunication between different stakeholders within the responsible gambling field—it is often the case that there may be distrust between NGOs, industries, and governments, which only hinders the development of effective programmes.

5.1.2. Technological Advancement: Many of the media controversies that have arisen relate to increases in problem gambling as a result of new forms of gambling such as video lottery terminals and online gambling. Responsible gambling itself is a fairly new field, with relatively little data to draw on—an even more challenging scenario when faced with new gambling technologies. Many jurisdictions have thus failed to keep up with new developments or to make sufficient provision to accommodate their accompanying problems and thus, as they report both significant increases in revenue and a rising incidence of gambling problems, face accusations of exploitation. We found in some European markets that a rapid rise in problem gambling in the wake of technological developments can lead to a ‘crisis reaction,’ where governments rapidly implement highly stringent measures to combat the trend.

5.1.3. Conflicts of Interest: Governments that both regulate and draw revenue from gambling industries face a conflict of interest when trying to implement more responsible practices. When governments become reliant on this revenue, the tendency to pay lip service to responsible gambling without implementing it in a meaningful way can arise.

5.1.4. Ineffective Measurement: Owing to responsible gambling being a new field, and to the conflict of interest that can arise when governments examine their own sources of revenue, there has been a trend across many jurisdictions not to effectively measure the success of responsible gambling programmes. This can result in wasting resources, ineffective approaches to problem gambling, and negative impacts on the reputations of gambling providers.

5.1.5. Funding: Many countries do not have any kind of mandatory contribution on the part of the industry in place. Thus it may be difficult to project how much will be made available for responsible gambling programmes in the future. Further, we find in some jurisdictions that responsible gambling programmes can be subject to severe funding cuts in cases where programmes are state-funded. Countries where gambling is regulated on a local or provincial level also often have inconsistent funding programmes across jurisdictions.

5.2 MEDIA COVERAGE OF GAMBLING

A comprehensive scan of the focus and tone of all recent news coverage of gambling in the jurisdictions covered here is outside the scope of this report. However, by looking at a selection of recent coverage in global news sources archived by Google News, we can draw some qualitative conclusions about the jurisdictions where coverage of the issue is most frequent and the issues that tend to be the focus of the coverage, and compare the picture with that in South Africa.

Overall, we found that South Africa’s gambling industry enjoys a comparatively benign operational environment and does not suffer from political hijacking and moral stigma as is experienced in many other countries, most notably the UK. As one respondent put it:

“The reputation of the gambling industry in South Africa is a great deal better, whether it is justified or not, than it is here because the NRGP and others do a damn good job keeping it out of the press and that isn’t done here. We get a lot of press comment about the gambling industry in the UK all of which is negative. In South Africa you get very little press comment because you have a very good buffer state in the form of the NRGP, keeping the press and the government off their back.” — UK

The US media are most likely to cover the issue of gambling, by a very large distance. US media account for 80–90% of the media hits picked up by Google during February 2013. Much of the US coverage relates to:

- The **legal status** of different forms of gambling within individual states, particularly new innovations such as video and internet gambling and their prospects for legalisation (about 40% of the coverage)
- Incidences of **illegal gambling activity** (about 10%)
- The **revenue** that gambling raises, with a significant proportion of the coverage making reference to the prospect of improving states’ finances by bringing additional forms of gambling within the law (about 20%)

Typically, the coverage is comprised of news articles reported in a fairly balanced and factual way by local media—articles often reference the prospect for revenue-raising if gambling laws are liberalised, but also frequently include comments from bodies responsible for dealing with gambling addiction, who urge caution.

While coverage of gambling is much rarer than in the USA, with only a few media hits over this period, **the British media** appear markedly more attuned to raising awareness of the negative social consequences of gambling, covering “human interest” stories relating instances of problem gambling. These include:

- An article about the jailing of a priest for defrauding a dementia sufferer
- An article about a gambling addict stealing money from his girlfriend
- The threat posed by “high stakes” gambling machines

South African media coverage is in contrast very infrequent. Of a sample of 500 of these gambling-related media hits, obtained during late January and February 2013, only around 1% were from South African news sources. These articles either did not address the issue of responsible gambling directly, or covered it in generally

neutral terms. They included:

- An article covering (in favourable terms) the appointment of the new executive director of the NRGF
- An article focusing on the CSR commitments of a company in the gaming industry
- An article highlighting the danger that Lotto can be a “gateway drug” to problem gambling
- An article warning of the prospect of illegal gambling during the AFCON soccer tournament
- An article reporting that a banned gambler’s winnings had been confiscated by a Gauteng casino
- Two articles covering instances of reported match-fixing and irregularities in sport betting.

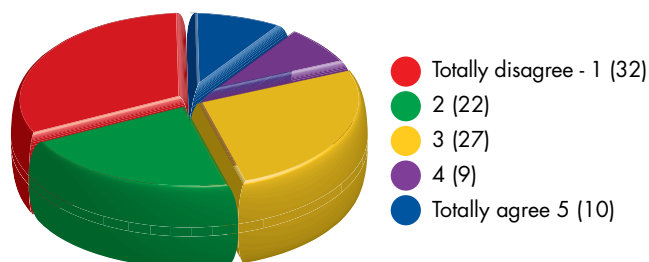
5.3 PUBLIC PERCEPTIONS OF GAMBLING

To provide insight into the state of public sentiment towards gambling, a representative sample of adults in three countries—the UK, US, and Canada—was questioned about their views of the industry and its role within society.

5.3.1 UK

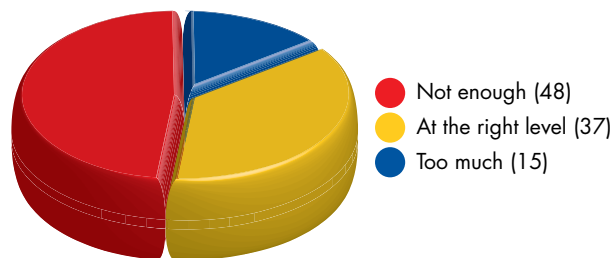
The contentious nature of gambling in the British public consciousness is illustrated by the results of our GlobeScan’s

The gambling industry provides mostly harmless entertainment and government revenue.
UK, 2013

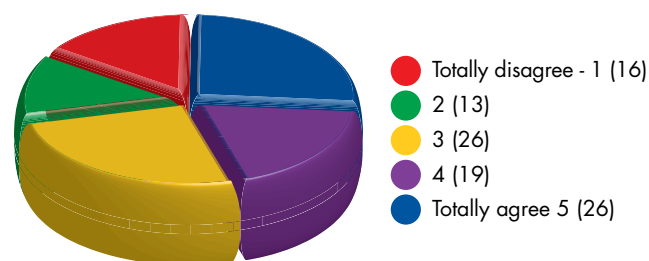


Support for statement on a scale from 1 to 5 where 5 is “totally agree” and 1 is “totally disagree”

Views of current levels of regulation
UK, 2013

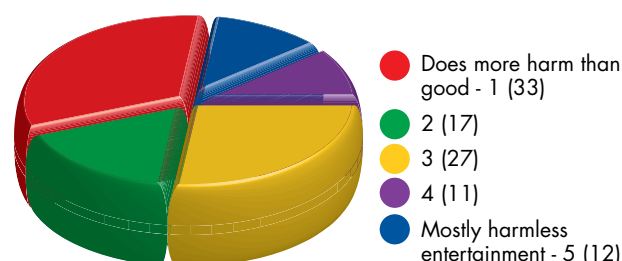


The gambling industry profits from harm to society
UK, 2013



Support for statement on a scale from 1 to 5 where 5 is “totally agree” and 1 is “totally disagree”

Overall perception of gambling
UK, 2013



Where do you stand on gambling on a scale of 1 to 5 where 1 is “does more harm than good” and 5 is “provides mostly harmless entertainment and government revenue?”

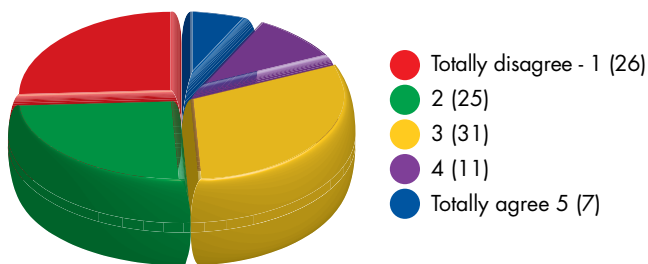
UK polling. When asked to give their views on whether they see the gambling industry positively or negatively, the majority of responses tended towards either the most negative end of the scale, or towards neutrality. This indicates that those with a strong opinion on the gambling industry tend to view it negatively, whereas those with less conviction tend to default to a neutral position. In terms of regulation, the UK contrasts with the USA in their preference for greater regulation of the industry—a result very close to that in Canada.

5.3.2 Canada

The Canadian public exhibits similar views on gambling to the British, although Canadians are more neutral in their levels of conviction about gambling’s harm to society. They are reluctant, however, to come to the defense of the gambling industry, and this is consistent with the views expressed in the expert interviews regarding the moral associations of gambling.

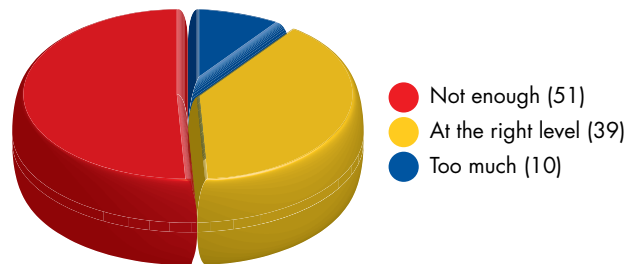
Canadians show an almost identical level of demand for increased regulation of the gambling industry as the British public, with over one-half taking the view that current levels of regulation are insufficient.

The gambling industry provides mostly harmless entertainment and government revenue.
Canada, 2013

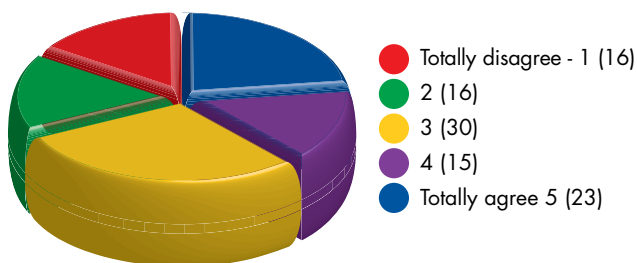


Support for statement on a scale from 1 to 5 where 5 is 'totally agree' and 1 is 'totally disagree'

Views of current levels of regulation
Canada, 2013

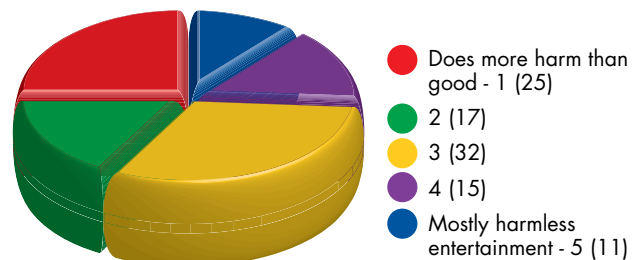


The gambling industry profits from harm to society
Canada, 2013



Support for statement on a scale from 1 to 5 where 5 is 'totally agree' and 1 is 'totally disagree'

Overall perception of gambling
Canada, 2013



Where do you stand on gambling on a scale of 1 to 5 where 1 is 'does more harm than good' and 5 is 'provides mostly harmless entertainment and government revenue?'

5.3.3 USA

The US public shares some views with the British and Canadians in terms of their reluctance to express sentiments in favour of gambling. As in those countries, those who do not condemn gambling tend to be neutral. However, Americans are also more reluctant than the British or Canadians to agree that gambling “profits from harm to society.”

American attitudes to gambling regulation put the results into some context. The majority of Americans see the current level of regulation as sufficient. Irrespective of their personal views towards gambling, culturally, the USA has a tendency to be individualistic and averse to regulation. This attitude was borne out in our discussions with experts, who found that gambling regulation is particularly difficult to both implement and (owing to a high degree of state autonomy) to measure at a national level.

6. COUNTRY-BY-COUNTRY FOCUS

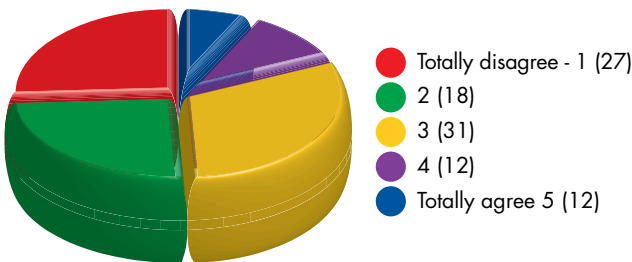
In this section, we examine the context in which gambling operates in a number of key jurisdictions around the world.

The table below shows at a glance some of the key differences between the size of the industry, the magnitude of the responsible gambling effort, and the way it is governed.

Overleaf, we assess the costs and regulatory parameters of responsible gambling by country² as well as examining how the key ways in which that country’s approach to ensuring responsible gambling differs from that espoused by South Africa and the NRGF.

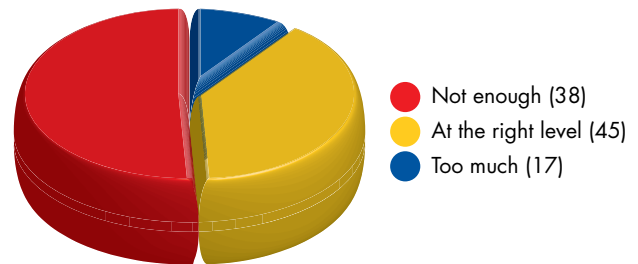
A more detailed overview of the context in each country is provided as an annex to this report.

The gambling industry provides mostly harmless entertainment and government revenue.
USA, 2013

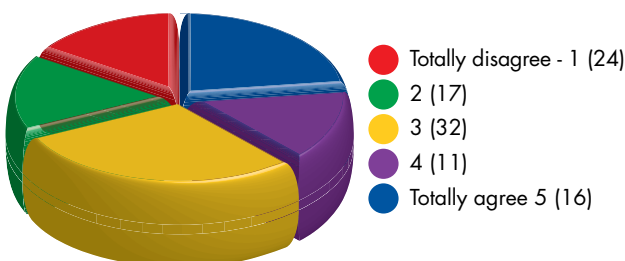


Support for statement on a scale from 1 to 5 where 5 is ‘totally agree’ and 1 is ‘totally disagree’

Views of current levels of regulation
USA, 2013

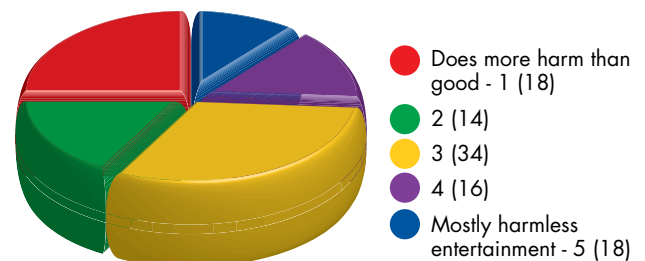


The gambling industry profits from harm to society
USA, 2013



Support for statement on a scale from 1 to 5 where 5 is ‘totally agree’ and 1 is ‘totally disagree’

Overall perception of gambling
USA, 2013



Where do you stand on gambling on a scale of 1 to 5 where 1 is “does more harm than good” and 5 is “provides mostly harmless entertainment and government revenue?”

² Note: Like-for-like figures on total responsible gambling costs are not available for all countries so figures may not be directly comparable

	Est. gov. gaming revenue per annum	Estimated spend on resp. gambling per annum	Main source of funds for resp. gambling	Mandatory industry levy?	National or provincial/state level regulation	% population regarding gambling as 'mostly harmless'	Barriers to trade for the industry
South Africa	\$693m	\$2m	Industry (except National Lottery)	No	National		New gambling industry; proliferation of online gambling
UK	\$2.3bn ³	\$7.5m	Industry via Responsible Gambling Trust	No	National	19	Public and media opposition; political dynamic
USA	\$92bn ⁴	\$35-50m ⁵	State	No	Provincial	24	Problems created by lack of industry interest in responsible gambling
Canada	\$13bn ⁶	\$119m ⁷	Industry, Health Ministry	No	Provincial	18	Media controversies in the face of industry expansion
Australia	\$5.2bn ⁸		Varied by state (tax and community programmes)	No	Provincial		National-level political controversy
New Zealand	\$181m ⁹	\$18.6m ¹⁰	Industry levy and non-profits	Yes	National		Clash between industry and anti-gambling groups
Ireland	\$2.3bn ¹¹			No	National		Antiquated structure; operates only within loopholes
Norway	\$2.8bn ¹²	\$2.2m ¹³	National government (state-owned industry)	Yes ¹⁴	National		Illegalisation of online gambling and video lottery terminals
Sweden	\$3.1 bn ¹⁵		National government (state-owned industry)	No	National		State-owned industry needs to compete with illicit gambling

³ <http://www.gambleaware.co.uk/gambling-facts-and-figures/>

⁴ http://en.wikipedia.org/wiki/Gambling_in_the_United_States#Gambling_revenues

⁵ Interview

⁶ <http://www.cprg.ca/articles/2010-11%20Canadian%20Gambling%20Digest.pdf> (page 6)

⁷ Interview

⁸ <http://www.theaustralian.com.au/national-affairs/state-politics/states-addicted-to-gambling-revenue/story-e6frgczx-1225883426186> and http://www.psych.usyd.edu.au/gambling_treatment_clinic/resources/Facts_and_Figures%20Gambling_pdf.pdf

⁹ http://www.austgamingcouncil.org.au/images/pdf/2011_12_Database/chp_6.pdf

¹⁰ ibid

¹¹ <http://www.dkm.ie/uploads/pdf/reports/final%20proof%2001%2010%2008%20spreads.pdf> (land-based only)

¹² Norsk Tipping only

¹³ <http://www.responsiblegambling.org/docs/discovery-2012/the-norwegian-story-with-a-happy-ending-.pdf?sfvrsn=12>

¹⁴ ibid

¹⁵ <https://svenskaspel.se/img/omsvs/2011/engl/directorsreport/theswedishgamingmar/the-swedish-gaming-.html>



6.1. UK

Non-innovative structure: The UK exemplifies an antiquated “mature” structure for gambling oversight, but still lacks experience in responsible gambling. The money that has been spent on responsible gambling, according to the experts we interviewed, has not been very well spent or targeted.

Politics: Political dynamics come into play with entrenched views on both sides: the long-standing historical gambling industry versus some entrenched moral objections. This is seen to restrict the ability to have a “grown up” conversation about the issues and presents a classic case of historical baggage.

The prime example of this is the Daily Mail’s “kill the bill” campaign, the hijacking of the policy for political purposes and the negative effects it had on the Labour Party for trying to use gambling as a stimulus for development. This politically tainted the Gambling Act 2005, which was about more than just “super-casinos.”

The initial potential of the Gambling Act was damaged irreparably by the politics surrounding it which left the result unrecognizable from its original intention.

“The Tories put the boot in and ended up with something that nobody wanted at all. Which is why we now have high-prize machines on the high-street, casinos are absolute pariahs, and we’ve driven all the revenue which at last count was 2.1 billion that we’re throwing away by not allowing people to operate in a decent tax environment on our shores. In short, a mess.”

The politically charged nature of gambling in Britain also makes it extremely difficult to have an honest conversation about the problems that surround it without a politically motivated argument.

“The one thing that pervades is the whole scenario is one of frank dishonesty. Nobody is telling the truth. In some cases because of vested interests, in other cases they are doing a cover-up for somebody else.”

In many cases it is simply ignored.

“Gambling is not a vote winner, it’s only a vote loser. There is apocryphally a whiteboard up in DCMS which was written on by David Cameron at the start of his visit

there two years ago saying “do not mention gambling” and they haven’t. Department has been cut way back, it is of minimal importance to anybody but actually it should be of importance because it is quite a big industry and it develops quite a lot of heat.”

Access to gambling: The lack of a coherent and versatile policy on gambling in Britain, and the difficulty in securing cooperation between stakeholders, have rendered the UK slow to adapt to changes in modern technology. Paradoxically, this has resulted in a state of affairs whereby gamblers have access to a greater range of gambling options outside a casino than inside. This is compounded by the perception of casinos in Britain.

“Reputationally and quite wrongly, casinos get a bad press simply because they are large physical objects people can direct their hatred to. The same applies to some extent to betting terminals. It’s harder to rail against what is going on in cyberspace. And you can lose far more money in cyberspace. The law whereby you can play games on a laptop outside a casino that you can’t play in a casino is ludicrous.”

Conversely, without the same conflicts and policy errors as Britain, South Africa has maintained a focus on casinos, rendering problem gambling a less chaotic and more quantifiable issue.

“They recognised very quickly that the casino-centric gambling industry is good business.”

“In South Africa you don’t have betting shops conveniently located on the way to the supermarket, and to get to a casino is thoroughly appropriately, a dedicated trip to gamble, which is what we’d like to see but we don’t have, gambling is all around you here.”

Funding: The Gambling Commission frequently fails to meet its funding targets on responsible gambling, and has no system of mandatory contribution or supplementary resources as in Canada (which crown corporations provide funds). There has been no long-term rolling commitment by the industry.

Attempts to secure and enforce a more formalised system of contributions from the industry have been hindered by the policy dilution resulting from the aforementioned political dynamics in the UK.

“The one good thing about the 2005 Act was licensing of social responsibility but it has not been properly enforced. A few years back we did a count and found

that only one-third of license-holders were making any monetary contribution towards social responsibility i.e., to the fundraising body and/or to treatment, research or education providers, so that was poor."

Exposure: The budget for Gambaro in the UK is much smaller than similar organisations in other countries, but the ability to make the most of the funds at their disposal is hindered by the lack of advertising for their services in contrast to South Africa, where helpline numbers appear alongside gambling advertisements.

"We merely scratch the surface. Out of 600,000 we see maybe 3,000 and that's half a percent."

"All we want to do is have our helpline number on every advertisement as they do in South Africa and as they do in every other country in the English-speaking world. We think the industry could then put its hand on its heart and say "we are doing everything possible to make gambling safe."

Comparison with South Africa: The UK is many ways is the opposite; the oldest gambling industry, and very slow to change. Money that is raised is seen to be spent inefficiently, as opposed to in SA where it is very targeted. Additionally, the political issues which have emerged around gambling in the UK do not exist to the same extent in South Africa, rooted as they are in a long-established gambling culture and the opposition to it. Further, in contrast to Britain, the NRGP has secured the cooperation of the industry, and enjoys minimal interference from the government and civil service in the delivery of its services.

Conversely, without an amicable relationship between the necessary stakeholders around the issue of gambling, as well as the regularity with which the discussion is hijacked for political purposes, it is extremely difficult to develop coherent policy and reach decisions that benefit problem gamblers. This also both feeds into, and is driven by, the negative relationship that gambling has with the UK press.



6.2. Canada

Highly regarded: Canada's approach to responsible gambling is generally very well regarded, including by US gambling experts. Although there are great variations at the policy level between provinces, there have been some very innovative programmes. Canada's approach is also among

the best funded (around \$85 million of funding comes from Ministry of Health-funded community-based programmes, in addition to \$35 million from programmes created by the industry and the venues themselves), with Crown Corporations providing funding in some provinces. The Ontario Responsible Gambling Council is particularly well regarded.

Growing pains: It is a challenging time for gambling in Canada, as the industry is in a period of expansion and privatization. A number of media controversies have arisen. Nova Scotia, in particular, has run into serious opposition from the media and general public (despite a very healthy budget relative to other provinces).

Measurement: While responsible gambling programmes in Canada are seen to be among the best worldwide, they still suffer from a shortfall in comprehensive evaluation. They are not always effectively monitored, and though Canada is stronger on this than some other countries, there is still an insufficient amount of research available. This research can also be tainted by vested interests of either those funding it or anti-gambling academic circles who have an 'agenda', as in Alberta.

Comparison with South Africa: Some of the programmes in Canada have some common ground with the NRGP in their incorporation of different elements in responsible gambling. A member of the Ontario Responsible Gambling Council favourably compared the NRGP to his own organisation:

"I think there is only our organisation [in Canada] and that one that are in this kind of prevention category—although our organisation doesn't have any treatment or help-line or that kind of component. It's surprising sometimes what people can do with relatively small resources and I think that's another aspect of what they are doing there"

However, there is also a lot of regional variation in Canada, with little national oversight. The Nova Scotia example shows how the reputation of the stakeholders involved can be damaged by antiquated approaches to governance, insufficient collaboration between stakeholders, and insufficiently targeted programmes of public engagement.



6.3. USA

State independence/ inconsistency: In the USA, there is a high degree of state independence with little to no

oversight from national government, and thus tremendous variation in policy from state to state. Some have healthy funding for responsible gambling and some have none at all, with problem gambling rarely making it onto the national agenda. Due to the political culture and reverence for states' rights, it is particularly difficult to impose a unified approach responsible gambling from the top down. There is evidence of states engaging in a "race to the bottom," loosening regulations and increasing access to gambling, with existing restrictions being removed.

Recession: State-level funding for responsible gambling has also taken a hit in recent years due to the recession with individual states cutting funding to problem gambling programmes as they adjust to deficits, even states with very high gambling prevalence (see Nevada case study).

Comparison with South Africa: The services being cut in the US are the ones the NRGP has championed (research, data collection, workforce development, and education). The general population has a very limited understanding of problem gambling in many areas, unlike in South Africa, where outreach has been quite successful.

It is apparent that there is also less of a role for independent organisations and NGOs in the USA, which some experts think it could benefit from. Experts feel that the industry as a whole does not see it as being in its interest to ensure that gambling products are consumed responsibly and that people who develop problems with them are helped.



6.4. Ireland

An antiquated system: The Irish system has been slow to adapt, as gambling was only made legal through a loophole. Casinos are able to exist only as private members clubs, and have proliferated in that form. A committee in 2006 finally reassessed this and concluded that the system based on the Gaming and Lotteries Act of 1956 could not provide effective policy.

The recession and problem gambling: Concerns about gambling problems have grown, not so much because of an increase in gambling, but because of gamblers being unable to afford existing levels of exposure. This has exposed problems of monitoring, training, and prevention.

Failure to deal with boom in online gambling: The Irish system has struggled to keep up with modern gambling technologies, and was completely ill-equipped to deal with the proliferation of online gambling. This resulted in a number of high-profile media cases in 2012 and 2013. In some cases, problem gamblers ran up huge debts but were welcomed back to spend more.

Comparison with South Africa: The Irish approach has been largely reactive rather than proactive. As casinos were not legal in the traditional sense, they existed outside of an adequate regulatory system for a long period of time before an effort was made to update the structure within which they operate. The NRGP, by contrast, was established very early on after democratic reform in SA, and thus was able to accommodate subsequent developments.

Nonetheless, Ireland is also a cautionary tale about online gambling—which presents a risk to South African gamblers as well.



6.5. Norway

Prohibitive approach: Gambling in Norway is regulated by two state-owned corporations (Norsk Tipping and Norsk Rikstoto), and is illegal in all other circumstances. Norsk Tipping functions under the jurisdiction of the Ministry of Culture and Church Affairs, and places controls on how much money and at what times of day players can bet. Norway takes a largely prohibitive approach rather than focusing on awareness and education.

A hardline approach to online gambling: As with many other countries, Norway experienced a rise in online gambling, but unlike others which sought (with varying degrees of success) to accommodate it, Norway reacted by implementing ISP filtering and banning Norwegian citizens from accessing foreign gaming websites. This drew strong criticism from EFTA as an infringement of market freedom.

Gambling machines: When video lottery terminals proliferated in the 1990s, the regulatory structure was not sufficient to control them, leading to unfettered expansion. In response video lottery terminals were abolished and replaced with interactive video terminals requiring a credit card in 2007, a measure which would not be acceptable in the USA or UK.

Comparison with South Africa: Norway's ability to adopt such restrictive measures reflects a difference in culture compared to many other jurisdictions. Further, Norway experienced a similar problem to Ireland in terms of antiquated systems, but reacted decisively with stringent restrictive measures.



6.6. Sweden

Cultural similarities with Norway: The Swedish approach employs restrictions on gambling through state-owned operations. Svenska Spel, a state-owned company, runs the only licensed online poker room in Sweden. There has been a reported rise in the number of problem gamblers over recent times, allegedly owing to technological change and the expansion of electronic gambling facilities.

Rise of gambling among the young: In 2011, the Swedish National Institute of Public Health (FHI), released a report identifying certain groups as being at risk for problem gambling among whom, despite a relatively stable rate overall, problem gambling rates were increasing.

Among men aged 18 to 24, the proportion of problem gamblers doubled, amounting to a troubling 10 percent of the age group—around 450,000 people.

Conflict of Interest: Because Svenska Spel has to provide an alternative to problem gambling, the National Audit Office (NAO) has criticized it for pushing for commercial success, at the expense of gamblers, in order to compete with the non-sanctioned gambling market. The legal and regulated gambling industry is seen to have been complicit in escalating problem gambling.

Insufficient research and evaluation: The NAO concluded that too little had been invested in Sweden into research into pathological and problem gambling, as well as into effective prevention measures. Additionally, the Government had not sufficiently monitored the effectiveness of its policies, or looked into the detrimental effects of the shortcomings in its licensing process and the dangers of competing with illegal gambling.

Comparison with South Africa: By allowing industry competition privately rather than adopting a top-down approach, the South African approach avoids the state exacerbating problem gambling by trying to compete with

an illicit gambling market. Furthermore, the NRGF has targeted the young for education and outreach, an approach Sweden might have benefitted from earlier.



6.7. New Zealand

Coordination: There is significant state-level coordination of the approach to responsible gambling. Gambling is regulated by a partnership of the Department of Internal Affairs, the Gambling Commission, the Ministry of Health, and the Inland Revenue Department. The involvement of the Ministry of Health provides metrics allowing the monitoring of at-risk demographics.

Political/media controversy: Despite a fairly comprehensive approach, gambling in New Zealand has faced a lot of controversy recently. Gambling is expanding and coming up against political opposition from anti-gambling groups, which has been seized on by opposition political parties, escalating it as a political issue.

Media attention on problem gambling: It has been reported that the number of problem gamblers at SkyCity in Auckland rose by 300% between 2008 and May 2012. As in Ireland, damaging stories emerged of problem gamblers who were allowed back. It has been claimed that while staff may be able to identify problem gamblers, they are insufficiently trained or motivated to take appropriate action.

A problematic framing argument: The industry in New Zealand is in a position where it cannot be seen to be profit-making and responsible at the same time (some criticism revolves around them trying to "raise revenue"). This indicates that they have started from an inadvisable position of claiming zero harm, affecting both their ability to cope with problems and their license to operate.

Responsible gambling equates to bad business, responsibility to no profit. This is the attitude that expert respondents have warned against.

Comparison to South Africa: The policy approach in New Zealand involves a similar collaboration between stakeholders, but has not focused enough on training and coping with existing problems. This creates problems when gambling is expanding, when insufficient communication and cooperation leads to the issue being escalated to a political level.



6.8. Australia

Vested interests: As in New Zealand, effective policy in Australia has been hindered by entrenched positions on both sides of the gambling argument, with the added complexity of provincial autonomy. This has had a damaging effect on public perceptions, as it has created a cumbersome and fragmented response to problem gambling issues, particularly the expansion, as in New Zealand, of “pokies” (gaming terminals). This growth in problem gambling has received a great deal of attention in the media, and the Australian Productivity Commission estimates the annual social cost of problem gambling to amount to \$4.7 million.

Pokies and “revenue addiction”: Pokies generate large tax revenues, which have led to accusations of revenue “addiction” on the part of States. In recent years, provincial governments have welcomed investment by big corporations in the gambling industry, and have moved towards privatization in general, with publicly traded casino trusts listed on national share markets. Increasingly, the reliance of states on gambling revenue (e.g. 12% of Victoria government revenue) has led the debate to be escalated to the national level, with activists, lobbyists, and anti-gambling politicians taking the case to Parliament.

The governments have found themselves in a difficult position, trapped between two opposing lobbies (gambling interests and anti-gambling groups), as well as having to take into account the revenue involved.

Tainted research: Conflicts of interest cause ethical issues to arise when either the government or industry supports research. Government funds research, but only towards specific questions (policy-driven and often restricted on dissemination). Research also tends to be conducted on analogue populations rather than the gambling population itself. Experimental studies tend to be directed not towards gambling, but “choice or decision-making tasks.” Any research the industry is involved in is immediately seen as tainted by bias.

Failure to properly monitor and evaluate the success of the initiatives was cited as the most significant failure in Australian responsible gambling programmes. The vested interests of both industry and government cause them to gloss over the actual effectiveness of the programmes.

Comparison with South Africa: The Australian case illustrates the importance of there being a third party to arbitrate between the government and industry, particularly when it comes to research, as this ensures the impartiality of the results. The extent to which gambling has become entwined with state revenue in Australia, with a broad range of vested interests involved, has created an environment in which responsible gambling is extremely difficult to implement meaningfully without incurring huge economic and political costs.

7. PERCEPTIONS OF THE NRGP

As a corollary to our discussions with international experts on the important considerations in responsible gambling and the situations in their own countries, we canvassed their views on the responsible gambling picture within South Africa itself and the work of the NRGP. While knowledge of the NRGP and the South African gambling landscape was variable among respondents, among those who were knowledgeable on the subject, the results were telling in their overall positivity.

The NRGP was almost unanimously praised for its work in South Africa, setting an example not only for the developing world, but for responsible gambling programmes the world over. We found that the NRGP, in the eyes of experts, fulfils many of the recommendations set out at the beginning of the discussion, for how to successfully conduct responsible gambling. Further, in some cases, it serves as a contrast to the problems encountered in other countries.

Many of the advantages the NRGP enjoys seem to stem from the fact that it has been able to design a responsible gambling structure from scratch, alongside the introduction of gambling regulation more broadly. This has allowed the relevant stakeholders and different aspects of responsible gambling to be considered from the outset, rather than being introduced into a regulatory structure not designed to accommodate them.

7.1. A Positive Example: Fundamentally, the South African model was held up as an example to be followed, even by highly developed countries. We asked respondents how the work of the NRGP measured up to responsible gambling programmes in their own countries, and the results were remarkably positive.

“In some ways it’s more advanced. The strategic planning approach that has gone into it surpasses what we’ve done. I wouldn’t be surprised if the funding exceeded what we spend in the US. The outreach to poor communities and

areas with little or no health services, are all things we could take to heart and learn from, I've certainly tried to in the United States." — USA

"NRGP has had occasional ups and downs, but they have had a consistently good record. Someone said the other day in the Times that we should be following the NRGF model." — UK

The purported reason for this were, not surprisingly, that while other countries have had to adapt antiquated regulatory systems and long-established industries to new ideas of responsible gambling, South Africa has been able to plan the system strategically from the outset, incorporating a range of considerations and the needs of different stakeholders into an integral scheme, as well as setting mandatory requirements from the industry which are lacking elsewhere.

"Very good. I have been impressed when I've been there and been following it from an international perspective. I think the outreach is good, there seems to have been a very good planning process in place. I think it has balanced a lot of the issues that South Africa has as the industry has emerged. It's seen, and I certainly see it as, a very good model." — USA

"South Africans had the advantage of looking at others before they introduced it. Whereas in the UK it emerged and developed over time, resulting in a system that in my view is a little bit half-baked. - I think it's a far better system than the system of the UK." — UK

One respondent in the USA cited specific examples of programmes in South Africa that the USA would do well to take example from:

"One of the things that was interesting for me that would be useful in the United States, is the way they are trying to provide responsible gaming and health information to very impoverished areas without much health infrastructure... We are also interested in the multi-language material; the vast majority of our services are all in English. South Africa made sure from the start that materials are available in different languages."

7.2. Holistic Approach: It was also recognised that the NRGF is a unique organisation in its incorporation of so many elements intrinsic to responsible gambling:

"I have great respect for the organisation and what it does. We watch what is going on in South Africa and with that particular organisation and we have used them as an

example of some things that we wanted to do in the past. From my perspective this is a valuable organisation and somewhat unique. I think there is only our organisation and that one that are in this kind of prevention category. Although our organisation doesn't have any treatment or helpline or that kind of component." — Canada

7.3. Partnership: Central to the aforementioned holistic approach, the NRGF is praised for the fact that it has managed to achieve a sought-after level of partnership between stakeholders, the non-achievement of which has proved such a hindrance to the progress of responsible gambling in other jurisdictions:

"Of course the different stakeholders have different goals but at the same time the NRGF got into a position where they can gather at the same table different stakeholders — the policy makers, the operators, the responsible gambling people, regulators etc. work together. Probably this is why the situation is very good in South Africa" — Canada

"They are devoted, they work in partnership." — Canada

This cooperation between different stakeholders results in a certain level of independence. The industry and independent bodies are less likely to experience the conflicts with stakeholders that exist in other markets:

"South Africa seems to have a system where things get done more quickly with less interference from government." — UK

7.4. Positive International Reputation: Among the respondents who were less knowledgeable about the NRGF, we found that they still had a positive overall impression of responsible gambling in South Africa. This indicates the extent to which the NRGF's reputation precedes it:

"I am a bit out of my depth and I can only tell you what I know and that is that it has been singled out as one of the best programmes in the world." — UK

Also, respondents lacking specific engagement with the South African context were sometimes close followers of the work of the NRGF:

"I don't have any impression at all of the gambling industry in South Africa. The only thing I have been watching over the years are the operations of the NRGF. My impression of that organisation is that it is like the Responsible Gambling Council, more like it than any

other organisation. The way it is structured and the things they do...There are very few organisations like these.”
— Canada

“I haven’t been but you’ve got people like Peter Collins there and the notion is that they are doing good work.”
— Australia

7.5. Use of Resources: It was also recognised that the NRGPs have achieved a great deal in light of the resources available to it:

“It’s surprising sometimes what people can do with relatively small resources and I think that’s another aspect of what they are doing there.”— Canada

[Re: value for money of programmes] “It’s pretty good. We will always say there is not enough money devoted to responsible gambling but at the same time what does ‘not enough’ mean? We will always need more. I think the balance is pretty nice. Their work for example in schools — they have good programmes to create awareness of problem gambling among youth — it’s very well developed and assessed.” — Canada

8. RECOMMENDATIONS

8.1. Overview: While feedback on the NRGPs has generally been positive, we also investigated what more could be done to fulfil the mandate of ensuring the gambling industry conducts its business in a socially responsible way.

Many of the responses were positive and merely recommended that the NRGPs continue in the same vein:

“To continue to keep up the work and be at the cutting edge.” — Canada

“This is a very helpful process. I would just say that I commend them for working with your group to help with this assessment, I think it something very valuable.”
— USA

However, there were some concerns around the risks of online gambling:

“Only area where SA is vulnerable as a jurisdiction is the area of online gaming where they haven’t passed legislation. South African citizens are exposed to websites and products from other jurisdictions that are not well regulated. The fact of the matter is people in South Africa will gamble online and it is easy to connect to the Internet

and whether you think there is too much gambling or not is irrelevant because people use overseas sites which are not licensed or regulated by your organisation. That is a huge exposure.” — UK

8.2. Targeted Programmes: Given the diverse nature of South African society and the broader importance of thorough measurement in the implementation of responsible gambling, it was also seen as an important South African focus to be able to target at-risk groups:

“One point they could work on is to target different subpopulations. Target ‘at-risk’ populations. It would be advisable to design in the context of specific subpopulations.” — Canada

8.3. Monitor Online Gambling: Given the difficulties encountered and problems caused by unfettered online gambling in other markets, we recommend close attention to the proliferation of online gambling in South Africa, and working in partnership with regulatory and government stakeholders in order to predict and address any emerging risks.

8.4. Utilise Favourable Operational Environment: Further, the NRGPs are in a fortunate position in terms of their reputation and license to operate, and thus have more maneuverability on potential innovation than is enjoyed in other markets. The NRGPs should continue to leverage this advantage, and to monitor and document its activities in order to ensure continued success and adaptability to changing technological, social, and political circumstances.

For twenty-five years, GlobeScan has helped clients measure and build value-generating relationships with their stakeholders, and to work collaboratively in delivering a sustainable and equitable future.

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Appendix: Full Country-Level Reporting

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1. UNITED KINGDOM

1.1. Background: The UK has one of the longest-established gambling industries, with betting shops embedded in the national culture. Paradoxically, though, while Britain's industry has many of the advantages that maturity conveys in terms of expertise, experience, and being well studied by experts, gambling has also become a deeply politicised issue over the last decade, resulting in slow progress on modernisation of the regulatory structure, squandered funding, a lack of consensus on what to do, and animosity towards the industry in the media.

One expert, who praised the "mature" industry in the UK, nonetheless had some criticisms for it by comparison with the younger system in South Africa:

"The South Africans had the advantage of looking at others before they introduced it. Whereas in the UK it emerged and developed over time, resulting in a system that in my view is a little bit half-baked."

This assessment is borne out in our research, as the system in the UK, long-standing as it is, has been somewhat resistant to adaptation, with a media that entrenches the political problems of gambling at every turn.

1.2. Political Dynamics: The UK experienced one of the best publicised media campaigns against the gambling industry after the Labour government tried to usher in a "casino boom" in 2004, using American-style casinos to stimulate development. This backlash campaign was so successful that in 2012 former Sports Minister Richard Caborn admitted that it was the Daily Mail's coverage that had killed off the project.¹ This campaign was joined by religious leaders and other anti-gambling groups. GlobeScan spoke to a member of the Gambling Commission of the UK on the subject of the political dynamics in the UK and why this campaign gained such momentum in the UK. The main reasons cited relate to the long history of gambling in the UK and to the nature of the UK press:

"It's a combination of factors in the UK where you have a very strong 'democracy' if you like and a very powerful press (the influence of the Mail and the Times stoking up things). If you go back you have a very strong gambling tradition that was essentially unregulated for a very long time, or only regulated for crime."

The Labour government and gambling industry failed to take sufficient account of the social and cultural context within which they were taking their action. As result, not only was the new casino plan aborted, but the entire Gambling Act of 2005 was tainted in the public consciousness:

"The Labour government thinking they could use casinos in the way that they were using them i.e., to do something about development—there were a lot of problems. Putting casinos in poor areas to aid their development. That produced the most enormous firestorm. So most people think the Gambling Act of 2005 was about casinos but actually that was only a tiny bit of the bill. You get these political myths or narratives that run very powerfully. These narratives develop and reinforce people's views. It's a good tub-thumping topic for people."

While the "Kill the Bill" campaign subsided some years ago after the scrapping of the plans, it is still quite fresh in the public consciousness, and media opposition to the gambling industry continues to this day"

"Look at this betting shop clustering which is a very current issue. It only affects a small number of local authority areas and the numbers are tiny, but if you read the press you would think it was one of the major issues facing the country at the moment."

This UK example is a textbook case of the effects of a targeted media campaign on the development of effective policy. In terms of developing effective responsible gambling strategies, the atmosphere of distrust between stakeholders was certainly exacerbated by these events. The initial potential of the Gambling Act was damaged irreparably by the politics surrounding it, which left the result unrecognizable from its original intention:

"The Tories put the boot in and ended up with something that nobody wanted at all. Which is why we now have high-prize machines on the high-street, casinos are absolute pariahs, and we've driven all the revenue which at last count was 2.1 billion that we're throwing away by not allowing people to operate in a decent tax environment on our shores. In short: a mess."

The politically charged nature of gambling in Britain also makes it extremely difficult to have an honest conversation about the problems that surround it without it a politically motivated argument:

¹ Daily Mail campaign killed plans for mega-casinos over fears of rise in problem gamblers, admits Labour, Daily Mail, January 2012, <http://www.dailymail.co.uk/news/article-2085955/Daily-Mail-campaign-killed-plans-mega-casinos-fears-rise-problem-gamblers-admits-Labour.html>

“The one thing that pervades the whole scenario is one of frank dishonesty. Nobody is telling the truth. In some cases because of vested interests, in other cases they are doing a cover-up for somebody else.”

In many cases it is simply ignored:

“Gambling is not a vote winner, it’s only a vote loser. There is apocryphally a whiteboard up in DCMS which was written on by David Cameron at the start of his visit there two years ago saying “do not mention gambling” and they haven’t. Department has been cut way back, it is of minimal importance to anybody but actually it should be of importance because it is quite a big industry and it develops quite a lot of heat.”

1.3. Clarity of Vision: One of the key challenges mentioned in the UK, and a key element of any responsible gambling programme, is to agree on what exactly the problem is, and what might constitute success in addressing it. Responsible gambling around the world has been described as a ‘live experiment’ due to the lack of long-term research and consensus on the subject. Given the aforementioned political dynamics in the UK, this has been a particular challenge:

“Some of the problems we have here are that it’s very difficult to have a sensible discussion about what the right tools are, because we can’t agree on the problem. Some people say there is no problem and others say that gambling itself is the problem. You can’t agree on what a successful responsible gambling programme would be when you can’t agree on what success would look like.”

This makes effective and clear messaging around gambling extremely problematic:

[re: messages to convey by regulators] “It’s extremely hard to say because they don’t know themselves. DCMS has nominated someone for head of gambling, which some of us think is a bit tricky because if there isn’t a policy how can there be a head of it?”

1.4. Funding Issues: Another of the experts we spoke to saw funding as the most significant problem in the UK (and it was mentioned by both UK respondents as a significant challenge). Recent figures put the UK RET (Research, Education, and Treatment) funds as follows:

- 2011: £5,031,196
- 2012: £5,164,839
- 2013: Target of £6m²

As in the USA and Canada, there is no mandatory contribution from the industry in the UK, and responsible gambling efforts do not have the advantage, as in Canada, of revenue from crown corporations,

“Unfortunately the UK, as opposed to other jurisdictions, doesn’t have requirements that you make a payment of ‘x percent’ of your revenue to be available for research education and treatment. Its voluntary at the moment and that presents all sorts of problems. I think they could have done far better if they had known they were going to generate so much income.”

“We raise far less money than most other countries do. Partly because we don’t have the same number of state corporations as places like Canada, they get a huge amount of money from them.”

This is a valid concern for the UK. According to a report by the Gambling Commission in 2008 on the Responsible Gambling Trust’s RET programme, the Trust has found it difficult to meet fundraising targets owing largely to a lack of a reliable long-term rolling financial commitment by the industry.³ Further, education and research are underfunded by comparison to treatment, a finding common to Australia (nationally), Ireland, and Nova Scotia.

Naturally, acting without a required level of financial commitment is a comfortable position for some industry actors, allowing them, as had been seen in Australia, to “pay lip service” in terms of their contribution:

“We have been through quite a difficult period with different parts of the industry for committing to funds and data collection. Not wanting to acknowledge or address the problem. There was a fairly cosy arrangement whereby the industry put a bit of money in for treatment so they did their bit and you don’t ask too many questions.”

Funding for responsible gambling is also fundamentally affected by the aforementioned problems of political dynamics and clarity of vision:

“The money we do raise has not been terribly well spent, that was because of a lack of evaluation. Monopoly providers and professional self-interest. The phoneline being provided was grotesquely expensive and could be much better provided. Some changes are coming now — it shouldn’t have taken five years. That is partly because objective analysis was blighted by politics.”

² Direct correspondence — Gambling Commission

³ *Review of Research, Education and Treatment, Gambling Commission, October 2008*, <http://www.gamblingcommission.gov.uk/pdf/Review%20of%20research%20education%20and%20treatment%20-%20Oct%202008.pdf>

Attempts to secure and enforce a more formalized system of contributions from the industry have been hindered by the policy dilution resulting from political dynamics in the UK.

“The one good thing about the 2005 Act was licensing of social responsibility, but it has not been properly enforced. A few years back we did a count and found that only one-third of license holders were making any monetary contribution towards social responsibility i.e., to the fundraising body and/or to treatment, research or education providers, so that was poor.”

Even with a healthy budget and mandatory contributions from the industry, responsible gambling efforts can be hindered by the effect of opposition, vested interests, and political bias, leading to a lack of transparency in spending and, ultimately, a loss of resources.

1.5. Access to gambling: The lack of a coherent and versatile policy on gambling in Britain, and the difficulty in securing cooperation between stakeholders, have rendered the UK slow to adapt to changes in modern technology. Paradoxically, this has resulted in a state of affairs where gamblers have access to a greater range of gambling options outside a casino than inside. This is compounded by the perception of casinos in Britain.

“Reputationally and quite wrongly casinos get a bad press simply because they are large physical objects people can direct their hatred to. The same applied to some extent to betting terminals. It’s harder to rail against what is going on in cyberspace. And you can lose far more money in cyberspace. The law whereby you can play games on a laptop outside a casino that you can’t play in a casino is ludicrous”

Conversely, without the same conflicts and policy errors as Britain, South Africa has maintained a focus on casinos, rendering problem gambling a less chaotic and more quantifiable issue.

“They recognised very quickly that the casino-centric gambling industry is good business.”

“In South Africa you don’t have betting shops conveniently located on the way to the supermarket and to get to a casino is, thoroughly appropriately, a dedicated trip to gamble which is what we’d like to see but we don’t have; gambling is all around you here.”

1.6. Exposure: The budget for Gamcare in the UK is much smaller than similar organizations in other countries,

but the ability to make the most of the funds at their disposal is hindered by the lack of advertising for their services—in contrast to South Africa, where helpline numbers appear alongside gambling advertisements.

“We merely scratch the surface. Out of 600,000 we see maybe 3,000 and that’s half a percent.”

“All we want to do is have our helpline number on every advertisement as they do in South Africa and as they do in every other country in the English-speaking world. We think the industry could then put its hand on its heart and say “we are doing everything possible to make gambling safe.”

1.7. Learning from the UK

Despite having a mature gambling industry with the benefit of a great deal of experience and expertise, Britain suffers from political baggage that its long history exacerbates. There are long-standing differences between the stakeholders among whom cooperation is required if responsible gambling is to be achieved successfully. Further, while Britain has a great deal of experience in gambling, the experts we spoke to acknowledged that even the British are novices when it comes to responsible gambling, given the scarce research and expertise available on the subject.



2. CANADA

2.1. Background: Responsible gambling programmes in Canada are among the most respected worldwide. While different provinces adopt different approaches, there is a reasonable amount of communication among them. According to one respondent from the Responsible Gambling Council of Ontario:

“Everyone has their own model. Canadian approach, though still evolving, is quite good. We invest significant resources in responsible gambling and have a broad-based model.”

There have been some successes in Canada; The Responsible Gambling Council of Ontario is well-regarded globally and, by their own testimony, incorporates a similar range of functions as the NRGP (although without any treatment or help-line component). However, there are no legally mandated contributions to responsible gambling on a national level, and no national consensus on policy.

This is borne out in some of the media controversies that have arisen, and the resulting effect on the reputation of the stakeholders involved. Around \$120 million is spent on responsible gambling nationwide per annum, around 1 percent of net gambling revenue. Around \$85 million of this comes from Ministry of Health-funded community-based programmes, in addition to \$35 million from programmes created by the industry and the venues themselves.

2.2. Gambling Expansion: Gambling in Canada is currently in a state of expansion and privatisation that presents some difficulties:

“The particular challenge comes when you are expanding gambling as opposed to business as usual. The government has been running casinos directly and is now selling them off and when they do that it opens up big gambling debates. Everyone becomes more active in problem gambling.”

2.3. Effective Measurement: Although Canada is stronger in its approach to responsible gambling research than many other countries, there is still consensus among the experts we interviewed that more effective monitoring is required:

“The great majority of these programmes have not been evaluated so we don’t really know their efficacy.”

A lack of extensive measurement makes it difficult to assess, not only the effectiveness of the programmes themselves, but also their value for money in terms of what is being spent:

“The general thought is that not enough money has been spent on responsible gambling. But I would say that this argument has some value but the critical thing, not only in my country but in many countries, is they have not been evaluated.”

Where research does take place, it can be tainted by vested interests, not only by those who benefit from gambling but also by those who oppose it. We heard from one respondent of a trend of opposition to gambling in universities (particularly in Alberta) among academics who are funded by the industry to conduct gambling research but who use these funds to support the anti-gambling movement.

“There are academics out there who have made their living from money that originally came from gaming profits, but have been largely anti-gaming. Money that goes into research is not serving to help build safeguards, but is serving the research interests of those doing the research.”

2.4. Regulation: The gambling industry in Canada, as in the USA, is regulated at the level of individual provinces which have adopted a number of approaches, some more successful than others, and some of which do not allow gambling at all. These constitute differing interpretations of the Criminal Code of Canada, which states:

“Everyone is guilty of an indictable offence and liable to imprisonment who conducts or manages or participates in a scheme by which, on the payment of consideration, a person becomes entitled to receive money or property based on the outcome of a game of chance or a game of mixed skill and chance.”

The exceptions to this, however, indicate:

“It is lawful

- a) for the government of a province... to conduct and manage a lottery scheme in that province.*
- b) for a charitable or religious organisation, pursuant of a license issued by the Lieutenant Governor in Council of a Province... if the proceeds from the lottery scheme are used for charitable or religious object or purpose.”*

Consequently, in Canada (unlike many other countries), gambling operates exclusively under the control of provincial or territorial governments. Private operators also provide provincially authorised gambling activities. The benefactors of gaming in Canada are a mixture of provincial and territorial governments, private operators, and charitable and community agencies.

The various provinces pursue a range of approaches including:

- **Private Operation:** These have benefitted from recent gambling expansion. Nova Scotia, Ontario, and British Columbia contract private operators to provide services.
- **Charitable Casinos:** Alberta limits government involvement in casinos in favour of charitable organisations: gaming activities may occur only when eligible charitable or religious groups apply for and receive licences to conduct them. These charitable casinos are run on a day-to-day basis by private operators.
- **Government Operation:** The governments of Manitoba, Quebec, and Saskatchewan have developed crown corporations to operate casinos directly, without the use of private operators.
- **Provincial Autonomy:** While each province has its own approach both to regulating gambling and to ensuring that it is conducted responsibly, there is no nationally agreed-upon best practice, though some approaches have been more successful than others.

2.5. Case Study: Nova Scotia

In 2009, Nova Scotia's NDP Government was forced to discontinue an electronic game (Keno) that it had introduced the previous year. The game proved both unprofitable and highly unpopular, causing Nova Scotia's crown gambling corporation, the Nova Scotia Gaming Corporation, to come under heavy criticism from the general public, the media, the opposition government, and anti-gambling pressure groups.

While the NSGC were keen to stress the emphasis they place on responsible gambling and care for problem gamblers, the anti-gambling group, GameOverVLT.com, retorted that this was "like a fox saying how it cares for the chicken's welfare." This was not the first time the NSGC had faced attacks from anti-gambling groups. A group of activists in 2009 called for officials from the corporation to resign after young athletes were featured in a lottery advertisement.

Despite this, gambling provides over \$150 million dollars in revenue to the province each year, and the NSGC spent around \$8million on responsible gaming initiatives that year. The NSGC spends more per capita on problem gambling (\$6.41m) than any other province (average \$3.53m). In 2011, they conducted a review of their strategy, which reflected on their errors and adopted new approaches.

2.6. Revision of Strategy

In March 2011, the NSGC released a review of their strategy, acknowledging both structural and operational failures that had taken place despite their healthy budget, and proposing a series of actions to reverse them. Some of their key conclusions were as follows.⁴

Governance: While the NSGC allocated a sizeable fund to responsible gambling, it was criticised by stakeholders who did not agree that its role should be to "promote" responsible gambling, as this was seen as a conflict of interest. This was also thought not to represent a sufficiently "holistic" and coordinated approach among key government stakeholders.

Proposed Action: The "conduct-and-manage" functions related to gambling in Nova Scotia to be migrated from NSGC to a division within the Department of Communities, Culture, and Heritage. Additionally, outreach to be conducted on broad stakeholder issues.

Prevention and Treatment: In the 2011 review, it was revealed that nine out of ten Nova Scotians with gambling problems were not seeking treatment. A combination of the stigma associated with problem gambling and a lack

of awareness of available treatment schemes was cited by stakeholders as main barriers. This indicates that, despite their relatively healthy budget, the NSGC were not allocating sufficient resources targeted to education, nor were they adopting an appropriate "public health" approach.

Proposed Action: Strengthen links between gambling treatment services and health services, place greater emphasis on social marketing campaigns to dispel myths and stigmas relating to gambling, and improve the accessibility and range of options available to address the risks of problem gambling.

2.7. Learning from Nova Scotia

The Nova Scotia example illustrates how, even with a healthy budget and government oversight, the effectiveness of responsible gambling programmes and the reputation of the stakeholders involved can be damaged by antiquated approaches to governance, insufficient collaboration between stakeholders and insufficiently targeted programmes of public engagement that could facilitate more effective reputation management.



3. USA

3.1. Background: In terms of gambling prevalence, legality, regulation, and funding and implementation of responsible gambling services, the USA exhibits a great deal of diversity between States. Problem gambling has rarely made its way onto the national agenda and, depending on gambling culture within each state, these jurisdictions are afforded a significant amount of autonomy. Further, more so than other countries, it would be politically difficult to impose nationwide requirements on States due to the cultural significance of States' rights.

State funding for responsible gambling has also taken a hit in recent years due to the recession, with individual States cutting funding to problem gambling programmes as they adjust to deficits. This has severely impacted responsible gambling services across the country, including in States with a high incidence of gambling.

3.2. The National Picture

Nationwide, around 2 million (1%) of American adults are estimated to meet the criteria for pathological gambling,

⁴ *Responsible Gambling Strategy*, NSGC, 2011 <http://www.gov.ns.ca/gamingstrategy/ResponsibleGamingStrategy2011.pdf>

and 4 to 6 million (2 to 3%) would be considered problem gamblers according to figures from the Nevada Council on Responsible Gambling.⁵ National-level bodies and NGOs are in a difficult position when it comes to coordinating and achieving some coherence when it comes to both research and action on responsible gambling implementation across the United States.

3.3. Interstate Competition: One of the difficulties, not unlike what we see in Australia and other jurisdictions, is confusion about the role of government. According to one respondent from the National Responsible Gambling Council:

“It’s the only addictive product that is owned, operated, and taxed by the same entity. You can call it conflict of interest but our concern is that the state, which ordinarily is exclusively the protector of citizens’ health from all the other addictive behaviours and diseases, has a fundamentally different relationship when it comes to gambling addiction.”

This situation is compounded at state level where, due to regulatory autonomy, competition emerges to the detriment of responsible practices.

“What we’re seeing are indications of a massive race to the bottom by States competing with one another. Often that means loosening regulations, increasing access, limits being removed or modified. And then you have competition within the States among the various forms of gambling. So I think that States’ monopoly on regulation, and their need for competition and increased revenues, has resulted in a negative effect on good public policy and good problem gambling provisions.”

3.4. Funding Nationwide: While responsible gambling services are not funded at the national level, it is possible to get an overall snapshot of total funding. While some States have relatively healthy budgets, others do not fund it at all. The National Responsible Gambling Council has worked on aggregating this recently, and has set an informal target of 1 percent of gambling revenues (\$900 million) to go to problem gambling services. This is ambitious considering its findings reveal that funding nationwide currently amounts to far less — roughly \$35 to \$50 million.

This revenue is distributed extremely unevenly. According to the respondent we spoke to, the difficulty is that many providers do not consider problem gambling to fall within their mandate:

“I’ve spoken to lottery directors and regulators who simply say ‘we have no authority to discuss anything else, it’s not my mandate.’ The approach has been more geared towards finance and has not been focused on a broad understanding of the health issues.”

Regulation of the industry in the USA tends to be geared more towards responsible accounting than addressing problem gambling and its surrounding issues”

“It has ensured that the industry has been responsibly accounting but not responsibly operating, in terms of what we would consider a holistic approach which would include problem gambling and responsible gambling.”

3.5. A role for NGOs: One possible means of addressing this issue of focus is to have greater involvement on the part of NGOs, who may be in a better position—with more comprehensive expertise—to devise strategies and codes of conduct to implement responsible gambling. The challenge is getting support from State government and the industry for a greater role”

“We believe this is in their enlightened self-interest in that NGOs can propose regulations to industry that are more effective, progressive, and efficient than rules that government can impose.”

A more holistic system involving multiple stakeholders, with independent agencies working alongside regulators and the industry, might provide a more flexible system:

“We also believe that we can be more innovative and flexible than the State agencies, so I think there is an important role for industry self-regulation and voluntary regulation, although it’s still important that there is a regulator involved, you can’t rely solely on industry self-regulation.”

3.6. Case Study: Nevada

The gambling industry on the Las Vegas strip is worth \$6.069 billion per annum, almost twice as large as the one in Atlantic City (\$3.318 billion). Unsurprisingly, Nevada has a significantly high rate of gambling problems — a 2002 study calculated that more than 5 percent of Nevada’s population are either pathological or problem gamblers, almost twice the national figure.⁶ Despite this, Nevada has not escaped the cuts imposed by States nationwide on problem gambling provision. With a budget deficit of \$1.5 billion, the state Governor proposed redirecting half of the fund; in 2012 Nevada spent about 25 cents per capita

⁵ Nevada Council on Responsible Gambling, <http://www.nevadacouncil.org/index.php>

⁶ Nevada Seeks to Cut Funds for Treating Gambling Addiction, New York Times, February 2011, http://www.nytimes.com/2011/02/20/us/20gamble.html?_r=0

on problem gambling treatment compared to 50 cents in 2010, well below the national average of 34 cents. To put this in perspective, in 2009 problem gambling funding in other States broke down as follows:

Funding for gambling-addiction services faces cuts in some States.

A sample of State funding per gambling addict, as of 2009.

State	Legal gambling revenue (millions)	Est. number of problem gamblers*	Public funding per problem gambler
Arizona	\$267.3	97,000	\$10.74
California	3,175.9	555,000	8.95
New York	4,261.9	302,000	8.66
Washington	585.7	102,000	4.47
New Jersey	5,708.1	133,000	4.19
Missouri	2,035.9	91,000	3.19
Alabama	19.2	71,000	0

* Person with the urge to gamble despite harmful negative consequences or a desire to stop

Source: National Council on Problem Gambling

Under the new budget, problem gambling funding in Nevada would be down to \$663,000 a year in 2013, from around \$1.7 million before the budget was introduced (below that of the NRGF).

This causes setbacks for responsible gambling in Nevada at a crucial stage. Proactive responsible gambling is still a relatively new phenomenon in the State, with public funds only being made available for the first time in 2005.

3.7. Services Affected: Most of these cuts apply to research, data collection, and workforce development (a further blow to a holistic approach to responsible gambling).⁷

One relatively new programme, to train counsellors to become certified gambling-addiction experts through a paid internship programme, has been eliminated. Providers of services are also fearful of falling back on progress in addressing understanding of problem gambling as a

pathology. According to Carol O’Hare, Executive Director of the Nevada Council on Responsible Gambling:

“The general population still has very limited understanding that problem gambling is not a character weakness and not about money and greed—it is a documentable mental-health diagnosis.”⁸

This lack of understanding has been borne out in the way problem gambling has been targeted for funding cuts. The controversial and stigmatised nature of gambling addiction has been used as political capital in order to siphon funds to other programmes and address the state deficit. State Senator Ben Kieckhefer made the point that funding for autism treatment is also facing cuts and has been widely quoted in the media as saying,

“If I see a problem gambler and an eleven-year-old severely autistic girl sitting next to each other, I know which one I’m going to choose.”⁹

3.8. Learning from the USA

In the USA, we see a repetition of the conflict of interest that tends to arise in jurisdictions where the state is responsible for both regulating and providing gambling services. The USA has the added complication of interstate competition.

Further, the effect of the recession and the shifting of budget priorities in the USA, shows the unfortunate results of not having responsible gambling integrated into the mandate of the industry and operators. In many cases, it seems that the industry does not see it as being in their interest to ensure that gambling products are consumed responsibly and that people who develop problems with them are helped. This is a self-perpetuating problem as, when budgets are cut for services such as education, progress in awareness slides back, and understanding of the importance of helping problem gamblers declines in the public consciousness.



4. IRELAND

4.1. Background: Regulation of gambling in Ireland has arguably been slow to adapt to modern socio-economic conditions, as it is still based on the Gaming and Lotteries Act of 1956 (with the exception of the National Lottery,

⁷ Money shrinks for problem gamblers, Las Vegas Review Journal, April 2012, <http://www.lvrj.com/business/money-shrinks-for-problem-gamblers-147285985.html>
⁸ Ibid.
⁹ Nevada kills funds for problem gamblers, Huffington Post, April 2011, http://www.huffingtonpost.com/josh-axelrad/nevada-kills-funds-for-pr_b_831550.html

which derives from the National Lottery Act of 1986). While the 1956 Act is more of a guiding ethos than a prescriptive legal document, it defines unlawful gambling as games that are not equal for all players (including the banker) — a definition which includes most casino games.

There has, however, been a proliferation of private members clubs providing casino-style games, on the basis that such prohibitions do not apply to private members. Because such clubs arise from a loophole in the law rather than operating within a regulatory structure, this has caused concern for the government. Further, while they pay normal business taxes, such clubs are not subject to a gambling duty such as bookmakers pay.

A review of Irish gaming regulation by the “Casino Committee” in 2006 concluded that the 1956 Act provided for an inflexible form of regulation that could not, in practice, provide effective regulation in a modern context.¹⁰

“A ‘patchwork quilt’ of licensed ‘funfairs’ and ‘amusement halls’ now exists which does not bear any necessary relationship to the demand for such services from the public. It was the view of the Committee that the current licensing system is both inadequate and economically inefficient.”

4.2. Responsible Gambling Structure: The aforementioned 2006 report noted that there was a significant dearth of empirical research into problem gambling in Ireland, leaving much of the work of creating effective responsible gambling programmes yet to be done. Additionally, the report noted that there was a role for hitherto non-existent facilities for self-exclusion policies that had been implemented in other jurisdictions, as well as independent support group for problem gamblers.

Online gambling, while a new and growing concern for responsible gaming in jurisdictions around the world, is a particular challenge in Ireland, which is still catching on the regulation of traditional forms of gambling. The consequence of this shortfall has been high-profile media cases and public concern about rising rates of gambling addiction.

4.3. Rising Gambling Addiction

Since the onset of the recession, concern has been growing in Ireland about rising levels of problem gambling. This has

been compounded by a rise in online gambling, addiction to which is more difficult to control and monitor, as well as being more of a problem among the young.

4.4. Effect of the Recession: In 2009, Gambler’s Anonymous noted a rise in those seeking help for gambling addiction. The problem was not seen to be driven by a rise in the incidence of problem gambling, but by the fact that consumers could no longer afford their existing gambling habits. It was noted that:

“Gambling on horses and dogs in casinos is seen as an acceptable pastime in Ireland, because punters prefer to talk about their winning bets rather than their losing bets, so it is difficult to know how many people have a problem.”¹¹

That the impetus is placed on customers to indicate that they have a problem bears out the lack of proper monitoring, training, and prevention measures implicit in the Irish responsible gambling approach.

4.5. Online Gambling: In 2012 Irish Central ran an article detailing the “alarming” increase in the number of young people developing gambling addiction problems owing to the proliferation of online gambling. One treatment centre reported a 50% increase in those between 18 and 35 seeking help over a two-year period.¹²

A further problem is that online gambling is a more pernicious incubator of problem gambling than physically attending casinos. According to the Director of the Toranfield House treatment centre:

“I’d say about 75% of those who gamble online are problem gamblers, while about 20% of those who go to casinos would have a problem.”¹³

A further media case arose in January 2013, where a gambling addict was put on trial for fraud to the tune of 1.7 million Euros. His fraud was only discovered when an audit was carried out at the workplace from which he had been stealing money. What is striking about the case is that not one bookmaker he frequented noticed that he had a problem. One bookmaker, Paddy Power, where he had an account with a turnover of 10 million Euros, regarded him as a valued customer and provided him with expensive outings to Punchestown and Aviva Stadium.¹⁴

¹⁰ *Regulating Gambling in Ireland. Report from the Casino Committee*, December 2006 [http://www.justice.ie/en/JELR/Casino%20\(Eng\)%20for%20Web.pdf/Files/Casino%20\(Eng\)%20for%20Web.pdf](http://www.justice.ie/en/JELR/Casino%20(Eng)%20for%20Web.pdf/Files/Casino%20(Eng)%20for%20Web.pdf)

¹¹ *Problem Gambling in the increase in Ireland*, August 2009, <http://www.onlinecasino.ie/problem-gambling-on-the-increase-in-ireland>

¹² *Gambling addiction figures soar in Ireland according to experts*, Irish Central, August 2012, <http://www.irishcentral.com/news/Gambling-addiction-figures-soar-in-Ireland-according-to-reports-148857845.html>

¹³ *ibid*

¹⁴ *Online gambling is feeding addictions*, Irish Examiner, January 2013, <http://www.irishexaminer.com/opinion/columnists/michael-clifford/online-gambling-is-feeding-addictions-218640.html>

4.6. Learning from Ireland

The Irish case underscores the dangers of relying on antiquated legislative and regulatory structures, and serves as a contrast to the more up-to-date and encompassing strategies pursued in South Africa. It also reinforces the need for up-to-date measures to accommodate developments in technology. The risk of problem gambling becoming more common as a result of online proliferation is considered an important one for the NRGF by a number of the experts we interviewed. While very few criticisms of the South African system were voiced, the need to take account of developments in online gambling was articulated more than once as a note of caution.



5. NORWAY

5.1. Background: Norway has, overall, adopted a prohibitive approach to responsible gambling, with policies tending towards the reactive. The structure within which gambling in Norway operates has changed rapidly in the 21st Century in order to cope with technological developments, though many have argued that the authorities have not acted in a measured fashion. Gambling is largely, but not entirely, illegal in Norway, and Norsk Tipping and Norsk Rikstoto, both state-owned, are the only companies permitted to offer gambling facilities to Norwegian citizens. Norsk Tipping functions under the jurisdiction of the Ministry of Culture and Church Affairs, and places controls on how much money and at what times of day players can bet.¹⁵

With the exception of games offered by Norsk Tipping, horse-race betting offered by Norsk Rikstoto, and gambling parties at home (provided they are not business-related), all forms of gambling in Norway are illegal. Following a rapid growth in slot machines (which the existing structure failed to regulate), Norway banned slot machines in 2007 and replaced them with IVTs (interactive video terminals) which require player ID cards to use.

More recently, Norway has come in for criticism for increasingly restrictive measures intended to prevent foreign companies from operating in Norway, namely passing legislation requiring Norwegian banks to block their customers from using credit or debit cards at casinos (both physical and online) around the world.

5.2. Stringent Measures against Slot Machines

During the 1990s, Norwegian slot machines were regulated by the Lottery Act of 1995. This legislation was sufficient for the early stages of slot machine proliferation, but failed to account for future developments. Leading up to the 21st Century, there was rapid growth in slot machine turnover. In 1990 the turnover was NOK 200 million, rising to NOK 9 billion in 2001 and NOK 26 billion in 2004.¹⁶

Rapid unfettered growth was facilitated by insufficient regulatory measures provided by the Lottery Act which, while only granting licenses to charitable organisations, did not prohibit private companies from operating slots on behalf of these organisations and sharing in the profits.

Concerns officially expressed by the government include that the number of problem gamblers grew in proportion to the number of slot machines, and that such machines present a far greater risk in terms of addiction than other forms of gambling:

“Compulsive gambling, as known from other countries, was not seen or reported as any sort of large-scale problem in Norwegian society. In spite of a gradual increase in gaming activities and propositions, gaming was regulated, practiced, and channeled in such a way that it did not in effect create any major dependency problems.

Things are very different today. In the course of the last decade, compulsive gambling has grown to become a considerable social problem, with an estimated 71,000 persons now seriously affected—mainly because of gambling on slot machines.”¹⁷

Eventually in July 2007 slot machines were banned in Norway and replaced with IVTs (interactive video terminals) which require a credit card to use. This development was raised by some of our expert respondents as an example of how policies that work in certain jurisdictions may not be politically viable in others—introducing such stringent measures would not be accepted in countries like the USA or Great Britain.

5.3. Online Gambling: In 2010 a survey attributed to Norsk Tipping indicated that previous measures taken by the government to curb online gambling had failed in reducing the numbers of Norwegians gambling on the Internet. Instead, the figure had continued to rise — 4% of Norwegians were now spending money on foreign gambling websites.¹⁸

¹⁵ Norsk Tipping, <https://www.norsk-tipping.no/selskapet/english>

¹⁶ *Statement of Defense by the Government of the Kingdom of Norway*, May 2006, <http://www.regjeringen.no/upload/kilde/kkd/prm/2006/0063/ddd/pdfv/281968-forsvarsskrift-efra-casee-1-06-statement-of-defence-18may2006.pdf>

¹⁷ *ibid*

¹⁸ *Norway government mulls blocking online gambling*, The Register, February 2011, http://www.theregister.co.uk/2011/02/24/norway_online_gambling/

Citing the success of ISP filtering in Estonia, Italy, and France, and the need to address rising problems of gambling addiction and fraud, the Norwegian government pursued a policy of blocking foreign internet gambling sites. In addition, Norwegian banks and credit card companies were enjoined to block transfers of funds between Norwegian accounts and foreign gambling sites.

5.4. Opposition from Europe: These measures have drawn criticism from the European Free Trade Association (EFTA), of which Norway is a member, and which had previously warned Norway against this action as it constituted an “unjustified restriction of the freedoms of the internal market for gambling services.”¹⁹ Further, as Norsk Tipping and Norsk Rikstoto were still able to draw profits from online gambling, the government drew criticism from some quarters for acting in the interests of protecting domestic business rather than the Norwegian citizen as they had claimed. Clive Hawkwood of the Remote Gambler’s Association (RGA) stated:

“It is difficult to believe that the aim of the proposed measures is to protect consumers and restrict gambling, given the Norwegian monopoly’s appetite for recruiting new players and the extent of its marketing campaigns. The Norwegian authorities appear to be more motivated by the need to protect revenues from gambling, but this is not a valid justification to restrict the internal market rules.”²⁰

5.5. Learning from Norway

There are a number of learnings to be derived from the Norwegian example. Whether the Government were more concerned with problem gambling, protecting revenue, or a combination of both is debated, but in either case the stringent measures introduced seem to constitute a “knee-jerk” reaction to the changing social and technical landscape of gambling. In contrast to Ireland, which did not adequately account for technological developments until a media controversy developed, Norway took swift action against the advice of many of its stakeholders.

The cynicism towards the motives behind these actions highlights not only the problematic nature of the measures themselves, but the difficulties faced by state monopolies in maintaining credibility. The government is tainted by the revenue it receives from the state company, and the company is tainted by being under the control of the state.



6. SWEDEN

6.1. Background: The recent history of gambling in Sweden exhibits some similarities, both culturally and operationally, to that of Norway, although differs in its emphasis on market-driven approaches to regulation and a more clinical emphasis in terms of research and evaluation. Like Norway, Sweden saw a reported rise in the number of problem gamblers, in roughly the same period, allegedly owing to technological change and the expansion of electronic gambling facilities. Two studies brought the issue of problem gambling to the attention of the government. In 2011, the Swedish National Institute of Public Health (FHI), responding to a perceived dearth of research on the subject, released a report identifying certain groups as being at risk for problem gambling and among whom, despite a relatively stable rate overall, problem gambling rates were increasing. They concluded that, among men aged 18 to 24, the proportion of problem gamblers had doubled, amounting to a troubling 10 percent of the age group—around 450,000 people.²¹

A later report by the National Audit Office in 2012 reached a similar conclusion, that there had been an increase in problem gambling “among certain groups of gamblers.”²² Where the information and subsequent measures differ from the Norwegian case is that both reports highlight shortcomings in the measures to help citizens (prevention, treatment, support) and research into the subject as well as the risk factor presented by unauthorised gambling providers (which was the main focus of the Norwegian response to increases in problem gambling).

6.2. Conflict of Interest: Like Norway, Sweden employs restrictions on gambling through state-owned operations. Svenska Spel, a state-owned company, runs the only licensed online poker room in Sweden. The National Audit Office report criticised the company that, in driving for commercial success and providing an alternative to illegal gambling, it had not taken taking sufficient account of its responsibilities with regards to gambling:

“...it is unclear whether a more proactive approach can be combined with effective social responsibility measures on the gambling market.”²³

¹⁹ *Norway Puts Ban on Online Gaming Payments, Card Player Europe*, February 2010, <http://www.cardplayer.com/poker-news/8566-norway-puts-ban-on-online-gaming-payments>

²⁰ *ibid*

²¹ *One in ten young Swedish men addicted to gambling: study*, August 2011, <http://www.thelocal.se/35328/20110803/#.UQKJ4b802Sp>

²² *The Government’s role on the gambling market – are targets achieved?*, National Audit Office, 2012, http://www.riksrevisionen.se/PageFiles/16165/Summary%20RiR_2012_15.pdf

²³ *Sweden to take action on gambling legislation*, iGambling Post, January 2013, <http://www.gaming-awards.com/NEWS/sweden-to-take-action-on-gambling-legislation/>

The legal and regulated gambling industry is seen to have been complicit in escalating problem gambling:

“...it has been established that measures taken by both regulated and unregulated operators in order to increase their competitiveness on the market are likely to have an escalating effect on pathological gambling.”²⁴

This highlights, not only the credibility issue of national monopolies as identified in the Norwegian case, but also the “moral” conundrum that arises from the need to compete effectively with illicit gambling suppliers and keep the gambling market under government control.

6.3. Licensing: In their assessment of licensing and supervision structures in Sweden, the NAO concluded that they were “fragmented” and too lacking in transparency to be effective. They further stated,

“The license terms relating to the gambling responsibilities and marketing of legal gambling operators in Sweden are vague and differ in part between various forms of gambling with the same level of risk. The prerequisites for an effective licensing process and supervision are thus missing.”²⁵

6.4. Research and Evaluation: The NAO concluded that too little had been invested in research into pathological and problem gambling, as well as into effective prevention measures. Additionally, the Government had not sufficiently monitored the effectiveness of their policies, or looked into the detrimental effects of the shortcomings in their licensing process and the dangers of competing with illegal gambling.

6.5. Learning from Sweden

The shortcomings in the Swedish system showcase the dangers of trying to combat illicit gambling by competition. While the intention may be to curb more pernicious and unregulated forms of gambling, this process can itself serve to exacerbate problem gambling. Both of the reports mentioned provided recommendations, and the Swedish Prime Minister has pledged to announce proposals in May 2013. The content of the changes introduced following

the FHI report, and the recommendations of the NAO, are also telling in highlighting what has been lacking in terms of responsible gambling. Recommendations include a dedicated helpline,²⁶ research into preventative measures, and greater collaboration between stakeholders—all of which, in our discussions with international experts, the South African structure has been praised for.²⁷



7. NEW ZEALAND

7.1. Background: Responsible gambling efforts in New Zealand are more comprehensive than in many jurisdictions. Gambling is regulated by a partnership of the Department of Internal Affairs, the Gambling Commission,²⁸ the Ministry of Health, and the Inland Revenue Department. The involvement of the Ministry of Health has been fairly proactive in providing metrics allowing the monitoring of at-risk demographics, tracking of patterns in gambling prevalence, and the effects of different forms of gambling.²⁹ The approach the Department of Internal Affairs has adopted has been described as a “problem-solving philosophy,”³⁰ using a number of tools to address problems in the sector which include:

- Education and Persuasion
- Licensing
- Audits and Inspectors
- Investigations
- Sanctions

Problem gambling levies are also set in consultation with the Gambling Commission, which plays an independent advisory role. In 2004, the Commission consulted informally with a range of stakeholders (including casino operators, the Ministry of Health, the Department of Health, and problem-gambling service providers) to develop proposed amendments to keep initiatives and policy in line with the updated Gambling Act of 2003.³¹

²⁴ *The Government's role on the gambling market – are targets achieved?*, National Audit Office, 2012, http://www.riksrevisionen.se/PageFiles/16165/Summary%20RiR_2012_15.pdf

²⁵ *ibid*

²⁶ *One in ten young Swedish men addicted to gambling: study*, August 2011, <http://www.thelocal.se/35328/20110803/#.UQKJ4b802Sp>

²⁷ *Sweden to take action on gambling legislation*, iGambling Post, January 2013, <http://www.gaming-awards.com/NEWS/sweden-to-take-action-on-gambling-legislation/>

²⁸ <http://www.gamblingcommission.govt.nz/>

²⁹ *Problem Gambling in New Zealand: Preliminary Results from the New Zealand Health Survey*, July 2011-March 2012, <http://www.health.govt.nz/publication/problem-gambling-new-zealand-preliminary-results-new-zealand-health-survey>

³⁰ *Regulating Gambling in Ireland. Report from the Casino Committee*, December 2006 [http://www.justice.ie/en/JELR/Casino%20\(Eng\)%20for%20Web.pdf/Files/Casino%20\(Eng\)%20for%20Web.pdf](http://www.justice.ie/en/JELR/Casino%20(Eng)%20for%20Web.pdf/Files/Casino%20(Eng)%20for%20Web.pdf)

³¹ <http://www.legislation.govt.nz/act/public/2003/0051/latest/DLM207497.html>

7.2. New Zealand Gambling Controversy

Despite this seemingly comprehensive approach, the gambling industry in New Zealand became mired in controversy in 2012 due to a confluence of developments that were handled poorly by both the industry and regulators. The media and political furor around gambling expansion is ongoing in New Zealand, with the New Zealand Herald publishing a number of stories in January 2013.

7.3. Gambling Expansion: The gambling industry is undergoing an expansion in New Zealand owing, primarily, to the proliferation of lottery terminals (“pokies”). Given the potential profits, bar operators have been pushing for a change in gambling legislation to allow them to take a profit on pokies and reduce the amount that is paid out to the community (currently they only permitted to cover their expenses). This is supported by Hospitality NZ, a hospitality membership organisation, which has supported the review of these laws and has proposed allowing venues to merge so they can increase the number of machines they operate.

7.4. Political Opposition: With these proposed changes in mind, Hospitality NZ has said it intends to lobby political parties and MPs, as well as seek support from gaming trusts, the Department of Internal Affairs, and other stakeholders.³² Among opponents of gambling expansion, this has contributed to a growing controversy. The Problem Gambling Foundation has objected strongly, and has been joined by opposition parties which have escalated this as a political issue. The Green Party gambling spokeswoman criticised the plans on the basis that:

“They would be incentivised to encourage more gambling, much of which is likely to come from problem gamblers.”³³

Essentially, the fact that each side of the argument seeks support from stakeholders with their own motivations (political or otherwise) has led to a drawing of “battle-lines,” hindering the ability of stakeholders to reach a compromise.

7.5. Media Attention and Problem Gambling: The rise in problem gambling has received attention over the last year. Much of this has focused on the effect of an increase in pokies on the number of problem gamblers. It has been reported that the number of problem gamblers at SkyCity in Auckland rose

by 300% between 2008 and May 2012.³⁴ As in Ireland, damaging stories emerged of problem gamblers (including one notable case who had banned himself voluntarily) who were allowed back to continue gambling. Graeme Ramsey of the Problem Gambling Foundation responded to this by noting:

“They may be getting better at recognising problem gamblers, but there is no evidence they are getting better at taking action at problem gamblers.”³⁵

This indicates that the New Zealand gambling industry has allowed itself to become afflicted with a problem commonly reported by our expert respondents—whereby staff may be able to identify problem gamblers, but are insufficiently trained or motivated to take appropriate action, leading to reputationally damaging anecdotes of exploitation by casinos.

7.6. Economic context: SkyCity in Christchurch, a casino that has come in for particular attention, reopened (following the 2011 earthquake) during the period of reported increases in problem gambling, and has been seeking to expand its operations—particularly the number of pokies. The combination of the impact of the earthquake and the recession, as well as a reported increase in both problem gambling and actual losses has led to further accusations of taking advantage of people in “hard times”—New Zealanders lost a record NZ\$2.07 billion in 2012 with bets totalling NZ\$16 billion—a level of spending equivalent to NZ\$3600 per person in New Zealand.³⁶

7.7. Framing the Argument: The expansion of gambling in New Zealand, and the criticism it has generated, reveal that the industry and regulators have found themselves in a difficult position. A commonly reported error committed by responsible gambling initiatives, as reported by our expert respondents, is allowing the misconception to develop that responsible gambling equates to zero harm to society and no profit for the industry, and that good business by definition precludes responsible gambling.

“Under this [proposed reform], a commission-based system, apart from the incentive to maximise revenue at the expense of problem gamblers generally, what you’re doing is saying this is a business enterprise.”³⁷

³² Bars seek a bigger slice of pokie machine profits, *New Zealand Herald*, January 2013, http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=10859519

³³ *ibid*

³⁴ Problem gambler numbers swell at SkyCity, *Onenews*, May 2012, <http://tvnz.co.nz/national-news/problem-gambler-numbers-swell-skycity-4865152>

³⁵ *ibid*

³⁶ Kiwi punters lose \$2 billion, *New Zealand Herald*, January 2013, http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=10860623

³⁷ Pokie profits for pubs slammed, *New Zealand Herald*, January 2013, http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=10859653

“They’re clearly looking to maximise their revenue.”³⁸

Thus the industry has been placed in a position where it cannot be seen to be a profit-making enterprise and responsible at the same time. Similarly, responsible gambling advocates occupy a space where their goal has become antagonistic to profit. This dichotomy entrenches both positions so as to make the argument virtually insoluble.

7.8. Learning from New Zealand

Despite a potentially successful system with a broad structure in place, a number of grievous errors have been made in New Zealand. Paradoxically, despite having a system that draws in a number of stakeholders, a situation has arisen whereby the debate around gambling has become a political issue with entrenched positions on both sides. This seems to stem from an incorrect framing of the debate in terms of what constitutes responsible gambling. This was a latent issue which, due to a series of factors (political machinations, economic climate, increase in problem gambling figures, well-publicised failures by the industry), has come to the fore.



8. AUSTRALIA

8.1. Background: Australia has many parallels with New Zealand in terms of the problem gambling issues it faces, although it has the added complexity of State autonomy and varying approaches to problem gambling within the country. The unwieldiness of dealing with problem gambling at the State level has, however, caused the issue to be escalated to a national level—notably unlike the situation in the USA.

As in New Zealand, the achievement of consensus and coherent policy in Australia (particularly at national level) has been hindered by the presence of deeply entrenched vested interests. This has had a damaging effect on public perceptions, as it has created a cumbersome and fragmented response to what has been seen a growing social problem—the proliferation, as in New Zealand, of pokies, and the less-than-stringent regulation of the them. Additionally, it was remarked in our interview with an academic expert in Australia, that these vested interests also taint the validity of

research, preventing responsible gambling initiatives from being objectively monitored for effectiveness.

8.2. Australia’s Gambling Industry: During the 1980s, shortly after the first casinos were introduced, a trend developed towards larger, more elaborate casino projects, with emphasis by the government on the stimulus they would provide for tourism. Earlier casinos in Australia were influenced by the more low-key British approach, but later ones closely resembled larger American-style projects, with an overtly commercial focus. States competed with each other to offer more spectacular casinos. By the late 1990s, Australian casinos had moved into what has been described as a “more expanded and unstable stage of development.”³⁹

In recent years provincial governments have welcomed investment by big corporations in the gambling industry, and have moved towards privatization in general, with publicly traded casino trusts listed on national share markets. This period of privatization, being undertaken in many jurisdictions, is regarded by a number of experts we interviewed as the most volatile period for the reputation of the industry. The combination of the particularities of State government, along with the delegating of gaming legislation and policies to numerous semi-autonomous statutory bodies, is said to have left Australia with an unwieldy and fragmented structure that makes effective supervision extremely difficult.⁴⁰

A range of responsible gambling initiatives exist in Australia at the State level, including pre-commitment, restrictions on advertising, credit limits, and links to rehabilitation services, but the problems gambling is perceived to create, as well as the political nature of gambling discussions in Australia, has caused the issue to become a national issue—which is where the difficulties and lack of consensus really emerge.

8.3. Conflicts of Interest and “Revenue Addiction”

Much of the opposition to gambling has been articulated in the context of gaming machines, as in New Zealand. After a rapid expansion in the presence of pokies, media and political interest in their effect was catalysed by a report by the Productivity Commission in 2010. From 2010 onwards, high-profile media stories were emerging detailing the plight of gambling addicts and the social dangers of gaming machines. What is notable in the Australian case is

³⁸ *Kiwi punters lose \$2 billion*, New Zealand Herald, January 2013, http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=10860623

³⁹ *An Overview of International Regulatory Practices — Report from the Casino Committee*, December 2006 [http://www.justice.ie/en/JELR/Casino%20\(Eng\)%20for%20Web.pdf/Files/Casino%20\(Eng\)%20for%20Web.pdf](http://www.justice.ie/en/JELR/Casino%20(Eng)%20for%20Web.pdf/Files/Casino%20(Eng)%20for%20Web.pdf)

⁴⁰ *ibid*

how quickly the issue was escalated to a national and even international level. The problem of pokies was presented in the media as a dual problem; the addiction of the gamblers was one aspect, but the government's addiction (provincial and national) to the revenue generated, upon which they had grown dependent, was another. This problem has been publicised even outside Australia with the Guardian (UK) publishing, in 2012, on *Pokies and the Australian addiction to gambling*, interviewing Tim Costello, a Baptist minister and prominent anti-gambling activist:

*"Critics of the pokies suggest that State governments are addicted to the tax revenue they generate. The States' revenues were shrinking and they were relying more and more on the federal government. Around 12% of the Victorian Government income comes from pokies. The same in New South Wales."*⁴¹

Increasingly, the reliance of States on gambling revenue has led the debate to be escalated to the level of national government, with activists, lobbyists, and anti-gambling politicians taking the case to Parliament. According to Tim Costello:

*"It is difficult, but we have all given up on the states. They can't, they won't, they are addicted. Only a prime minister who hates pokies can now take gambling off the table as a major issue."*⁴²

Australians spend about A\$18 billion a year on gambling, almost one-third of which goes to the State. According to the Bureau of Statistics, States collected around A\$3 billion from poker machines and A\$4.9 billion from other gambling forms in the period 2007–2008. Taxes on poker machines came to 5.6% of all revenue, and overall gambling taxes to 9.1%.⁴³ Further, according to the productivity commission report,

*About 4 per cent of adults play gaming machines weekly or more often. Around 15 per cent of this groups would be classified as problem gamblers, with around an additional 15 per cent experiencing moderate risks. It is estimated that problem gamblers account for around 40 per cent of total gaming machine spending (the average range of estimates as high as 60 per cent and, most conservatively, as low as 20 per cent).*⁴⁴

80,000–160,000 adults suffer from significant problems due to gambling,⁴⁵ leading many in the media and anti-gambling movement to make the accusation that the government exploits problem gamblers for revenue.

8.4. Conflicts of Interest: The governments have found themselves in a difficult position, trapped between two opposing lobbies (gambling interests and anti-gambling groups) as well as having to take into account the revenue involved. Prime Minister Julia Gillard promised to introduce mandatory pre-commitment, but faced heavy lobbying from the industry. A further complication is that the motivation to make changes to the gambling landscape would have to be strong enough to overcome the "cultural and political ties that link the Australian Labor Party with clubs and pubs."⁴⁶ Reaching a consensus on what action to take is further complicated by the difficulties in producing comprehensive and unbiased research on the matter.

8.5. Tainted Research: This conflict of a broad range of interests was cited as the main challenge, not just to effective responsible gambling policy, but also to comprehensive research and monitoring of initiatives. Conflicts of interest cause ethical issues to arise when either the government or industry supports research. The government provides funding for research, but only directed towards specific questions (policy driven and often restricted on dissemination). Research also tends to be conducted on analogue populations rather than the gambling population itself, often university students and media-recruited respondents, or problem gamblers attending treatment. Experimental studies tend to be directed not towards gambling but "choice or decision-making tasks." Any research the industry is involved in is immediately tainted by bias:

"What you have is a hybrid approach using experiments that are not really gambling, but on populations that aren't really generalizable to the population.

So you have policy interference, policy direction by the government, you have industry research being tainted by conflicts of interest and bias and researchers being forced to direct their research on analogue populations—the whole thing is a complete mess."

Failure to properly monitor and evaluate the success of the initiatives was cited as the most significant failure in

⁴¹ *Pokies and the Australian addiction to gambling*, The Guardian, April 2012, <http://www.guardian.co.uk/world/2012/apr/11/pokies-and-the-australian-addiction-to-gambling>

⁴² *ibid*

⁴³ *Breaking the political addiction to pokies*, Sunday Morning Herald, February 2010, <http://www.smh.com.au/national/breaking-the-political-addiction-to-pokies-20100226-p95c.html>

⁴⁴ *Report from Productivity Commission*, June 2010, <http://www.pc.gov.au/projects/inquiry/gambling-2009/report>

⁴⁵ *ibid*

⁴⁶ *Breaking the political addiction to pokies*, Sunday Morning Herald, February 2010, <http://www.smh.com.au/national/breaking-the-political-addiction-to-pokies-20100226-p95c.html>

Australian responsible gambling programmes. The vested interests of both industry and government cause them to gloss over the actual effectiveness of the programmes:

“The Industry and regulators are paying lip service to responsible gambling initiatives. The Industry is complying with the technical aspects but not being proactive. Quite often it’s much easier to introduce a particular initiative and pat yourself on the back for introducing it, than it is to evaluate and review it. Initiatives they have introduced give an impression of responsible gambling initiatives but we don’t know exactly how effective they are.”

8.6. Learning from Australia

Despite the existence of a variety of State initiatives in Australia, progress at the macro level is slow to take shape. Further, there remains a dearth of reliable information and a lack of overall consensus. The extent to which gambling has become entwined with State revenue, with a broad range of vested interests involved, has created an environment in which responsible gambling is extremely difficult to implement meaningfully without incurring huge economic and political costs.