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Alberta Gambling Research Institute

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## Understanding Gambling: Mechanisms and Predictors: Alberta Gambling Research Institute's 15th Annual Conference

Bedford, Kate; Cunningham, John; Hing, Nerilee; Kayser, Andrew; Kim, Hyoun S. (Andrew); Leonard, Carrie A.; Lewis, Marc; Lister, Jamey J.; McGrath, Daniel; Nower, Lia...

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Presentation

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# Responsible Gambling Review

Garry Smith

**University of Alberta**

Linda Hancock

**Deakin University**

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- Declaration of Interests
- None

# Introduction

- “The gambling research agenda is distorted in a way that fails to address fundamental issues at a policy level” (Livingstone & Adams, 2015).
- In this regard, the RG movement has not been extensively critiqued.
- The fundamental tension at the heart of gambling policy—“gambling benefits a lot of people a little and harms a few people a lot” (Miers, 2016)

- **The Gist of the Issue**

--Obviously RG is a good thing, the question is how rigorous should RG policies be. Current RG initiatives are generally soft and inadequate.

--RG research has been industry influenced and based on neo-liberal ideology which has produced policies that place the responsibility for PG solely on individuals and left gambling providers largely immune from accountability.

-- Hence the paradoxical situation whereby there has been a global emphasis on RG for over two decades, yet light-touch regulatory oversight and predatory gambling policies still exist.

# Slow Progress

--Productivity Commission report (1999) recommendations yielded little targeted research or policy activity in the areas of

1. EGM modification
2. PGs contributing a disproportionate share of revenues
3. Consultation and transparency remain largely absent from policy development

--Productivity Commission report (2010) recommendations produced little headway on

1. Lower bet limits
2. Time and money pre-commitment policies
3. Appointment of independent gambling regulators.

# Recent Gambling Attitude Surveys in the UK, Australia and Alberta

- A consensus that widespread commercial gambling is discordant with a beneficial quality of life.
- Orford's summation of the UK findings "gambling is foolish and dangerous, on balance it is bad rather than good for families, communities and society as a whole, and should not be encouraged."
- Australians favor tougher restrictions on gambling especially with regard to pre-commitments on EGMs and gambling regulations being strictly enforced.
- "The liberalization of gambling has proceeded as far as the public currently wants it to go and, future policies need to address more directly ways to reduce the harmful social consequences of gambling" (McAllister, 2014).

# Origin and Development of the RG Movement

- Little RG focus in early gambling expansion—only two security concerns; keep the activity free from criminal elements and away from children.
- In the rush to capitalize on new gambling opportunities, few, if any, governments had the foresight to implement RG programs.
- The adverse consequences of widespread gambling became too glaring to ignore: e.g. 1) high rates of PG; 2) increasing number of GA chapters; 3) media reports of gambling-related crime, bankruptcy and suicide; 4) research showing that gambling was not the urban renewal remedy it was expected to be; and 5) citizen opposition to proposed new gambling venues and perceived dangerous gambling formats.
- These factors led governments to support the nascent RG movement.

# Definition and Operationalization of RG

- RG is a common, albeit nebulous term, that applies to “the provision of gambling services in a way that seeks to minimize the harm to customers and the community associated with gambling” (Hing, 2010).
- RG is typically operationalized through mediations aimed at curbing excessive gambling and fall into three broad categories:
  1. Public awareness and education (information about how games work, tips on gambling under control, and how to recognize PG behavior).
  2. Support services and counselling (gambling help-lines, on-site counsellors, and self-exclusion programs).
  3. RG environments (RG training for gambling venue staff, marketing guidelines, acknowledgement of RG accreditation).



# Broadening the Definition of RG

A more extensive view of RG would include:

- specifying who is responsible for what and how
- the extent to which gambling providers have a duty of care to patrons and employees
- encompass more than PG concerns
- ideas for blunting the addictive potency of hazardous gambling formats
- an examination of policies that contribute to improvident gambling

# Framing the RG Landscape

- The RG debate has been influenced by a small group of gambling studies researchers whose key articles include:
  1. Blaszczynski, A., Ladouceur, R. & Shaffer, H. (2004). A science-based framework for responsible Gambling: The Reno Model. *Journal of Gambling Studies*, 20, 301-17.
  2. Blaszczynski, A. et al. (2008). Informed choice and gambling: Principles for consumer protection. *Journal of Gambling Business and Economics*, 2(1), 103-118.
  3. Blaszczynski, A. et al. (2011). Responsible gambling: General principles and minimal requirements. *Journal of Gambling Studies*, 27(4), 565-73.
  4. Collins, P. et al. (2015). Responsible gambling: Conceptual considerations. *Gaming Law Review and Economics*, 19(8), 594-99.

# General Thoughts on These Contributions

## ● Pros

### **Reno Model**

- Seen as a useful starting point for ventilating RG issues.
- Stimulated awareness of and discussion around RG principles and schemes.
- Far reaching in that they aimed to establish a global consensus on standards, definitions, and measuring instruments that would lead to lower gambling prevalence and incidence rates.
- Generally acceptable to gambling providers and used in some jurisdictions.

## ● Cons

- Too narrow in scope
- Overdependence on psychological and medical perspectives
- Insufficient concern for public safety
- Overemphasis on the individual to gamble responsibly, with little or no accent on harm inducing gambling policies, formats and environments

# AGRI's View on the Suitability of the Reno Model for Alberta

RM was thought to be impractical for use in Alberta because

- A collaborative effort would be difficult because of unequal power relationships and levels of mistrust among main stakeholders.
- Difficulty in agreeing on common goals and clear objectives.
- RM's focus on individual responsibility seen as controversial and an easy way out for gambling providers.
- Frequent and intense EGM play is closely associated with PG, but not addressed in RM.

# Proposed Duties of Governments, Industry and Gamblers to Create Safe Gambling Environments (Blaszczynski et al. 2011)

- **Government**—enact legislation regarding the nature and extent of gambling; develop regulations that maximize consumer protection; and monitor compliance. **Problems**—no legislated duty of care for gamblers; govt. conflict of interest—the dilemma of regulating an industry while at the same time encouraging it to prosper.
- **Industry**—a list of don'ts; that is, make misleading claims, engage in exploitative practices, omit or disguise relevant information, develop products that encourage excessive gambling or target inappropriate subpopulations. **Problems**—most of these cautions are violated on a regular basis; this stipulation exposes a major concern with widespread gambling—you know there is a problem with the activity when providers have to be reminded not to stick it to consumers.
- **Individual gamblers**—must take responsibility for understanding the nature and risks associated with the products they consume. **Problems**—information is not always available (e.g., true odds, hold percentages); certainly gamblers must bear responsibility for their actions; however, it must also be recognized that just as there are problem gamblers, so too are there problem machines, problem gambling environments, as well as problem gambling policies and business practices.

# The Morality Concern

In the 2015 Collins et al article three moral positions (prohibitionist, liberationist, and restrictivist) are outlined and an argument made that RG policies are too often based on moral grounds rather than rooted in scientific proof. Is this really the case? No examples are provided. Some of their own positions are morally based (e.g. individual versus gambling provider responsibility; and no on-site interventions).

These RG articles stem from a libertarian ideology which holds that individuals should decide for themselves what is good and disdains government regulations that diminish individual liberty and autonomy. They speak of free markets, freedom of choice, the gambling industry being like any other legal enterprise as though they are singular truths.

## Counterpoints

- Freedom of choice without wisdom and direction can lead to moral disaster.
- It's ironic that an industry that wraps itself in free market rhetoric insists on limiting competition.
- A reliance on empirical research to resolve moral issues is questionable in this instance given the industry's influence on the research agenda.
- Existing independent research that could bolster RG initiatives is often ignored by policy makers.
- Sometimes 'moral courage' is needed; that is, acting on principle, even if it means going against the grain. This would mean advocating for rigorous RG measures that create a safe and caring gambling environment. So far half-measure RG initiatives have not adequately safeguarded gambling environments, but have protected the gambling industry goldmine.

# RG Barriers

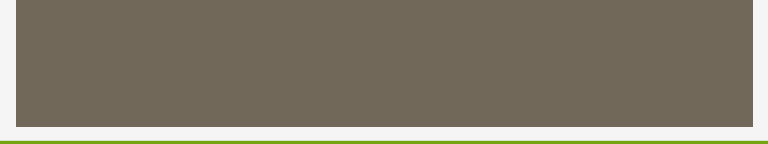
Gambling providers offer a dangerous consumption activity while insisting that any harms caused by the activity are mitigated by their RG efforts. This article of faith is unwarranted given the many instances of deception, exploitation, unfairness, regulatory laxity and grim working conditions that exist in the commercial gambling realm.

## Deception and Exploitation

--most pronounced with EGMs, which in Alberta deliver 85% of the net gambling profit, but a disproportionate percentage of the profit comes from PGs and about 75% of PGs say EGMs are their preferred game.

--EGMs are designed to get players gambling faster, longer and more intensively. Deception is involved in players not knowing the odds of each spin, built in near wins, the difference between payout percentage and hold, losses disguised as wins, and credit slips dematerializing cash.

--What is the wisdom of offering warning signs and RG brochures, while at the same time offering a format (EGMs) that is known to foster impaired control in the average regular player?



--Unfair odds and payouts are customary in Canada's legal sports betting operation. In fiscal year 2014 provincial governments retained 45% of all the sports wagers. Theoretically there is an element of skill in sports gambling (certainly it is marketed as though this were the case); however, no amount of skill can neutralize the hefty 45% house advantage.



## Faulty Regulation

The following verities concerning gambling regulation in Las Vegas and Atlantic City were produced 35 years ago by Skolnick & Dombrink, yet are relevant today in many worldwide jurisdictions and speak to the difficulty in legislating demanding RG guidelines.

- Experience in Nevada and New Jersey has shown that where revenue-raising is the purpose behind legalization, effective control often gives way to what is perceived as economic necessity.
- Classic issues of gambling regulatory law enforcement include the sources of stringency and leniency in the interpretation of rules, the tendency toward industry capture of its regulators, and the adoption of a managerial perspective by the regulating agencies, as opposed to the prosecutorial perspective held by federal law enforcement agencies.

# Examples

## The Case of Crown Casino

--Crown is the largest casino in the southern hemisphere and prides itself on operating according to international best practices. A case study by L. Hancock found:

1. Its RG Code of Conduct was not integrated into workers' daily routines and few staff were conversant with the document.
2. Revenue targets trumped serving obviously inebriated customers.
3. There was 'light touch' regulatory oversight that allowed Crown to violate its RG Code's tenets on both RG and responsible service of alcohol, without serious repercussions.

## Money Laundering in Gambling venues

--Numerous suspicious money transactions in BC casinos (over 1,000 incidents between 2011-13, yet no charges.

--\$27 million went through two BC casinos in 2014 much of it in shopping bags and suitcases in bundles of \$20 bills—the typical currency for buying street drugs. Might there be a perverse incentive for gambling providers to not clamp down on money laundering?

# Grim Working Conditions

As described in three recent books examining casinos in Atlantic City, Reno and Melbourne.

- unhealthy working conditions such as exposure to second hand smoke and excessive noise; plus nagging injuries caused by repetitive movements and constant standing.
- stress caused by having to deal with inebriated, unhygienic and abusive customers (often not a safe and respectful working environment).
- coping in a highly sexualized environment where women's bodies are marketed to attract customers.
- casino employees known to have PG rates that are much higher than the general population.

# Reforming the RG Landscape

Research that has been ignored in favor of the dominant RG paradigm.

- ◉ exposure to high intensity continuous gambling formats and time spent playing contribute to serious harm.
- ◉ density of EGMs is significantly related to the magnitude of PG.
- ◉ loss of control when in 'the zone' militates against informed choice and RG.
- ◉ impact on vulnerable and disadvantaged communities is demonstrated by geospatial player loss analysis.
- ◉ player tracking via card based play is an effective way of identifying and helping to reduce risky behavior patterns.
- ◉ the failure of industry self-regulation of RG codes of conduct.

# The Need for Re-framed RG Policies

- consumer protection/safety should be the pre-eminent policy principle (over revenue generation).
- a public health population approach focused on prevention of harms rather than problem gamblers.
- an onus on regulators to mandate RG practices that protect players and provide workers with safe work environments, and an onus on gambling providers not individual consumers to ensure consumer protection effectiveness.
- gambling provider duty of care with legal redress for harms under mandated RG codes of conduct.
- research that is independent of industry funding and influence.
- independent RG regulation focused on integrity of operations, transparency, enforcement, and accountability.

# Conclusion

The Reno model has serious limitations and falls far short of a committed RG buy in.

Examples of RG measures that would help stem the tide:

- mandatory robust RG codes of practice
- reducing the intensity of EGMs (slower spin rate, lower bet limits, banning near misses, and note acceptors); banning ATMs and access to credit from gambling venues
- mandatory player tracking and a host of public health and consumer-protection driven reforms that directly flow from research
- tighter regulatory oversight to restrict gambling venue money laundering and loan sharking.

**Thank You**