



**Duty Of Care**

**Duty of Care**  
**Submission**  
**To**  
**Independent Gambling Authority**  
**2004 Amendments inquiry**

**Duty Of Care  
Incorporated**

ABN 70 737 936 227

**Sydney**  
PO Box 400  
Mittagong  
NSW 2575

**Melbourne**  
PO Box 244  
Warrandyte  
VIC 3113

**Adelaide**  
PO Box 91  
Para Hills  
SA 5096

**Public Officer**  
PO Box 400  
Mittagong  
NSW 2575

**P: (02) 4872 3911**  
**F: (02) 4872 3922**  
**E: [enquiries@dutyofcare.org.au](mailto:enquiries@dutyofcare.org.au)**

Incorporated Association Under Associations  
Incorporation Act 1984

[www.dutyofcare.org.au](http://www.dutyofcare.org.au)

**Contact**

**Sue Pinkerton**

**Secretary**

**Duty of Care**

**PO Box 91**

**Para Hills**

**SA 5096**

**Phone: 08 81824062**

**Mobile: 0421846188**

**Email: [sue@dutyofcare.org.au](mailto:sue@dutyofcare.org.au)**

**Web: [www.dutyofcare.org.au](http://www.dutyofcare.org.au)**

Duty of Care Incorporated (Duty of Care) is grateful for the opportunity to make a submission to the 2004 Amendments Inquiry.

Sue Pinkerton, national Secretary and South Australian representative of Duty of Care, problem gambling research consultant and former gambling machine addict<sup>1</sup>, would welcome the opportunity to speak to our submission and respond to any questions the Authority may have during the public hearings to be held at the Adelaide Convention Centre on 21 and 22 November 2006.

Duty of Care is a national, non-profit consumer protection association representing gaming machine consumers and their families. Duty of Care was founded in January of 2005 by three women who had first hand experience of the harmful financial, social and psychological consequences of excessive access to gambling machines. We currently have 300 members, (all of whom have been harmed in some way by gambling machine addiction).

Duty of Care's mission is simple.

We encourage state governments to remove gambling machines by lobbying ministers and challenging both current and future legislation that allows gambling machines to continue harming the people of Australia financially, psychologically and emotionally.

It is our considered and informed position that gambling machines are the most psychologically entrapping, cognitively manipulative, financially, socially and psychologically harmful gambling product yet developed. We believe that the only electronic gambling machine that will not cause harm to users of it eventually is one that is permanently disconnected from any kind of power

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<sup>1</sup> Duty of Care discourage the use of the term “gaming” – for each one of our members, and for the estimated 300,000 Australians personally and negatively impacted by these most cognitively manipulative and addictive machines, gambling is NOT a game. In this submission, any reference to gambling machines can be taken to indicate, what others know as “poker machines” or “electronic gaming machines”.

source. We signal our intent to continue lobbying government to remove the machines from South Australia.

Duty of Care accepts the findings of the research conducted by Frances Eltridge (Harrison Research) and Paul Del Fabbro (University of Adelaide)<sup>2</sup>. In particular, we concur with the finding that “the removal of just over 2000 machines during 2005 has had generally very little impact on problem gambling in South Australia”.

While much has been made in the media of the research finding that the slowing of spending growth cannot be attributed to the reduction in gambling machine numbers, we wish to point out that the reverse is also true - there is little evidence to show that the reduction in gambling machine profits have NOT occurred precisely because of the reduction in numbers of machines. It is our contention that the slowing of spending might have been more significant had the original recommendation of the Independent Gambling Authority<sup>3</sup> (i.e. that 33% of gambling machines be removed from both hotels and clubs rather than the mere 14% that have been removed only from hotels to date) had in fact occurred.

Of significant concern to Duty of Care is the finding of the research that 11% of the people interviewed were assessed to be problem gamblers and that a frightening 64% of gambling machine consumers interviewed were assessed to be experiencing some level of gambling related problems<sup>4</sup>. These findings are similar to those found by Mark Dickerson in his research<sup>5</sup>.

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<sup>2</sup> Eltridge, F., DelFabbro, P., 2006, *Evaluation of 2004 Legislative Amendments to Reduce EGMs* <http://www.iga.sa.gov.au/pubcons/amend04/Research%20Report%20final.pdf> Accessed, 25 September, 2006

<sup>3</sup> Inquiry into management of gaming machine numbers Report, <http://www.iga.sa.gov.au/pdf/gmni/report.pdf> Accessed 1 October, 2006

<sup>4</sup> Eltridge, F., DelFabbro, P., 2006, *Evaluation of 2004 Legislative Amendments to Reduce EGMs* <http://www.iga.sa.gov.au/pubcons/amend04/Research%20Report%20final.pdf> Accessed, 25 September, 2006

<sup>5</sup> Dickerson, Mark. 2004 “Measurement and modelling of impaired control: implications for policy” presented at Insight Nova Scotia, <http://www.nsgamingfoundation.org/main/presentations/Professor%20Mark%20Dickerson.pdf>

Duty of Care believes that the unacceptably high level of gambling machine addiction and economic harm occurring because of convenient access to gambling machines cannot – and **MUST NOT** - be ignored. A multi-pronged approach is called for and must be implemented as soon as possible to avoid further harm both to gambling machine consumers, the hotel and clubs industry in South Australia and to South Australian communities.

To this end, Duty of Care makes the following recommendations with regards to the future management of gambling machine numbers in South Australia and request that the Authority include our recommendations in their report to the Minister.

1. A further 50% reduction in gambling machine numbers should occur forthwith, with both hotels and clubs losing half the machines currently in service.
2. **All** 6000 gambling machines still licensed to operate should be fitted with a smart card reading device and be inoperable until a valid, loaded, pre-commitment card is inserted.

Duty of Care is aware of legislative changes that require the authority to have regard to the maintenance of an “economically viable and socially responsible gambling industry (including an economically viable and socially responsible club and hotel gambling industry) in this state”.

It does not take a rocket scientist to work out that no business will remain economically viable in the long term when the finances of at least 10% of their customers end up being decimated. Nor can any business or industry be considered socially responsible when 64% of their customers experience some level of harm as a direct result of using the product the business or industry peddles.

In-venue research conducted by Duty of Care indicates that most hotels and clubs have not only relinquished the less profitable and less popular 5-cent machines, but they have - since late 2004

- Significantly increased the number of \$1 machines in their venues,
- Placed the majority of these volatile machines in smoking areas<sup>6</sup>, and
- Placed the most attractive (and entrapping) one and two cent machines into non-smoking areas to attract new, non-smoking customers.

Knowing the likely responses of their “most loyal customers” as they do from extensive research into problem gambling, gambling machine operators must also know that placing a high proportion of \$1 machines into smoking areas will take advantage of the dual addictions of so many problem gamblers who, when forced to choose between gambling on a low denomination machine and not smoking or gambling on a high denomination machine while smoking, will inevitably rationalise gambling on the higher denomination machines. In placing the most popular (and entrapping) one and two cent machines in non-smoking areas, gambling machine operators must know that non-smokers who have until now avoided gambling rooms because of their smoky atmosphere will enter the gambling room, gamble on the most popular machines (rationalizing that they are only betting a few cents at a time) and will do so often enough and for long enough to develop a gambling problem.

By careful placement of the various denomination machines, operators know that they can increase the spend rate of problem gamblers who smoke, while – at the same time – develop a new subset of non-smoking pokies addicts ready to step into the breach that will be left by smoking pokies addicts who will no longer gamble once all venues become smoke free. This is hardly “socially responsible” acts of any industry.

To make no recommendation to the minister that further reductions in gambling machine numbers takes place – especially in the light of;

- the Authority’s exhaustive research of 2003

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<sup>6</sup> In most venues, \$1 machines in smoking areas outnumber \$1 machines in non-smoking areas by a ratio of 6 to 1.

- the high level of harm occurring each and every day to over 100,000 South Australians

Risks contravening the Authority's prime mandate – "to develop and promote strategies for reducing the incidence of problem gambling and for preventing or minimizing the harm caused by gambling"<sup>7</sup>

Was it as recently as September this year that two show rides<sup>8</sup> were shut down after just one person out of the thousands who rode on them was bruised? Like Professor Mark Dickerson wondered at the National Association of Gambling Studies Conference in November 2003, Duty of Care wonders, "why we as a society continue to tolerate a product that causes half it's users to lose control (of their decision making processes) and that causes one in four of its regular customers to be significantly and negatively harmed. That the government continues to allow this product to remain legal and in operation borders on unconscionable conduct".

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<sup>7</sup> 11-(1)(aa) Independent Gambling Authority Act 1995,  
<http://www.parliament.sa.gov.au/Catalog/legislation/Acts/i/1995.12.un.htm>

<sup>8</sup> "Another SA show ride closed down", Nine News, September 5, 2006.,  
<http://news.ninemsn.com.au/article.aspx?id=127161>