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# Initial submission to the Productivity Commission March 2009

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## **Initial Submission to the Productivity Commission March 2009**

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### **Executive Summary**

I would like to thank the Commission for the opportunity to make an initial submission to the 2009 Gambling Inquiry. This is a much needed review as the field of gambling has changed significantly within Australia and internationally since 1999 and it is appropriate that government action and policy be revised to minimise the potential harm caused by gambling to individuals and Australian society.

This submission aims to draw the Productivity Commission's attention to the research conducted by myself in the past five years that is relevant to the current review. The issues addressed include:

- Advertising restrictions – with particular concern for the impact of advertising and marketing of gambling products on youth. Guidelines for consideration are presented to minimise the potential harm caused to youth.
- Depiction of gambling in society – how the increasing prevalence of gambling in society is resulting in an increase in youth gambling due to a normalisation of this activity as harmless and entertaining. Requiring particular attention is the impact of sports sponsorship.
- Consumer protection measures – Several empirical studies have been conducted evaluating the impact of harm-minimisation signs on electronic gaming machines (EGMs). NSW mandated messages have been found to have little-to-no impact, however, pop-up messages that appear on EGM screens during a break in play, encouraging players to be aware of their own behaviour, have been found to be effective in facilitating responsible gambling behaviour.
- Education of young people about gambling – a review of the literature suggests that there are many benefits of education youth about gambling in schools and this strategy could reduce the prevalence of problem gambling amongst youth and later in adult life.
- Internet therapy for problem gambling – a preliminary review of the literature suggests that this innovative treatment option may be effective in treating problem gambling, particularly for those who would not have otherwise sought treatment.
- Relevant papers reviewed in this submission have been included as attachments.

## **Government Regulation**

### Advertising restrictions

In accordance with the Terms of Reference provided by the Productivity Commission Act 1998, the Productivity Commission should consider the effects of regulatory structures, particularly as this relates to advertising restrictions to ensure that these adequately protect youth from harm. Youth have been identified as being particularly at-risk for the development of gambling problems and it is essential that the impact of advertising on this vulnerable population be carefully evaluated. For a full discussion of this issue see Monaghan, Derevensky, & Sklar (2009) in addition to the guidelines included below.

*“Based on the empirical evidence to date, the following guidelines are recommended to regulate marketing of gambling products to reduce the impact of this advertising on youth and protect this vulnerable population from harm.*

- *Gambling advertisements should not be permitted to be shown during television and radio timeslots primarily accessed by children or adolescents or advertised where they may be frequently viewed by youth, including on billboards, on public transport, and in print publications where a prominent proportion of readership are minors.*
- *Given the influence of point-of-sale advertising on children and adolescents, it is recommended that these advertisements be restricted from display in all stores entered by minors.*
- *Companies and trusts that principally generate their revenue from gambling should be banned from promoting or advertising their name or products, including naming rights, branding, and logos through the sponsorship of sporting teams and events.*
- *Products promoting gambling or gaming companies should not be manufactured in child sizes, be available for purchase by minors, or be given away in promotions or as prizes.*
- *Gambling corporations should be restricted from utilising product endorsements from individuals who are likely to appeal to youth and increase the likelihood of youth gambling involvement.*
- *Advertisement for both gambling and 'practice' Web sites should be subject to the same regulations described for advertisement of gambling products. In addition, free or practice sites should be prohibited from containing advertisements and direct links to online gambling sites and should have the same payout rates as their actual gambling site.*
- *Online and wireless gambling companies should be prohibited from advertising via SMS alerts to mobile phones.*
- *Advertisements for gambling products must contain accurate information regarding the chances of winning and a visible warning statement that highlights the potential risks associated with excessive gambling.*
- *Gambling advertisements should not be allowed to include images or sounds of excessive spending.*

- *Youth-oriented graphics, including animals and cartoons, music, celebrity promoters, and youth themes such as board games, and 'being cool', should not be used to market or advertise gambling products.*
- *Gambling advertisements should not include or depict any individual who is or appears to be under the age of 25 to prevent youth from relating to individuals gambling or winning.*
- *Regulations for gambling advertisements should be mandatory and enforced and with continual evaluation by an independent regulatory body.”*

*Monaghan, Derevensky, & Sklar (2009) pp 264-265.*

### Depiction of gambling in society

I also wish to draw to the attention of the Commission the necessity of implementing regulation that considers the depiction of gambling in society. Monaghan and Derevensky (2008) argue that this issue requires examination with efforts made by key stakeholders to present a balanced portrayal of the odds of winning and risks associated with gambling in an effort to reduce the emergence of gambling-related problem amongst adolescents. Although minors are largely restricted from regulated gambling, the greater incidence of problem gambling amongst youth than adults suggests that the perception of gambling as a harmless entertainment activity is inaccurate. Gambling is widely portrayed in the media often in an inaccurate or exaggerated way that normalizes gambling and may encourage youth to participate. Wagering on sporting events is becoming intrinsically linked with these competitions and gambling-themed toys and games are widely available and targeted at children and adolescents. Of particular concern is the sponsorship of sporting teams or events by gambling companies, as this form of marketing has been shown to have a significant effect on young children and adolescents. Gambling is often presented as providing significant social and economic benefits and the increased availability of gambling venues heightens youth's awareness of gambling opportunities.

The authors conclude that:

*“The incidence of gambling-related problems amongst youth may be heightened by the depiction of gambling in society, through the glamour and exciting appeal portrayed in the media including television shows and films, the association between wagering and sporting events, promotion of ‘soft’ forms of gambling to children, through the promotion of gambling as providing social and economic benefits, and the ease of accessibility. Active efforts should be undertaken by governments and legislators, the industry, and community members to provide a more balanced image of this activity including awareness of the risks involved when gambling no longer becomes fun but enters into the realm of problems. Changes need to be made at multiple levels to reduce the incidence of gambling amongst youth and prevent the development of long-term, gambling-related problems.”*

*(Monaghan & Derevensky, 2008 pp 546-547)*

### **Consumer Protection Measures**

#### Assessing the effectiveness of harm minimisation measures

The terms of reference ask the Commission to examine the impact of harm minimisation measures on the prevalence of problem gambling and on those at risk, and the

effectiveness of measures used by the state and territory governments. Research conducted by myself and Professor Alex Blaszczynski at the University of Sydney's Gambling Research Unit over the past five years has focussed on evaluating the effectiveness of currently mandated harm minimisation signage for electronic gaming machines (EGMs) in New South Wales (NSW). Additionally, this research has evaluated the impact of dynamic scrolling messages and pop-up messages in direct comparison to the mandated static signs. Furthermore, studies have been conducted in an effort to determine the most effective message content for harm-minimisation signs on EGMs. All research is empirical in design and has been conducted with appropriate ethics approval from the University of Sydney Human Research Ethics Committee. The studies have been published or submitted for publication and presented at various national and international conferences.

The NSW Gaming Machines Regulation Act, 2002, mandates that all EGMs must display a sign informing consumers of the chance of winning the maximum prize. This sign is intended to facilitate informed choice and minimise potential gambling-related harms. In a laboratory study, 187 university students played standard EGMs containing harm minimisation signs that varied by mode of presentation (static or dynamic) and message content (mandated or more informative) (Monaghan, 2004). There were no differences in recall between informative or mandated signs. However, results showed that significantly more of the information presented in dynamic mode was recalled, and with greater accuracy, in both free recall and cued recall conditions compared with static government-mandated messages (Monaghan & Blaszczynski, 2007a). It was concluded that dynamic signs scrolling across screens during play influences awareness and recall of harm-minimisation signs.

Pop-up messages that appear on EGM screens during a forced break in play have been endorsed by the NSW Government as a suitable responsible gambling initiative. Given the apparent increased efficacy of dynamic messages as compared to static messages, further research has been conducted to evaluate the impact of pop-up messages as a harm-minimisation strategy for EGMs. There is a growing body of empirical evidence supporting the use of pop-up signs as an effective harm-minimisation initiative (see Monaghan 2008a for review).

In a laboratory study that aimed to evaluate the impact of pop-up messages compared to mandated static signs and investigate the most effective message content, 127 regular EGM gamblers were recruited from a university student population (Monaghan & Blaszczynski, 2007b). Of the sample, 76.4% (n=97) were male and 23.6% (n=30) were female. The mean age was 20.3 years (range = 17 to 29, SD=2.5). Participants played computer simulated EGMs that contained signs that varied by mode of presentation (static or pop-up) and message content (informative, self-appraisal, and control/blank). Pre- and two week follow-up questionnaires assessed the impact of signs on participants' gambling-related thoughts and behaviours. Results found pop-up messages were recalled significantly more often and more accurately than static messages (immediately and at 2-week follow-up) and had a significantly greater self-reported impact on within-session thoughts and behaviours. Messages encouraging self-appraisal were also perceived to

have had a significantly greater impact on player's thoughts and behaviours both within session and during subsequent EGM play.

A follow-up study replicated this research using regular gamblers recruited from various gambling venues in Sydney in an attempt to increase the external validity of the results by exposing participants to the sights and sounds of EGMs while they played the simulated EGMs (Monaghan & Blaszczynski, 2008). The mean age of the participants (N=124) was 44.1 years (SD = 20.8; range 18 to 65) and almost three quarters (71.8%) were male. Using an identical method to the previous study, results found pop-up messages were recalled to a significantly greater extent and had a greater impact on within-session thoughts and behaviours and self-appraisal messages were the most effective in terms of impact on thoughts and behaviours in current and future EGM sessions. Taken together, these findings support the implementation of pop-up messages containing self-appraisal messages as an appropriate harm-minimisation initiative for EGMs.

### **Government Programs Relevant to Gambling**

#### Education of Young People about Gambling

Evidence suggests that despite prohibitive legislation, Australian youth commonly engage in gambling activities and a concerning proportion experience gambling-related problems causing disruption and distress. It is critical that the issue of youth gambling be addressed in Australia where gambling is largely socially acceptable and easily accessible to reduce the individual and social costs associated with problem gambling. Education campaigns aim to inform potential consumers of the nature of games, how they work, the probabilities of winning and the risks involved. This information is considered essential to allow individuals to make accurately informed decisions about their gambling behaviour. A comprehensive educational campaign should aim to inform the wider community and families to provide youth with a comprehensive message regarding gambling. Schools provide an opportunity to target a large proportion of youth with the aim of disseminating information and enabling active learning and appropriate incorporation of this information into their lives to guide current and future behaviour.

There is some empirical support for the effectiveness of educational campaigns in modifying youth gambling-related thoughts and behaviour, however, further research is necessary. It is essential that any education campaign be empirically tested during all phases of implementation, including follow-up effects to prevent unintended consequences, assess whether the aim is being achieved and avoid misuse of funds on an ineffective program. The format, mode of presentation and content of education campaigns should be carefully considered and based on theory and research. If successful, education campaigns could be an effective tool in preventing gambling problems amongst youth in Australia.

A report prepared by Monaghan (2008b) reviews the potential benefits of educating young people about gambling. It provides review of youth gambling in Australia, examines appropriate targets for education campaigns (schools, families, communities), reviews existing education campaigns that have been implemented internationally,

discusses the necessary components of an effective educational campaign and the possible modes of presentation, and discusses potential limitations to the impact of a preventative educational strategy for youth gambling problems.

#### Internet Therapy for Problem Gambling

The 1999 Productivity Commission found that approximately 90-97% of problem gamblers do not seek treatment for reasons including stigma and embarrassment, denial and dissatisfaction with treatment options. Internet therapy has emerged as a new and innovative treatment option that enables clients to access a cognitive-behavioural therapy program, with minimal therapist input, at any time and place convenient to them. Although evidence in the field of Internet therapy is scarce, a review of the available literature is being completed by myself and Professor Alex Blaszczynski, which suggests that this may be a very effective treatment intervention that is appropriate for those who would not otherwise seek treatment. A thorough report on this topic will be available later in the year.

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All stakeholders guaranteed the independence and objectivity of the project by insisting in the research agreement that the ownership of the data resides with the University of Sydney Gambling Research Unit and that all data may be published in the public domain.

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