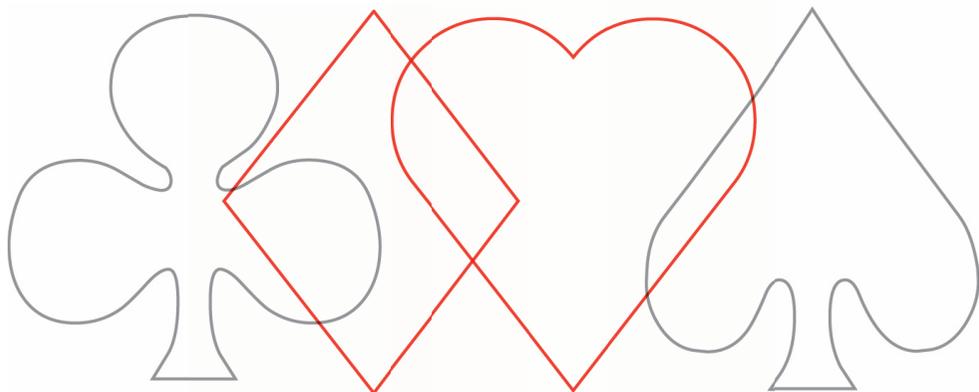




The Regional Casinos Debate: Regeneration and Responsible Gambling in the UK

**Proceedings from the Social Market
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The Social Market Foundation

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Foreword

Though I “invest” the odd fiver on horses and dogs, I am not myself a fan of casinos. With horses and dogs, you have at any rate the illusion that diligent study of form will be rewarded with profits. Casino games are dominated by sheer chance. They give me no pleasure should I win and much grief when (like everyone, nearly always) I lose. I must be the only person in history who was able to spend two days in Las Vegas without putting so much as a single dime in a slot machine.

So why, as Chairman of the Social Market Foundation, did I press so hard for us to launch a major programme on gaming and its reform? The answer is that the questions gambling throws up are meat and drink to a social marketeer. For the fortunately fading Methodist wing of the Labour party, gambling may be morally reprehensible. For a pure free-market Tory, it is a product like all others. But for a social marketeer, it raises issues that are the essence of our brand of political economy.

Since we are liberals, we cannot believe in banning gambling; nor in making it (as in many countries it is) a heavily regulated state monopoly. However we do recognise that it cannot be left to the free market to decide how and where it operates.

One controversial issue is that of regeneration. It would be absurdly wasteful to stand by while the huge investment required to open innumerable “regional” (i.e. very large) casinos was made, and then allow most of them to go belly up. More productive is to allow only a limited number. Because however by limiting the number you increase the profitability, you need also to find instruments to capture at least part of the economic rents generated for the general good. This is the subject of Professor Collins’s lucid contribution to the present value.

It will often make sense to make the casino part of a plan

for the regeneration of a limited geographical area. Indeed, in some cases – Blackpool is an example from among present applicants for the one regional casino licence permitted by law – it is not easy to find anything else likely to regenerate an area as effectively. At the same time, some fear that casinos destroy as well as create jobs, for example by taking trade from existing local restaurants. A social marketeer will want to weigh the costs against the benefits and find ways of maximising the latter.

Another controversial area is problem gambling. Though most people gamble in one way or another, a small minority are prone to get out of control. Gambling addiction can be as harmful socially as alcohol or drug addiction.

The question for a social marketeer is how the economic benefits of gambling can be captured without at the same time creating social disbenefits that outweigh them. The evidence suggests that more facilities for gambling will increase problem gambling; but more facilities for gambling combined with more education on problem gambling will not. The latter therefore is the combination a social marketeer will embrace.

Much of the discussion of the government’s new gambling legislation has been quite hysterical. The Bill itself was horribly mutilated as a result of the political storm created when one tabloid launched a wholly irresponsible attack against its provisions shortly before the last general election. Equally, the casino industry has done itself no favours by importing into Britain from America lobbying techniques which went far beyond what is deemed acceptable in our more demure political culture.

The Social Market Foundation created a space that allowed a proper debate, using facts, evidence and analysis – in other words a debate very different from so many others on this topic. We are grateful for the support of Harrah’s Entertainment Inc. in allowing us to do so; we accepted their support secure in the knowledge that we would be under no pressure to temper our analysis to their interest.

Whether you are for gambling or against it or just interested in the conflicting arguments, you will find much to treasure in the conference proceedings which follow.

David Lipsey, Chair, Social Market Foundation

The view from the DCMS

Andy McLellan

Andy McLellan is Head of Gambling Division in the Department for Culture Media and Sport. He has previously been Chief Operating Officer at the Royal Parks, and Head of Finance and Planning in the Department. He has also worked on broadcasting and National Lottery legislation.

Casinos continue to be a focus for attention around the gambling debate; I thought it would be useful to attempt to put casino development into context as seen from the Department.

It is perhaps far too easy for the public to assume that the Gambling Act, is a rather big piece of legislation, with some 360 odd sections and 18 schedules. It's perhaps too easy for the public to be led to believe that it's all about casinos. The Act does provide for 17 new casino licences, but the motivation for the Act was the need to create a regulatory framework which was consolidated, and brought together legislation which was in various places confused. The purpose was to bring it up to date, make it flexible and create a regulatory framework that could cope with the development of gambling on the web, over mobile phones, through digital television and so on.

In particular, for the first time, the Act puts the concept of social responsibility, protecting children and the vulnerable, at the heart of the regulatory framework, and it creates a new Regulator, the Gambling Commission, to make this a reality. So its three aims apply across the whole range of gambling activities as well as to casinos. These are:

- to prevent gambling from being a source of crime and disorder;

- to ensure gambling is conducted in a fair and open way, and;
- to protect children and other vulnerable people from harm.

The creation of the new casino licences, and in particular, the restriction of the number of those licences to one regional licence, eight large licences and eight small licences, demonstrates the government's cautious approach and determination to ensure that the aims of the Act are delivered. It is perhaps worth emphasising the point about numbers. Ministers have made clear they have no intention of going to parliament to change those numbers. It is and will be one, eight and eight. And the impact of those casinos will be very carefully evaluated before there is any further expansion.

These licences of course, are important and are valuable. That is why the Secretary of State established the Casino Advisory Panel under the chairmanship of Professor Stephen Crow, to advise her on the locations for those licences.

The panel's remit is very clear. Their primary consideration is to ensure that the locations for the seventeen licences provide the best possible test of *social* impact. They need to provide a good geographical spread, a good range of types of locations: seaside resorts, edge of town, centre of city and so on; so the over-riding primary criterion is social impact.

Subject to that, the Panel also has to be sure that the Local Authority is willing to licence a casino, and include areas in need of regeneration that are likely to benefit from a new casino. The Panel is well advanced with its task. It has short-listed eight possible areas for the single regional licence, and thirty one areas for the large and small licences. Their evaluation of these is now moving forward, and they will be holding examinations in public in each of the eight areas short listed for the regional licence. They are also inviting representations from anyone with interest, whether for or against.

The Panel aims to make its recommendations to the Secretary of State by December 2006. She will then bring forward an Order for debate in both Houses of Parliament, to establish the areas where the licences will be available.

In conclusion, this gathering is indeed timely; there is much to explore, and we look forward to and welcome the contribution to the continuing debate.

Regional casinos as a source of economic regeneration

**Brad Smith, Former Chairman and Chief Executive,
New Jersey Casino Control Commission**

Brad Smith served as Chairman and Chief Executive Officer of the New Jersey Casino Control Commission from 1994 until September 1998. He managed daily operations of the 350 employee Commission with a budget of \$22 million per year. He has been a licensed New Jersey attorney for over thirty years practicing in the areas of contract, tort, real estate, zoning, planning and municipal law. He provides consulting services to the gaming industry on regulation, compliance, legislative and other issues.

As chief regulator of the four billion dollar per year casino industry in Atlantic City, he was responsible for implementing over 100 regulation changes. This helped streamline the regulatory system. His common sense approach to regulation made the industry more competitive and allowed for easier expansion of casino space.

During his tenure as Chairman, he met with representatives from jurisdictions throughout the world to provide insight and advice on gaming regulation. His open door policy and even-handed approach to regulation earned him a reputation for thoughtful and fair dealing with the casino industry. His outreach to Wall Street to provide information necessary for a fair evaluation of the industry was an important catalyst for renewed investment and development in Atlantic City.

Throughout this submission I use the word “gaming” instead of “gambling”. That’s just a matter of choice. It’s one and the same thing. I just choose to use the word “gaming” because in my mind that’s a more modern term to use and it doesn’t have all the negative connotations that the word “gambling” has gath-

ered over the years.

In the United States for many, many years, gaming was prohibited. It was run by members of organised crime and other criminal elements. In 1931 Nevada authorised casinos and it wasn’t until 1978 that they became a reality in New Jersey. During the 1990s, as different jurisdictions saw that the games could be properly regulated and controlled, casinos expanded in many other states throughout the country.

My remarks today will focus on the economic benefits that can come from the establishment of well-regulated casinos. That is the type of casino which I believe you refer to as, “regional casinos”, and which I would refer to as “the American Style casino”; even though your regional casinos are, as you will see, much smaller than the average casino in the United States.

In the United States casinos are relatively large facilities. They may have 500 to 5000 hotel rooms, 100,000 to 200,000 or more, square feet of casino space, and include retail shopping stores, multiple restaurants and various entertainment and convention venues. They may have anywhere from 2000 to 5000 or more employees. The casinos in Atlantic City average about 100 table games per casino and almost 3,500 slot machines.

The casinos in the United States are major generators of tourism, jobs and other economic activity. Without question, they can be a catalyst for economic regeneration of towns and cities that have seen better days. Atlantic City, New Jersey is probably the best example of economic regeneration of a resort community due to the contributions of the casino industry.

Firstly you have to be aware of the fact that casinos were authorised in Atlantic City for the specific purpose of revitalising that city. Some information about the history of Atlantic City will help you understand why that was done.

The city is located on a barrier island along the coast of New Jersey. It was one of America’s first destination resorts. In the early part of the 20th century it was a Mecca for tourists seeking to escape the summer heat of New York City and Philadelphia. Dozens of trains a day would bring thousands of visitors to the city, and they would stay in the magnificent grand hotels that lined the boardwalk. They were entertained by the biggest names in entertainment of the day, and the beaches and the amusement piers provided fun for the entire family.

But by the late 1950s, things had started to change. The resort was clearly in decline. The interstate highway system established in the United States was being built and the commercial airline industry was growing. Better and cheaper transportation was making it easier for visitors to travel longer distances to new and different destinations. Newer convention centres were luring away the major conventions that had come into the city in previous years.

As the number of visitors declined, the hotel owners had less and less money to reinvest in their properties, and the once grand hotels fell into a state of neglect and disrepair. In the decade before casinos were approved, the number of hotel rooms in the city shrunk by more than 6000. The population decreased and real estate values fell. Efforts to attract other forms of business to Atlantic City failed, and every economic indicator looked bleak.

By the early 1970s the once famous resort was nothing more than a shell of its old self. The most frequently heard comment about Atlantic City was, “Last person out, please turn out the lights”. Needless to say, the city fathers were desperate to turn that city around. It was against this background that they turned to casino gaming as a way to promote development and tourism and revitalise the city.

It was a risky venture at the time, because the only other state that permitted casinos was the state of Nevada, and casinos there were reputedly controlled by organised crime. To make things worse, New Jersey was known as the home of the Mafia. That is why the New Jersey Legislature imposed a strict regulatory system on the casino industry after the people of the state voted in 1976 to amend the state constitution and approve casinos for Atlantic City.

The preamble of the New Jersey Casino Control Act clearly states the reason casinos were authorised. “Legalised casino gaming has been approved by the citizens of New Jersey as a unique tool of urban redevelopment for Atlantic City.”

The preamble goes on to say that it is designed to “... facilitate the redevelopment of existing blighted areas and the refurbishing and expansion of existing hotel, convention, tourist and entertainment facilities to encourage the replacement of lost hospitality oriented facilities and attract new business invest-

ment capital to New Jersey in general and to Atlantic City in particular.”

Resorts International, the city’s first casino, opening in May 1978. Today the city is host to twelve of the largest casinos in the world, and the revitalisation of the city, as was the expressed hope of the creators of the enabling legislation, has been and continues to be realised with each passing year.

To give you an idea of the economic impact of the Atlantic City casino industry, I would like to share with you some information taken from the official statistics gathered each year by the New Jersey Casino Control Commission. The commission is the state agency charged with the responsibility of regulating the casinos and collecting the casino revenue taxes.

In 2005 at any given time during the year, there were approximately 46,000 people employed by the twelve casinos. That number increases to about 50,000 during the summer months when the business is at its peak. The casinos average of over 3,800 employees for each facility. Those employees earn over \$1.1 billion in salary and wages for the year, and that figure does not include the cost of health, pension and other benefits.

Those 46,000 people that work in the casinos all live within driving distance of their employment. They buy houses. They pay taxes. They go to restaurants, shop for food and clothing and other necessities, all in the Atlantic City area. Much of that \$1.1 billion in salary and wages finds its way back into the regional economy by reason of the purchase of goods and services from non-casino businesses.

In fact, a study by Rowan University’s Centre for Economic Data Analysis estimated that for every job in the casino industry another 1.09 jobs are created elsewhere in the economy. Based on that figure, the casinos are responsible for creating over 50,000 additional jobs outside of the casinos. That’s a total economic impact of almost 100,000 more people gainfully employed as a result of the industry in Atlantic City.

In New Jersey, the law requires that every non-casino business that does business with a casino must be licensed by or registered with the Casino Control Commission, depending on the dollar volume of the business they do each year with the casinos. Consequently, the Commission keeps very accurate and reliable records of the amount of business being done. Casinos,

as you might imagine, consume all sorts of goods and services provided by other businesses, from hotel supplies to food and beverage, advertising, computer hardware and software and so forth. In 2005 the Atlantic City casinos did \$3 billion worth of business with over 6,350 companies throughout the United States. Thirty eight percent of those companies were located in New Jersey and accounted for almost \$2 billion of that business activity. The economic activity generated by the casinos is concentrated in the region surrounding Atlantic City. Forty percent of the businesses that do business with the casinos are located in New Jersey and literally two-thirds of the dollar volume of the business done with non-casino businesses is in that region.

Another economic benefit, particularly to Atlantic City, is the number of visitors that come into the city each year. They not only gamble in the casinos but they go to conventions, business meetings and other events in the city. They shop and eat at establishments both inside and outside the casino facilities. They spend millions of dollars per year on non-gaming activities.

In 1978 the city had just over seven million visitors. As of the close of 2005 the city was seeing almost 35 million visitors per year. That is a dramatic increase in visitors since casinos came to town. While the majority of these visitors over the years have been what we call “day trippers”, the number of overnight visitors has gradually increased as hotel facilities have been built. Statistics have shown that overnight visitors spend more per person than day visitors. Today there are over 15,000 first class casino hotel rooms in the city with an annual occupancy rate of over 90%.

As I noted earlier, one of the primary legislative purposes in authorising casinos was to promote investment in the city. Since 1978, the casinos have invested over \$11.5 billion in bricks and mortar for construction of their facilities. The city has seen property values increase from \$319 million in 1975 to \$7.9 billion today. The casinos represent over 80% of the property tax base of the city.

The property tax base provided by the casinos has had very important benefits for the city and its residents. For example, it allowed the city to build an \$83 million state of the art high school. The complex includes modern computer laboratories, an expansive library, professional quality indoor basketball

courts, indoor Olympic swimming pool, a theatre, television and radio studios, a football stadium, tennis courts, greenhouse, and a separate \$1 million boathouse for their rowing teams.

In addition to the taxes paid by every corporation doing business in New Jersey, the casinos pay a number of other taxes, fees and voluntary contributions, which contribute to the health and welfare of the citizens and help to promote economic development. The most important of these is the 8% tax on casino gross revenue.

Gross gaming revenue is the amount casinos win from gamblers after all winning bets have been paid, but before payment of other expenses. One of the enticements for people to vote for the casinos back in 1976 was the requirement that all taxes on casino gaming revenue would be dedicated to fund programmes for senior citizens and disabled residents of the state. Since 1978, that 8% tax has raised over \$6.7 billion to fund programmes for these residents.

The largest of these programmes is called “Pharmaceutical Assistance to the Aged and Disabled”. It provides prescription drugs to income-eligible residents for a minimal charge of \$5 per prescription, and serves almost 200,000 people in New Jersey. The money is also used for transportation, safe housing, adult protective and day services, respite care programmes and for assistance with payment of utility bills. In 2005 alone, the casino gross revenue tax generated over \$400 million for these programmes.

Since 2003 the legislature has imposed a number of additional taxes on the casinos which also go into the Casino Revenue Fund. The Casino Complimentary Tax imposed a 4.25% tax on the value of complementary services for food, rooms, beverage and entertainment that casinos give to their customers. That tax raised \$26 million a year, and was set to expire June 30th 2006.

The casino net income tax imposes a 7.5% tax on the adjusted net income of the casinos and amounted to almost \$22 million in 2005. The operators of multi-casino progressive slot machine systems must pay an 8% tax on revenues from those systems, and that amounted to over \$6 million last year.

As you can see, there are many sources of government revenue flowing from the casino industry being funnelled into social

programmes for the citizens of the state. But social programmes were never intended to be the sole beneficiaries of casino industry. As I said earlier, the industry was to be a unique tool of urban redevelopment.

By 1984, in spite of the construction of elaborate casino hotel facilities, the creation of thousands of jobs and millions of dollars for social programmes for seniors and the disabled, it was felt that there needed to be more investment in the bricks and mortar of the city itself and in other urban areas of the state. The tax structure established by the very constitutional amendment that permitted casinos to exist was limiting redevelopment because of the requirement that casino revenue taxes only be used for senior citizens and the disabled. The legislators, in their wisdom, came up with a unique way of getting around that problem.

They passed a law that required casinos to pay an additional 2.5% tax on casino gross revenue unless they “voluntarily” contributed 1.25% of their gross revenue to a special fund managed by the Casino Reinvestment Development Authority (CRDA) which would use that money to make capital investments to directly facilitate redevelopment. Obviously the casinos have opted to pay 1.25% to the CRDA instead of 2.5% to the Casino Revenue Fund. Since the payment was a “voluntary” contribution to the fund, it was not technically a “tax” and therefore did not have to be used solely for programmes to benefit senior citizens and the disabled.

This opened vast new areas for the use of money derived from the casino industry. Since 1984 the CRDA has committed hundreds of millions of dollars to projects for the redevelopment of Atlantic City and other projects throughout the state. Projects have included street widening beautification and other transportation improvements, lighting and park improvements, hotel expansions, construction of retail complexes, facility improvements for non profit organisations, public recreation and entertainment facilities, housing and historic restoration projects.

Here are just a few examples of the projects that have been funded. Over \$185 million has been spent on construction of almost 1,400 low and moderate income housing units in Atlantic City, a community that has only 38,000 residents. Over

\$1 billion helped to pay for the addition of approximately 3,500 new hotel rooms in Atlantic City. One hundred million dollars has been committed for a boardwalk revitalisation programme. Almost \$1 million was used to help refurbish the historic Absecon Lighthouse which is now an active tourist attraction. Four million dollars was used to build a marine education centre, which includes a 25,000 gallon aquarium containing marine life indigenous to New Jersey. Thousands of school children visit that facility each year.

Eleven and a half million dollars was used for construction of Atlantic City Surf’s minor-league baseball stadium. Five million dollars was used to renovate the Atlantic City Carnegie Library that was built in 1904. It’s now an education outreach centre for Richard Stockton College of New Jersey. Ninety million dollars was used to completely renovate the historic Boardwalk Convention Hall which has played host to some people you may have heard of like the Beatles, the Rolling Stones and one of my favourite former boxers, Lennox Lewis.

The CRDA is also leading an urban revitalisation programme which is a tax incentive programme established by law in 2001. It is another way to revitalise the city. The programme is designed to encourage construction of new entertainment and retail venues in Atlantic City through incentives such as sales tax rebates and grants, based on the amounts of luxury taxes generated in the special entertainment retail districts. Those districts are approved by the CRDA and they can be built by the CRDA or by a private developer. Thus far three retail and entertainment related districts have been approved and built, all by private developers. “The Walk” is a 320,000 square foot complex of factory outlet retailers covering eight city blocks. “The Quarter” is 184,000 square feet of shopping stores and restaurants. “The Pier at Caesars” contains 325,000 square feet of retail space and restaurants in which the private developer has invested \$200 million.

Other laws have increased the funds available for economic development projects managed by the CRDA. For example, casinos are required to collect a minimum parking fee, which today is \$3 dollars per vehicle. Money from those fees has helped finance the construction of Atlantic City’s \$268 million convention centre. It has also helped construct a \$79 million

non-casino convention centre hotel and a \$1.5 million Visitors' Welcome Centre.

There is another fee of \$2 per day for each occupied hotel room in a casino and \$1 per day for each occupied room in other lodging places in the city. That fee provides tourism marketing money for the Convention Authority, to help bring conventions and more visitors into the city.

All of this obviously helps bring thousands and thousands of people and millions of dollars, into the city each year.

As you can see the economic development projects and the funding sources are many. Hundreds of millions of dollars have gone into projects to improve the city and other areas of the state, and billions more have gone into social programmes. The common source of that money is the casino industry. The twelve Atlantic City casinos have been an economic catalyst for the entire region, the magnitude of which could never have been anticipated when casinos were approved in 1976.

Your regional casinos in the UK, if you allow more than one, will probably not be in one concentrated location like Atlantic City casinos, but they can produce similar results. Billions of pounds will be invested in development. They will create jobs both inside and outside the industry. They will produce tax revenue, however you decide to use it.

If you choose to emulate Atlantic City, revenue, fees and voluntary contributions can be used for specific redevelopment projects. The economic effect will be at least regional and, depending on the number and location of the regional casinos, the economic effect can be national in scope.

Obviously the strength of your economic development and redevelopment rests on the size and vitality of the casino industry. If you embrace regional casinos, I encourage you to embrace them in a way that will promote investment and growth. A healthy, vibrant industry will provide more benefit through investment, employment and revenue than an industry struggling to survive because it is over-burdened by excessive government taxation and other unnecessary impediments to business.

I hope my remarks have presented you with ideas that will generate discussion and will help you decide what is best for the UK as you consider these important issues. Thank you.

What is regeneration?

Jon Ladd, Chief Executive, BURA

Jon Ladd is the Chief Executive of BURA, the British Urban Regeneration Association, the leading independent organisation for those with an interest in regeneration. He previously worked with English Partnerships and the Commission for New Towns and prior to that was employed within the retail sector of Granada TV.

Jon has led the development of BURA's research arm, through which considerable work has been undertaken in reviewing potential catalysts and barriers to regeneration. This work has included the impact of art, leisure and culture on regeneration and has resulted in a number of high level presentations on the issue of casino led regeneration being made to Government as well as to the private, public, voluntary and community sectors.

Firstly, I want to give you a brief overview of some definitions of what regeneration is. I will consider some of the catalysts to regeneration that we have discovered over recent years, and will also look at the issues, both positive and negative, regarding the potential for casino-led regeneration.

BURA is neither a pro- nor an anti-casino organisation. Our only interest is to ensure that the Sustainable Communities' agenda gets progressed by whatever means necessary. We are fully independent; we receive no core funding from government, the opinions expressed are BURA's and my own.

So, what is regeneration? Everyone has different views as to what it is. If you ask ten different people what regeneration means to them, you will get ten different answers. In fact *Regenerate* magazine actually did this exercise fairly recently. The responses included Roger Madelin, "Development is easy but

requires partnership.”

I do not know whether I would agree with Roger that development is easy, but regeneration certainly is about different people coming together from across the sectors to work together for a common objective.

Chris Brown, Chief Executive at Igloo; said, “Urban regeneration is concerted, social, economic and physical action to help people in multiple deprivation reverse the decline in sustainable communities.”

I actually disagree that regeneration is all about areas of multiple deprivation; I think regeneration can occur anywhere. Naturally we tend to focus on areas where problems exist but it would be misleading to think that regeneration is simply about dealing with ‘bad’ areas. Regeneration is about dealing with the whole of the UK.

However, I do agree with Chris when he talks about the issues such as social and economic. He expresses the concept that it’s not just about pounds, shillings and pence. One of the problems with regeneration at the moment is that we tend to try and quantify everything. We want to measure everything. There are things in life which cannot be measured: social well being, happiness. They are intangibles but I’d suggest they are very important.

My own definition is “Urban regeneration is a comprehensive and integrated vision and action which leads to the resolution of urban and rural problems and which are seen to bring a lasting improvement in the economic, social and environmental conditions of an area.”

I think the rural element is very important. Although we are the British *Urban* Regeneration Association, we do deal with rural issues as well.

The environmental terms of regeneration are going to become more and more important over the future years.

However, the best answer to this question came from my nine year old daughter. People here who have young children will probably know that your child’s perception of what their father or their mother does is kind of some vague abstract to them. So I was impressed when I heard a conversation between my daughter and one of her friends which went along this route.

“What does your dad do?”

“Oh he works in regeneration.”

“What’s regeneration?”

“I don’t know. Something about people working together to make everyone have nicer lives.”

The way we define regeneration may differ, but I think that neatly encapsulates our over-arching objective. Importantly I think regeneration is about actions and not words. I think we suffer from a lot of sound bite regeneration on occasions; certainly more so at the moment where people say things that sound very good, but then fail to follow their words with actions.

Not so long ago the view on regeneration was, ‘Deal with employment, you’ll deal with regeneration. Market forces will do the rest.’

I think our understanding of what truly facilitates regeneration has fortunately matured and refined rapidly over the last ten years. We now understand the importance of housing provision, especially affordable housing. We recognise that infrastructure and public transport have vital roles to play. Equally, when we are looking at regenerating an area, we look at things like health and education provision. We know the impact that a new school or a new hospital facility can have on an area. We know that community involvement and empowerment are key. Effective regeneration is not something that we *do* to people, it is something that we do *with* people.

We know that good design, both in terms of the places we live and work and the public realm that surrounds them, is vital. We have also discovered the importance of issues such as culture and leisure, and BURA have done quite a bit of work in this area. If we look at something like the Guggenheim Museum in Bilbao, we can see the huge effect it’s had, not only on the city, but the whole of the Basque region.

Of course, we are not saying that we should blindly carbon copy these initiatives and expect to achieve the same results. If you take the example of the Guggenheim, we can see the positive impact it’s had but if we simply thought that opening 50 or 60 Guggenheims in England would have the same effect, we would be deluding ourselves. What we need to do is to see what the key things are that can drive change and apply them to

a framework which is appropriate for our location, our region, our nation.

I think we cannot consider catalysts for regeneration in isolation. We have to have each piece of the jigsaw. The Guggenheim Museum would not have worked if there had not been a really extensive housing and infrastructure programme that went on with it. So when we talk about catalysts for regeneration we talk not about panaceas, but about elements of a jigsaw that can provide a framework for change. With this in mind, what I would like to do is consider the idea of casino led regeneration.

The arguments for and against regional casinos have as much as any piece of recent legislation that I am aware of, divided the profession. At BURA part of our remit is to encourage debate. However, one of the things I have been slightly concerned about is there seems to be very entrenched and immovable views at present, and out of those immovable views have come some fairly inaccurate comments.

Like the major colours on a roulette wheel, there appear to be only two options. The anti-casino lobby, and we will call them the red, think that the introduction of regional casinos will lead to the disintegration of the country's social fabric. The pro-casino lobby, the blacks, think the opening of a regional casino is going to serve all of the region's economic needs and bring unrivalled economic nirvana.

In reality the truth lies somewhere in between. There are social and cultural changes that we need to both recognise and address if we're going to introduce regional casinos.

A casino is going to have a positive impact on the employment in an area both during the construction and the operation phases. Brad Smith was talking about some of the figures of employment that have happened in Atlantic City and New Jersey. However, a single regional casino means that the ripple effects which have taken place in New Jersey, is going to be significantly less than suggested, particularly in terms of support and other industries.

The siting of regional casinos is contentious. In our work on leisure, sport stadia and convention centres, BURA are constantly saying, 'Bring them into the centre of town into an area that needs support, has the infrastructure and can help

expand the town.'

However, if you do that with a casino, what you do is run the risk of increasing the opportunities for impulse gambling, and impulse gambling is the one thing that we need to try and cut down to prevent social problems arising.

However, if we site the casinos out of town, we need to ensure we have the proper infrastructure to deal with that decision. That means public transport, which needs to run through day and night because if you think of the hours that a casino is going to be open, it's no use if, as in many of our major city centres, buses stop running at ten. We also have to think of the routing of that transport. Is it going to be running past people's homes or schools? What's the impact on the community that exists and we hope to bring there?

Another thing we have to consider is how the workers are going to get to the casino. Will we see an uplift in housing prices around the casino which pushes them out of the area, meaning longer travel time, which in turn means negative impacts on quality of life issues, which also means that from what was likely to be generally minimum wages, a large slice is going to be lost in terms of travel costs?

The argument that casinos will attract tourism to an area, I think is somewhat spurious. Certainly it's true that where there is a gambling led destination – Atlantic City, New Jersey – you can see some very significant tourism impact. But a single casino will not have the same pulling power. A good example is the casino in Montreal, which is a large, but isn't on the top five list of tourist attractions. What happens is people go to Montreal to see different sites, and they might throw in a visit to the casino as well. It's not something that draws them to the city, but rather something they see as an add-on. It is generally true that the vast majority of single site casinos probably draw their customers from a 30 mile radius.

UK legislation – and I think it's probably true throughout the world – means that a large proportion of the regional casino is not given over to gaming. That's fantastic because it has two advantages, firstly, that people can actually walk away from the table, and if they so wish, remain in the complex, and then chose to either go back or not. It means that there isn't a constant pressure to gamble while you are in a casino. It also means

in terms of restaurants, drinking facilities, entertainment, that the wider community can actually participate and utilise those facilities without having to gamble.

However, there are impacts as a result of that and what you may see is existing entertainment venues; clubs, restaurants etc, suffering significantly through the introduction of a regional casino. That might involve closure. It might involve lack of opportunities for local artists to perform. That has certainly been the case in some of the cities around the world.

I think there are wide benefits that can be gained from Section 106 Agreements, which will arise if and when a casino is given planning permission. I need not go into the wide variety of uplifts they can provide to a local area, particularly if the community is genuinely engaged in identifying needs, wants and how they are going to be delivered.

In a nutshell, I do believe that a regional casino will have a positive impact on the economic outputs of the town or city in which it is located. However, I only believe this is true if it is implemented correctly, and this is where I think our biggest problem lies.

In order to push the Gambling Act through Parliament before its dissolution the legislation was watered down from the option to have eight regional casinos to having one casino. Now BURA speak to people pro and anti, all sides of government, all political perspectives. Everyone who I have spoken to agrees that a pilot scheme of one is incorrect. The ludicrous thing is that everyone recognises this, and yet we are still pushing ahead. What we should do is either scrap the idea of regional casinos or allow them to be properly tested. But let's not be led by a compromise solution that benefits no-one.

From a regeneration perspective, if the government did take a brave decision and say, 'We're going to increase the number of regional casinos', then we have a tendency on initiatives and pilot schemes in the UK to say, 'We'll have one in a market town. We'll have one in London. We'll have one in a northern town. We'll have one in a seaside town'. I think this is a poor way forward anyway, but especially true in this instance.

What we need to do is to have a very thorough assessment of regional, local needs and requirements. We need to place these casinos where there's a business case for them.

Most importantly, I think some serious consideration should be given to putting three or four casinos in a single location.

If you have a single casino in Blackpool then you will get people visiting it but they will tend to be local people or people who would be in the town anyway. However, three or four casinos in either Blackpool or another seaside town might actually result in the creation of a destination.

Let's be under no illusions: we are not going to create Las Vegas. Three or four casinos would not create Las Vegas and when you hear people saying, 'Blackpool can be the Las Vegas of Northern England', they are deluding themselves, because it cannot. But Blackpool can be improved as a leisure destination and Blackpool needs help and support and can be encouraged to develop. Regional casinos could be a way for that to happen. But one is not enough.

We also have to recognise that if we do decide to change the number of pilot projects there's going to be a delay. But that delay should actually be welcomed. Rather than regard it as government procrastination, we should see it as government aiming in the right direction. We can press ahead as we're doing at the moment and end up with something that's okay but not great, or we can actually tailor it to the real economic and social requirements.

I recognise both sides of the casino argument; it's my firm belief that if we are to forge ahead we should do so in a manner that has regeneration at its heart. Unfortunately, the decision to test regional casinos with a pilot scheme of one brings into play the third colour in the roulette wheel: green zero. And as anyone in gaming knows, whenever the green zero comes up nobody wins.

Economic rents and good causes

Professor Peter Collins, Centre for the Study of Gambling, Salford University

Peter Collins is Professor of Public Policy Studies and Director of the Centre for the Study of Gambling at the University of Salford. He is the author of the book "Gambling and The Public Interest". He is Executive Director of the South African National Responsible Gambling Programme and was part-time CEO of GamCare in 2004.

He was an expert advisor to the Joint Scrutiny Committee of the UK Parliament examining the new UK Gambling Bill in 2003-04.

Over the past 10 years he has been commissioned to prepare reports and give advice on different aspects of gambling policy to governments in many jurisdictions around the world.

Responsible gambling is not just about minimising the number of problem gamblers that we have and maximising the number of services that we provide for them. A responsible gambling policy will also take account of the benefits we can deliver to all sorts of other people who in different ways, are deserving, and this requires the intelligent collection of economic rents and the intelligent use of them once they have been collected.

What I want to do is to try and explain what a comprehensively responsible gambling policy would consist of, i.e. one that is not just about problem gambling, but is also about optimally harnessing economic rents to the public interest. I want to explain and explore the potential benefits in terms of economic rents and similar economic concepts in as far as non-economists can understand them. I want to consider some of the downsides

involved, which are often overlooked, in relation to businesses which generate economic rents, and I then want to apply this to the casino policy generally, and the UK in particular.

As I say, a responsible gambling policy is not just one which focuses on keeping the numbers of problem gamblers down. It will also do things like treating, say for good cause shown, commercial gambling as a normal part of the entertainment business. In other words, a responsible gambling policy will, under normal circumstances, do what any other business does, which is to facilitate transactions between willing buyers and willing sellers provided that these transactions do not involve force or fraud. That's what a free market is.

A responsible gambling policy will also ensure that normal consumers, i.e. non-problematic consumers, make informed choices and enjoy normal consumer protection. It will provide preventative measures and treatment for those who cannot make effective, informed choices about gambling and who in this respect are similar to compulsive shoppers, debt-accumulators, eaters, drinkers and drug-takers. It will protect employees and shareholders so as to ensure that they are not vulnerable to charges of negligence, exploitation etc. So there's a lot more to a responsible gambling policy than just minimising the amount of harm caused by excessive gambling.

A responsible gambling policy will also do justice to the right of individuals to exercise freedom of choice in deciding how to live their lives generally and how in particular, to spend their own time and their own money on things they enjoy, even if this involves them in making choices others think are foolish or immoral.

It will also acknowledge that most people – that's about 95% of adults, in most jurisdictions anyway – get a lot of fun from gambling without doing themselves or anyone else any significant harm. This is an important point which needs to be taken into account by governments developing responsible gambling policies.

Similarly, it will enable individuals alone and in collaboration with others, to use their own time, energies, talents and good fortune to make money by delivering goods and services, including gambling goods and services, to those who want to buy them. In other words, it will facilitate trade. And it will

enable individuals to get the best bargains they can from suppliers of the gambling goods and services that they wish to purchase. So all those commercial things are part of a responsible gambling policy.

Moreover, a responsible gambling policy will deliver economic benefits. It will not only be socially responsible in respect of maximising freedom of choice, consistent with minimising negative social impacts for gamblers; it will also be economically responsible in maximising the economic benefits put to non-gamblers which may result from the authorisation of commercial gambling, and ensuring that these economic benefits are enjoyed by those most in need and/or most deserving of them. An irresponsible gambling policy would refuse to allow gambling for example to create jobs for unemployed people. That would clearly be an irresponsible thing to do; to ban gambling that might otherwise create jobs for the unemployed would be just as irresponsible as permitting gambling at the risk of creating problem gamblers.

It will ensure that the economic benefits are not outweighed by the costs to the taxpayer in terms of additional law enforcement costs, healthcare costs, welfare payments etc.

Finally, a responsible gambling policy will coalesce with other important political principles. It has to achieve a politically acceptable compromise which combines minimising negative social impact and maximising economic benefits for the general public or a particularly needy and deserving section of it, with other political principles, notably the rights of local communities to local autonomy and democratic choice. If a local community doesn't want gambling, it seems to me it has a perfect right to express that view through a referendum or other democratic process and have its rights respected.

Similarly, another principle is that good policy will not disturb legitimate, existing vested interests save for good cause shown. Now it may be possible to show good cause, but in general, good policy will not disturb existing interests except for good cause shown.

Good policy will ensure enforceability and therefore will maintain respect for the law. Nothing is worse than having a lot of laws which are in practice unenforceable and therefore undermine respect for the law generally. We may be seeing this

in respect of unregulated internet gambling.

Let me outline what economists say are the general benefits to be had from authorising gambling. By far the most important is what economists call "consumer surplus". It means the additional money that consumers have to spend as a result of increased choice and/or lower prices in buying the things which they think, rightly or wrongly, will make them happy. This is actually what wealth creation is in economic terms. It's how you measure the contribution of the gambling industry to gross domestic product and it's incidentally the source of all the indirect economic benefits. So consumer surplus, the amount of money individual consumers are willing to spend on gambling rather than on something else because of the increased choice, that additional wealth is a key economic benefit.

Sometimes there is export growth and import substitution. That is, you may be able to attract people from outside of your jurisdiction to come into it because gambling is there, or at least to attract people who are coming into your jurisdiction anyway, to spend more money than they otherwise would, because of the gambling.

In places like Singapore you may be able to use gambling for import substitution purposes, which means you may be able to get the people who are currently going abroad in order to gamble, to spend their gambling budget in your jurisdiction, which is obviously another kind of economic benefit.

Lastly, there is the benefit of taxation and this is where economic rents come in. By taxation I simply mean any compulsory contribution to the funding of public interest projects which is justified so as to promote redistribution in the public interests, for example by promoting equity and equality.

Now when you evaluate these things, if you are an economist, consumer surplus is always a good thing provided that people in fact know what is best for them, and provided also that the cost of letting others decide what is good for them is too high. For example it results in tyranny.

Consumers say, 'Consumer surplus is always a good thing because consumers typically know best what they want and they get it.'

Displacement means money which would be spent on one thing is now spent on something else. That's normally a good

thing because it indicates progress. So for example the typewriter industry is displaced by the computer industry. That's a good thing. That's progress. It may be sad for the manufacturers of typewriters, just as the invention of typewriters was sad for the manufacturers of quill pens, but basically this is progress. It puts some people out of work. It puts other people into work. It's normally a good thing, although as I say, it may force changes in settled patterns of work.

And intelligent taxation of course, according to economists, is essential for maximising the overarching good and reducing unfair inequalities based on accidents of birth.

Now some other economists, of course, put counter arguments. They say people ought not to enjoy gambling because it's bad for them in the long run. In the long run, it will make them unhappy. It's a waste of money. They could be spending their money on better things. They say displacement of expenditure from labour intensive to labour un-intensive forms of leisure results in job losses.

Contrary to what people say, fruit machines are about the most labour un-intensive product that there is in the world. The only way that you get job creation out of casinos, are by all the things that have nothing to do with machine gambling. It's the hotels or the golf courses or the restaurants, or possibly even the tables, but it's certainly not the machines which take up very little space, require very little labour and of course, that's why they are so profitable, with a rate of about 85%.

Some people say that the social costs in terms of extra law enforcement, healthcare, welfare payments etc, are far greater than the economic benefits. Finally, some economists say that the taxation is unfair because it's regressive; that is it transfers money from poor to rich. In other words, gambling is a taxation on the stupid for the benefit of the smart.

All these arguments are completely distorted by the fact that we live in a democracy.

People do not always want a proliferation of job-creating, tourist attracting etc. businesses in their communities, because they value other things than prosperity. For example, nobody much argues for a free market in drugs, in brothels. Nobody argues unequivocally for a free market in housing development. In other words, freedom to choose what to buy and what to

trade in conflicts with other values and these have to be settled by democratic processes.

It's also true of course, that in any economy, existing businesses do not want new competition. So they are always against change, and so they should be because they have got to look after their shareholders. Then of course, you have some particularly vociferous voters, who either want more gambling or certainly no more gambling and probably a feeling amongst the majority of the electorate that, 'we don't want too much gambling'. They are not sure exactly how much would be too much, but they have got a feeling they do not just want it everywhere.

So that's why we have not got a consensus. But a responsible gambling policy clearly must reflect some sort of a democratic consensus and it does so by doing justice to the competing values which people espouse in relation to gambling and the varying degrees of reservation which they have about allowing too much of it.

They do this by recognising that these reservations may be religious, moral, aesthetic, or a general concern about the social health of society, and they also recognise that these lead to the consensus that if we are going to have any gambling we will not have too much of it. So there's always a notion that you should not have a completely free market in gambling. Somehow, some of it at least should be limited.

Now, this limiting of the availability of gambling opportunities is what creates the possibility of economic rents which are available to government to capture. Economic rents are abnormal profits made over and above the normal cost of capital as a result of protection from competition, usually granted by governments, which enables suppliers to charge higher prices than they would do under circumstances of completely free competition, without incurring higher costs.

Normally the profits you make are those which are just high enough to keep you in the business, but not high enough to enable competitors to sell the same product more successfully at a lower price. That's what a normal profit is.

These abnormal profits are typically, certainly in the gambling industry, collected by governments in the form of gambling privilege taxes - that is taxes over and above property taxes - income taxes, company taxes, all normal taxes, taxes specifi-

cally on gambling - which may actually just go to the General Exchequer, or they may be hypothecated, that is dedicated towards funding particular activities.

They may collect the abnormal profits in the form of licence fees. You might prescribe as they did in Cape Town that whoever wins has to write a cheque for 135 million Rands, or you may do what they did in Australia and say, 'Each casino has to bid cash for the casino licence.'

They may collect the economic rents in the form of compulsory contributions to good causes. This has the great advantage if you are a government and you want to run a lottery, you can say first of all, 'It's a lottery so we're not in the gambling business'; and secondly, 'It's a contribution to good causes, so we're not in the taxation business.' That makes you popular while getting the benefits of both being in the gambling business and raising taxation.

The final and rather crucial way in which governments can capture economic rents is by prescribing additional investment in lieu of a licence fee in non profit increasing infrastructure and amenities. In other words, to take a typical example, you can say, 'If you want a casino you've got to build us free, a conference centre.' That's what happened in Cape Town. So, however government captures these economic rents, they become various forms of taxes, either taxes in cash or in kind, either taken up front or taken over a period of time, either hypothecated or contributed to the general revenue.

They can prescribe the investment or they can have a tendering process, which is what we're proposing to have, once we decide whether there is more than one company that may want to build a regional casino or indeed small and large casinos, in whatever areas are finally decided for their location.

The beauty contest method is much the best method from the point of view of government for getting the most out of economic rents. This ties in with the regeneration theme. The most important reason is that through having a beauty contest you harness the creativity of the private sector. You get companies which are expert in all sorts of entertainment businesses, sitting around their boardrooms, devoting their finest minds to answering the question, 'How can we do things which will

really please the people of community X where we want to build a casino?'

Moreover, you reward those – and this is an important distinction – who deliver the most benefit for the least cost. Supposing somebody says, 'My project will deliver a £200 billion add on' – but the add on is a complete white elephant? That has a cost of £200 million and a value of zero.

Someone else comes along and says, 'I will spend £100 million and build you a casino, a conference centre like the Cape Town one, which will be booked up for three years in advance and will bring tourist visitors to the city all the year round.' That is of huge value to you, a lot more value to you than simply the cost of the company. Of course, the lower the cost of the company and the greater the value to the public the better it is for everybody because the company then gets a higher return on investment, which is what they are interested in.

It forces companies to think very hard about how much they can afford to shelve their required return on investment, and over how long a period. Moreover, it places all the risk of everything going wrong, gambling suddenly becoming totally unfashionable and nobody wanting to come to these things, on the operator and not on the general public, which is another advantage.

It forces, or enables you to force the operator to exercise maximum social responsibility. That is, it enables you to insist that they have really thoughtful social responsibility programmes and do not just pay lip service to it. It should secure popular public approval and obviate obstacles in the planning process.

Now let me just tell you very briefly how companies think about all this. First of all they say, 'What's the GDR going to be. How much are we going to earn per annum? What's the tax rate going to be? What's the risk and how much return on investment do we therefore require?'

They then ask themselves, 'How much capital expenditure will those earnings support over a period of say 20 years?' They then say, 'Now what will it cost to build and equip the core casino?' - that is the basic stuff that generates those revenues. They then think to themselves, 'And what cunning additional

profit centres can we offer to the local authority in the way of hotels or restaurants or low cost housing, which actually would not cost us a penny because we will sell them off or we will franchise them out or they'll make profits in their own right, but they may make the total project more attractive?'

And finally, they will ask themselves, 'How much do we have to invest in non-profitable public interest projects which will secure for us the licence? In other words, how much economic rent do we have to offer and of what sort?'

This will work well provided the process for awarding the licence is transparent, follows due and rational processes, has sensible minimal bidding qualifications, is based on clear competitive criteria which can be objectively measured or independently assessed, is palpably based on judgements about the public interest, and where all decision making is publicly reviewable.

Now that's a tall order for any tendering body, but it keeps them on their toes. That is the process you need, otherwise you get all sorts of litigation. You also need to see through all sorts of tricks that operators might potentially devise. Operators frequently say, 'We'll do this, that and the other, but we'll do it in phase 2', never intending to have a phase 2 at all. They will have a rhetorical rather than a real commitment to social responsibility.

They will, as I have indicated, count independently profitable add-ons as part of the economic rents, hotels, restaurants, cinemas etc, as opposed to subsidies for conference centres or wildlife parks; and crucially, as soon as they have got the licence they will start negotiating not to have to do all the things they said they would do, because now the balance of power has shifted, and they will say, 'As a matter of fact, things didn't turn out quite like we expected so we can't build you that and we can't employ all these people.' And, 'What are you going to do? Take away our licence and put all the people we have employed out of business?' So you have got to have an absolutely cast iron contract from the beginning.

There are some downsides about collecting economic rents. It needs civil servants and politicians to become as smart and knowledgeable as the operators. It results in millions of dollars or pounds being spent on lobbying, which arguably is money wasted.

So my conclusions are these: to maximise benefits over costs, learn from successes such as Biloxi, Melbourne, Cape Town, Singapore etc. Also, from failures such as New Orleans and the Australian machine industry outside casinos, but note that the Australian casinos were pronounced a success by the Australian Productivity Commission in 1999.

Finally, ensure that policy making is clear in its economic and taxation components, as well as in its social and harm minimisation objectives, that it is consistent and consistently managed, that a high degree of public controversy is anticipated and managed, that consultation does not become merely an extended opportunity to lobby for commercial and ideological vested interest, and that the press is educated about the more complex and subtle issues.

Perspectives, research and experience from other jurisdictions

Professor Alex Blaszczynski, University of Sydney, Australia

Professor Alex Blaszczynski is the Professor of Psychology at the School of Psychology, University of Sydney. He is a Co-Director of the University of Sydney's Gambling Research Unit and a clinical psychologist with a long history of involvement in the treatment and clinical research of a range of impulse control disorders, in particular pathological gambling.

He has published extensively on the topic of gambling, carried out randomised treatment outcomes studies using behavioural interventions, assessed the prevalence of depression and suicidality, the relationship between crime, gambling, and personality characteristics of impulsivity and sensation-seeking in pathological gamblers.

He has authored or co-authored four books, and numerous scientific articles, reports and papers; conducted numerous training workshops; was chairman of the Working Party for the Australian Psychological Society and committee member of the Australian Medical Association's position papers on problem gambling. He is a founding member of the Australian National Council for Problem Gambling, the National Association for Gambling Studies, and a foundation director of the Australian Institute of Gambling Studies.

He is on the Advisory Board, International Centre for the Study, Treatment and Prevention of Youth Gambling Problems, McGill University, Canada; editorial board member of the International Gambling Studies; and International Advisory Committee member for the Electronic Journal of Gambling Issues.

In this presentation, I will focus on responsible gambling from the prospect of social impacts and problem gamblers; because by and large the community will judge responsible gambling practices on the basis of how successful the British government is in terms of minimising the harm and negative outcomes. I want to talk about what responsible gambling is and what is its purpose? Who in fact is being targeted, how do we achieve it, what has been done, and has this been effective?

The question as to whether a form of gambling should be introduced into the community provokes emotional responses. Arguments are based on commercial, economic, and heated argument and debate that is often lacking in logic, emotionally clouded and at times, steeped in confusion.

There are also concerns on the part of the industry that act as a barrier to evaluative research. The implication is that if factors that contribute towards the development of problem gambling are identified, then the industry must address these with the risk that it may lead to a significant shift in practices and a consequent reduction in profits. Governments are also concerned because they have substantial tax revenue derived from gambling, and they too are concerned about loss of revenue. Ultimately, we must accept that there are many competing claims and conflicts of interest found within the arena of gambling and initiatives designed to reduce the impact of problem gambling.

Essentially, we come to the fundamental question of the type of lifestyle we wish to achieve? What sort of society do we want? Possibilities range from a deregulated laissez-faire society through to a highly regulated and oppressive society and I suspect that what we want to attain lies somewhere in between. Much of the community and lifestyle issues that need to be addressed relate to public health and its associated costs. Some are concerned about the epidemic of obesity as a significant medical illness, and in response attempts are made to blame McDonald's and others for contributing to the expansion of junk foods; others arguing that there should be informed choice and personal responsibility. Public health versus individual responsibility form particularly important questions in this context.

We have traditional forms of gambling, but we need to be

cognisant of the changing structure that technological advances offer, and the resultant penetration of gambling within the community that it brings, for example, internet gambling. We have the additional potential for mobile phone gambling, and both internet and mobile phone gambling has important implications in terms of not only internal regulations but the prospect of shifting money to external and potentially unscrupulous operators.

In reality, international on-line poker tournaments and other forms of internet gambling do have significant implications in terms of a global market where money can be shifted to off-site operators leading to a loss of domestic revenue. The effects of this can be witnessed in part in the political and economic changes observed in Singapore where the government was forced to introduce a casino to compete with surrounding countries in order to stem the outflow of money to surrounding jurisdictions that permit gambling.

Availability of gambling opportunities is a necessary but not sufficient condition for problem gambling to emerge. The Temperance & Prohibition Movement of the early 20th Century in the United States of America quite clearly indicated that even if you ban gambling entirely you will still have not only gambling related problems but also other unintended consequences, for example criminal influences.

The extent to which problem gambling emerges within a community is the end result of a complex function of many interacting variables. Part of the difficulty in understanding these interactions is the variability in terminology and definitions used. It is relevant to bear this in mind when we examine data from international jurisdictions in evaluating responsible gambling initiatives: we need to be sure that we are comparing apples with apples, and not apples with oranges.

We have important elements such as location, the distribution and type of gambling that influence participation rates. We have cultural factors, for example, in Sydney roughly 40% of patrons in the casinos are of Asian background and yet they represent only 3% of people presenting for treatment. We also know that there are individual factors affecting levels of gambling. If 95% of individuals gamble responsibly and within limits, why is it that 1% to 3% of participants develop problems?

In attempting to introduce responsible gambling initiatives, it is important to bear in mind that the concept of responsible gambling is a complex concept. It refers to a range of policies, practices, procedures, and infrastructure that have varied, and at times contradictory, aims and objectives. In fact responsible gambling requires the same solution as a jigsaw puzzle, that is, stakeholders acting collaboratively to put together the pieces to form a cohesive picture.

Why is there a concern with problem gambling? Quite clearly there is some manifest harm associated with excessive gambling. We have a broad group of individuals called problem gamblers and another group of pathological gamblers; a smaller number of individuals who exhibit impaired control as demonstrated by an inability to cease, despite repeated efforts.

When we look at international prevalence rates we can see that where gambling is available, roughly 60%, 70% up to 90% of the general population report a lifetime history of gambling. In the UK roughly 72% of the general population, have gambled. The question of course, is ‘Gambled what? When? How often?’

We know when we look at people who have impaired control over problem gambling most jurisdictions report a prevalence rate of roughly about 1% with some evidence now indicating that there is a levelling out and possible reduction in the prevalence rates as responsible gambling measures take their effect and as the next cohort of socially adapted individuals come through.

We need to bear in mind that with the introduction of casinos, a proportion of people who have never gambled will be introduced to a new form of entertainment leading to a honeymoon period of participation. Then, with social adaptation, the next generation tends to accommodate and integrate it into their lifestyle as they would any other entertainment. Thus, the prediction that there will be an exponential growth of problem gambling in the community with increased gambling opportunities may not necessarily eventuate.

But one question that we need to examine in more detail is the construct of problem gambling or harm. What is a problem gambler? I am arguing that we should begin to look toward the identification of the nature and extent of harm associated with

problem gambling and using these as an index of the measure of problem gambling rather than head-counting the number of people who meet diagnostic criteria for the vaguely defined disorder of problem/pathological gambling.

By analogy, if we examine the field of alcohol we are not interested in the number of alcoholics or people who meet criteria for alcohol abuse within the community. What we are really looking at is the outcome of excessive alcohol as measured by the number of hospital beds occupied with cirrhosis of the liver, road fatalities which are alcohol-related, number of accidents and industrial injuries due to alcohol. It is the harmful outcomes that serve as the index of the community impact of excessive alcohol consumption.

Responsible gambling measures therefore should similarly determine and quantify measures of harm with the success of initiatives based on the reduction of those particular harms. When we look at the figure for adolescent gambling, it is found to be usually five times the rate for adult gamblers. Yet when you talk to community members, the police, teachers and others, and ask, "Where is the objective evidence that problem gambling exists amongst adolescence?" there is little to substantiate these assertions. There is little data pointing to gambling related suicide among youth that we can identify, teachers are not complaining that gambling interferes with academic studies, and the police are not necessarily raising issues of harm caused by gambling.

So what we really need to do is to redefine and look more clearly at what we mean by gambling-related harm, and start to target our particular assessment instruments towards those harms in order to use changes in harm as an outcome measure for responsible gambling.

The primary purpose of responsible gambling is to offer a gambling product that does not promote or induce excessive play - a value statement. It does not foster loss of control or dependence. However, some would argue that the very nature of gambling has a contradictory aim, that is, the notion of responsible gambling being an oxymoron.

But in essence, the fundamental purpose of a responsible gambling initiative is to reduce exposure to potential harm, to eliminate or minimise negative consequences associated with

that particular behaviour, both at the social and personal level, and also on the broader community level of crime and corruption; and finally, to manage the impact on those who may experience some degree of problems associated with their behaviour.

There is a need to understand the relative roles of each of the major players if we are to develop effective responsible gambling programs. These are the government, the industry, welfare agencies and consumers of the gambling product. The government plays a key position in terms of legislation and dictating the nature of the gambling environment. It has a significant influence in determining the availability, and the form and the location of gambling outlets. It also has a duty of care to protect citizens from exploitation and unscrupulous practice, and potentially from themselves.

The Nova Scotia government, in addressing this particular issue of competing interests (revenue versus community benefits/costs) in its 2005 Report, suggested that perhaps revenue should be less of a focus, looking more at a sustainable industry that provides necessary economic benefit to the regions, but not making supernatural profits.

The effectiveness of particular harm minimisation measures of course, heavily relies on the extent to which they are regulated and enforced. If we look across at the various jurisdictions we can see that there is variable effectiveness in terms of what elements are regulated and how much money is allocated toward the regulation of gambling behaviour.

There is no point in having excellent responsible gambling initiatives and measures if people simply do not comply with them. For example, the Queensland government mandated certain requirements for responsible gambling but in a study conducted by Nerilee Hing, it was found that only 60% of the industry complied with the provision of information.

In Australia, gambling is located on licensed premises, and the focus of regulatory interventions is directed towards ensuring that underage children do not drink. That has a secondary positive spill off effect onto gambling since most gambling occurs on licensed premises, but the concern nevertheless is more about alcohol than gambling. Non-licensed agencies are not permitted to sell lottery tickets to under-18 year olds and yet this is a common practice within the community and is

poorly regulated by authorities. Compliance with under-age alcohol consumption is more stringently regulated in contrast.

One additional element that is required is the need to monitor the effectiveness of responsible gambling measures, and I believe this is where governments have been very lax. Across all international jurisdictions governments have failed to monitor the effectiveness of most harm-minimisation initiatives that they have introduced. This task is left to independent researchers with no follow through to develop a strategic blueprint for evaluative research or the provision of funding to undertake such research. It is only through monitoring these particular initiatives and identifying their weaknesses that we then can move towards improved responsible gambling strategies and achieve our desired outcomes.

The industry is required to commit itself to meeting expected social ethical standards. By and large, most large-scale corporate organisations do so. Unfortunately, while large corporations are subject to certain pressures and regulatory requirements that foster ethical practices, private gambling operators are often governed by profit motives at the expense of social and ethical responsibilities.

There are additional sources of conflict that arise in relation to industry, research and governments seeking to achieve their objectives. There is criticism that any industry funded research will be tainted, with conflicts of interest resulting in biased interpretations of results. However, governments are not exempt from this process in that government funded research may not be necessarily independent or free from influence. As one example, we recently conducted a study in collaboration with the gaming industry and government to look at changes to the configuration of gambling machines and their impact on gambling behaviour. The industry negotiating the terms of the research grant ensured that the data belonged to Sydney University and that the report would be published before it was submitted to the industry for review. The industry wanted to guarantee an arms length association with that particular research and were prepared to take the implications of the research findings in, I believe, a genuine and socially responsible manner.

On the other hand, in a government funded research con-

ditions were imposed that led to censorship in that we had one publication embargoed because we identified a high rate of problem gambling amongst the Aboriginal community; a finding not in the government's interest.

I raise this issue because it relates to the matter of independence of research. There is an imperative need to ensure that there is an independent and adequately funded agency established that has as its primary task the monitoring and evaluation of both the government and the industry.

Consumers also play a strategic role in responsible gambling programs: a role that is based on the concept of informed choice. Informed choice refers to the gambler being allowed to set limits on their behaviour in the context of adequate levels of information on which to base that choice. This is where we need to look towards a balance between intrusive paternalistic protections versus allowing people total freedom to do what they want. We know that some people are going to develop problems, but ultimately the individual makes a decision whether they wish to gamble or not.

In a minority of cases psychological issues affect those particular decisions and we need to be aware and take care of that. Consequently we need to ensure that there is a strong linkage between the fourth component in the field, that is welfare organisations in the community, and community services and agencies that can provide adequate assistance to problem gamblers.

Responsible gambling targets the whole community, including non-gamblers, recreational gamblers, at risk and problem gamblers. Statistically non-gamblers represent a small atypical group.

For recreational gamblers, educational programs designed to support informed choice exist that target the full range of community members. These programs are intended to provide participants with reasonable, accurate, timely information regarding what gambling is and the likelihood of winning. It informs players that gambling is not a supplementary source of income but rather a form of entertainment in which you pay to participate; this point is quite clearly articulated in the gaming industry. For example, the Australian gaming machine manufacturers clearly stated in the player information booklet that in

none but the most extraordinary circumstances can a gambler win in the long term. Having that particular information, if a person decides to participate, then we need to provide them with products that do not exploit them and to recognise that some will gamble excessively and that there will be some degree of harm associated with it.

The issue of treatment programmes needs to be looked at again carefully. We need to increase awareness of the community that treatment programmes are available, but also to bear in mind that not everybody who meets criteria for problem gambling suffers sufficient harm to warrant any form of intervention. In the productivity commission, only about 50% of those who met criteria expressed a desire for treatment or recognised their need for treatment, and by and large only about 10% of identified problem gamblers seek treatment at any particular point in time. Again, it comes back to the notion of trying to refine our understanding of what a problem gambler is and who it is that needs treatment.

Accordingly, I am arguing that what we need to do is to introduce and evaluate a three-tiered strategic plan:

- Primary prevention, looking towards education and attitudes of the general population. We do not need to go overboard and have specific gambling-type curriculum within our schools. They can be embedded into the normal drug and alcohol high risk-taking personal development programmes. We can introduce components in mathematics and statistical courses to educate youth as to probability theory and its relationship to gambling. There have been some studies conducted indicating these particular programmes are effective in the short term. What is needed is a proper long perspective study determining its effectiveness. The UK is in a prime position to start putting into place a monitoring and tracking system to look at evaluating harm minimisation strategies prior to the introduction of casinos and over the next ten to fifteen years, to provide the crucial data we need to make sensible government policies.
- The second element is an environment that is responsible, and;
- Thirdly, ensuring that there is clear linkage with responsibility and counselling services.

The notion of how we structure treatment services and their delivery is important. Should it be done at the local level or integrated within health services? In Australia we have government funded agencies that offer specialised treatment programs for problem gamblers. Minimal consideration has been given to the number of counsellors required to meet demand and the flexibility and responsiveness to respond to changes in demand level. We are finding now that there is evidence of a reduction in the number of calls to Helpline and quite a number of counsellors who are simply waiting for clients to come in. To justify their need, some counsellors respond by labelling anyone who mentions gambling as a problem gambler, irrespective of whether they in fact have a problem gambling. So I think that what is happening now is in essence a stabilisation. It becomes important because when we are looking at the counselling services, and I have come across this on many occasions I have been asked to assess problem gamblers. The gambling is not the problem. We have situations of domestic abuse, where there is a marital disharmony and the person is going off to the Off-track betting office or gambling elsewhere to get out of the house. That then adds fuel to the fire and aggravates the arguments.

There is a lack of standardisation and cohesive strategies across jurisdictions invalidating the effectiveness of some strategies. For example, on a visit to one casino in Switzerland patrons were required to produce identification and their photos taken for the purposes of detecting self-excluded individuals. Yet a mere 15 minutes away in a casino in France, no identification was required. What is the point of having an effective cohesive strategy when there is an alternative casino fifteen minutes away that operates under entirely different regulatory structures? There needs to be cohesion and standardisation across all gambling venues and forms.

Once standardisation of codes of practices, policies and procedures are established, there remains a need to ensure compliance. Voluntary codes are frequently applied by the industry and used as an argument against the need for legislated government regulations and restrictions. But in reality, voluntary codes are often not complied with since they do not attract effective penalties for instances of non-compliance. We know that self-regulation and voluntary codes of practice across the banking

industry, fast food retailers and other industries are found to be ineffective unless enforced by external regulations. I reiterate the point raised earlier that there is no mechanism for independent monitoring and evaluation of compliance or effectiveness and therefore we remain ignorant of the level of effectiveness of many of these particular strategies.

There is a focus on head counting, that is, identifying cases of problem gambling, rather than adopting the more realistic approach of identifying the nature and extent of gambling-related harm, and examining its economic costs.

Again, despite the rhetoric, there is tension and competing interests, not only within the industry sector but also between industry, governments, regulatory agencies and research. We need to be cognisant of that but nevertheless work towards the common goal of a long term sustainable industry.

We have a lack of empirically derived guidelines for effective harm minimisation and we need to start looking towards the development of these. We need appropriate research but do not need to wait until research data comes in to effect policy changes. Setting aside the research data, we need to be aware of cultural differences: what is effective in one jurisdiction may not be effective in another. As mentioned, in Switzerland as well as Holland you require identification to enter gaming venues making it easier to detect self-excluded people. In Australia that would not be acceptable given popular resistance to the notion of identity screening to enter licensed premises and the fact that gaming machines are distributed widely throughout the community in hotels and clubs rather than being limited to casinos.

On the supply side, one of the disadvantages of the UK Gambling Bill is the likely increased proliferation of gaming opportunities throughout the community; in hindsight in New South Wales, Australia, one of the single greatest contributors to problem gambling has been the penetration of gambling machines into hotels in the community that are run on a profit basis - easy access, open for opportunistic gambling.

With economic and market pressures, and this is true in Australia, high densities of machines gravitate naturally towards the high profitable areas which tend to be the socially disadvantaged regions. A preferable model of gaming distribution is to locate gambling into fewer casinos or dedicated gambling

venues, allowing for better way of monitoring effectiveness or harm, and reducing community exposures to gambling opportunities. The requirement to travel to attend a venue means that this will filter out low motivation opportunistic and impulsive type gamblers. It also allows for better facilitation and self-exclusion programmes, a better means of identifying problems and a better way of linking venues to gambling rehabilitation services. It also avoids concentration in low economic status regions.

In terms of the primary components, the issue is not only one of changing or providing information but one of changing attitudes towards gambling. As shown in other areas of public health, the simple provision of information is insufficient to alter ingrained behaviours. It requires the additional component of an attitude shift, and this quite clearly has implications for the responsible advertising of gambling products.

One of the important foundations of responsible gambling relates to venue and staff training and there are some very good examples within the gaming industry, particularly casinos, who provide adequate training to staff members to identify problem gamblers and to respond rapidly to them.

Where self-exclusion programmes are concerned, I think we need to revise their structure and independence by moving them away from being operated by the industry to independent agencies because of conflicts of interest. Under the current system, gaming operators are confronted with the dilemma of excluding people that are providing them with a substantive proportion of their revenue. This makes them reluctant to turn away lucrative clientele.

There are other components such as the restriction of credit facilities, enforcing age requirements, and reviewing the promotion and inducements to gamble are, I think, additional important aspects of responsible gambling. These are secondary elements related to environmental features that are designed to protect problem gamblers.

The display of informative signage, duration of play, and expenditure are all acceptable strategies, but it must be recognized that problem gamblers are highly motivated to avoid dealing with or confronting information about their activity and losses that produces emotionally distressing emotions. They

simply do not want to know how much they lost, or how much time they have spent gambling. There are questionable endeavours that have been applied in the attempt to modify structural characteristics of machines in order to protect players; breaks in play, ready access to ATMs and the location of machines, without carefully considering what is the likelihood of these becoming effective. For example, the requirement to place clocks on gambling machines or in a casino does not stop a problem gambler from gambling excessively. The idea is based on the concept of dissociation without due regard to empirical data that shows that although gamblers may be absorbed in their activity, few actually lose total awareness of time such that they forget to attend to important duties.

Smart cards and related technological advances have their benefits but when examined closely the question of how well they will protect problem gamblers remains. Used properly, they may be an adjunct to responsible gambling but certainly not a panacea that will reduce excessive gambling behaviour among all patrons.

In conclusion, what I would like to say is that responsible gambling is a concept that is achievable in outcome, with empirical evidence from a variety of sources suggesting that there is an emerging reduction in prevalence rate of problem gambling. To achieve further advances and build on what has been achieved, we need to turn to the issue of effective monitoring and enforced regulations, an explicitly genuine industry and government commitment, a focus on the pursuit of socially responsible revenue, prevention and, most importantly, independent evaluation of all initiatives that have been introduced or legislated.

Can gambling be healthy?

Professor Corinne May-Chahal, Lancaster University

Professor May-Chahal has substantial experience in comparative European social policy and research in child welfare and has recently focused her research on young people and gambling, and the social impact assessment of changing gambling opportunities. Her paper, "Health and Socio-Economic Impact Analysis – Overcoming Fragmentation" was presented at the International Gambling Think Tank in Auckland and a review of research on young people and gambling in the UK was published by the Department for Culture, Media and Sport as a technical report.

The Lancaster research team, led by Professor May-Chahal, are currently working in the areas of health and social impact assessment, community impact assessments, gambling, debt and help seeking and developing a public health approach in gambling.

Much of the debate about gambling generally seems to focus on very selective evidence. This evidence tends to be channelled by certain interests: industry interests, policy, political and clinical interests. More recently in the field, there seems to be a growing interest in a public health approach, but what sort of a public health issue is gambling?

Putting 'gambling and health', into the internet brings up Beau Nash, an 18th century Master of Ceremonies in Bath. In his day, Bath became a kind of area where people could integrate, where the social class divisions of London were levelled. Gambling was very much part of that whole environment and there are some general themes from that period that are relevant to today's debates. Even then gambling was an accepted leisure activity. It could be utilised in limited ways to redis-

tribute income and gains from the rich to the poor. Nash was renowned for his generosity and for redistributing some of his winnings. Gambling was also subject to regulation and in 1739 a law was passed which actually curtailed Beau Nash's fame and sent him into decline, partly because it made people realise that actually almost his sole source of income was gambling. Morally and socially, it was fine to gamble but not to completely get your whole income from it. What that tells us is there are some negative moral and financial social impacts, which we have heard very much more about in the current context of the 2005 legislation.

So what can we understand about gambling and normality in the present day? At the moment we have the 2000 British Prevalence Study, (Fig 1) which is to be replaced by a new study recently commissioned by the Gambling Commission. This data shows us that 72% of those over 16 had gambled in the past year.



Fig 1

In terms of participation, at the bottom of the table are casinos used by around 3% in comparison to 90% on the lottery.

So why do people gamble? (Fig 2). It should be pointed out that we only know something about this because attitudinal

questions were asked by people interested in the prevalence of problem gambling.



Fig 2

They aimed to look at these reasons for gambling in relation to problem gambling characteristics to test for distorted cognitive processes. The whole study was arguably negatively focussed in the sense that it was looking for a prevalence rate of a negative phenomenon. We therefore don't actually have a study that's starting to look at why people do it and what's in it for them.

The kinds of reasons that come up are strongly influenced by the options that were offered. Financial help, fun and pleasure, feeling excited, helping to relax and making friends. Many times when they are asked, 'How often does this happen?', 'Sometimes or 'Rarely', is the majority of the responses.

But of course, what has to be observed is that there are different types of gambling; gambling is not an homogenous activity. Thus, these answers would not actually tie up, because one would not seek to make friends by buying a lottery ticket, etc. The point about that is the evidence gathered can appear statistically robust, but it is framed by a particular focus and used for particular ends.

So as a question, gambling is generally discussed as a

holistic activity, and the different mediums of activities in context are rarely defined, differentiated and discussed in relation to each other. A more specific question might be, 'What can casinos do to promote the perceived benefits further, whilst minimising the costs for both individuals and operators?' We need to look for these benefits and see what more can be made of them.

The World Health Organisation made the very clear statement that health is not merely the absence of disease. Most of the presentations and materials presented on gambling are all concerned with harm minimisation and getting rid of a problem; that of problem gambling. But what about promoting well being?

For example, fantasy baseball is played by 15 million people in the States. The benefits of the game have been found to be things like social connectiveness, moral health, vicarious pleasure and analytical problem solving skills.

There are team games which are played on the internet, which, although generally presented as 'geeks' in a room with just one computer and managing their teams, generate some positive benefits that have been identified. Why do not we know more about some of the positive benefits of other forms of gambling?

Within a public health approach it becomes important to ask what kind of a public health issue is gambling? This has consequences for the approach to prevention. Is it like smoking, where you have something that originally seemed fine and healthy, but is now seen as totally unhealthy, unacceptable and the public health approach to that would be ideally to ban it, or at least to reduce it as much as possible?

Or is it more like alcohol, where there is some research that suggests drinking in moderation can have health benefits? Here there is a community approach to prevention, where self regulation is promoted as a primary prevention strategy, where people are educated to know what's in their best interests and what isn't, and then basically it's up to the consumer to decide.

Gambling is quite interesting because it brings in some other dimensions which perhaps alcohol and smoking do in a very sort of peripheral way. Gambling is about risk, and primarily about taking risks and about managing uncertainty.

The sociologist Goffman looked a bit at gambling and

said that it was essentially about allowing people to take 'out of the ordinary' risk. He used the phrase "Gambling is where the action is", and so are other things like extreme sports, activities that actually start to allow people to take risks in controlled environments. This, he claimed, was character forming: promoting characteristics such as courage, integrity and so on.

Should we perhaps be providing opportunities to develop and express and change morally valued character traits? The idea that we should be looking at what people are in it for and how we can use that to benefit and to minimise harm is, I think, one that is missing from the discussion at the moment.

What is very interesting and what we hear less about is the whole issue of maturing and natural recovery. There have been three, big epidemiological studies which suggest that approximately one-third of those diagnosed as problem gamblers self-recover. When you get studies that track populations over time, you find that they have a rather consistent problem gambling prevalence rate. But it may be that they are not actually picking up the same groups of people, that what you get is different groups coming in and out of this issue, which ties very much into that idea of when you get say new opportunities establishing you need a bit of time for the population to adjust to those.

Where this makes particular sense is when we start looking at young people. In the British Gambling Prevalence Study the 16 – 24 year age group had a 1.7% prevalence rate for problem gambling. A study done by the National Lotteries Commission at around the same time found that 77% of our young people (12-15 year olds) had gambled. 4.9% of the adolescent population could be classified as problem gamblers. That is a lot higher, as a figure, than those we have seen for adult prevalence. But you will also see that by the time they get to 16 – 24, the figure reduces to 1.7. So a picture begins to build up here which is under-researched. How does this pattern emerge? What's behind it?

What we do know about young people is that adolescence is a period of high risk involvement. The study from Ontario (Fig 3) involves over 7000 adolescents, 13 to 18. The chart shows the kinds of activities that young people get involved in. Gambling features as one of many of those activities.

Ontario 7290 adolescents 13-18: High Risk Involvement

▪ Direct Aggression	33%
▪ Alcohol	32%
▪ Minor Delinquency	30%
▪ Marijuana	21%
▪ Smoking	14%
▪ Hard Drugs	13%
▪ Sexual Activity	8%
▪ Major Delinquency	8%
▪ Gambling	5%

Fig 3.

A recent prevalence study done in Scotland on young people found very high levels of co-morbidity in young people. So children or young people, because we are always usually talking over-12 year olds that are involved in gambling, are also far more likely to be involved in drugs and alcohol; what you get therefore is a picture of vulnerable children.

Its slightly misleading that the Government have put the principle of the protection of the vulnerable and children together, because I actually do not think that all children need that protection. I think that there are vulnerable children who need protection, and I think that there are vulnerable adults. It's important, I would argue, that we keep that distinction. For public health prevention strategies it is important that vulnerability to gambling harm is better understood.

Figure 4 is a model taken from a paper which was written by Schaefer & Korn around a public health approach. What I have done is to put their text into a visual framework, which starts to help us look at the wider picture.

This shows particular forms of gambling, conceptualised within the framework as the agent. This is public health language. There is also a host, which is the person who's interacting with this activity, in this case, the gambler. And there is a

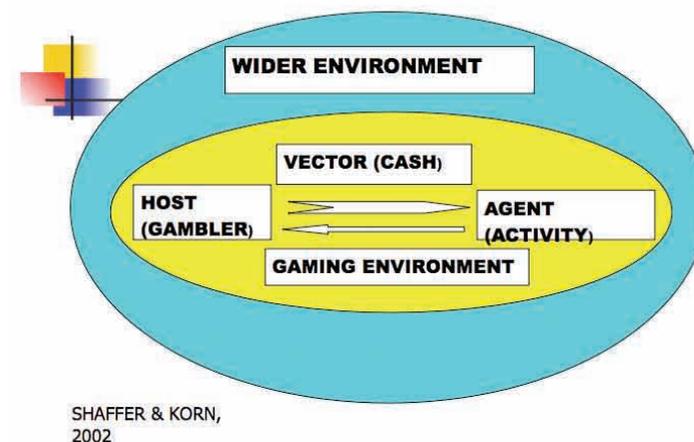


Fig 4.

vector, the means or method of interaction, such as cash, Smart cards, etc. All these exist within the smaller circle of the gaming environment, which is itself within a wider environment of community and society.

Within a public health framework all these aspects are important: the wider environment, the host, the gaming environment, the vector and the agent, are all issues that could have costs and benefits and need to be looked at in that way. They are interconnected; it's not one receiving from another or giving to another; there's an interaction all the time between the wider environment, the gaming environment, the host, the agent and so on. So we need to get that sense of interaction into the picture.

The other framing of a public health approach is the one described by Alex Blaszczyński where you have the tertiary, secondary and primary approaches (Fig 5). At the primary level one would examine public awareness and education, at the secondary level, vulnerable groups, and at the tertiary level, treatment for individuals.



Public Health Approaches

- **Tertiary** : treatment for individual problem gamblers
- **Secondary**: vulnerable groups (young people, newly exposed communities, prisoners, substance misuse counsellors, people with mental health problems, vulnerable communities NZ, gamblers)
- **Primary** – public awareness and education

Fig 5.

So in terms of ways forward, I think we do need to take a cautious approach, not least because of the public and political contexts. We do need an informed, holistic approach, as well as to monitor developments carefully. I do not think we have the information at the moment. Much more research is needed on what I would refer to as normal gambling. More is also needed on vulnerability to harm, the impacts of harms and prevention of harms, rather than just measuring the levels of problem gamblers. Finally, there needs to be careful scrutiny of the evidence; people need to know how to interrogate and use this evidence.

Statistics are very often bandied around at various meetings, the interpretation of them being made from whatever moral position the speaker happens to take. As a social scientist I find that intriguing, but not helpful if one is making decisions on the best way ahead. So people somehow need to be educated about how to use the evidence.

It would also be helpful if we could move away from the 'problem gambler' focus. Figure 6 highlights a recent eCOGRA online gambling survey designed to capture the opinions of 20,000 players through a quantitative internet based survey.



Online Gambling Player Survey (eCOGRA)

- Researchers aim to capture the opinions of 20,000 players through a quantitative internet based survey, supplemented by qualitative focus groups (N=200) in six of the industry's major markets.
- Believed to be the first attempt to empower the player community and put figures on anecdotal feedback about their **concerns and priorities** for the industry.

Fig 6.

It's believed to be the first attempt to empower the player community and put figures on anecdotal feedback about their concerns and priorities for the industry. Whilst it may not tell us all we need to know it's a superb opportunity to gather data about what might be good about this whole process.

Responsible gambling policies – enlightened self interest

Vicki Flannery, Former CEO, Australian Gaming Council

Vicki Flannery has held senior executive positions with major Australian and international companies, spanning industries as diverse as mining, banking and finance, petroleum and gambling. She was Senior Manager, Government Affairs at Exxon Australia and a director of the Business Council of Australia, Australia's peak industry body.

Vicki was inaugural CEO of the Australian Gaming Council. During her 5 year term, the AGC became an international leader in public policy review and development for the gambling industry. The AGC has initiated groundbreaking research to improve consumer protection and encourage evidence-based policy. Vicki left the AGC in June this year and is working as a gambling industry specialist.

As sovereign borders become increasingly porous, due to the internet and the affects of globalisation, access to commercial gambling opportunities has expanded. The cost of not undertaking reform is measured not only in terms of revenue leakage, but also a failure to provide effective regulation, leaving consumers often unprotected and vulnerable to rogue operators.

The challenge facing all governments therefore is to provide sensible reforms that allow for the liberalisation of gambling and at the same time, establish appropriate social safeguards and standards of industry practice that are in step with community attitudes and expectations.

If the gambling industry wants long term sustainability, it is in its interest to have effective and enforceable consumer protection and social safeguards. Responsible gambling strategies

that meet these objectives will provide for a more stable regulatory environment whereby industry can plan with certainty and reduce the risk associated with return on long term investments.

It is therefore in industry's interest to raise the bar of industry practice. Socially responsible companies do not want public perception of the gambling industry to be created by the lowest common denominator.

In the UK, therefore, there is an opportunity to raise industry performance, so that businesses with a view to long term sustainability can operate in a more stable environment. In this respect, gambling is no different from any other industry. Industries are regulated as a whole, not company by company, and good operators often have to carry the cost of onerous regulatory costs often bought about a few bad performers. There are examples of this in most industries including mining, petroleum and banking to name a few.

There will be public pressure and calls for governments to act, if business is seen to act improperly or misses the public mood. This may result in the kind of pressure brought to bear by Greenpeace in its demonstrations against Shell, involving the Brent Spa incident. While the solution to decommission the platform in situ may have been the right one in terms of minimising environmental costs, a fact acknowledged later by Greenpeace, the company misjudged the public fall-out and suffered considerable commercial losses as a result.

So what does the gambling industry need to do to establish and demonstrate good standards practice, social responsibility and community acceptance? What are the elements of an effective strategy to promote responsible gambling?

Theoretical constructs around responsible gambling strategy are only just emerging, as are theoretical constructs around what is understood by the phenomena of pathological or problem gambling. A major contribution to this field is the Reno Model, published by the Journal of Gambling Studies in 2005, by Professors Blaszczynski (University of Sydney), Ladouceur (Laval University, Quebec) and Shaffer (School of Addictions, Harvard University).

These three leading researchers collaborated to provide a scientifically based strategic framework for responsible gambling.

First of all, they say, emphasise the need for shared objectives, to be committed to by all stakeholders, including industry, governments, relevant authorities, consumers, researchers and others. They propose two priorities for public health measures in gambling; firstly, minimise the incidence, or new cases of gambling related harm, secondly, reduce the prevalence of existing cases of pathological gambling.

In their view, effective strategies to promote responsible gambling will be grounded in behavioural theory and based on scientific research, informed by what we know about the causes, preventions, and possible treatments. They recommend scientific endeavour, applied research, evaluation and measurement of all responsible gambling strategies.

They also highlight the potential for unintended consequences, and the need for any strategy to take these into account. A good example of unintended consequence was in Australia where, to reduce intoxication, it was decided that pubs should close at 6 o'clock. The closing time became known as the '6 o'clock swill' – and what started out as a well-intentioned idea, resulted in highly visible and daily occasions of binge drinking leading to extreme intoxication and associated behaviour. To cater for peak drinking demand before closing time, all semblances to encourage more social behaviour, i.e. tables, chairs, billiard tables were removed, carpet was ripped up and replaced by linoleum so it could be 'hosed down' later. So what might have seemed like a good idea resulted in negative social consequences.

There are examples of unintended consequences resulting from measures intended to promote responsible gambling. These outcomes often involve consumer behaviour adapting to work around a measure intended to control or prohibit certain behaviours. For example, in Canada work has been done to add features to electronic gaming machines to promote responsible gambling. One measure tested involved limiting the time a person could spend playing a gaming machine. After 150 minutes an automatic shut down occurred, and five minutes before, a sign came up saying, 'You have 5 minutes left.' Trials suggest that this feature caused, for some people a "gambling frenzy", in an attempt to spend all their money before the cash-out time elapsed.

More recently, work has been done with University of Las Vegas on what is known as 'smart cards'. The card allows individuals to set their own limits regarding a number of aspects of play, including how long they want to play and how much money they want to spend. The idea is to encourage limit setting of time and money.

Clinical trials to evaluate the effectiveness of the card and its features found that it was difficult to measure and assess its impact. This was because once the card was used to commence play, it was then shared around among a group of users and tracking of individual behaviour was not possible. This suggests that maybe the card was not providing a feature considered useful for players, that players needed more education regarding the features, or that the features were cumbersome and tedious to use in a social setting. Whatever the reason, it would appear that the card did not meet its original objectives.

The authors of the Reno Model also suggest that responsible gambling strategies should be aimed at enhancing personal control and individual responsibility. That is not to let industry off the hook, but to say that the aim of informing and educating consumers, so they can make better decisions, is central to any public health initiatives to promote healthy lifestyles and recreational activity.

Good regulation and industry practice should also aim to be minimally intrusive and restrictive to the consumer. This again is consistent with the principles of good policy design.

So if the conditions for responsible gambling are in summary; clear and shared objectives, responsible gambling strategies (including for industry) based on evidence and scientific endeavour, measurement, awareness of unintended consequences, enhancing personal control, encouraging personal responsibility, and minimal intrusion, one might ask; what are the barriers to responsible gambling?

The answer is, in an emerging area of public policy such as gambling there are many.

First of all, there is a lot of confusion around the appropriate identification and measurement of what exactly we are referring to when we talk about gambling related harm. What do we assess to be a clinical level of harm? Does this refer to someone going out and spending too much on one night, to what might

be transitional harm or binge gambling, or are we talking about long term reoccurring problems? How do we measure this harm when there is evidence of co-morbidity, such as alcohol or substance abuse, or mental illness?

There are currently twenty seven different instruments to measure, diagnose, screen and identify gambling problems. International estimates of severe problem gambling prevalence has for sometime been stable at between 1-2%. Most recently, longitudinal studies are showing an emerging trend towards lower problem gambling prevalence rates. Researchers have noted falling rates of problem gambling prevalence in several jurisdictions including New Zealand, where over a period when a new casino was introduced, problem gambling prevalence at the severe end fell from 1.1% to 0.5%. There is a similar trend in some states of Australia, notably Queensland, where expenditure has increased, but problem gambling prevalence has remained stable or fallen slightly. There is also evidence to suggest that people who develop problems, have them for a shorter period than first thought.

These studies suggest that instead of a single focus on the forensic head count of the number of “problem gamblers”, we might be better served by trying to understand the individual, environmental and protective factors that could inform better policy.

Another barrier to responsible gambling strategies is the lack of consensus regarding what the phenomena of “problem gambling” describes; is it mental, biological, or social disorder? As many have observed, there is no ‘gold-standard’ to identify it and there is a myriad of terms used to describe it; excessive gambling, problem gambling, irresponsible gambling, compulsive gambling, pathological gambling; and again, what is the clinical significance of the phenomena?

In this confusion, how does the industry seek to protect its interests? And what should it be doing to ensure the responsible service and delivery of gambling?

The Reno Model discusses consumer education and awareness; staff training and policies and procedures to monitor responsible gambling, self-exclusion and exclusion programs as priority areas of responsibility for industry. Lack of space prevents my going into each of these areas in detail, but the Model

emphasises that these strategies should be informed by science and an evidence base. To this I would also add the need to consult widely with key stakeholders to develop industry standards. Industry should then be prepared to audit and measure its performance and report these findings to stakeholders.

Greater transparency and more open communication can benefit industry. That is not to say there won't be controversy and differences. Quite often these debates are at cross purposes because we have not agreed clear objectives. The debate can also be heated because gambling often involves religious, philosophical, emotional and ideological issues, and so the overall objectives can become quite blurred.

The aim of consumer protection is to prevent gambling related harm. The Reno Model suggests that consumer protection and reducing the incidence of gambling related harm should be a particular focus for industry. This is distinct from treatment, or self-help programs to assist people who have existing problems and need some form of help to get on with their lives.

A starting point for consumer protection in most areas of public health policy is consumer education, and the informed consumer is the cornerstone of responsible gambling.

Raising consumer awareness by way of positive social marketing is an important way forward. Educating consumers so they can make better choices is an area that, in the field of gambling, I do not think has been done well anywhere. Consumer education and awareness strategies are often politically motivated or ill informed by behavioural theory and decision making models. Too often the messages are fuzzy and confused; they fail to identify properly target audiences, are undertaken only in short bursts of activity and are not evaluated and measured in terms of their effectiveness to influence behaviour.

Emerging research suggests that consumer education and awareness should seek to influence attitudes and beliefs underpinning gambling. For example, healthy attitudes and beliefs would suggest that gambling is not a way to earn money, that superstitions, myths or illusions do not influence or control random events, and that there is no time of day or method of play that improve the chance of winning. Consistent with day to day financial management, people should be educated and

encouraged to budget time and money for recreational activity, including gambling, and should be aware of signs of potential problems and where and how to find help and assistance.

Achieving consumer awareness is unlikely to be achieved by a 'silver bullet' approach and requires strategies that are multi-layered and multi-targeted.

Industry has an important role to play in consumer education and awareness, along with other stakeholders. Effective social marketing is an important area for the UK to focus on and one where I believe, starting with a clean slate, it can add a lot of value.

I will conclude by summarising what I see as two contrasting models for responsible gambling strategies.

At one extreme is a strict regulatory approach that seeks to control consumer behaviour. This model tends to be supported by those who view gambling as inherently bad and something that should be strictly policed and rationed; ideally people should be made to queue and their expenditure of time and money limited to strict amounts, determined preferably by people 'who know better'.

At the other end of the scale is the *laissez faire* approach, where people would be ultimately free to spend whatever they want, whenever they want, on whatever form of gambling they choose, with few checks on industry by governments.

A good consumer protection and social safeguards model lies somewhere in the middle and should be consistent with local cultural contexts. It will be evidence based and supported by science and expert opinion and science. It will seek to educate and inform consumers so they are better equipped to make responsible choices and it will provide for people to receive assistance when they need it. It will require industry to meet high standards of practice in all areas of service and delivery of gambling, including consumer education, staff training, self-exclusion and exclusion programs, and policies and procedures to implement, measure and report its performance. It will police standards and punish those who fail to meet them.

The social responsibility codes developed in the UK provide an excellent framework to move forward. They are outcome focussed without being overly prescriptive. With shared

objectives, good will, a focus on facts not rhetoric and with a view to the elements I have outlined above, the UK is better placed than most jurisdictions to reap the benefits and avoid the pitfalls of reform.

Discussion session – Regional Casinos: Not in my town?

The afternoon session was given over to an open discussion on the perceived merits and demerits of regional casinos. Malcolm Moss, Shadow Secretary of State, DCMS opened the session with a ‘political overview’ of the debates that had informed the passage of the Gambling Act, particularly as it related to casinos. The discussion then moved on to the much disputed topic of regeneration, with one questioner asking if one regional casino would be capable by itself of bringing about the regenerative benefits discussed in the earlier part of the conference. This was particularly so given Brad Smith’s comments about ‘critical mass’, i.e., a group of casinos working together to attract tourism. In reply, Brad Smith noted that it was vital that government was clear about what it wanted from the process, and created the mechanisms by which to achieve its goals. He also stated that it was possible results would not be completely realised in the short term, citing New Jersey’s thirty year odyssey to achieving its objectives. The UK, he believed, was at a distinct advantage in having the experiences of other jurisdictions to call upon.

Malcolm Moss expressed reservations about extrapolating from the experiences of one or more countries to inform that of the UK experience. Much had been said about in the UK in comparison with the Las Vegas or New Jersey model, which he felt was unreflective of the UK situation. He also warned against local authorities assuming that regional casinos would be a panacea to their regenerative ills; inter alia, there were no

“universally agreed, objective aims in terms of regenerative definition”, which he saw as hampering the decision making process.

Another questioner discussed the issue of ‘retaining spend’ in the local authority area in the case of smaller casinos and asked how the authorities might be able to hold on to more of the takings in the light of central government demands. Malcolm Moss expressed some doubt that this would be possible. Blackpool Councillor Stephen Bate, a recognised voice against regional casinos then decried the lack of public debate and discussion on the whole issue of casinos and regeneration. Citing the resultant loss of jobs in Liverpool when people switched their spending from the Pools to the National Lottery on its creation, he argued that casinos would result in the diversion of jobs and profits, saying that it was more than likely that any profits would end up with the Treasury, and not locally as would be necessary if regenerative effects were to be fully realised. Brad Smith reiterated the importance of having established goals where regional casinos were concerned, emphasising the importance of creating a system whereby those goals could be accomplished. He also mentioned that in the case of large scale casino operations, the issue was not one solely of the gaming room itself; a larger facility would have entertainment venues, shopping centres, convention and meeting centres.

Another delegate commented on what he perceived as the overly negative direction of the discussion so far on the lack of regenerative benefits; he pointed out that, in the case of the larger casino, the winning authority would have to put out a competitive bid, part of which called for bidders to outline certain commitments towards local benefits. He also mentioned the local procurement aspect, stating that one of the regional casinos was estimated to generate around £40-£50 million alone in local procurement, as well as the Section 106 agreements.

One delegate then bought up the question of ‘revenue capture’, asking what the Australian experience was in this regard. Vicky Flannery outlined a situation where a process she described as ‘horizontal and fiscal equalisation’ took place, where essentially each State collected its own, non-hypothecated revenue. Peter Collins suggested that, from the UK stand-

point, one way of dealing with the fiscal issue was for the local authority to take the land into public ownership, which was then rented back to the operator and the rent set as a proportion of the gross gambling revenues, which might be one way of legally collecting the equivalent of local taxation.

Malcolm Moss brought the session to a close by reiterating his reservations as to the regenerative effects of casinos; although such benefits might accrue in the case of current or former seaside resorts such as Blackpool, it was more difficult, he believed, to make the case in some so-called 'inner city' settings. He concluded by saying that more needed to be done on the issue of problem gambling; it was an area that needed to be approached with some caution, particularly given the long term implications of casinos.

