

The Australian Family Association (AFA)



**Submission to the Productivity Commission's Public Inquiry into
Gambling**

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RE: Submission to the Productivity Commission public inquiry into Gambling

I am writing on behalf of the Australian Family Association. We thank the Commission for this opportunity to make a submission to its inquiry into Gambling in Australia.

Introduction

The Australian Family Association (AFA) is a voluntary, non-party-political organisation formed to provide a forum and a vehicle for those in the community concerned with the strengthening and support of the family. The AFA's current active/financial membership numbers approximately 4,000 Australia wide.

The AFA holds that the family is the basic unit of society whose integrity should be safeguarded by the state. The AFA takes a particular interest in Gambling policy, given the negative impact that gambling can have on families and on society at large. It is our intention to highlight the following:

- (i) Recent research confirms that problem gambling continues to affect large numbers of Australians, including teenagers, and especially persons with depression and anxiety;
- (ii) Problem gambling continues to have a devastating effect on Australian families;
- (iii) The prevalence of Electronic Gaming Machines (EGMs) is strongly linked to incidence of problem gambling;
- (iv) EGMs are still concentrated in lower socio- economic areas;
- (v) Research indicates that EGMs make a negative contribution to local economies.

Problem Gambling

While gambling is a legitimate and enjoyable pastime for many, the Productivity Commission's 1999 *Key Findings* document reports at pXII:

“Around 330 000 Australians (2.3 per cent of the adult population) are estimated to have significant gambling problems, with 140 000 experiencing severe problems.”

What's more, a 2008 review of research by Gambling Research Australia indicates that problem gambling is more prevalent among males; that 18-24 year-olds are most likely to experience problems with gambling; that problem gambling affects 3-4% of Australian teenagers;¹ and that there is a strong link between problem gambling and depression, anxiety and suicidal thoughts.²

These findings are of deep concern to the AFA, and demand decisive action by governments to protect young and vulnerable Australians (and their families) from the devastating impact of problem gambling.

Problem Gambling and Electronic Gaming Machines (EGMs)

Gambling Research Australia's 2008 study also confirms the Productivity Commission's earlier findings that EGMs are strongly linked to problem gambling. The report found that:

- More than 70% of problem gamblers use EGMs³
- EGMs are responsible for almost all problem gambling in women⁴
- Problem gamblers use EGMs as from of avoidance/emotional coping⁵
- Problem gamblers with histories of depression, anxiety, trauma are prone to psychological addiction to EGMs⁶
- Problem gamblers spend more per spin on EGMs than do other gamblers⁷
- Problem gamblers play longer on EGMs than do other gamblers⁸
- Bonus features on EGMs attract increased use by problem gamblers⁹

Additionally, the report reveals that EGMs continue to be concentrated in areas with greater social disadvantage.¹⁰ This trend was identified in 1999 by the Productivity Commission, which reported:

¹ Gambling Research Australia, *A Review of Australian Gambling Research*, August 2008, p6.

² *Ibid*, p7.

³ *Ibid*, p8.

⁴ *Ibid*, p9.

⁵ *Ibid*.

⁶ *Ibid*.

⁷ *Ibid*.

⁸ *Ibid*.

⁹ *Ibid*.

¹⁰ *Ibid*, p11.

“... a strong inverse relationship between the average income of people and the number of gaming machines in particular areas. That is the lower are people’s incomes, the more gaming machines in the area.” (PC 9.35 – 9.36)

The Gambling Research Australia’s 2008 study also reports both higher expenditure on EGMs and higher problem gambling rates in areas with higher concentrations of EGMs.¹¹

Finally, the study shows that EGMs make a negative contribution to local economies by diverting money away from industries with greater multiplier effects, and because a higher percentage of gambling revenue is taxed than in other industries, such that less money enters local economies through gambling.¹²

Impact on Families

The negative effects of problem gambling are not only suffered by the gamblers themselves. The Commission’s 1999 report estimates that 7 other people are negatively affected for every problem gambler. This means that problem gambling is adversely affecting 2.3 million Australians - which is over 12% of the population.

As the Commission reported in 1999:

“Gamblers and their families say that lack of trust, lying, arguments and financial stresses leads to enormous pressures on families... One in four problem gamblers reported divorce or separation as a result of gambling.” (PC, Chapter 7)

Gambling Research Australia’s 2008 study shows that the impact of problem gambling on families persists today, with a continued strong correlation between problem gambling and breakdown of family relationships, and neglect of family responsibilities by problem gamblers.¹³

AFA Policy

Given that EGMs are strongly linked with problem gambling and its negative effects; and given that the negative effects of problem gambling extend to the families of problem gamblers, the AFA urges the government to implement a

¹¹ *Ibid.*

¹² *Ibid.*

¹³ *Ibid.*

policy which reduces the incidence of problem gambling in Australia, by more stringently regulating the use and availability of EGMs.

Apart from protecting the welfare of certain of those prone to problem gambling, such a policy is economically sound: it is cheaper for the state and the welfare system to gear its social and economic policies to support the family -- to help keep it intact -- than to allow the family to suffer serious stress or to breakdown under social and economic pressures, and then have to pick up the pieces through the welfare system, the health system, courts and prisons systems.

In the case of EGMs, the research indicates that there is a class of problem gamblers who are not addicted but who regularly gamble away the family's surplus income, and frequently cut into the family's non-discretionary budget.

The cost to the state, the welfare system and taxpayer of this problem has to be measured in terms of the family hardship, dysfunction and breakdown. Social and economic problems are generally considered to be associated with problem gambling. However, a serious cost-benefit analysis of such problems should factor in the true cost of the following:

- Effect on the diet and health and educational achievement of the children;
- Demands on voluntary welfare agencies;
- Stress to the family and children and effects on their emotional and physical health;
- Bankruptcy;
- Family breakdown with all the costs that entails – courts, welfare, child support, health costs;
- Longer-term effects on child health, education and social dysfunction, including the costs of delinquency – e.g. costs to the insurance, police and prison systems.

Impact of Harm Minimisation Measures

The Commission's current inquiry seeks to assess the impact of certain harm minimization measures introduced in recent years. Gambling Research Australia's 2008 report shows that at present there is little evidence to suggest that preventative education reduces the incidence of problem gambling.¹⁴ While education may prove significant in the long term, it is suggested that more immediate and direct measures are required to reduce the incidence of problem gambling.

¹⁴ *Ibid*, p10.

The removal of ATMs from gaming venues has, according to the report, yielded promising results in curbing problem gambling,¹⁵ and the AFA strongly supports this measure. Similarly, limiting note-acceptance on EGMs and limiting bet size have been successful in curbing problem gambling,¹⁶ and the AFA supports the continued implementation of such measures.

Recommendations

Recommendations 1 to 3 are aimed at achieving an even distribution of Electronic Gaming Machines (EGMs) across the states to reduce their concentration in low socio-economic areas.

Recommendation 1: That the current number of Electronic Gaming Machines (EGMs) in each state be frozen. States with high numbers of EGMs should have the numbers of EGMs reduced over a 5-year period.

Our primary concern is the detrimental effect EGMs are having on families due to their large numbers and easy accessibility in some states. Our focus is on families with problem gamblers.

The number of EGMs in each state should be frozen now and reduced over 5 years following further studies on the optimal number. Since problem gambling is directly linked with the prevalence of EGMs, reducing EGM numbers is a sure way for the state to address the current devastating impact of problem gambling on Australian families.

Recommendation 2: That caps be set on the number of EGMs per shire/council proportional to the population of the shire/council relative to the state.

We suggest that EGM caps be applied to shires/council based on their population – and reviewed over time. This would mean reducing the number of EGMs in areas where they are disproportionately high. Areas which are determined to have lower EGM numbers than they are allowed to can decide on whether or not to increase their EGMs. In conjunction with other measures, the caps should not cause the spread of problem gambling to areas not currently “affected”.

In Victoria, for example, there appears to be a higher concentration of EGMs in lower socio-economic areas, such as the cities of Maribyrnong and Greater

¹⁵ *Ibid.*

¹⁶ *Ibid.*

Dandenong. Demand and supply economics may warrant this, but the situation shifts the burdens associated with gambling to those who could least afford it.

Recommendation 3: That caps be set on the number of EGMs per venue, particularly clubs and hotels, which may include phasing down for some venues over a 5-year period.

The Commission has previously raised this as an option and we support it. We suggest that the number be set as low as possible depending on circumstances, preferably below 50 for each venue. Although recreational gamblers may be “crowded out” as a result, we believe that the potential benefits to problem gamblers would outweigh that cost.

Recommendation 4: That all advertisements promoting Electronic Gaming Machines (EGMs) be stopped.

Gambling advertisements could be stopped in the same way as cigarette smoking advertisements. Given the current problems surrounding gambling, further encouragement and/or inducements to gamble are unnecessary and counter-productive.

Recommendation 5: That education warnings be placed regarding the odds of winning on each EGMs - programmed directly into the machine to appear at regular intervals e.g. every 5 minutes.

Gamblers need to be aware of what the real odds of winning are, in the same way as cigarette packets contain warnings. Knowledge may act as a natural deterrent from prolonged gambling.

Recommendation 6: That gambling counseling services be more widely advertised and made known.

We need to help people help themselves. Gambling counselling services need to be readily available and widely known. Counselling service contact numbers should be clearly visible in the gaming venues and, following recommendation 5, also be programmed to appear on the machines at regular intervals with the odds.

Perhaps the government could undertake gambling education and help campaigns in the same way as anti-smoking campaigns.

Recommendation 7: That a ban be placed on new machines entering the market that emulate computer games – which are aimed at young people.

Given the prevalence of problem gambling among young people, it would be very irresponsible to encourage young people to participate in gambling activities. And it would be unconscionable to launch gambling machines specifically aimed at their market.

Recommendation 8: That taxes be imposed on EGM income, where they are currently not taxed, and the additional revenue be used for educational and counseling purposes.

Some clubs are currently not required to pay taxes on EGM income based on the mutuality principle. Although they are able to use surpluses to benefit their members, the government may be better placed to re-distribute those surpluses to the wider community, particularly to address gambling-related problems.

Recommendation 9: That hours of operation of EGMs be restricted or curtailed.

Restricted hours of EGM operation is recommended given the concern that caps on EGM may lead operators to increase their hours of operation. We suggest restricting hours of EGM operation from 2 pm till 10 pm or 12 midnight.

Recommendation 10: That gamblers be allowed to voluntarily ban themselves from certain gaming venues and that this self-ban be imposed by the proprietors.

The community should support gamblers who have recognised their problem and agree to self-ban to avoid further difficulties. For example, in Germany gamblers are able to self-ban to restrict their access to casino gambling.