

SUBMISSION TO THE PRODUCTIVITY COMMISSION DRAFT REPORT ON GAMBLING

Gambling and Public Health Alliance International
(The Alliance)
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Gambling Inquiry
Productivity Commission
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This submission is presented by the Gambling & Public Health Alliance International.

INTRODUCTION :

The Gambling and Public Health Alliance International (The Alliance) brings together people from around the world who are dedicated to reducing and eliminating gambling related harm.

The Alliance provides a forum for sharing and disseminating information internationally keeping members up-to-date with worldwide developments in legislation, policy and programmes.

The Alliance provides support and advice to individuals and organisations that are promoting the elimination of gambling related harm and advocates for effective policies and regulation to minimising potential gambling harm.

The objective of the Alliance is to develop and promote policies, programs and strategies that are effective in reducing gambling harm internationally.

Our submission to the Draft report is:

1. ECONOMIC ANALYSIS

The Australian Productivity Commission (PC) is a Government run independent research and advisory body which aims to help governments make better policies on economic, social and environmental issues that affect the welfare of Australians. It defines its role as to "help governments make better policies in the long term interest of the Australian community". The

PC's expertise is in the effect and development of policy with a particular emphasis on economic perspectives.

In 1999 the Productivity commission published an extensive independent national public enquiry into gambling. This report was a reaction to the liberalization of gambling in Australia in the 1990's and a growing level of community concern over emerging gambling harms. The 1990 PC report has been a significant influence on policy, research and the regulation of the gambling industry in Australia and internationally over the last 10 years.

The Council of Australian Governments asked the PC to update its 1999 report in response to ongoing community concerns over gambling harms and the development of new technologies in gambling over the last decade. Both this and the 1999 PC reports are limited by the authors economic expertise as both reports attempt to reduce gambling to purely economic terms. As a result the benefits to people of choice- any choice, is highly valued and the reports attempt to quantify and value gambling in terms of its economic costs and benefits (while not directly using this terminology) with little consideration of the community, cultural, or social impacts of gambling.

2. ONLINE GAMBLING

The report's consideration of online or internet gambling, contained in Chapter 12, notes that the internet has become a normal feature of commercial and social exchange over the last 10 years transforming the way business is done and the ways people communicate with each other. Gambling has grown with the internet, in 1999 a search for internet gambling provided 7000 hits whereas a similar search in June 2009 yielded over 13 million hits.

Much of the consideration of internet gambling in the report focuses on the effect for Australia of the Interactive Gambling Act 2001 (IGA), which effectively prohibits internet gambling operators based in Australia from providing gambling to Australians, though (as in NZ) Australians can legally gamble online on offshore sites. The PC report regards this as a prohibitionist legislative approach and directly compares this to the American prohibition on alcohol in the 1930's. The report identifies the failures of prohibitionism as attempting to address supply with out addressing demand.

The report also notes the inconsistency inherent in preventing Australians from using a domestic gambling provider, (which might be more effectively regulated and thus be more focused on harm minimization) while potentially allowing Australian internet gambling providers to offer gambling to overseas gamblers. The report comments on the lack of choice this offers Australians as it "forces" Australians to gamble online on offshore sites where probity is more difficult to establish and disputes with providers are more difficult to resolve. The PC regards the prohibitionist status of online gambling in Australia as essentially an unregulated environment and argues for controlled liberalization to increase regulatory control.

Comparing gambling prohibition with the prohibition of addictive substances is interesting and sometimes illuminating as many parallels emerge.

Prohibitions tend to encourage unregulated and unscrupulous providers. This in turn leads to a loss of taxation income, reduces product quality, criminalizes otherwise law abiding citizens and chokes the development of a legitimate [Australian based] industry. However this analogy would be more interesting if the comparison was made with contemporary legislative prohibition regimes on substance use such as the law on methamphetamine or cannabis and the legislative controls on nicotine sales rather than the 1930's American alcohol prohibition.

The report includes a brief but informative summary of the literature on online gambling harms. This literature suggests that online gambling may be more harmful than land based gambling and proposes a number of mechanisms that may explain this. However the PC and most academic authors note the literature suffers a result of the low participation rates in both online gambling and research, a difficulty in obtaining unselected samples and the problem that once samples are selected the data are obtained by self report of historic gambling. As a result there are at present significant uncertainties about every aspect of online gambling.

The particular online gambling harms identified by the PC are - ease of access and the use of credit cards in online gambling. Ease of access refers to country dwellers having access to gambling, city dwellers having access without travel or parking, increased access by the disabled or elderly, and the 24 hour 7 day availability of gambling. This was seen as exposing new participants to gambling and increasing the infrequency and intensity of gambling and making problem gambling more likely. The use of credit cards was regarded as magnifying gambling harms as gambling on credit and/or on credit cash-advances is more expensive than gambling with cash. This escalates the harms of gambling which the PC regards primarily as the money lost by problem gamblers, without consideration of other harms such as effects on mental or physical health, families or culture.

Less prominent harms identified were that online gambling increases access as there is no longer a scarcity of places at gambling tables, it involves less social interaction than other forms of gambling, there are no staff on hand who can verify the age of gamblers or offer consumer protection (for example by stopping intoxicated or distressed gamblers from gambling) and off shore sites may be disreputable, dishonest and have no interest in the welfare of their customers.

The PC suggests that access and credit card harms may be offset by the advantages in credit card use of assisting people to keep track of expenditure through their monthly accounts and is to a certain extent cancelled out by the widespread availability of ATM's in land based gambling environments. The report suggests that the online gambling access issue is also offset by the ability of families to moderate excessive internet use as this gambling mainly occurs in the home. They suggest that the problem of disreputable and dishonest providers can be overcome by developing a regulated domestic online gambling industry.

The PC reframes liberalization of online gambling as increased regulation in a prohibitionist regime and recommends liberalization partly because it regards

prohibition as not having worked. This conclusion is reached on the basis that although participation rates for online gambling in Australia are low they are comparable with other jurisdictions such as the UK where online gambling is legal. In addition participation rates are increasing suggesting the law has not reduced the demand for gambling online.

In the view of the PC the IGA has resulted in mainly negative effects on Australians. It has reduced the protection and choice available to Australian online gamblers, forced land based gambling providers to compete with an unregulated and sometimes dodgy off shore industry and reduced the tax income for Australian government and the commercial opportunities for Australian business.

The PC is in favour of repealing the IGA and enabling a domestic online gambling industry to develop. Online gambling is regarded as positive as it "allows players greater freedom to play at their own pace" and the PC suggest that online providers will be able to pass on their reduced cost structure to gamblers through better odds and higher payouts. From the perspective of economists these are powerful arguments for legislative liberalization.

Recommendations: This report would be enhanced by a public health analysis of prohibition. It's possible that the low participation rates in the more harmful online gambling modes may be regarded as positive from a public health perspective and the high growth rates may be better addressed by public health interventions.

3. A PUBLIC HEALTH APPROACH TO GAMBLING AND ONLINE GAMBLING

This approach more broadly addresses healthy public policy, comprehensive notions of prevention (primary, secondary and tertiary), and broad community engagement. Its strength is that it utilizes a range of scientific modalities and a diverse range of perspectives, including: epidemiology, social marketing, economics, and community development. In addition to behavioural factors, it acknowledges the importance of social determinates such as education, family functioning, socio-economic status and ethno-cultural diversities, as it relates to health, preferences, risk and expectations. Healthy public policy is guided by **preventing** or reducing harm, **promoting** balanced and informed healthy choices, and **protecting** vulnerable and at-risk populations such as seniors on fixed incomes, youth and lower socio-economic individuals. Public health ethics fosters an accountability that ensures a healthy balance between costs and benefits acceptable not only to the individual but also the range of stakeholders within the broader community (Korn & Shaffer, 1999).

"The enduring value of a public health perspective is that it applies different 'lenses' for understanding gambling behaviour, analysing its benefits and costs, as well as identifying strategies for action" (Skinner, 1999, p.286).

There is considerable value in adopting a public health perspective on gambling (Korn & Shaffer, 1999; Skinner, 1999). This perspective focuses on communities and high-risk (vulnerable) populations rather than solely on individuals and their clinical needs. The approaches are characteristically

inter-disciplinary, inclusive and foster community-based transparent strategies and solutions. A public health approach is dynamic and embraces the value of research and health public policy, while also incorporating harm-reduction approaches. A public health lens recognizes that there are both costs and benefits associated with gambling. By taking into consideration the health, social and economic dimensions of gambling, public health professionals can develop strategies that minimize gambling's potential negative impacts while recognizing its potential benefits (Korn & Shaffer, 1999).

A public health framework involves a comprehensive and integrated approach to the problem and engages many sectors in working towards solutions. Problem gambling is not seen as the sole domain of governments, counselors or industry but creates the opportunity for all sectors to work toward defined and measurable goals within a whole of population approach.

A public health approach to problem gambling promotes a sociological understanding accepting the likely influences on individual behaviours from a range of social, cultural, political, institutional and environmental factors and places the problem clearly within an epidemiological framework (see Fig.1, Productivity Commission, 1999). This shift in thinking goes beyond the traditional medical model of problem gambling with its emphasis on "treating" individual behaviour.

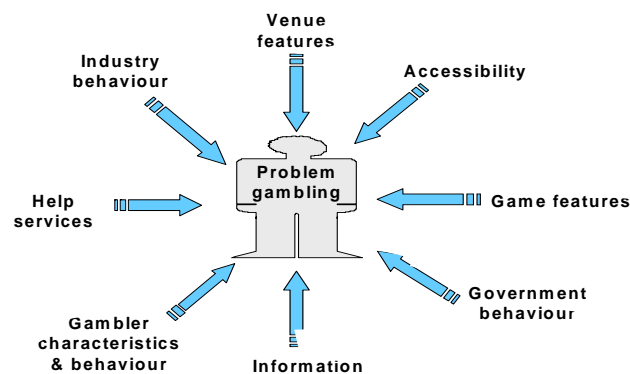


Fig: 1 An Epidemiological Framework For Problem Gambling

The public health model of gambling seeks to involve multiple sectors of the community in addressing gambling issues and avoids the "victim blaming" inherent in individualistic approaches. It is an approach that holds consumer and community participation as central to responding to gambling. A key outcome of this model is a "whole of government approach" involving partnerships and collaboration across all government sectors with a role to play in primary, secondary and tertiary prevention.

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Recommendation: That the report adopts an explicit public health approach.

We do not wish to be heard in support of this submission.

On behalf of:	David Korn University of Toronto	America's Coordinator
	Graeme Ramsey Problem Gambling Foundation of New Zealand	Oceania Coordinator
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