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## 7 The impacts of problem gambling

### Box 7.1 Key messages

- While problem gambling for some people may be precipitated by prior conditions or problems, the Commission's assessment of the evidence is that many of the harms experienced by problem gamblers can be traced to gambling itself.
- Around 60 per cent of those with at least moderate gambling problems indicate that they have suffered depression as a result of gambling. And about 9 per cent of problem gamblers (and 60 per cent of those in counselling, the most severe category) report that they have seriously thought about suicide because of their gambling. It is estimated that there are between 35 and 60 suicides linked to gambling each year.
- Around one in five severe problem gamblers are reported to be suffering from alcoholism or other dependencies.
- Gamblers and their families say that lack of trust, lying, arguments and financial stresses leads to enormous pressures on families. About one in ten problem gamblers said that their gambling had 'ever' led to a relationship breakdown. It is estimated that there are around 1 600 gambling-related divorces annually. One in ten gamblers in counselling reported domestic or other violent incidents related to their gambling.
- On average, around seven other people were reported to be adversely affected to varying degrees by a severe problem gambler's behaviour.
- Survey results suggest that severe problem gamblers often have someone else in their family with gambling problems. For example, a problem gambler in counselling has a 16 times higher chance of having a father with a problem, than a non-problem gambler.
- The Commission's surveys suggested only moderate effects on work performance by most problem gamblers. About 19 per cent of problem gamblers said they lost time from work or study in the last year due to gambling, but this typically occurred infrequently. In contrast, around 50 per cent of problem gamblers in counselling reported that they had lost time from work or study due to gambling in the last year.
- Problem gamblers in counselling report a decline in work performance averaging about 7 per cent.
- The Commission's national survey data, consistent with other studies, suggests that about one third of aggregate gambling losses are accounted for by problem gamblers — this represents about \$3.6 billion a year.
- Based on national survey data, gambling losses represent an average of 22.1 per cent of household income (before tax) for problem gamblers (with a median of 12.2 per cent).
- The consequence of the high ratio of gambling spending to income is that problem gamblers tend to run down assets or borrow. One in two problem gamblers have borrowed money from some source to finance their gambling, and one in five problem gamblers borrowed money without paying it back.

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## 7.1 The nature of impacts

Gambling is a form of entertainment enjoyed by many people. But for problem gamblers it has many adverse effects (figure 7.1). And, as emphasised in the previous chapter, the harms extend beyond those who might be categorised as problem gamblers. Accordingly this chapter examines the adverse impacts of gambling on both problem gamblers and others.<sup>1</sup> It commences by discussing some methodological problems associated with determining causality, before examining empirical evidence on the magnitude and prevalence of the adverse impacts of gambling.

### Some methodological issues

While the chapter deals with each adverse impact separately, it is important to note that many of the impacts shown in figure 7.1 have linkages between them, so that one impact intensifies or causes another. For example, a problem gambler who loses much of his or her income in a given period will often feel depressed or angry, relationships may suffer and they may be tempted to borrow from a loan shark, with further stresses. They may feel deeply preoccupied with the hope of making good their losses, so that work productivity falls. Similarly, a gambler who commits a crime because of gambling will feel anxiety associated with the fear of being caught or losing face, possibly precipitating more gambling to escape these feelings.

But these interaction effects raise a potential methodological problem, which is examined next.

### Is it ‘people with problems’ or ‘problem gambling’?: the issue of causality

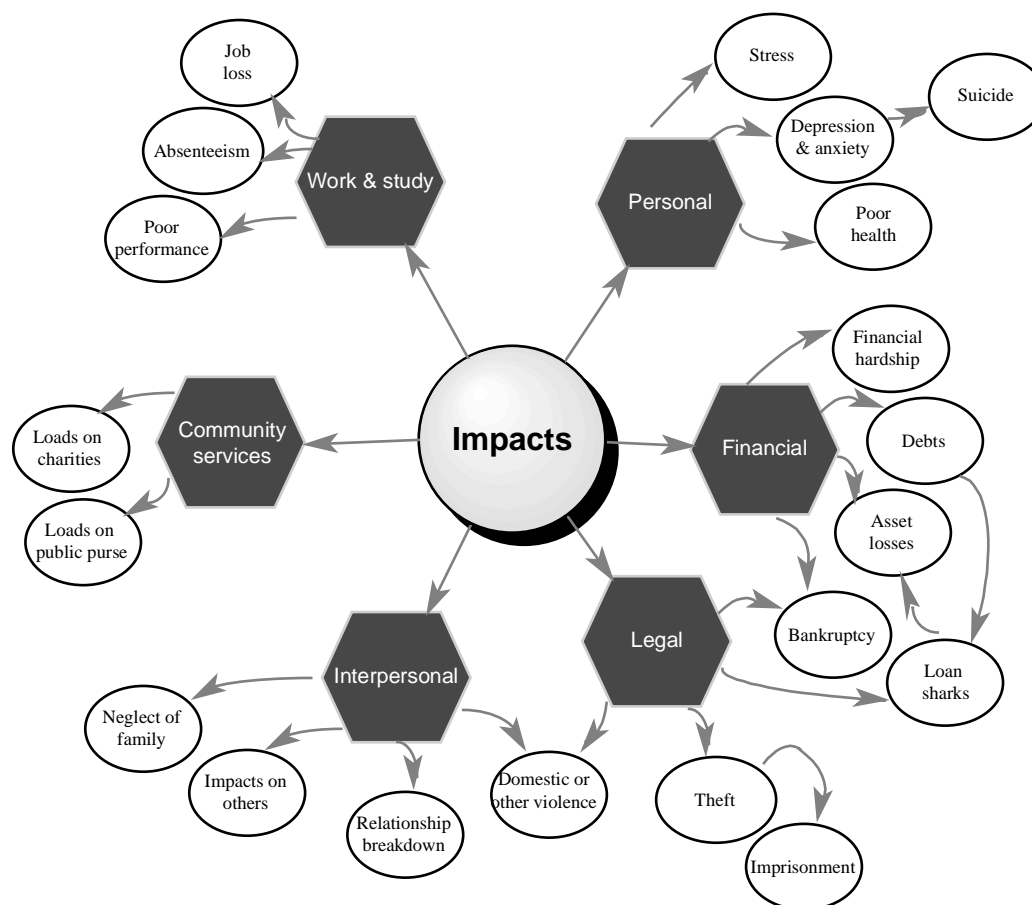
Much of the evidence on impacts of problem gambling establish *associations* between certain adverse outcomes that problem gamblers have experienced. An association is not the same as causality — a point emphasised by a statistician engaged by ACIL (sub. D233, p. 96). To be sure that the increased legal availability

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<sup>1</sup> This chapter presents for public discussion data drawn from a wide range of sources. These include public submissions and case studies given to the Commission in writing and orally; the Commission’s own research and the international social research literature. Since the data from different sources was collected using different methodologies, it is not of equal quality. Where possible the Commission has tried to corroborate findings from one source with those in others, but there would be value in a searching examination of methodological differences between the various strands of the problem gambling literature, an assessment of which sources are most reliable and valid, and an attempt at meta analysis.

of gambling has caused any given outcome, it would need to be shown that this outcome (or similarly bleak alternative) would not have occurred in the absence of gambling. For example, a person may be very depressed, go on a gambling binge, spending all of their income and assets, with devastating financial and personal outcomes. They then kill themselves. Is gambling a *cause* of these outcomes, or a *symptom* of a person with problems?

Figure 7.1 **Impacts of problem gambling**

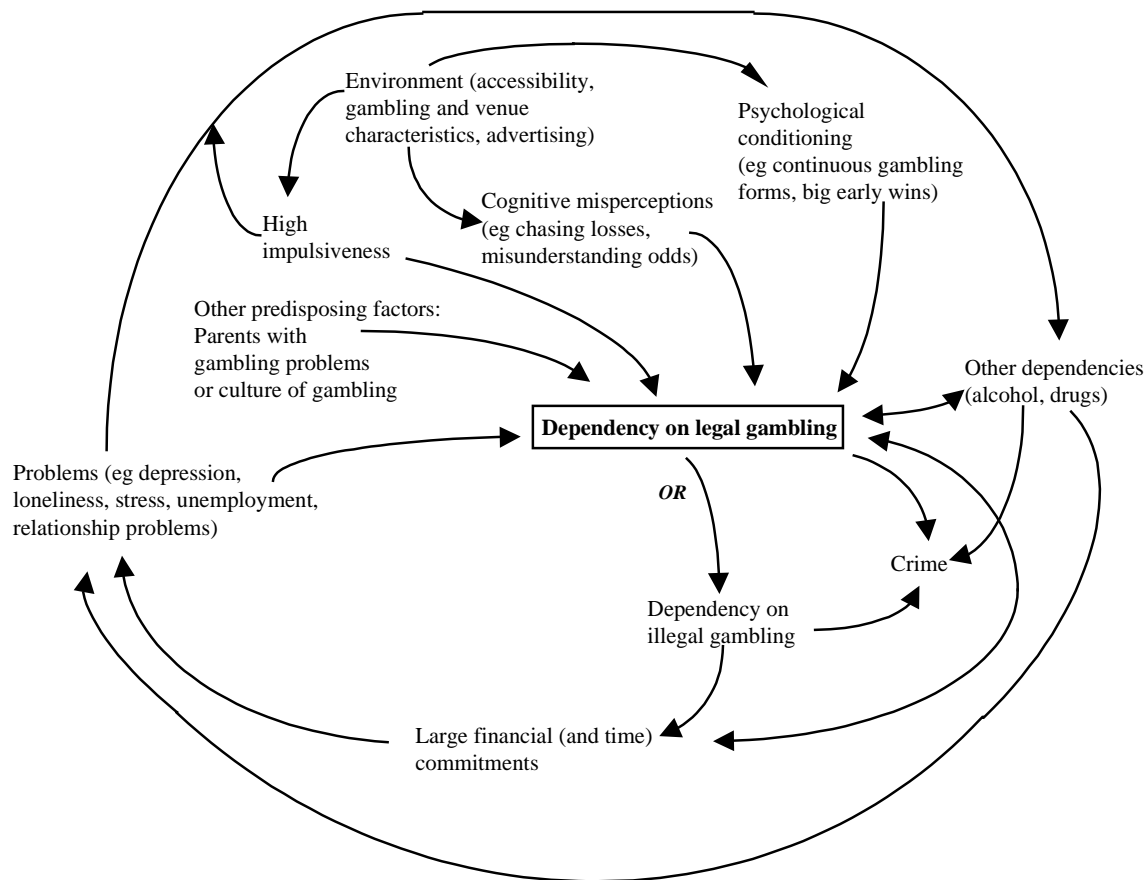


While it is extremely difficult to resolve problems of causality, it is useful to examine some of the key possible causal links between the legal availability of gambling and gambling problems (figure 7.2).

### *People with problems?*

A number of submissions from gambling industry representatives argued that problem gambling was the result of people with problems who gambled, rather than something that was caused by gambling.

Figure 7.2 Causal pathways and problem gambling<sup>a</sup>



<sup>a</sup> The figure shows the different pathways of possible causality associated with problem gambling, its outcomes and determinants. Arrows show the causal directions.

The ‘rational’ addiction literature explains the concurrence of unhappy people and addiction in this way. Others put this view too. For example:

Q. Do problem gamblers exist? A. I am yet to be convinced of this, however I fully acknowledge that there are people with problems who gamble (Mr Windross, Managing Director of the TAB, sub. 161, p. 3).

... the claimed complementary indications — severe hardship, other compulsions, suicidal tendencies and low social and self-esteem — suggest that those identified as having gambling problems would have problems whether gambling was available to them or not. Thus while a growth in problem gambling is seen to have coincided with the rapid expansion of the availability of legal gambling products, the alleged causal link may be quite spurious (ACIL, sub. 155, p. 80).<sup>2</sup>

<sup>2</sup> It should be noted, parenthetically, that the first statement in the second quote applies a suspect logic. It appears to argue that, by itself, evidence for big problems relating to problem gambling implies that the problems were caused elsewhere, and thus that problem gambling does not lead to any big problems! A parallel would be: ‘The claimed complementary indications — severe

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This view is represented by pathway 1 in figure 7.2, and some psychologists have agreed that prior problems may be *a* factor which precipitates problem gambling for some people (Blaszczynski 1998, pp. 36–7; Shaffer, Hall and Vander Bilt 1997, p. 55; Baseline Market Research 1996<sup>3</sup>).

If this pathway were the start *and* end of the explanation of ‘problem’ gambling then it would imply that controlling access to gambling would not affect the actual level of problems experienced. In this case, policy measures to deal with problem gambling (for example, by altering the availability of gambling or using measures, such as self-exclusion) that do not deal with the fundamental problems of the problem gambler would be ineffective.

However, for many gamblers pre-existing problems do not appear to precipitate problem gambling (Shaffer, Hall and Vander Bilt 1997, p. 76 and box 7.2 for a personal anecdote). As well, while some factors may pre-dispose a person to gambling, there is little evidence that problem gamblers share common personality traits.

One question often asked is whether there is a ‘gambling prone personality’. The answer is simple and straightforward: there is no such gambling personality type. Furthermore, there is no individual personality trait that is commonly to be found in gamblers. Gamblers include all types of personality, and all kinds of personality traits are found in gamblers (Blaszczynski 1998, pp. 23–4).

Contrary to popular myth, scientists have so far been unable to identify the “addictive personality”... anyone can develop such a problem. In particular, the combination of a recent tragedy associated with the powerful behavioural learning principles that form the basis for gaming machines and the pervasiveness of such machines constitute a “problematic gambling cocktail” (Relationships Australia, SA, sub. 118).

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abdominal injuries, head injuries, spinal problems, and post-accident traumas — suggest that those suffering from car accidents would have had problems anyway, whether cars were available or not.’

<sup>3</sup> For example, this study found that 14 per cent of not-at-risk gamblers gambled as a distraction from problems, while 53 per cent of probable pathological gamblers did so (and 43 per cent of problem gamblers — defined as people scoring SOGS 3-4).

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### Box 7.2      **The experience of one problem gambler**

... in short I had a wonderful life and was on top of the world [prior to developing gambling problems] ... I don't know what drove me to seek diversion in poker machines. I just can't remember ... So pretty soon I was going to play the pokies quite often and yes I was enjoying myself and sometimes even won a few dollars ... I lost interest in music, in my car ... dining out, friends, my girlfriend; everything, everything, except those reels spinning before my eyes, in my head, in my dreams. I was totally consumed and, in what seemed such a short time. Anyway the whole story is long and covers the last seven years and though I have tried to be unemotional I must say now that I have been through hell. ... I have contemplated suicide many times, and many times, I've actually felt as if I was already dead.

*Source:* Comments from a gambler to the Productivity Commission's inquiry.

This view undermines the perspective that a certain sort of person is bound to acquire a gambling problem (or other dependency) regardless of the gambling environment in which they find themselves.

In any case, for those for whom prior problems or disorders are a precipitating factor, gambling appears to *exacerbate* their prior problems, in what has been termed the 'problem gambling loop' (WACOSS 1997, p. 10; Wesley Gambling Counselling Service, sub. 26). After all, there are relatively few 'dependencies' which are as costly as gambling (alcohol and drug abuse being the exceptions). Someone who decided to ease their problems by exercising excessively, working over-long hours or watching too much television might suffer some ill effects, but not on the scale suffered as a result of compulsively gambling. In this case, changes in the regulatory environment for gambling would still confer benefits because either it may directly reduce the harms suffered as a consequence of people's problems or shift escapist behaviour to less harmful outlets.

It is sometimes also claimed that people with gambling problems are people who:

- either have another dependency (such as alcoholism), whose adverse outcomes are confused with those of gambling; or
- *would* have had another equally damaging dependency, such as alcohol or drugs, in the absence of the easy access to legal gambling.

This is represented by pathway 2 in the figure 7.2.

It is certainly true that some problem gamblers have co-dependencies. Ramirez et al. (1984) report that a substantial number of problem gamblers using help services suffer from alcohol and/or drug abuse. In this case, some of the adverse consequences attributed to gambling may really be related to another dependency. As well, problem gambling itself may sometimes also be related to such dependencies — as when a person who has consumed a lot of alcohol loses their

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inhibitions to gamble. If the line of causality were often to run this way, then it might suggest controls on access to alcohol in gambling venues, rather than controls on gambling per se.

Finally, another argument sometimes mounted against a causal connection between the availability of legal gambling and problem gambling is that the problems would still have existed for many, because they would have used illegal gambling services (pathway 3). For example, it has been reported that a significant number of women have been deserted by spouses engaged in illegal gambling *prior* to the introduction of legalised casino and gaming machine gambling in Victoria (Brown et al. 1999, p. 32). And the Adelaide Central Mission (sub. D267, pp. 5–6) cites current problems associated with illegal gambling in South Australia.

However, while there is evidence that illegal gambling was rife prior to liberalisation, there is also strong evidence that problem gambling prevalence rates have increased with legal accessibility to gambling (chapter 8).

### *Gambling as the cause of the problems?*

While there are some causal pathways that run from problems to gambling, there are many which run the other way. These pathways suggest that the gambling environment is likely to play a major role in causing problem gambling. For example:

- As gambling opportunities become more accessible, this allows an impulsive person much greater opportunity to gamble.
- Some gambling forms such as gaming machines involve repetitive, but random, rewards for further play — which conditions behaviour in some people to gamble persistently (Knapp 1976; Anderson and Brown 1984 and the review in Blaszczyński 1999). The machines have been humorously nicknamed by psychologists as ‘one-armed behavioural technicians’ (Creed 1998) to reflect their encouragement of continued play through operant conditioning. The use of ‘variable ratio schedule reinforcement’ (the pattern of payoffs) in gaming machines is similar to that used to condition rats to repetitively push a lever in ‘Skinner boxes’ (National Research Council 1999, pp. 39 and 245). Gambling forms which lack skill or random reinforcement, such as weekly lotteries, tend to be almost completely free of problems compared to ones with these characteristics (chapter 6).
- The gambling environment, including the promotional activity of the industry, may compound (or at least, not negate) certain erroneous beliefs that gamblers have about winning. For example, people may believe that a machine which has not paid out for some time will do so soon, that they will be able to make up past

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losses, and that they have a greater ability to control the likelihood of winning than they do (Blaszczynski, Walker et al. 1997).

Ultimately the notion that the causality behind problem gambling lies on a single one-way road is faulty. There are many simultaneous and interconnecting pathways.

For example, a person may wish to escape a boring and low paid job, and gambles heavily on poker machines. She makes large losses. These losses are devastating, and the person erroneously sees no alternative but to gamble further in order to make up these losses. The losses are now even worse, providing the impetus for a number of vicious cycles. Work performance declines as the person is distracted by her financial crisis and the need for a big win. Her home life is also getting worse, as her partner wants to know where all the money (and time) is going. Gambling provides an escape from these escalating problems — and the cycle is renewed and intensified.

The causal pathways to problem gambling in this illustrative case come from multiple and intertwined sources, but there is little question that problem gambling behaviours (and the gambling environment) play a central and, therefore, policy relevant role.

However, it is also the case that there are risks of either understating or overstating the impacts of problem gambling:

- It is possible to overstate it by seeing every case when a problem gambler loses his or her job, abuses a partner and child(ren), goes bankrupt, embezzles an employer's money, or suicides as causally linked to gambling. In some cases, these devastating outcomes will reflect a hidden common factor which pre-dated the gambling problem.
- It is possible to understate it, because adverse social consequences (of anything) are often shrouded by stigma and, thereby, secrecy. The history of any social problems which are perceived as 'deviance' is that only the 'tip of the iceberg' is first accounted for in the public domain (for example, mental illness, child abuse).

The Commission recognises that assessing the extent to which gambling causes problems is extremely difficult. It is clearly not possible to conduct experiments, as in the physical sciences. Nor is it cost effective to have large matched groups of non-problem and problem gamblers. And even when these methods are applied, they do not always resolve causal issues in an uncontroversial or rapid way. (For example, it took many decades to prove scientifically the link between tobacco use



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and its adverse health effects.) In the absence of experimentation and matching, a number of other methods can be used:<sup>4</sup>

### *Quantitative approaches to assessing causality*

One approach is to use a statistical method, ‘regression’, which attempts to calculate the association between a possible cause and outcome, such as divorce, taking into account the influence of confounding variables.<sup>5</sup> Effectively the question being asked is, taking account of all the other possible contributing factors to divorce, how much additional risk is posed by problem gambling? This is the approach taken by the US NORC study (Gerstein et al. 1999). This method, while indicative, does not actually deal with causality unless it can be certain that the gambling problem preceded the divorce. **The most effective way of identifying causal pathways relating to apparent adverse outcomes for problem gamblers would be a longitudinal study of gamblers.**

Other quantitative approaches look at the overall incidence and prevalence of some social harm (such as bankruptcy, suicide, or crime) either over time or regionally, and see if there appears to be a link to the intensity of gambling (for example, McCleary et al. 1998). The usefulness of these ‘aggregate’ approaches depends on:

- *Dealing with confounding variables.* Simple comparisons, by themselves, provide little evidence and can mislead. For example, Tabcorp (sub. D232, p. 12) argued that: ‘Greater access to gaming machines does not increase the proportion of gamblers who become problem gamblers, nor does gambling lead to greater incidence of divorce, bankruptcies or crime’. They observed that despite there being no equivalent gaming machines in Western Australia, divorce, crime and insolvency rates were much higher than in Victoria. But this sort of comparison is very weak because it is based on just one determinant and fails to control for confounding factors.<sup>6</sup> The relevant issue is not whether some problem is higher or lower in a gaming state than a non-gaming state, but

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<sup>4</sup> O’Neill, a statistical consultant to ACIL (sub. D233, pp. 96–7) provides a useful discussion of these techniques.

<sup>5</sup> The method involves regressing some adverse outcome, such as divorce, against some risk factors which may lower or increase the likelihood of divorce, such as age, education, duration of marriage, income, *and* problem gambling. The interest in such regressions is on the coefficient on problem gambling.

<sup>6</sup> It is easy to manufacture similar examples where the comparison is less flattering to gambling. For example, the suicide rate is higher in Queensland with its far greater per capita gambling expenditure than Tasmania (Victorian Taskforce 1997, p. 12) — but the Commission considers this as equally poor ‘evidence’ of the impact of gambling as the example provided by Tabcorp.

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whether, *holding all other possible influences constant*, these problems would be the same as or less in a gaming state.

- *The relative importance of gambling as a contributor to the social problem.* In some cases, trying to find out whether gambling causes some adverse reaction *using aggregate data* is doomed to failure, because even if there were a link, the number of gambling-related cases may be swamped by other unrelated cases (box 7.3).
- *The burden of proof.* In most statistical analyses of the possible ill-effects of gambling, the cards have been stacked against finding a relationship even where one exists. This is because the studies typically only reject the maintained hypothesis of no link, if the risk of being wrong is 5 per cent or less — a stringent requirement. In a sense these methods assume innocence and require a proof of guilt. This has the implication that even where there is a true effect, it will often not be found. Whether this is appropriate statistical practice depends on the costs of being wrong.

**Box 7.3      Finding causal relationships using aggregate data: Is cyanide safe?**

This is an illustration of some of the pitfalls in trying to use some forms of aggregate data for determining causal relationships. Every second year select a group of 100 people and administer a lethal dose of cyanide. Then test whether the aggregate mortality rate is statistically significantly higher in the years the dose is administered compared to years that it is not. With around 100 000 people dying each year, and this figure varying because of random fluctuations, it would be impossible to find the influence of the cyanide related deaths. But an inference that cyanide is safe would clearly be premature.

This example does not mean that aggregate analysis is never useful. However, an appropriate research strategy may be to see whether the statistical method used could be expected to find a relationship when one exists.

In summary, there are a range of quantitative methods that are routinely and usefully employed in looking at the impacts (and causality) of problem gambling, but they contain some pitfalls that are rarely highlighted.

*A self-assessment approach to assigning causality*

This is based on asking gamblers whether gambling has contributed to an adverse event or not. This is how we deal with descriptions of causality in everyday life ('why were you late?', 'what made the car break down?'; 'why are you sad?'). Thus someone may have got depressed, but not because of their gambling problems — if

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respondents answer honestly, the self-assessment approach can provide a good perspective on causality because it makes use of all of the knowledge of the respondent. Self-assessment is obviously particularly useful if the phenomenon being investigated relates to a person's mental state.

The Commission largely took this approach in its study of problem gamblers, although it buttressed these results using a range of other research sources (for example, on suicide, crime and bankruptcy) based on other methodologies.

It should be emphasised that self-assessment methods have drawbacks. People sometimes forget, exaggerate, dissemble, make errors, and may be poor at determining what might have happened under the counterfactual. Whilst the Commission was unable to verify with third parties whether self-assessments by problem gamblers were accurate, the results obtained from the Commission's self-assessment approach were similar to those obtained by NORC using their quantitative methods.

Nevertheless, it is important to undertake some checks of the plausibility of answers using self-assessment. For example, does it identify an implausibly large number of affected people in the group of people suffering that harm? (see the later discussion on divorce). Is it consistent with what is already known about problem gambling? Is it consistent with the views of clinicians in the field? The Commission has used a number of such checks to assess whether the self-assessment methods are likely to over- or understate the adverse impacts of problem gambling.

In the following sections, the Commission refers to any corroborative or contradictory evidence on the magnitude or causal factors underlying each of the major potential impacts. The Commission also sought comments from an expert group on what their clinical and research experience with problem gamblers suggested about causality. It was their view that, as a rule of thumb, around 15 to 20 per cent of the adverse impacts ascribed to problem gambling would have occurred anyway — and this should be borne in mind when looking at the impacts recorded in this chapter. The costs of the adverse impacts of problem gambling have been adjusted down in chapter 9 to reflect this complex causality.

Ultimately, judgements about causality rest on a mixture of theory and qualitative and quantitative evidence (as in the justice system). There is no single method that resolves what would have happened to a problem gambler in the absence of their problem. There will certainly be people who suffer adverse consequences associated with gambling, who, in the absence of the availability of legal gambling, would have suffered similar adverse consequences from other sources. But overall, the Commission's assessment, based on reviewing different evidence, is that:

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- while problem gambling may sometimes be precipitated by outside events, problem gambling will tend to exacerbate any pre-existing problems; and
  - that many of the harms experienced by problem gamblers can be traced to gambling itself.

## **The effects on different cultural groups**

In this chapter, the Commission examines the impacts on problem gamblers as a group. However, impacts may vary between different types of sub-groups, such as women and people from different cultural backgrounds. Jackson et al. (1999a,b) have provided useful data on the ethnic mix of clients of BreakEven services in Victoria, which helps establish patterns of use of services.

But the study of cultural patterns of gambling in the *general* population is a relatively neglected area. The ways in which cultural factors can influence gambling behaviours, benefits and harms are complex. For example:

- gambling has a central and different role in Aboriginal and Torres Strait Islander (ATSI) communities. The nature and types of problems and benefits experienced diverge from those of non-indigenous Australians (appendix E); and
- gambling has resonated in different ways among the Vietnamese community (box 7.4).

Moreover, these culturally shaped facets of gambling are not well picked up by telephone surveys, especially since these often involve under-enumeration of the vulnerable members of such communities. The Commission has not conducted detailed work on the varying impacts of gambling on different cultural groups, especially since some other studies are soon to be released.

- The AIGR (1999) has conducted some research into the cultural dimensions of problem gambling in Western Australia. In the absence of the widespread availability of gaming machines, the concerns relate to a narrower set of gambling modes).
- The Casino Community Benefit Fund, through its trustees, has funded a major project in New South Wales to examine the ethnic dimensions of problem gambling, including a large scale survey based on interviews with different cultural groups using interviewers from the relevant cultural group. The results are due to be released in early 2000.

**The Commission considers that more research will need to be conducted in this area, especially in determining the appropriate models for provision of assistance and prevention under harm minimisation strategies.**

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**Box 7.4      Gambling-related problems in the Victorian Vietnamese community**

Jesuit Social Services undertook a study of gambling-related problems in the Victorian Vietnamese community. The study found evidence that:

- the expansion of legal gambling, and especially the opening of the casino, had substantially increased demand for help services by the Vietnamese community (p. 34);
- gambling-related issues could account for between 1 and 20 per cent<sup>7</sup> of the caseload of agencies helping Vietnamese Australians (p. 38);
- the impact of gambling on the Vietnamese extended family is far-reaching because of its close knit nature. Relatives feel they must help with gambling debts (p. 49); and
- the issue of 'face' and stigma associated with having a gambling problem made it difficult to attract problem gamblers to counselling services (p. 71).

*Source:* Tran (1999).

## **7.2      Personal effects on gamblers**

### **Depression, anxiety, suicide and ill-health**

Problem gambling — with its potentially devastating impacts on the finances, personal lives and relationships of the affected gamblers — is related to heightened anxiety, depression, and in extreme cases to suicide.

The Adelaide Central Mission noted:

In the extreme case, the depression that arises out of the despair, hopelessness, shame and guilt of the consequences of gambling can be so overpowering for some that the only recourse is suicide. Among the people seen at Adelaide Central Mission, over the last six months we are aware of at least 6 suicides. The number of people who talk about suicide as an option to their circumstance is approaching 1 in 3 ... From our experience we are aware that in some cases that the deaths are not always recorded as suicide. There is often an alternative recording of the cause of death to protect the family or because the death is not readily identified as a suicide by the investigating officer eg car accidents (1998, p. 15).

Many studies find a connection between problem gambling, and mood disorders, such as depression or anxiety — a connection which was emphasised by a number

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<sup>7</sup> Problem gambling counsellors were **not** included.

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of submissions to this inquiry.<sup>8</sup> There is some evidence that the gambling problem often precedes the onset of depression (McCormick et al. 1984), though in some cases depression can act as a trigger.

The Commission's *National Gambling Survey* and *Survey of Clients of Counselling Agencies* results suggested high levels of self-assessed depression, guilt and suicidal thoughts due to gambling:

- around half the people with at least moderate gambling problems say they have suffered depression as a result of gambling at some time, and around 53 per cent say they have been depressed because of gambling in the last year (table 7.1). Rare and short-lived episodes of depression are obviously less costly than frequent or enduring states of despondency. A better measure of significant depressive episodes is whether the feelings are commonly experienced. About 22 per cent of people with SOGS 5 or more report being 'often or always' depressed because of their gambling. Annually around 5.1 per cent of Australian adults report depression lasting 2 weeks or more (ABS 1998d). On this basis, and assuming that the 'often to always' category best captures a genuine episode of depression, gambling accounts for about 8.9 per cent of such cases annually. Clearly, since the methods for establishing the levels and nature of depression among the wider community involve self-assessment, the figure is imprecise, and could be somewhat higher or lower.
- Nearly all problem gamblers seeking help from counselling agencies record some episodes of depression and about 60 per cent report feeling this way often or always;
- the overwhelming majority of gamblers experiencing problems say they feel guilty about their gambling and the bulk report control problems;
- about 9 per cent of problem gamblers report that they have seriously thought about suicide because of their gambling, and about 60 per cent of those who seek help for their gambling problems from counselling agencies; and
- about one in ten problem gamblers who seek counselling assistance report an attempted suicide.

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<sup>8</sup> AIGR (1996b), Blaszczyński and McConaghy (1989), Brown and Coventry (1997); Crockford and Guebaly (1998), Lesieur et al. (1986); Lesieur and Blume (1990) and sub. 40, p. 6ff.

**Table 7.1 Personal impacts of problem gambling**  
Australia 1999<sup>a</sup>

	Yes <sup>b</sup>	Number affected	Never <sup>c</sup>	Rarely	Some- times	Often	Always	Source
	%	'000	%	%	%	%	%	
<b>Suffered from depression due to gambling</b>								
Problem gamblers (ever)	58.1	170.2	41.9	..	..	..	..	NS
Non-problem regulars (ever)	4.3	52.2	95.7	..	..	..	..	NS
Adults (ever)	2.1	289.9	97.9					NS
Problem gamblers seeking help (ever)	95.6	..	4.3	6.5	29.2	44.8	15.1	CS
Problem gamblers (in last year)	52.7	154.3	47.3	8.6	21.9	16.4	5.8	NS
Non-problem regulars (in last year)	2.6	31.5	97.4	1.5	0.7	0.1	0.3	NS
Adults (in last year)	1.5	205.9	98.5	0.5	0.5	0.4	0.2	NS
<b>Seriously considered suicide due to gambling</b>								
Problem gamblers (ever)	9.2	26.9	90.8	..	..	..	..	NS
Non-problem regulars (ever)	0.0	0.0	100.0	..	..	..	..	NS
Adults (ever)	0.3	35.5	99.7					NS
Problem gamblers seeking help (ever)	57.8	..	42.2	19.1	23.9	12.0	2.8	CS
Problem gamblers (in last year)	4.4	12.9	95.6	..	..	..	..	NS
Non-problem regulars (in last year)	0.0	0.0	100.0	..	..	..	..	NS
Adults (in last year)	0.1	12.9	99.9	..	..	..	..	NS
<b>Attempted suicide</b>								
Problem gamblers seeking help (ever)	13.6	..	86.4	..	..	..	..	CS
<b>Suffered from guilt due to gambling</b>								
Problem gamblers (in last year)	88.9	260.2	11.1	15.3	27.2	21.5	24.8	NS
Non-problem regulars (in last year)	16.2	196.1	83.8	6.7	8.7	0.6	0.2	NS
Adults (in last year)	4.8	681.5	95.2	1.9	1.7	0.5	0.7	NS
Problem gamblers seeking help (in last year)	99.0	..	1.0	2.8	12.8	35.3	48.1	CS
<b>Made life less enjoyable</b>								
Problem gamblers (in last year)	50.1	146.7	49.9	..	..	..	..	NS
Non-problem regulars (in last year)	4.8	57.5	95.3	..	..	..	..	NS
Adults (in last year)	3.6	507.7	96.4	..	..	..	..	NS
<b>Control problems - 'like to stop but can't'</b>								
Problem gamblers (in last year)	69.1	202.1	30.9	17.5	22.7	11.3	17.3	NS
Non-problem regulars (in last year)	6.7	81.6	93.3	2.8	3.0	0.5	0.2	NS
Adults (in last year)	2.3	330.5	97.7	0.8	0.9	0.3	0.4	NS
Problem gamblers seeking help (in last year)	97.0	..	3.0	5.5	20.1	44.4	27.1	CS

<sup>a</sup> NS is the PC *National Gambling Survey*; CS is the PC *Survey of Clients of Counselling Agencies*; PGs are problem gamblers (defined as SOGS 5+ for results from the general population). <sup>b</sup> Includes those who said yes, but did not nominate a frequency. <sup>c</sup> Non-problem regulars include just regulars (and excludes the sample of high spending non-regulars).

Source: PC *National Gambling Survey* and PC *Survey of Clients of Counselling Agencies*.

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Other results corroborate these high personal costs:

- The Mental Health Foundation of Australia (MHFA, sub. 51, p. 9) report that 75 per cent of problem gamblers who seek help have symptoms of depression. They claimed that a majority (61 per cent) think of suicide, while a sizeable minority (22 per cent) have made actual suicide attempts, which seems consistent with international results (table 7.2).
- Relationships Australia (SA) (sub. 118) reported that their Gambling Rehabilitation service clients are reporting higher levels of anxiety and depression than the Relationship Counselling Service clients — and much higher levels of suicide thoughts.
- Among a group of problem gamblers in counselling in South Australia, Elliot Stanford and Associates (1998) found that the *average* suffered from moderate levels of depression and anxiety.

Problem gamblers experience a number of other, potentially distressing mental states, such as guilt, restlessness, preoccupation with gambling and loss of control. For example, in an analysis of Victorian Break Even clients, Jackson et al. (1997, p. 27) found that 58.6 per cent felt irritable or restless because of their gambling, 62.5 per cent felt preoccupied with gambling and 67.7 per cent had made frequent but failed attempts to control their gambling.<sup>9</sup> These patterns have persisted in more recent years according to data gathered from Victorian Break Even clients (Jackson et al. 1999a, b). Overseas evidence suggests that problem gamblers are much more likely to feel angry, anxious or disappointed when playing gaming machines than recreational players (table 7.3).

People who seek help for their gambling problems are not generally representative of those with problems among the general populations. For example, rates of self-assessed lifetime depression related to gambling among problem gamblers in counselling are:

- about equal to those in the general population with a severe problem (SOGS 10+)<sup>10</sup>,
- about twice as high as problem gamblers in general (SOGS 5+ or level 1 and level 2 problem gamblers combined); and
- 22 times higher than non-problem regular gamblers and 47 times greater than the adult population as a whole.

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<sup>9</sup> These are some of the behaviours which make up the DSM-IV criteria for 'pathological' gambling.

<sup>10</sup> At 95.6 per cent for the help group compared to 82.3 per cent for people scoring SOGS 10+ in the general population).



**Table 7.2 Suicide thoughts and attempts among problem gamblers**

Evidence from the literature

<i>Study</i>	<i>Finding</i>	<i>Country</i>
Blaszczynski and Maccallum 1999	41% of a sample of 53 diagnosed pathological gamblers receiving treatment reported suicide ideation, and 10% had a level of suicidality within the range of serious to extreme.	Australia
Moran 1969	20% of a sample of 50 pathological gamblers had attempted suicide	UK
Lesieur and Blume 1990	17-24% of a group of GA members and pathological gamblers attending an inpatient treatment program had suicide ideation	US
Schwarz and Lindner 1992	34.7% of a sample of 58 gamblers seeking help had suicide ideation and 31% had attempted suicide	US
McCormick, Russo, Ramirez and Taber 1984	30% of 50 gamblers seeking treatment had severe, extreme or lethal suicide ratings and 12% had made attempts. Three quarters of problem gamblers entering treatment suffer from severe depression	US
Frank, Lester and Wexler 1991	Among a group of 162 GA members, 13% admitted to a suicide attempt and 48% suicide ideation	US
Bland, Newman, Orn and Stebelsky 1993	13.3% of lifetime pathological gamblers had attempted suicide	Canada
Ladouceur, Dube and Bujold 1994	A Quebec study of college students found that 26.8 per cent of pathological gamblers had attempted suicide, compared to 7.2 per cent of college students with no gambling problem	Canada
Horodecki 1992	70% of pathological gamblers seeking treatment had expressed suicide ideation, and 8% an attempted suicide	Austria
Sullivan 1994	80% of respondents to a gambling hotline had suicide ideation, 17% had planned a suicide, 4% had made an attempt.	New Zealand
Lorenz, Politzer and Yaffee 1990	65 per cent of a Gamblers Anonymous group in Maryland, US, had seriously thought of suicide, two thirds of these to the point of considering the method of killing themselves	US
Lesieur (1998, p. 158)	In a review of the suicide literature, suggests that between 12 and 18 per cent of Gamblers Anonymous members have attempted suicide, 45-49 per cent have made plans to kill themselves, 48-70 per cent have contemplated suicide and 80 per cent have said they wanted to die.	US

**Table 7.3 Emotional responses while playing machines**

Nova Scotia, Canada 1998<sup>a</sup>

	<i>Infrequent gaming machine players</i>	<i>Frequent non-problem players</i>	<i>Problem players</i>
Disappointment	10	11	61
Angry/frustrated	4	5	39
Sad/depressed	<1	1	30
Nervous/edgy	1	2	13

<sup>a</sup> Problem players also reported higher levels of excitement than other players (24 per cent cf 12% for infrequent players and 13% for frequent players), suggesting that their emotional responses tend to be more extreme than others, regardless of whether the feelings are positive or negative.

Source: Focal Research (1998, p. 3.83).

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The recent US national survey found a similar relative pattern, with 11.6 per cent of pathological gamblers having a depressive episode, compared to 6.7 per cent of at-risk gamblers (Gerstein et al. 1999).

These patterns in the data provide some ability to check their validity. The AHA (sub. 231, p. 28) noted that questions used in the Commission's *National Gambling Survey* such as 'Have you ever suffered from depression because of your gambling?' may have had a leading effect, eliciting positive responses from people who may have suffered depression, but not due to their gambling. As noted above, ABS data suggests a 5.1 per cent annual incidence of an enduring depressive episode among Australian adults (most of which is clearly not related to gambling). Non-problem regular gamblers — who would have the easy excuse of blaming any depressive incident on gambling if they wished to — nevertheless record extremely low levels of enduring depression *related to gambling* (at 0.4 per cent — often to always, which is around 1/60<sup>th</sup> of the comparable incidence level for problem gamblers — table 7.1). It is revealing too that the proportion of problem gamblers in counselling answering the self-assessment question who say they feel depressed often or always, is similar to that determined using clinical evaluation techniques for such groups. Overall, these patterns suggest that the self-assessment question used in the Commission's survey picked up depression related to gambling relatively well.

However, while the rate of problems among those with the severest difficulties with gambling are much higher than other groups, they account for the (albeit still sizeable) minority of total cases of problems. People with severe gambling problems, for example, account for only 37 per cent of people who have often or always felt depressed because of their gambling.<sup>11</sup>

### *Estimating gambling-related suicides*

Information on suicides and gambling mainly come from two sources:

- case studies of individual gamblers who become desperate as a result of the financial and personal consequences of gambling and then kill themselves (such as the cases described by Blaszczyński and Farrell 1998, and Marfels 1999<sup>12</sup>); and

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<sup>11</sup> The bulk of the remainder (55 per cent) are accounted for by problem gamblers scoring 5 to 9 on the SOGS. Around 7 per cent are accounted for by non-problem regular gamblers. These may be false positives, but 70 per cent of these have a SOGS score of 4 and none have a zero SOGS score.

<sup>12</sup> The latter study found that of 189 suicides by adult visitors to Las Vegas from 1990 to 1998, problem gambling could be identified as the primary cause for the suicide in 10 cases (or 5.3 per

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- surveys of people who are problem gamblers (either in-treatment or identified as part of a general population) which asks them about any suicide ideation (people who think about suicide) or attempts (tables 7.1 and 7.2 above).

This evidence provides a good *prima facie* case that suicide can result from problem gambling, but it makes it hard to estimate the actual numbers of suicides. There are a number of possible ways of approaching this task.

As in the study by Blaszczynski and Farrell (1998), records from coroners' offices may be used to try to estimate the number of suicides related to gambling. They examined the case records of all suicides in Victoria from 1990 to 1997, identifying 44 gambling related cases, with the apparent number increasing over time (figure 7.3), perhaps linked to greater gambling accessibility. Over the full period, these suicides accounted for 1 per cent of Victorian suicides, increasing to 1.7 per cent for the period 1994 to 97. If the Victorian pattern is roughly similar to that of other Australian states, then (using the 1.7 per cent ratio and 2 708 adult suicides in Australia in 1997<sup>13</sup>) around 46 gambling related suicides occur each year in Australia.

Unfortunately, it was not clear how many of the suicides related to legally sanctioned gambling compared to illegal games. Nor, given the presence of significant co-morbidities, is the causality absolutely clearcut. As Blaszczynski and Farrell put it:

Given the limited data, it cannot be conclusively stated with any degree of certitude that gambling was the singular or predominant motivation underlying the suicide ... Nevertheless, there are sufficient indicators to provide strong support for the argument that gambling acted as a catalyst or played a relevant role in the suicide (pp. 7, 15).

It is probable that a proportion of suicides of problem gamblers reflect wider problems, and may have occurred anyway. For example, the MHFA (sub. 51) and the Australian Medical Association (sub. 53, p. 4) note that there is no clear cause-and-effect relationship between mood disorders and problem gambling. Problem gambling can be precipitated by a mood disorder, or it can generate (or exacerbate an existing) a mood disorder.

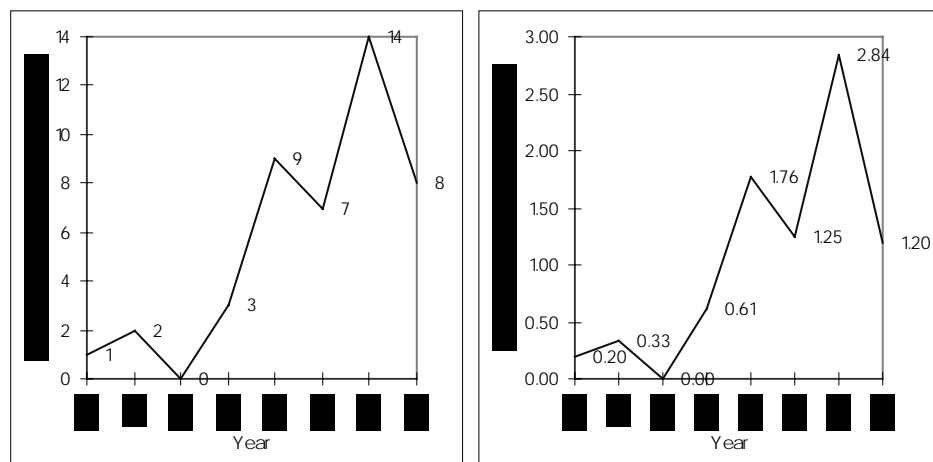
On the other hand, many suicides may be misdiagnosed as car accidents, drowning, or other forms of death, so it is not clear that Blaszczynski and Farrell's results represent an upwardly biased indicator of suicides from gambling.

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cent of the cases). The study related to suicides by visitors that took place in Las Vegas. They overturn any notion that a significant proportion of suicides by visitors to Las Vegas must be related to gambling. However, they cannot be used to infer the proportion of overall suicides of a resident population that are due to gambling.

<sup>13</sup> From the National Injury Surveillance Unit (1999).

**Figure 7.3 Gambling-related suicides in Victoria**  
1990 to 1997



Data source: Blaszczyński and Farrell (1998) and National Injury Surveillance Unit data on Victorian total suicides to calculate the suicide share (of people suiciding in Victoria aged 15 years or over).

Another approach to estimating the suicides attributable to gambling may be to use epidemiological evidence on the general prevalence of suicides and suicide thoughts/attempts to infer the extent to which suicide thoughts or attempts by problem gamblers may be realised as successful suicides (table 7.4). Evidence from the Victorian Task Force Report (1997, p. 21) on suicides suggested that for every successful male suicide there were between 30 and 50 suicide attempts, while for every female suicide there were between 150 and 300 attempts.<sup>14</sup> The *PC Survey of Clients of Counselling Agencies* suggested that about 28 per cent of males with serious suicide ideation attempted suicide, compared with about 19 per cent of females with suicide ideation (probably reflecting the generally lesser duration, on average, of their problems). These data can then be used to estimate gambling-related suicide attempts per year — about 1 500 attempts by males and 1 400 by females. Once the relative rarity of success (in any given year) is taken into account, gambling-related suicides are estimated to amount to between 35 and 60 a year, with a midpoint of 47.5.<sup>15</sup> This is close to the estimate generated using Blaszczyński's data.

<sup>14</sup> In using these ratios it is being assumed that each problem gambler is only making one attempt in the year concerned. Since some may have made more than one attempt, it is possible this may be the source of some underestimation. On the other hand, it is also likely that some problem gamblers would have had problems which would have led to suicide attempts in any case. For example, Blaszczyński and Maccallum (1999) found that around 10 per cent of cases of suicide ideation in a group of severe problem gamblers was unrelated to their gambling.

<sup>15</sup> The draft report estimated a much higher figure using data on the ratio of successful suicides to suicide attempts obtained from the National Injury Surveillance Unit. They reported 14 713 attempted suicides among adult Australians and 2 708 successful suicides (in 1997), giving a

**Table 7.4 Estimating suicides of problem gambling using epidemiological data<sup>a</sup>**  
Australia 1997

Suicide indicator		Males	Females	Total
Suicide ideation rate in help seeking problem gamblers	%	59.3%	57.0%	..
Suicide attempt rate among help-seeking problem gamblers	%	16.8%	10.6%	..
Ratio of attempts to ideation in help-seeking problem gamblers	%	28.2%	18.7%	..
Serious suicide ideation related to gambling by problem gamblers in the last year	number	5 408	7 538	12 946
Estimated gambling-related suicide attempts	number	1 528	1 407	2 935
Ratio of suicides to attempts				
High	%	3.33%	0.67%	2.05%
Low	%	2.00%	0.33%	1.20%
Estimated gambling related suicides				
High	number	51	9	60
Low	number	31	5	35

<sup>a</sup> This estimate assumes that the attempt to ideation ratio applying for problem gamblers in counselling also applies to severe problem gamblers in the general population, and that the Australia-wide suicide success rate is a reasonable indicator for this group.

Source: PC Survey of Clients of Counselling Agencies, PC National Gambling Survey and Victorian Task Force (1997).

Finally, another approach is to use the variation in suicide rates over time and between regions to try to explore its underlying causes. If the increasing availability of gambling and the apparently associated increase in problem gamblers has led to increased suicides then this should contribute to higher suicide rates in areas where gambling is more freely available. The problem here is that there are many contributors to suicide and these other factors have to be controlled in order to assess the marginal contribution to suicide by gambling. No study of this kind has been done in Australia.

However, a number of US studies have been conducted with strikingly divergent results. Phillips, Welty and Smith (1997) found that gambling or elements associated with gambling settings led to an increased risk of suicide. This study examined the proportion of deaths attributable to suicide in three casino gambling counties compared to non-gaming areas. In contrast, McCleary et al. (1998), in a study commissioned by the American Gaming Association, found no statistically significant differences in suicide rates between casino and non-casino sites.<sup>16</sup> While

‘success’ rate of 18.4 per cent. As noted in the draft, notified attempts may seriously understate true suicide attempts, which is why in the final report the Commission has preferred the estimates of the success rates contained in Victorian Task Force (1997, p. 21).

<sup>16</sup> It is notable that this result can still be reconciled with the possibility that problem gamblers have elevated risks of suicide if gambling lowers the risk of suicide for non-problem gamblers (eg by providing a lively and attractive place for people who may not otherwise be able to access a high quality community venue).

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the McCleary et al. study seems superior on methodological grounds, there are a number of flaws in both studies that suggest the issue is far from resolved:

- only casino gambling was examined, rather than gambling per se;
- different counties have different approaches to harm minimisation, which might explain lower suicides in some casino counties;
- the level of per capita spending on gambling was not controlled for, nor differences in accessibility to gambling types — though these are risk factors for problem gambling; and
- the hurdle set for proof was a high one — namely that the probability of incorrectly inferring that there was a problem when there was not one was set at 5 per cent. This means that differences in suicide rates that may well have been due to gambling (say with 75 per cent confidence) would be regarded as not statistically significant.

It may simply be too hard using this statistical approach to detect increased suicide rates due to gambling amid all other suicides, especially if the problem gambling suicides amount to a small proportion of total suicides.

A more recent study by Nichols et al. (1999b) used a more elaborate methodology. They examined the impact of casino gambling by examining suicide (and divorce) rates among eight casino communities compared to five matching control communities. The control communities were selected on the basis that they were similar on 15 demographic, social and economic variables. Suicide rates increased (or decreased less) in six of the eight casino communities compared to the control. A regression analysis suggested that the presence of a casino was associated with a statistically significant increase in per capita suicide. But they warned that the impact of casinos on suicide was a complex matter and that ‘the effect of casinos on these phenomena does not lend itself to sweeping generalisations’.

In order to better understand which problem gamblers might be at risk of suicide, the Commission closely examined the characteristics of those who said they had tried to commit suicide. There were few apparent relationships between suicide attempts and gender, education, ethnicity, income or age. The statistically significant factors correlated with suicide attempts were depression, acts of violence, crime, debt levels, the duration of a gambling problem and the use of gambling as a way of forgetting worries (box 7.5).<sup>17</sup> This pattern reinforces the

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<sup>17</sup> Blaszczyński and Maccallum (1999) also found support for an apparent link between crime and financial problems, and suicide risk. For example, they found suicidal gamblers had a median debt level of \$2 500 compared with \$200 for non-gamblers.

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point that there are strong links between the varying adverse impacts of gambling (and other life events and behaviours).

In summary, there is little doubt that there are suicides linked to gambling — it probably lies somewhere between 35 and 60 a year.

### *Ill health*

There is also some evidence of ill-health due to gambling:

- Relationships Australia Queensland (sub. 62) found that 20.3 per cent of their problem gambling clients reported physical symptoms associated with their problem.
- The recent US national survey found that ‘pathological’ gamblers had an incidence of poor health 2.2 times higher than low risk gamblers (Gerstein et al. 1999, p. 29).
- Ladouceur et al. (1994, p. 407) found that pathological gambling had severe health impacts. Over two thirds of a group of Canadian Gamblers Anonymous members indicated that due to gambling they experienced depressive moods, insomnia, headaches or stomach aches, at least once a week.
- Lesieur (1998, p. 157) cites high level health problems for a group of gamblers admitted to an Ohio inpatient gambling treatment program and a range of problems in a small group of Swedish pathological gamblers.
- A careful and large-scale study of video lottery games (which have some similarities to gaming machines) in Nova Scotia, Canada, found that problem players have far higher probabilities of physiological effects while playing, such as heart pounding, butterflies in the stomach, sweaty hands, headaches, shaking and nausea. For example, 43 per cent of problem players reported nausea and 18 per cent shaking or tremors compared to 6 per cent and 3 per cent respectively for non-problem frequent players. Star City Casino (sub. D217, p. 12) argued that these effects ‘accompany many pleasurable activities’. But that fails to explain the differential impacts on problem versus non-problem gamblers. And some of the more clearly unpleasant symptoms, such as nausea are clearly not typical of pleasurable activities.

Those who have gambling problems also describe health problems:

I knew I was addicted and out of control, but I felt powerless to stop. I had tried many, many times to just stop, but the urges that had a grip on me always won ... I ended up just as bad, and hating myself even ... thinking that I deserved this pain because I was so stupid and knew what the outcome would be, but went anyway ... So of course, my

health suffered, my finances were in ruin, and yet I didn't have the so-called willpower to stop (comments from a gambler to the Productivity Commission's inquiry).

### Box 7.5 Suicide attempts among clients in counselling

The Commission used a logistic model to examine what factors might influence the likelihood of a suicide attempt by a problem gambler in treatment. The Commission estimated a general model with a suite of socio-demographic variables (age, sex, income) and some variables reflecting the dimensions of the gambling problem (such as gambling debts, borrowing from friends and not paying back, violent incidents due to gambling, divorce due to gambling, frequency of depression associated with gambling, the duration of the gambling problem and some of the motivations for gambling, such as to escape worries). This general model was collapsed, after testing, to a more specific model:

$$\begin{aligned} \text{ATTEMPT} = & -4.96 + 0.000011 \text{ DEBT} + 0.041 \text{ DURATION} + 1.09 \text{ WORRIES} + 0.87 \text{ VIOLENCE} \\ & (62.2) \quad (4.0) \quad (4.5) \quad (8.9) \quad (4.3) \\ & + 2.29 \text{ ADEPRESS} + 1.62 \text{ ODEPRESS} + 0.97 \text{ CRIME} \\ & (13.4) \quad (8.0) \quad (6.7) \end{aligned}$$

where DEBT is the gambling debt levels (in \$), DURATION is the number of years since the person had a gambling problem, WORRIES is a dummy variable scored as 1 (else zero) if the gambler indicated that they always gambled to take their mind off their worries, VIOLENCE is 1 (else zero) if the person indicated that gambling had led to incidents of violence involving family, friends or others; ADEPRESS is 1 (else zero) if the gambler was always depressed because of their gambling, ODEPRESS is 1 (else zero) if they are often depressed because of their gambling; and CRIME is 1 (else zero) where a person engages in an illegal act to gamble. Figures in brackets are Wald Chi-squares. The regression is based on 372 observations, of which 50 were suicide attempts. The chi-square test for the joint significance of the explanatory variables is 74.1 with 7 degrees of freedom ( $p=0.0001$ ). The concordant predictions were 83.5 per cent, and discordant were 16.0 per cent.

Amongst other things, the model suggests that someone with an 8 year old problem, no debt and recording a zero for all of the other variables has a very slight risk (about 1 per cent) of attempting suicide because of their gambling. If they indicate that they are always depressed as a result of their gambling the probability climbs to about 9 percent. And it climbs significantly with all the other potential explanators so that someone with all of the problems, a \$50 000 debt and a 15 year duration of problems has a predicted 80 per cent probability of attempting suicide.

*Source:* Based on results from the PC Survey of Clients of Counselling Agencies.



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## Co-morbidities

Many problem gamblers experience other dependencies (table 7.5). Dickerson et al. (1996a) suggest that around 20 per cent of Australian gamblers who sought help for their gambling problems also have alcohol dependency.

A large dataset (4 915 registrations) of problem gamblers in outpatient addiction care and treatment in the Netherlands suggested that 7.7 per cent of problem gamblers seeking help had a secondary alcohol problem and 8.9 per cent a drug problem (LADIS 1998). This database also reveals that 2.4 per cent of those seeking help for an alcohol problem had a secondary gambling problem, while this was true for 1 per cent of people seeking treatment for a drug problem. Given that the populations of alcohol and drug dependents exceeds problem gamblers by factors of 5 and 7 respectively, the overall implications of secondary problems is that gambling problems are likely to loom larger than the primary treatment population might at first indicate.

Interestingly, Lorenz, Politzer and Yaffee (1990) found that past drug use was negatively correlated with the severity of the gambling problem, while alcohol problems had no statistical association with the severity of the problem.

Stinchfield and Winters (1996) in a large scale evaluation of Minnesota treatment services for problem gamblers found that 52 per cent had a co-existing psychiatric disorder (eg depression) and 47 per cent had used mental health services.

The existence of co-morbidities matters because:

- counselling for problem gambling will need to also deal with these co-morbidities, and treatment for other dependencies may need to take account of secondary gambling problems that may not be transparent; and
- it underlines the complex causality of problems experienced by problem gamblers. Problem gambling may exacerbate other dependencies, and they in turn may exacerbate problem gambling.

## 7.3 The impacts of problem gambling on others

Problem gambling affects both the gambler and his or her family, friends and, to a lesser extent, work colleagues and others in the general community:

... there is no doubt that costs imposed on others are a genuine social cost. These costs arise as a result of loss of business productivity, family breakdown, gamblers' antisocial and/or criminal behaviour, and destitution. They take the form of loss of well

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being of the problem gamblers' associates, and costs to welfare agencies and community groups (Tattersall's, sub. 156, p. 9).

The AMA said:

The gambler's preoccupation with gambling, mood swings, potential for substance abuse, potential to commit crimes, and financial difficulties place an enormous burden on their family (sub. 53, p. 8).

The AMA is currently running a national awareness program to try to get people with gambling problems to talk to their general practitioner about their problem.

Money arguments are frequent among problem gamblers<sup>18</sup>, and many report that they are unable to look after the interests of their families sufficiently (table 7.6). Problem gamblers often lie about their gambling to their families, undermining trust. For example, Relationships Australia Queensland (sub. 62) found that 74 per cent of problem gambling clients admitted lying to family partners, therapists or others to conceal the extent of problem gambling. Jackson et al. (1999b) found that 77.3 per cent of Victorian Break Even clients in 1997-98 admitted to such lying. Many gamblers seeking help for their problems indicate that their gambling problems had a devastating impact on their families and friends (table 7.7), with the biggest impacts on their relationships with their partners (box 7.6). Apart from gambling behaviours, such relationship issues were also the prime triggers for problem gamblers seeking help.

Based on South Australian families affected by problem gamblers, Elliot Stanford and Associates (1998) found in a South Australian study that family relation problems for problem gamblers were at levels which indicated a '*clinically significant problem*'. This, with the financial burden, leads to an increased risk of family breakdown and problems. The House of Representatives Standing Committee on Legal and Constitutional Affairs (1998, p. 55) cites gambling as one of the high risk factors that could precipitate divorce.

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<sup>18</sup> Other Australian research (for example, Dickerson, Baron, Hong and Cottrell 1996 cite 77.3 per cent of severe problem gamblers having such arguments) confirm this pattern, as does recent US research (Gerstein et al. 1999, p. 29 — where 53.1 per cent of problem gamblers report such arguments).

**Table 7.5 Presence of gambling problems in treatment groups and substance-abuse in people with gambling problems**

<i>Study</i>	<i>Location</i>	<i>Group</i>	<i>Substance abuse</i>
<b>Presence of gambling problems in treatment groups</b>			
Lesieur and Blume (1987, p. 1186)	South Oaks Hospital, New York 1985	Group of patients receiving help for alcohol and drug rehabilitation	12% of people with current drug or alcohol problems were rated as pathological gamblers
Lesieur (1994)	US studies	Inpatient chemical dependency treatment facilities	9-15% with current drug problems are pathological gamblers
Westphal, Rush, Stevens and Johnson (1998)	US Louisiana	Adolescents in juvenile facilities for treatment of behavioural problems	38 per cent were rated as 'pathological' gamblers
Lesieur and Blume (1990)	US	Psychiatric admissions	6.5% of such admissions were pathological gamblers
<b>Presence of substance abuse among problem gamblers</b>			
Lorenz, Politzer and Yaffee (1990)	Maryland, US 1983-89	Treatment groups	26.7% with lifetime drug & 50.8% with lifetime alcohol problems
Stinchfield and Winters (1996)	Minnesota, US, 1992–96	Treatment groups	33% had received chemical dependency services
Dickerson, Allcock, Blaszczyński, Nicholls, Williams and Maddern (1996a)	NSW 1995	General population	They found a significant positive association between problem gambling and alcohol problems.
Relationships Australia Queensland (sub. 62)	QLD 1993–8	Counselling group	16.5% with a substance dependency
National Council of Welfare	Canada	General population	100% of problem and pathological gamblers were classified as dangerously heavy alcohol drinkers in the Alberta survey; Weaker but still positive effects were found in Saskatchewan and Ontario surveys
Black and Moyer (1998)	US	Small group of problem gamblers 'recruited' by the researchers	64 per cent had a lifetime substance abuse disorder
Wallisch (1996); Feigelman, Wallisch and Lesieur (1998)	Texas US	General population	25% of problem gamblers also had a problem with substance abuse; 16.6% of people with substance abuse problems also had gambling problems. Only about 4% of problem gamblers reported any interest in professional help for their problem gambling, but many more had obtained help for a mental health problem.
Gerstein et al. (1999)	US 1998	General population	5.8% currently drug or alcohol dependent (cf 1.2% for low risk gamblers)

**Table 7.6 Interpersonal problems stemming from gambling<sup>a</sup>**

<i>Interpersonal problem</i>	Yes	Number affected	No	Rarely	Some-times	Often	Always	Source
	%	'000	%	%	%	%	%	
<b>Not enough time for family</b>								
PGs (ever)	19.5	57.1	80.5	..	..	..	..	NS
Non-problem regulars (ever)	0.8	9.8	99.2	..	..	..	..	NS
Adults (ever)	0.5	74.6	99.5	..	..	..	..	NS
PGs (in last year)	13.6	39.8	86.4	2.8	7.1	2.7	1.0	NS
Non-problem regulars (in last year)	0.5	6.3	99.5	0.3	0.0	0.0	0.2	NS
Adults (in last year)	0.3	46.1	99.7	0.1	0.2	0.1	0.0	NS
<b>Gambling led to the breakup of a relationship</b>								
PGs (ever)	11.3	33.1	88.7	..	..	..	..	NS
Non-problem regulars (ever)	0.1	0.9	99.9	..	..	..	..	NS
Adults (ever)	0.4	59.5	99.6	..	..	..	..	NS
PGs (in last year)	4.7	13.8	95.3	..	..	..	..	NS
Non-problem regulars (in last year)	0.0	0.0	100.0	..	..	..	..	NS
Adults (in last year)	0.3	39.2	99.7	..	..	..	..	NS
<b>Breakup led to split up</b>								
PGs (ever)	9.1	26.8	90.9	..	..	..	..	NS
Non-problem regulars (ever)	0.1	0.9	99.9	..	..	..	..	NS
Adults (ever)	0.3	42.6	99.7	..	..	..	..	NS
PGs seeking help (ever)	26.0	..	74.0	..	..	..	..	CS
<b>Losing contact with children</b>								
PGs seeking help (ever)	11.4	..	88.6	..	..	..	..	CS
<b>Prevalence of violence due to gambling</b>								
PGs seeking help (ever)	13.1	..	86.9	..	..	..	..	CS
<b>Gambling money arguments with family</b>								
PGs (in last year)	42.0	122.9	58.0	7.8	18.8	10.8	4.6	NS
Non-problem regulars (in last year)	4.0	48.5	96.0	1.4	2.4	0.1	0.0	NS
Adults (in last year)	1.9	266.9	98.1	0.8	0.7	0.3	0.1	NS
PGs seeking help (in last year)	83.2	..	16.8	12.2	24.9	21.4	24.6	CS

<sup>a</sup> NS is the PC *National Gambling Survey*; CS is the PC *Survey of Clients of Counselling Agencies*, 1999; PGs are problem gamblers (defined as SOGS 5+ for results from the general population). Data on regulars excludes people who play non-lottery games irregularly, but spend over \$4 000.

Source: PC *National Gambling Survey* and PC *Survey of Clients of Counselling Agencies*.

**Table 7.7 Impacts on others by problem gamblers in counselling**

	<i>Partner</i>	<i>Children</i>	<i>Parents</i>	<i>Friends</i>	<i>Colleagues</i>
	%	%	%	%	%
No effect at all	10.8	18.2	24.7	34.3	45.2
Minor adverse effect	8.5	21	20	25.1	13.2
Moderate adverse effect	17.2	14.1	21.3	17.5	8
Major adverse effect	46.6	20.7	21.6	15.4	9.4
Not applicable	14.3	24.9	10.3	6.3	20.9
Do not know	2.6	1.1	2.1	1.3	3.3

Source: PC *Survey of Clients of Counselling Agencies*.

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The Commission's *National Gambling Survey* suggested that just under one in ten problem gamblers report a split-up with partners due to gambling (or 90 times higher than that for non-problem regular gamblers — table 7.6). About one quarter of problem gamblers seeking counselling report that gambling has led to the dissolution of a relationship with a partner.<sup>19</sup> Trying to estimate the extent to which these lifetime rates of gambling-related relationship breakdowns contribute to *annual* divorces and separations in Australia is difficult (appendix T). **But on the basis of a variety of evidence, the Commission concludes that there are conservatively around 1 600 gambling-related divorces per year.<sup>20</sup> And there is also a significant impact on relationships.**

## Partners

Problem gamblers tend to devote large amounts of money and time on gambling, and these commitments have severe consequences for the well being of their family and partners. This, together with deception about their gambling and the anxiety, mood swings and stress accompanying their gambling, not only generate relationship frictions, but health and mental distress for the partners.

Based on a clinical study of problem gamblers, Dickerson et al. (1996a) report that 40 per cent of problem gambler's partners had developed significant stress-related illness. Overseas studies confirm this pattern, with the partners of problem gamblers exhibiting high rates of emotional distress and other symptoms (Lorenz and Yaffee, 1986, 1989; and Lorenz, Politzer and Yaffee 1990), which is why they are also major users of help services. In a US study of members of GamAnon, a self-help group for families and friends of people in Gamblers Anonymous it was found that:

All respondents experienced numerous reactions, both psychological (depression, bad nerves) and physical (headaches, nausea, ulcers) as a result of living with an active compulsive gambler ... 5 [of 18] had severe suicidal thoughts, and one did attempt to

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<sup>19</sup> Other survey results find even more extreme results. Dickerson, Baxter et al (1995, p. 97) found that 44.4 per cent of males and 22 per cent of female clients of a Queensland counselling group experienced relationship breakdown as a result of their gambling problems. Dickerson, Baron, Hong and Cottrell (1996) found that 45.5 per cent of SOGS 10+ Australian problem gamblers experienced relationship breakdown. Relationships Australia Queensland (sub. 62) estimated that around 46 per cent of BreakEven Gold Coast clients (from May 1993 to October 1998) experienced a gambling-related relationship breakdown. Jackson, Thomas, Crisp, Smith, Ho & Borrell (1997, p. 27) found that 54.7 per cent of clients of gambling counselling services in Victoria in 1996-97 had jeopardised or lost significant relationships. Brown and Coventry (1997) and AIGR (1996b) report similarly adverse impacts of gambling problems on relationships.

<sup>20</sup> This is considerably less than the yearly rates used in the cost estimates in the draft report — see appendix T.

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commit suicide. Others resorted to committing illegal acts, such as writing bad checks, to support the family (Lorenz, Politzer and Yaffee 1990).

Many of the problems appearing in such ‘significant others’ — such as in increased visits to general practitioners — may not be ascribed to problem gambling because of the stigma and embarrassment in revealing the problem (Blaszczynski, Walker et al. 1997).

#### **Box 7.6      Some impacts on relationships**

I have had gambling problems for the last nine years betting on horses. My gambling has caused me to appear before the courts on no less than four occasions. I have been homeless many times and my life has become unmanageable. When I am gambling, I do not think of the consequences, I don't care about anything else. I have readily blown my rent and food money to have one more chance to win. It doesn't worry me. My second wife has left with the two children, both under three years of age. Even so, all I can dream of is the big win which will turn my life around for the better (quoted in Blaszczynski 1998, p. 18).

Joanne is a 54 year old housewife whose thoughts about playing the lottery have taken over her whole life ... She skimmed on household spending just to get a few more pence for another ticket ... Her husband is fed up with her constant preoccupation with the lottery, her lack of interest in the marriage and their home, and the couple are now slowly drifting apart (Dickerson, Baxter et al. 1995, p. 22).

From memory there wasn't any specific incident that informed me about [his] gambling. He denied it of course. Just some tight, nauseating knot in the pit of my stomach told me that things were not right ... I started to read signs of distress ... [his] needing to stay at the office late ... his increasing difficulty remembering personal commitments, complaining about never having enough money for himself, increasing moodiness ranging from sullen, sulky and withdrawn to outright rage whenever he felt 'put out' ... and then things started to go missing. ... And so began my terrifying journey of loneliness ... [He] had stolen \$2000 from his work and had lost it all at the casino. He needed to replace the money by next morning or it would be discovered and he'd lose his job. So much was being lost here ... money, job, integrity, security ... The lying was the worst aspect of the whole experience. It meant the goalposts were continuously moving and therefore decisions were made that were constantly ineffective. She [the daughter] still has trouble discerning the difference between borrowing, lending, losing, taking and stealing and I have to vigilantly reinforce their meanings at every opportunity. She is currently having counselling ... I decided to leave with the children ... The air reeked with sadness and relentless weariness ... she [the other daughter] played around the edges of bulimia and suicide. ... He [the son] climbed on to the roof of the unit and yelled to me that he felt like jumping off (confidentialised sub. C35).

When the boys got home from school there was never anything for them to eat ... They had to wear the same clothes as they never had new clothes, I became a liar to my children ... I also became very angry most days ... We all turned into the family from hell. Due to my gambling I also lost a lot of very close friends through all the lies ... The people that have been affected the most with all this are my boys, my family and friends and also my marriage ... [my boys] have lost their father, friends and their home (sub. D209).

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There is some evidence of domestic violence associated with problem gambling, although most of it is anecdotal. One counselling agency indicated that 4 per cent of its clients had admitted to physically abusing their partner to gain financial benefits (sub. D218, p. 2). In some cases, the perpetrator is the problem gambler (Brown, Johnson, Jackson and Wynn 1999, pp. 30–1, 41). In other cases, the domestic violence emerges as a response by the non-problem gambling partner to the sudden revelation of the financial losses incurred by a problem gambling spouse (evidence to the Commission by a migrant social worker in Darwin). In a US study, Lorenz and Shuttleworth (1983) found that 82 per cent of the wives of pathological gamblers (in treatment) were so angry or frustrated with their spouses that they wanted to hurt or even kill them. Over one in ten problem gamblers in counselling reported that gambling led to violent incidents (table 7.6).

## **The children**

The children of problem gamblers are affected in many ways and, lacking the autonomy, maturity, access to help, and power of adult partners, may have less control over the situations in which they find themselves.

A highly visible form of the problem has been the much cited cases of children left in cars outside casinos (sub. 53, p. 9). This problem has apparently largely ceased now that casinos monitor car parks and will exclude a patron who engages in this behaviour. However, this has probably meant that children have been left at home alone or in inappropriate care situations — an invisible problem replacing a visible one.

The most immediate concern for children's welfare in problem gambling households is poverty. Problem gambling eats up resources that otherwise would be spent on all household members — from family entertainment, a serviceable car, a pleasant home, holidays, and even food.

The mood swings, substance abuse and familial discord that may accompany problem gambling, must also have substantial adverse impacts on any involved children, including their social integration and education:

Another one of our female clients from overseas had 4 children and was evicted because of her gambling. She was placed into our agency's emergency accommodation. She was behind with the rent, had no food for the children and kept her youngest son (aged 12) away from school to baby-sit the other three children while she gambled. We attempted to link the boy back into school as his school work had been severely disrupted ... Her son had lost his individuality and motivation ... Protective Services were eventually called in but she left with the children and there has been no follow up

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with the agency (Social worker cited in Brown, Johnson, Jackson and Wynn 1999, p. 34).

‘Josie’, a mother of three young children under seven, from a nearby country town contacted us after she had used the housekeeping money for gambling. She felt particularly guilty because her children were suffering as she was emotionally distant and they were not eating well. This couple is now separate and the father gave up his job to care for his children (Relationships Australia (SA) sub. 118).

Another worker talked about a lady who left her child with friends for ten days and child protection was eventually called in. When they found her, she was at the casino with two packets of nappies in her hand. How hard was it for her to leave the casino you can see (Vietnamese Problem Gambling Community Educator cited in Tran 1999, p. 45).

Children of problem gamblers live in a volatile and confusing environment. The gambling parent is likely to ignore them and dismiss their needs on the one hand and at other times be doting and indulgent. The children respond to this seesawing relationship by feeling angry, hurt, lonely, guilty, abandoned and rejected (Relationships Australia (SA), sub. 118 drawing on Lesieur (1992), p. 46).

Carrig, Darbyshire and Oster from Relationships Australia and the Women’s and Children’s Hospital (sub. D210) undertook qualitative research to examine, from childrens’ own perspectives, the experiences of living with a parental problem gambler. They found:

- the experience of parental separation was common among study participants;
- that participants described a marked change in the gambling parent as a result of the gambling problem. The parent is often described as having undergone a personality change accompanying the development of the gambling problem and becoming ‘secretive, deceptive, unreliable, irresponsible, irrational, disinterested and selfish’;
- large tangible losses, such as money (their family’s and their own), their homes, their holidays. Some children lost their schooling; and
- a loss of security. The authors noted that the children felt a loss of a secure financial environment, the disintegration of stability, isolation from others and insecurity stemming from a volatile home life.

In summary they noted that:

The researchers believe that the importance of loss in these children’s descriptions of their experiences is undeniable. This sense of pervasive loss in the experiences of these children and young people can be viewed as a significant cost of parental problem gambling (pp. 27–8).

Lorenz et al. (1990) found that in Maryland, 61 per cent of the children of problem gamblers enrolled in Gamblers Anonymous suffer from a variety of behavioural and



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mood problems including withdrawal, depression and anger (though these results are based on a small sample). Absences from school, higher dropout rates and poorer grades were also recorded. Other aspects of physical and emotional deprivation for children were revealed in a study of children of US Gamblers Anonymous members (Lesieur and Rothschild 1989).

Jacobs et al. (1989) found that children from problem gambling households exhibited a greater likelihood of undertaking health threatening behaviours (such as smoking, drinking and drug use) than their peers. They were more likely to attribute these behaviours as escapes from their dire domestic circumstances. Their educational results suffered. And they were more likely to feel profoundly sad and suicidal, with double the risk of making a suicide attempt.

There is some international evidence of increased risk of child abuse (cited in Adelaide Central Mission 1998, p. 16). US studies suggest that child abuse rates are two to three times more likely in the problem gambling family environment (Lorenz 1987 and Lesieur and Rothschild 1989).

### **The numbers of people affected by problem gamblers**

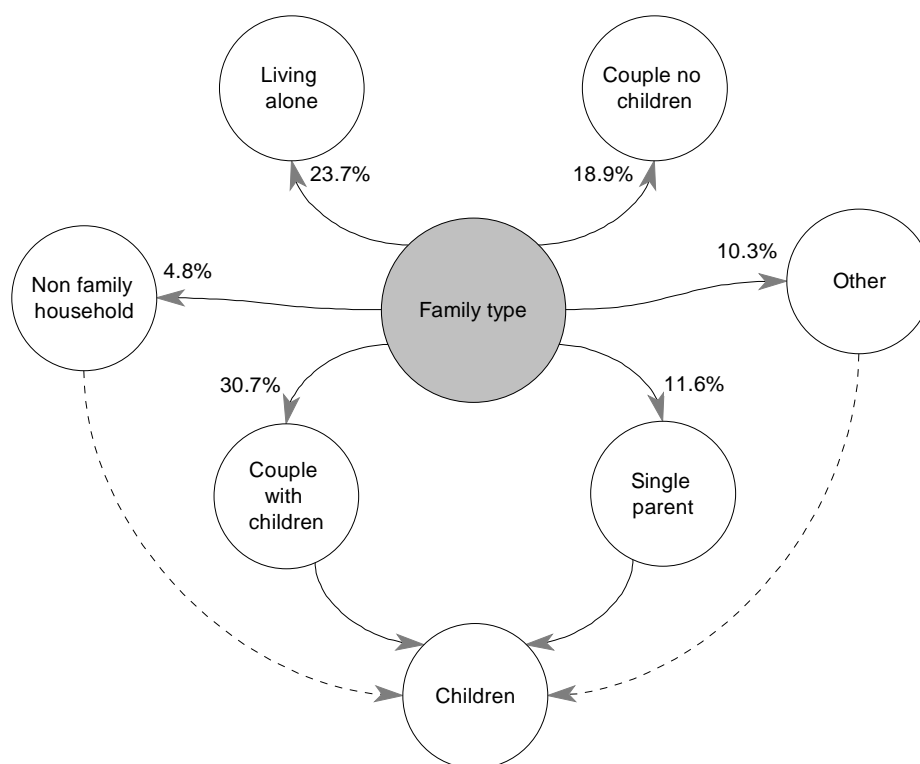
Another relevant issue is the number of ‘significant others’ who are affected by problem gamblers. While about one in five problem gamblers live alone (figure 7.4)<sup>21</sup>, most live with others, who must be affected by the problem gambler on a daily basis. Just under half of problem gamblers (49.4 per cent) live in households with children and on average have 2 children (Elliot Stanford and Associates 1998), so that for every problem gambler there is on average one associated child living in the same household. The Commission’s *National Gambling Survey* found a slightly smaller figure, with around 0.6 children (under the age of 15 years) living with the average problem gambler.<sup>22</sup>

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<sup>21</sup> Many of those who live alone will still have strong connections with others, such as their parents. Moreover, many times the fact that they are alone may reflect the consequences of problem gambling on significant others, who have then left relationships.

<sup>22</sup> The client survey, which covers the most severe category of problem gamblers also suggests around 0.6 children per problem gambler.

**Figure 7.4 The families of problem gamblers<sup>a</sup>**  
South Australia 1996 to 1998



<sup>a</sup> Based on a survey of clients of gambling counselling services in South Australia for the period November 1996 to May 1998.

Data source: Elliot Stanford and Associates (1998).

People are surrounded by networks stronger than the immediate nuclear family, such as siblings, parents and friends. The Public Health Association of Australia notes that a problem gambler affects on average 10 to 15 other people (1997, p. 1). The Break Even-Western Problem Gambling Service (sub. 64 p. 3) cites evidence that problem gamblers affect another 7 to 10 people.<sup>23</sup> Lesieur (1984) says that between 10 and 17 other people are affected by the 'excessive' gambler, including spouse, children, extended family, employer, employees, clients, consumers, creditors and insurance agencies. Using data from the *Survey of Clients of Counselling Agencies*, the Commission estimated that the average number of people who are adversely affected by a problem gambler is 7.3.<sup>24</sup> Of course, the magnitude

<sup>23</sup> Some indirect evidence for this sort of magnitude can be obtained from the ratio of the prevalence of people reporting that they personally know someone with a gambling problem in the past year (around 28 per cent) and the prevalence rate of problem gambling (2.1 per cent) — with the ratio being around 13.3.

<sup>24</sup> The survey asked gamblers to nominate people who had been adversely affected by their gambling amongst five categories (partner, children, parents and other relatives and work

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of such effects is likely to be weaker, of lesser duration and more under the control of the affected party, the more distant is their relationship to the problem gambler.

## **Intergenerational effects**

Problem gamblers have an elevated risk of having children or other family members associated with them also developing subsequent problems — so that problem gambling has an inter-generational impact (Lesieur and Klein 1987; Lesieur et al. 1986; Volberg 1994; Volberg and Abbott 1994 and National Research Council 1999, p. 118).

The Commission's survey results suggested that problem gamblers are much more likely to report someone else in their family having problems with gambling. For example, a problem gambler in counselling has a 16 times higher chance of having a father with a problem, than non-problem gamblers in the population (table 7.8). These results are confirmed in other studies.<sup>25</sup>

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colleagues). The count of the number of people affected depended on whether the gambler nominated that there had been an adverse effect. Otherwise, it was assumed there had been a zero effect. It was assumed that if the gambler had children they had an average of 1.5, that if they had a partner they had an average of 6 other relatives (including parents, grandparents, parents-in-law and siblings) that were affected, that if they had no partner they had 3 such relatives. If they adversely affected friends it was assumed that there were 3 such people and similarly that where adverse work impacts were described they related to 3 affected work colleagues. These calculations are below estimates that have been made in other studies. Star City Casino (sub. D217, p. 12), however, considered that they were likely to be an exaggeration.

<sup>25</sup> In a New Zealand study, Abbott and Volberg (1992, p. 5) found that of those whose parents had a problem, 17 per cent exhibited some degree of gambling problem themselves. In the UK, Fisher (1996) found that 33 per cent of severe problem gamblers had a parent who was a problem gambler compared to 4 per cent of social gamblers. In a US study of people receiving help for gambling problems in Maryland, 24 per cent of the group had a father who had experienced gambling problems (Lorenz, Politzer and Yaffee 1990). A Canadian study also found strong links between problem gambling and a family history of problem gambling (Ferris et al. 1996). In a study of a South Australian prison population, Marshall, Balfour and Kenner (sub. 116, pp. 9–10) found that 32.4 per cent of problem gamblers had a father with a gambling problem (compared to 2.9 per cent for non-problem gamblers) and 17.6 per cent had a brother or sister with a gambling problem (also compared to 2.9 per cent for non-problem gamblers).

**Table 7.8 Intergenerational and family-wide problems with gambling<sup>a</sup>**

	<i>Ever</i>	<i>Last year</i>
	%	%
PGs with partner with problem	0.5	0.5
PGs with father with problem	2.3	2.3
PGs with mother with problem	1.1	1.1
PGs with sibling with problem	4.3	4.3
PGs with child with problem	0.9	0.9
PGs with a parent with a problem	3.4	3.4
PGs with any family member problem	16.2	14.8
PGs who knows anyone with problem	62.8	56.8
PGs who know more than 1 other problem gambler	34.2	31.9
PGs in counselling with a partner having problem	5.0	..
PGs in counselling with father having problem	15.6	..
PGs in counselling with mother having problem	9.9	..
PGs in counselling with a sibling having problem	13.9	..
PGs in counselling with a child having problem	2.0	..
PGs in counselling with parent having problem	21.5	..
PGs in counselling with other relative having problem	8.7	..
PGs in counselling with any family member problem	36.6	..
Non-PGs with partner with problem	1.03	0.7
Non-PGs with father with problem	0.99	0.5
Non-PGs with mother with problem	0.39	0.2
Non-PGs with sibling with problem	1.40	1.2
Non-PGs with child with problem	0.58	0.5
Non-PGs with a parent with a problem	1.38	0.7
Non-PGs with any family member problem	11.23	7.0
Non-PGs who knows anyone with problem	39.62	28.0
Non-PGs who know more than 1 other problem gambler	11.36	7.5

<sup>a</sup> PGs are problem gamblers (defined as SOGS 5+ for results from the general population) and Non-PGs are non-problem gamblers.

*Source:* Data on problem gamblers in counselling is from the *PC Survey of Clients of Counselling Agencies*, while all remaining data are from the *PC National Gambling Survey*.

It seems likely that the children of problem gamblers would be more familiar with how to gamble. They may also learn their parents' cognitive and cultural models of gambling which might pre-dispose them to a higher risk.<sup>26</sup>

**Problem gambling — like a variety of other social ills — has intergenerational consequences. People whose parents have had a problem with gambling are much more likely to develop a problem themselves. This means that the**

<sup>26</sup> However, another possible explanation is that other aspects of cultural disadvantage may also be passed on, and it is this hidden factor which explains the intergenerational effect, rather than something tied specifically to gambling. For example, people who have low work skills and are unemployed are more likely to have children who are unemployed. Both the parents and the children would have a higher risk of problem gambling due to their unemployment status.

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**potential cost of a new ‘case’ of problem gambling is greater than might be expected — because it increases the likelihood of future cases. This strengthens the argument for preventative approaches to problem gambling.**

## **7.4 Impacts on work**

One of the behavioural traits of problem gamblers is pre-occupation with gambling, and that, with periods spent away from the workplace while gambling and the impacts of gambling-related substance abuse, can have adverse impacts on a gambler’s work performance. As noted in section 7.7, in some cases it results in theft from other employees or the employer.

Star City Casino (sub. D217, p. 12), in reviewing the evidence, considered that the ‘effect of gambling on work performance may well be less than the effects of surfing, racing, shopping, movies etc’.

The Commission’s surveys (tables 7.9 and 7.10) suggested moderate effects on work performance by most problem gamblers:

- about 19 per cent of problem gamblers said they lost time from work or study in the last year due to gambling, but this typically occurred infrequently. About one in four reported that gambling had an adverse impact on their work;
- in contrast, around 50 per cent of problem gamblers in counselling reported that they had lost time from work or study due to gambling in the last year. This mirrors the study by Dickerson, Baxter et al. (1995, p. 97) which found that 45 per cent of problem gambling clients of Break Even counselling services in Queensland had lost time from work;<sup>27</sup>
- around 6 per cent of problem gamblers reported that they had ever moved jobs, and about half a per cent said that they had been sacked as a result of their gambling (about 1 500 people);

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<sup>27</sup> Interestingly, they found that fewer women (14 per cent) had experienced this problem, which probably reflected the fact that the women had experienced problems with gambling for a shorter duration than the men (which in turn reflected the recency of gaming machines in Queensland).

**Table 7.9 Work impacts<sup>a</sup>**

<i>Type of work impact</i>	<i>Yes</i>	<i>Number affected</i>	<i>Never</i>	<i>Rarely</i>	<i>Some-times</i>	<i>Often</i>	<i>Always</i>	<i>Source</i>
	%	000	%	%	%	%	%	
<b>Lost time from work or study</b>								
PGs (in last year)	18.8	55.0	81.2	9.1	5.5	1.4	2.2	NS
Non-problem regulars (in last year)	1.7	20.2	98.3	1.0	0.6	0.1	0.0	NS
Adults (in last year)	0.7	98.1	99.3	0.4	0.2	0.0	0.1	NS
PGs seeking help (in last year)	50.3	..	49.7	16.3	15.8	13.0	4.6	CS
<b>Adversely affected job performance</b>								
PGs (ever)	31.3	91.7	68.7	..	..	..	..	NS
Non-problem regulars (ever)	0.2	1.8	99.9	..	..	..	..	NS
Adults (ever)	1.2	165.1	98.8	..	..	..	..	NS
PGs (in last year)	25.4	74.5	74.6	8.7	14.5	2.2	0.1	NS
Non-problem regulars (in last year)	0.0	0.0	100.0	0.0	0.0	0.0	0.0	NS
Adults (in last year)	0.7	94.3	99.3	0.3	0.3	0.1	0.0	NS
<b>Changed jobs due to gambling</b>								
PGs (ever)	5.9	17.3	94.1	..	..	..	..	NS
Non-problem regulars (ever)	0.2	2.0	99.8	..	..	..	..	NS
Adults (ever)	0.2	27.9	99.8	..	..	..	..	NS
PGs seeking help (ever)	18.3	..	81.7	..	..	..	..	CS
PGs (in last year)	1.9	5.6	98.1	..	..	..	..	NS
Non-problem regulars (in last year)	0.0	0.0	100.0	..	..	..	..	NS
Adults (in last year)	0.0	5.6	100.0	..	..	..	..	NS
<b>Lost job due to gambling</b>								
PGs (ever)	0.5	1.6	99.5	..	..	..	..	NS
Non-problem regulars (ever)	0.0	0.0	0.0	..	..	..	..	NS
Adults (ever)	0.1	10.2	99.9	..	..	..	..	NS
PGs seeking help (ever)	18.6	..	81.4	..	..	..	..	CS
PGs (in last year)	0.0	0.0	100.0	..	..	..	..	NS
Non-problem regulars (in last year)	0.0	0.0	100.0	..	..	..	..	NS
Adults (in last year)	0.0	0.0	100.0	..	..	..	..	NS

<sup>a</sup> PGs are problem gamblers (defined as SOGS 5+ for results from the general population).

Source: Data on the problem gamblers in counselling is from the PC *Survey of Clients of Counselling Agencies*, while all remaining data are from the PC *National Gambling Survey*.

**Table 7.10 Work impacts for problem gamblers in counselling<sup>a</sup>**

	<i>Time at work</i>	<i>Quality of work</i>	<i>Cooperation</i>	<i>Speed of working</i>	<i>Promotion prospects</i>	<i>Concentration</i>	<i>Confidence or trust</i>
No effect	50.7	44.9	55.7	58.8	59.2	28.7	55.5
Minor adverse effect	24.8	25.7	23.2	19.6	11.1	30.4	14.1
Moderate adverse effect	15.2	14.4	11.8	11	10.1	22.2	8.6
Major adverse effect	7.6	12.7	6.6	5.8	11.8	17.1	17.2
Not applicable	1.7	1	2.1	1.7	4.9	1	2.1
Don't know	0	1.4	0.7	3.1	2.8	0.7	2.4

<sup>a</sup> Applies only to those problem gamblers who were employed at the time they had their problem.

Source: PC *Survey of Clients of Counselling Agencies*.

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- job change and loss were much greater among problem gamblers in counselling, with about one in five saying that they lost or moved jobs due to gambling;
  - it appears that the biggest source of difficulty reported by employed problem gamblers is a loss of trust by others and lowered concentration on work (table 7.10); and
  - problem gamblers in counselling (the most severe category) reported, on average, a decline in work performance of 7.9 per cent.<sup>28</sup>

Ladouceur, Boisvert, Pepin, Loranger and Sylvain (1994) have conducted one of the more thorough investigations of the impact of gambling on work performance. They found that 66 per cent of a group of Canadian problem gamblers who were members of Gamblers Anonymous had missed work (or left early) to gamble, with half of these doing so more than five times a month (p. 405). 14 per cent said they had missed a whole day of work to gamble. 59 per cent reported being irritable at work because of their preoccupation with gambling, finding it hard to concentrate. 37% had stolen from their employer.<sup>29</sup>

## 7.5 Impacts on spending

### The share of gambling expenditure accounted for by problem gamblers

Almost all estimates of prevalence of problem gambling for Australia suggest that a small share of adults are adversely affected — though significantly more as a proportion of regular gamblers (chapter 6). But prevalence rates are a very poor guide to aggregate social impacts because they fail to take account of the magnitude of the impacts. In particular, it is important to contrast the small prevalence rate of

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<sup>28</sup> This was estimated from the Commission's client survey. The Commission asked gamblers to rate their work performance loss.

<sup>29</sup> Other studies have found similar results. Dickerson, Baron, Hong and Cottrell (1996) found that among people with a SOGS score of 10+, 54.5% had lost time from work/study; 31.8% had moved/changed jobs; 13.6% had had efficiency affected and 22.7% had been sacked. Relationships Australia Queensland (sub. 62) found that among clients of the Break Even Gold Coast (May 1993 to Oct 1998) 61% reported at least a mild adverse impact on their work, while 23.2% had moved jobs or been sacked as a result of their gambling. Gerstein et al 1999 (p. 42) found that 13.8% of problem gamblers in the general population had lost a job or been sacked in past year compared to 4% for low risk gamblers. They then estimated the rate of job loss *due* to gambling as 8 per cent. Lesieur (1998) and Thompson et al. (1996) reported more adverse outcomes for problem gamblers seeking help (in the United States).

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problem gambling with the share of gambling expenditure (losses) accounted for by this group.

A minority of people account for the bulk of gambling spending, a phenomenon which has been noted by other researchers (eg Dickerson, Baxter et al. 1995, p. 79). And not surprisingly, problem gamblers, though a small proportion of total gamblers, are highly represented among heavy spenders and would be expected to account for a significant share of total expenditure. This has the important policy implication that gambling providers face mixed incentives for dealing with problem gamblers. Those venues which most try to limit the problems may lose revenue as well as losing market share relative to those whose efforts are weaker. It raises some additional hurdles to the workability of self-regulation (chapter 16).

### *Estimates for aggregate gambling*

Few past studies of gambling in Australia or elsewhere have sought to examine the share of player losses accounted for by problem gamblers. The Australian study based on 1991 data by Dickerson, Baron, Hong and Cottrell (1995) is a rare exception. They found that problem gamblers accounted for about 26 per cent of total gambling expenditure in Australia, a number that they regard as ‘probably conservative’.

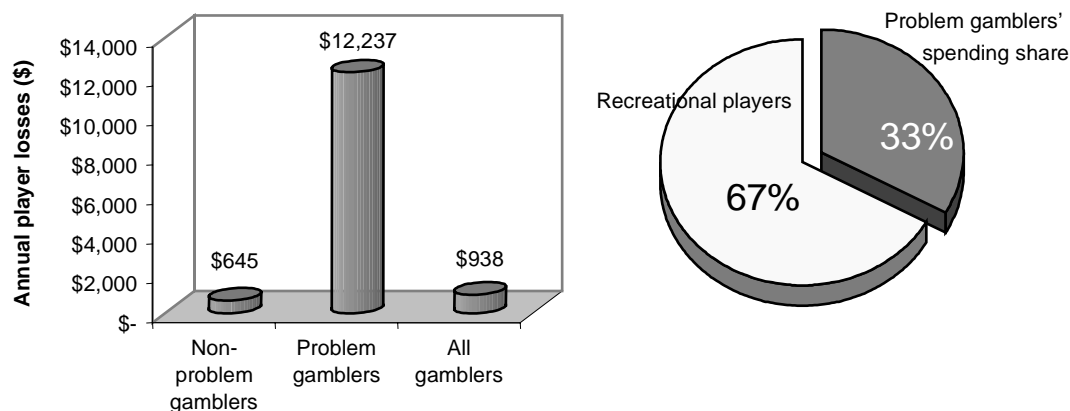
The Commission also undertook analysis of the unit record files of past Australian survey data (the Victorian, NSW, Tasmanian and SA surveys) to try to estimate expenditure shares of problem gamblers. The estimates vary significantly, but given sample variability, a weighted average of the estimates is more likely to give a reliable picture. On this basis, around 30 per cent of expenditure was accounted for by problem gamblers.

However, these surveys were based on different sets of questions, were conducted at different times and provide an incomplete coverage of Australia. The Commission’s *National Gambling Survey* is likely to provide a more reliable estimate. Using the methodology described in appendix P, the Commission estimated that problem gamblers account for about one third of total Australian resident commercial gambling expenditure (figure 7.5).

Behind the aggregate estimate is the fact that average annual expenditure by problem gamblers is very high. The average estimated expenditure of problem gamblers in the last 12 months is about \$12 200 — 19 times greater than the \$645 for non-problem gamblers.



**Figure 7.5 The share of player losses accounted for by problem gamblers<sup>a</sup>**  
Australia 1999



<sup>a</sup> See appendix P for the methods used to calculate these estimates.

Data source: appendix P.

It should not be assumed that all problem gamblers spend a large amount, or that all heavy gamblers are problem gamblers. Indeed, the Commission's survey suggests that 60 per cent of gamblers outlaying more than \$4 500 a year are not problem gamblers. Even so, the data suggests strongly that problem gamblers are much more prevalent amongst big spenders than among light spenders. The average expenditure per gambler tends to climb with higher SOGS scores.

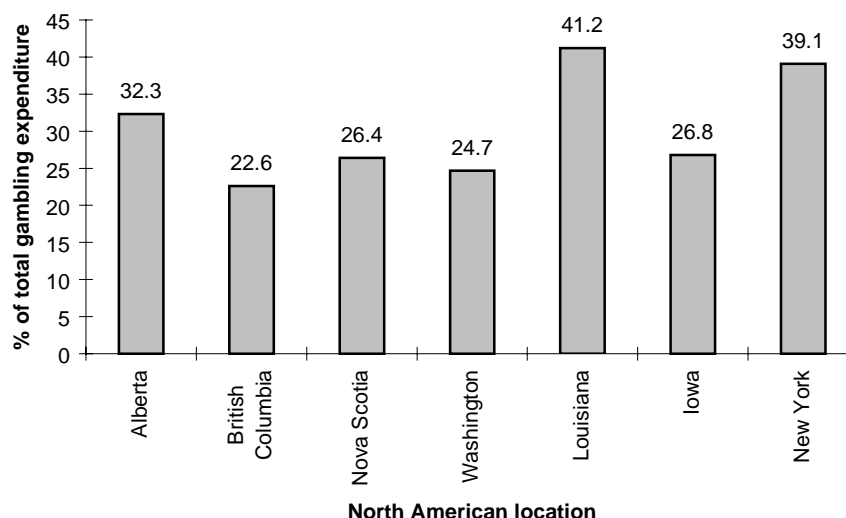
Those with severe problems (as defined using the Dickerson approach described in chapter 6) account for the majority of spending by problem gamblers. For example, it is estimated that this group accounts for about one third of spending on gaming machines and one quarter of spending on racing (appendix P).

Other international studies have also found that problem gamblers account for a significant share of expenditure. In the United States, Grinols and Omorov (1996) estimated that 52 per cent of casino revenue comes from problem and pathological gamblers — but their estimate appears to be inflated and subject to serious qualification (Volberg, Moore, Christiansen, Cummings and Banks 1998, p. 351). Lesieur (1998) examined seven jurisdictions in Canada and the United States and found that problem gamblers accounted for between 23 and 41 percent of total gambling expenditures (figure 7.6).

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Figure 7.6     **Expenditure shares of problem gamblers in North America**

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*Data source:* Lesieur (1998, 1996). Lesieur used a score of 3 or more as an indicator of problem gambling — which will tend to inflate the expenditure shares.

Rather lower figures were found by the recent US NORC study. Problem gamblers accounted for 16.6 per cent of past year losses in casinos and 13.5 per cent of past year losses in racing. However, the overall estimates of expenditure were unusual because many people claimed to win overall, so that these loss shares are of questionable value in shedding light on the problem gambling expenditure share. Analysis of the US data by Volberg and Gerstein is continuing and further results are expected in the year 2000.

Data from a 1992 survey in New Brunswick in Canada suggests that ‘pathological’ gamblers accounted for about 1.6 per cent of gamblers and only 4.3 per cent of total gambling spending (National Council of Welfare 1996, p. 8).

A detailed study of Video Lottery Terminals (VLTs) in Nova Scotia, Canada, found that problem players, who comprised 0.92 per cent of Nova Scotian adults, accounted for 53 per cent of VL gaming revenue (Focal Research 1998, p. 3.43).

**Overall, problem gamblers, while small in number, have a cumulatively large impact because they spend around 19 times more than recreational gamblers. The implication is that of the \$10.7 billion of gambling expenditure by Australians in 1997-98<sup>30</sup>, around \$3.6 billion comes from problem gamblers.**

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<sup>30</sup> Based on net gambling expenditure in Australia less \$536 million for casino losses experienced by overseas visitors.

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### *Estimates for different gambling modes*

It is possible to extend the methods used above to estimate gambling expenditure shares by problem gamblers to different types of gambling. No such studies have been attempted for Australia, but Volberg, Moore, Lamar, Christiansen, Cummings and Banks (1998, p. 355) find that problem gamblers in Iowa and Mississippi account for a share of total losses that varies significantly between gambling modes (table 7.11), as does Lesieur (1996, 1998) for seven regions in North America. The data suggest that problem gamblers account for a modest share of expenditure on non-continuous forms of gambling, such as sporadic lotteries (but not scratchies) and raffles — around 10 per cent (or lower). But expenditure shares are much bigger in EGMs (and VLTs), table games and wagering.

The Commission analysed data from a study in Alberta, Canada and found similar patterns, with the interesting twist that there were stark differences in expenditure patterns for males and females. Thus female problem gamblers accounted for about 40 per cent of bingo expenditure by all females, whereas male problem gamblers accounted for about 20 per cent of all bingo expenditure by males. An even clearer pattern emerged for wagering on horses, with female problem gamblers accounting for 2.7 per cent of female racing gambling expenditure and male problem gamblers for 58 per cent of male expenditure on this gambling form.

Analysis by the Productivity Commission of data from Wynne, Smith and Jacobs (1996) for Alberta adolescents aged 12 to 17 years found that gambling expenditures are even more skewed to problem gamblers in this group than adults. Forty-nine per cent of total gambling expenditure by adolescents is accounted for by the 8 per cent who are rated as problem gamblers<sup>31</sup> — rising to 60 per cent for some gambling forms, such as card games, and as little as 24 per cent for raffles (table 7.12). No similar studies of expenditure shares among adolescents have been conducted in Australia.

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<sup>31</sup> Using the SOGS 5+ threshold.

**Table 7.11 Share of gambling expenditure accounted for by problem gamblers**

Iowa 1995, Mississippi 1996 and the United States 1998

<i>Type of gambling</i>	<i>Group size<sup>a</sup></i>	<i>Prevalence of problem gamblers</i>	<i>PLF<sup>b</sup></i>	<i>Proportion of losses</i>	<i>Low<sup>c</sup></i>	<i>High<sup>c</sup></i>
	Number	%	Ratio	%	%	%
<b>Iowa</b>						
Lottery	814	5.53	4.08	19.3	13.4	34.6
Casino tables	219	12.78	3.41	33.3	24.6	51.6
Casino slots	481	6.65	2.54	15.3	9.4	40.8
Bingo	153	10.46	2.17	20.2	10.4	42.0
Parimutuel	82	9.76	7.02	43.1	27.5	99.8
Charitable	407	5.40	1.73	9.0	6.8	13.4
<b>Mississippi</b>						
Lottery	183	9.34	1.78	15.1	8.4	74.6
Casino tables	74	10.81	1.17	13.1	6.4	100.0
Casino slots	255	11.81	1.72	18.5	11.4	48.2
Bingo	39	18.18	15.08	73.8	51.5	100.0
Parimutuel	24	29.17	0.21	8.0	3.3	100.0
Charitable	215	8.37	3.32	23.1	12.3	100.0

<sup>a</sup> The total sample for Iowa was 1 500 and 1 014 for Mississippi. The group size is the number of people in the sample who gambled on any particular form. <sup>b</sup> This is the Proportional Loss Factor, which is the ratio of the losses of problem gamblers to those of non-problem gamblers. Problem gambling is defined as people who score 3 or more on a 12 months SOGS. This embraces a far greater group of people than would be normally accepted as problem gamblers in Australia, and suggests that the measures of expenditure shares would be somewhat inflated. However, it should be noted that while prevalence rates with such a low cutoff may be two to four times the prevalence with a 10 plus threshold, the expenditure shares would not be anywhere near as biased — simply because real problem gamblers spend a lot more than non-problem gamblers. <sup>c</sup> These are the 95 per cent confidence intervals for the spending shares.

Source: Volberg, Moore, Lamar, Christiansen, Cummings and Banks (1998, pp.355–6).

Using survey data from various state surveys and the Commission's *National Gambling Survey* suggests divergent spending shares for different modes (figure 7.7). Problem gamblers have a very significant share of the expenditure (however defined) on both wagering and gaming machines — these are also the gambling forms where problem gamblers tend to have the greatest difficulties. In contrast, problem gamblers account for a much lesser share of expenditure in lotteries, scratch cards and casinos. Indeed, conventional lotteries appear to be like most other consumer goods — and do not appear currently to present any significant hazards for players.

**Table 7.12 Expenditure shares of gambling by gambling mode and gender of gambler<sup>a</sup>**

Alberta 1993

	<i>Current female problem gamblers</i>	<i>Current male problem gamblers</i>	<i>All problem gamblers</i>
	%	%	%
Bingo	41.6	21.6	39.2
Video Lottery Terminals	47.4	45.0	45.9
Pull-tabs	44.7	24.6	37.3
Instant or scratchies	15.3	17.2	16.2
Lotto	8.4	10.6	9.6
Local casinos	21.9	35.8	28.2
Cards/dice at casino	17.4	33.4	29.6
Sports with friends	11.2	13.2	12.5
Card games with friends	20.3	16.0	16.5
Raffles	2.9	9.3	5.8
Coin slot machine	4.1	15.7	10.1
Horse races	2.7	58.1	45.8
Games of skill	14.4	19.0	18.7
<b>Total gambling</b>	<b>22.7</b>	<b>25.8</b>	<b>24.4</b>

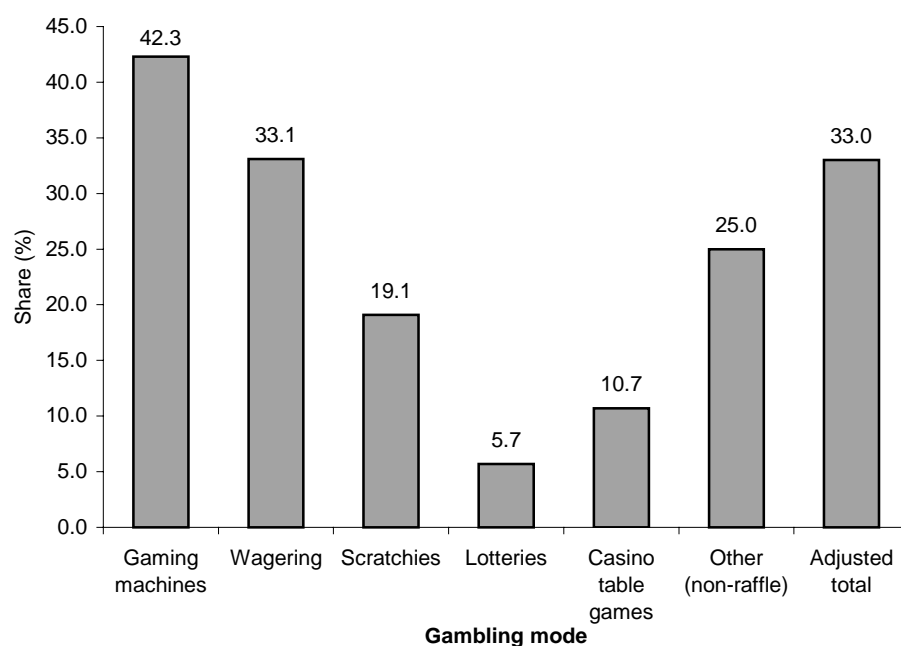
<sup>a</sup> Female problem gamblers were 5.5 per cent of total female gamblers and male problem gamblers 6.8 per cent of total male gamblers — a broader definition of problem gambling is being used than would be the case in Australia.

Source: Productivity Commission estimates based on data in National Council of Welfare (1996).

Another revealing feature of the expenditure data found in the Commission's *National Gambling Survey* is that the outlays share of problem gamblers is usually lower than the net spend share. This is consistent with problem gamblers re-‘investing’ their wins, until they lose (appendix P).

**In summary, problem gamblers may be a small minority of the gambling population, but their high levels of expenditure mean that they account for a substantial share of overall expenditure — a result which is not affected by the methods used to calculate the shares. Problem gamblers account for particularly high shares of total spending on gaming machines and racing. On the other hand, they account for a negligible share of spending on lotteries.**

**Figure 7.7 Expenditure shares of problem gamblers, Australia**  
PC National Gambling Survey 1999



<sup>a</sup> The adjusted total takes account of the fact that the *National Gambling Survey* underestimates total spending in some gambling modes, while overestimating others. Problem gamblers are defined as SOGS 5+.

Data source: PC National Gambling Survey and appendix P.

## Spending patterns by problem gamblers in counselling

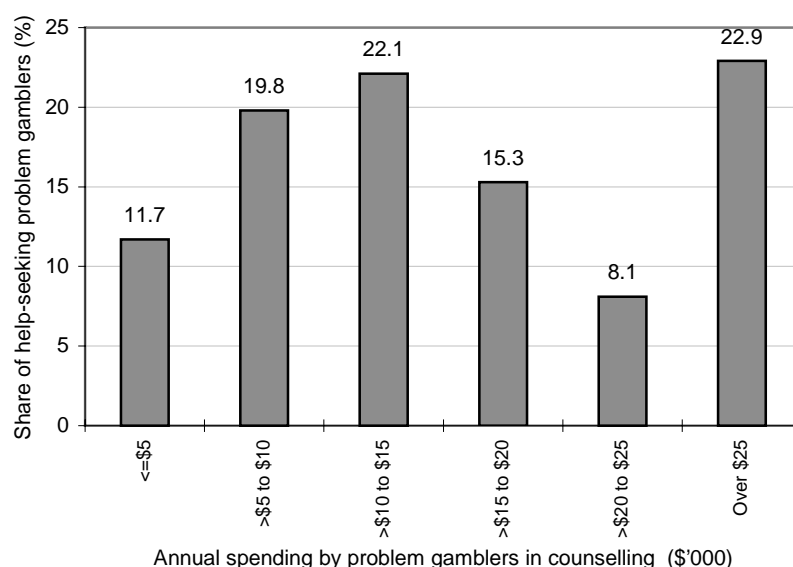
While they may not be representative of problem gamblers in the general population, it is still relevant to examine the levels of expenditure made by people who are seeking help for their problems, as these gamblers are generally the worst affected by problem gambling:

- The Commission's *Survey of Clients of Counselling Agencies* suggested average annual expenditure per problem gambler of just above \$19 000 — 60 per cent more than that of problem gamblers found in the population generally (figure 7.8).
- Evidence from Break Even clients in Victoria suggest very high annual expenditures by problem gamblers seeking help (Jackson, Thomas, Crisp, Smith, Ho & Borrell 1997 p. 25). For example, the median loss on gaming machines on the last day a problem gambler played was \$150 — and one person made a single session loss of \$25 000 after 50 hours of continuous playing. More recent data (for 1997-98) from Jackson et al. (1999b, p. 29) suggested that 45.5 per cent

of Victorian gambling counselling clients spent more than \$20 000 a year. Males tended to spend more than females.

- Data from South Australian clients of help agencies suggests that a sizeable minority of such gamblers are spending substantial monthly amounts (Elliot Stanford and Associates 1998).

**Figure 7.8 The distribution of annual spending by problem gamblers in counselling, Australia, 1999**



Data source: PC Survey of Clients of Counselling Agencies.

## The financial effects of problem gambling

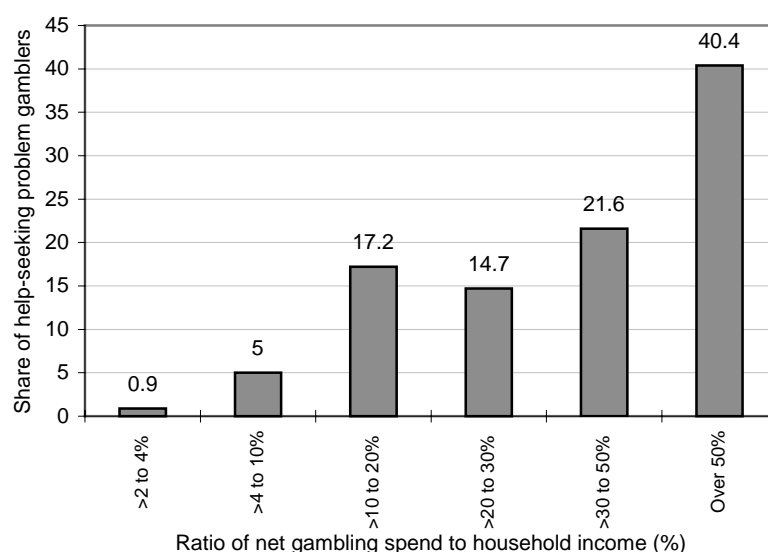
A crucial aspect of the impact of problem gambling is the extent to which it represents a large or small share of total income. The Commission found that the ratios of gambling expenditures to income are very high among problem gambling households relative to those of recreational gamblers:

- Amongst non-problem gamblers the mean ratio of net gambling expenditure to household income (affordability) is low at around 1.2 per cent (with the median even lower at 0.5 per cent), while for problem gamblers in the general population the average is 22.1 per cent (with a median of 12.2 per cent)<sup>32</sup>; and

<sup>32</sup> This will tend to underestimate the spending share because it assumes that any partner spends nothing on gambling, and because the expenditure data being used is not adjusted for survey under-enumeration (appendix P). It should also be noted that average affordability is calculated as the average of the spending to income ratios using the data from the Commission's *National Gambling Survey*. This is not the same as taking the mean problem gambling expenditure for all

- Among problem gamblers in counselling — those with the most severe problems — gambling expenditure exceeds 20 per cent of income in three quarters of cases (figure 7.9).

Figure 7.9 **Affordability of gambling for problem gamblers in counselling<sup>a</sup>**  
Australia 1999



<sup>a</sup> Affordability is the ratio of net spending to household gross income.

Data source: PC Survey of Clients of Counselling Agencies.

The consequence of the high ratio of gambling spending to income is that problem gamblers tend to run down assets or borrow:

- About one in five problem gamblers reported borrowing money without paying it back (table 7.13) and one in two said they borrowed money from some source to finance their gambling (table 7.14). Dickerson, Baxter et al. (1995, p. 98) found that in Queensland 76 per cent of female and 56 per cent of male problem gamblers had gambling related debts at the time they sought counselling help. The average level of debt of problem gambling clients in this survey was \$4 564 for women and \$33 158 for men.<sup>33</sup> The Commission's *Survey of Clients of Counselling Agencies* found an average debt level of \$10 044 for problem

problem gamblers and dividing by their mean household income (that is around 11.6 per cent using unadjusted expenditure and 18.8 per cent using the adjusted expenditure).

<sup>33</sup> Some other studies suggest even bigger levels of debt. For example, a US Maryland study (Lorenz, Politzer and Yaffee 1990) found that average level of debt among a treatment group was just under US \$40 000.



gamblers in counselling (but about 40 per cent had no debt, so that the level of debt for those who did was \$16 925).<sup>34</sup>

**Table 7.13 Adverse financial impacts of problem gamblers<sup>a</sup>**

<i>Financial impact</i>	<i>Yes</i>	<i>Number affected</i>	<i>No</i>	<i>Rarely</i>	<i>Some-times</i>	<i>Often</i>	<i>Always</i>	<i>Source</i>
	%	'000	%	%	%	%	%	
<b>Borrowed money without paying back</b>								
PGs (last year))	18.7	54.8	81.3	14.2	4.0	0.0	0.5	NS
Non-problem regulars (in last year)	0.7	7.9	99.4	0.4	0.2	0.0	0.0	NS
Adults (in last year)	0.7	93.0	99.3	0.5	0.1	0.0	0.0	NS
PGs seeking help (in last year)	53.3	..	46.7	13.9	22.7	10.6	6.1	CS
<b>Borrowed from loan sharks</b>								
PGs (in last year)	5.8	16.9	94.2	2.5	0.8	2.5	0.0	NS
Non-problem regulars (in last year)	0.0	0.0	100.0	0.0	0.0	0.0	0.0	NS
Adults (in last year)	0.1	17.0	99.9	0.1	0.0	0.1	0.0	NS
PGs seeking help (in last year)	8.4	..	91.6	1.3	4.6	2.0	0.5	CS
<b>Bounced cheques deliberately</b>								
PGs (in last year)	4.1	12.0	95.9	3.8	0.3	0.0	0.0	NS
Non-problem regulars (in last year)	0.1	1.6	99.9	0.1	0.0	0.0	0.0	NS
Adults (in last year)	0.1	13.6	99.9	0.1	0.0	0.0	0.0	NS
PGs seeking help (in last year)	21.2	..	78.8	7.7	9.4	3.1	1.0	CS
<b>Sold property to gamble</b>								
PGs (in last year)	10.8	31.6	89.2	6.3	2.0	2.5	0.0	NS
Non-problem regulars (in last year)	0.3	3.5	99.7	0.3	0.0	0.0	0.0	NS
Adults (in last year)	0.3	35.1	99.8	0.2	0.0	0.1	0.0	NS
PGs seeking help (in last year)	36.7	..	63.3	10.4	17.7	7.3	1.3	CS
<b>Spent more than could afford</b>								
PGs (in last year)	70.0	204.8	30.1	25.5	14.5	20.5	9.4	NS
Non-problem regulars (in last year)	8.7	104.8	91.4	5.7	2.3	0.5	0.1	NS
Adults (in last year)	2.9	412.5	97.1	1.7	0.6	0.5	0.2	NS

<sup>a</sup> PG is a problem gambler (defined as SOGS 5+ for results from the general population). CS is the PC Survey of Clients of Counselling Agencies, while NS is the PC National Gambling Survey.

Source: PC National Gambling Survey and PC Survey of Clients of Counselling Agencies.

- Over five per cent (8 per cent of gamblers in counselling) said they had borrowed from loan ‘sharks’ — lenders who charge exorbitant interest rates, and sometimes harass borrowers for payment.
- Around one in ten reported selling property to finance their gambling (and more than one in three of gamblers in counselling). This includes using pawnbrokers (table 7.13). Using pawnbrokers involves penal rates of interest for borrowers and/or apparently relatively low valuations for goods (SAFCA 1996).

<sup>34</sup> Some counselling agencies, which conducted the interviews with problem gambling clients on behalf of the Commission, noted that many problem gamblers would accumulate debt on housing (or not pay off mortgages) in order to finance gambling. Accordingly, what people acknowledge as gambling-related debt probably understates the genuine level of debt.

- The bulk of problem gamblers say they have spent more than they can afford.
- Higher levels of debt present an additional significant risk factor for crime (appendix H).

**Table 7.14 Other adverse financial impacts<sup>a</sup>**

	Yes	Number affected	No	Source
	%	'000	%	
<b>Owed money due to gambling</b>				
Problem gamblers (ever)	51.4	150.4	48.6	NS
Non-problem regulars (ever)	4.6	5.6	95.4	NS
Adults (ever)	2.0	288.5	98.0	NS
Problem gamblers (in last year)	37.1	108.7	62.9	NS
Non-problem regulars (in last year)	1.7	2.0	98.4	NS
Adults (in last year)	1.0	135.4	99.0	NS
<b>Got gambling funds by using a pawnbroker</b>				
Problem gamblers (ever)	13.1	38.4	86.9	NS
Non-problem regulars (ever)	0.5	6.4	99.5	NS
Adults (ever)	0.4	55.4	99.6	NS
Problem gamblers (in last year)	9.5	27.7	90.5	NS
Non-problem regulars (in last year)	0.3	3.5	99.7	NS
Adults (in last year)	0.2	31.2	99.8	NS
<b>Went bankrupt</b>				
Problem gamblers (ever)	1.4	4.1	98.6	NS
Non-problem regulars (ever)	0.0	0.0	100.0	NS
Adults (ever)	0.0	4.1	100.0	NS
Problem gamblers seeking help (ever)	8.4	..	91.6	CS
Problem gamblers (in last year)	1.0	2.9	99.0	NS
Non-problem regulars (in last year)	0.0	0.0	100.0	NS
Adults (in last year)	0.0	2.9	100.0	NS
<b>Lost house</b>				
Problem gamblers seeking help (ever)	7.9	..	92.1	CS
<b>Lost superannuation</b>				
Problem gamblers seeking help (ever)	13.4	..	86.6	CS

<sup>a</sup> CS is the PC *Survey of Clients of Counselling Agencies*, while NS is the PC *National Gambling Survey*. Problem gambling is defined as SOGS 5+ for results from the general population.

Source: PC *National Gambling Survey* and PC *Survey of Clients of Counselling Agencies*.

These financial outcomes can be difficult for problem gamblers and their families (box 7.7).

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### Box 7.7 Financial problems

Our honeymoon was spent doing a tour of race and trotting tracks ... I later learnt that all the money given to us as wedding gifts was gambled away at this time ... Twelve months after our new home was built we were served with a notice to quit as my husband had not paid any instalments on the loan and an enforced sale followed ... He had at times stolen and gambled their [the children's] pocket money (Comments from a gambler to the Productivity Commission's inquiry).

Peter was a 36 year old manager with a serious problem playing Black Jack at the Casino. Married with 2 children and a large mortgage. His house has been sold at a loss and a car on lease also sold. He had six personal loans, credit cards, loan from parents, outstanding school fees, medical bills, telephone account and taxation debt. Total bankruptcy debts \$84 000 (sub. D267, p. 3).

A fifty-one year old widow had been a regular bingo player for several years. The problem she described to Break Even began when she played the poker machines before and after the bingo sessions. She felt it was now an escape from being alone at home and she was embarrassed at her credit card debt of \$850 she could not pay, having lost savings of about \$10 000 (Dickerson, Baxter et al. 1995, p. 96).

In a period of a year and a half she had progressed from an initial dislike of her first go on the machines when she lost \$5 to a daily session of up to 4 hours duration. She has debts of \$21 000 on a variety of credit cards and two bank loans (ibid., p. 96).

I lost \$600 on three occasions (ie \$1 800), each \$600 gone in less than 2 hours; \$1 020 lost in five hours, another \$950 lost in three hours, and \$1 000 lost in 4½ hours (sub. D255, p. 3).

### *Are problem gamblers doomed to be penniless?*

An important question when looking at the impacts of problem gambling is whether a typical person showing problems will, over time, gamble themselves into poverty, or whether this affects only a subset of people experiencing problems.

Compulsive gamblers will bet until nothing is left: savings, family assets, personal belongings — anything of value that may be pawned, sold or borrowed against. They will borrow from co-workers, credit union, family and friends, but will rarely admit it is for gambling. They may take personal loans, write bad cheques and ultimately reach and pass the point of bankruptcy ... In desperation, compulsive gamblers may panic and often will turn to illegal activities to support their addiction (Wexler and Wexler 1992, quoted in Simon 1995).

There is little supportive Australian evidence that this is the case for problem gamblers as a group, though it may be true for a sub-group.<sup>35</sup> Following other triggers — such as relationship breakdown, job loss or financial problems prior to

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<sup>35</sup> Data from a Nova Scotia (Canada) survey of VL players (Focal Research 1998, pp. 3.39–3.40) reveals that most problem players there do not drive themselves into bankruptcy, but remain as long-term problem gamblers.

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complete insolvency — many people will seek to resolve gambling problems prior to the extreme point described in the above quote. As well, problem gambling need not be progressive — it may vanish as a person solves their own problems without professional assistance, or it may persist as a problem without progressing in extremity.

About 1.4 percent of problem gamblers report that they have ever been bankrupt as a consequence of gambling, and even less in the last year. However, the proportion affected are so small that the estimate is very unreliable statistically.

Official data from the Inspector-General in Bankruptcy may provide a better picture of bankruptcies due to gambling. These reveal that there were 223 non-business and 94 business bankruptcies related to gambling or speculation. This is about 1.3 per cent of total bankruptcies, and implies that only 0.1 per cent of problem gamblers are declared bankrupt in any year. Presumably some of these bankruptcies are quite unrelated to gambling, so that even this would appear to be an overestimate of gambling-related bankruptcies. However, it is a criminal offence to go bankrupt as a result of gambling, so there are strong incentives for people to conceal gambling as a cause (appendix R). As noted by the Adelaide Central Mission:

I believe that the bankruptcy statistics are extremely conservative concerning problem gambling and difficult to identify while the present legislation is in place [which provides for prosecution of people who go bankrupt due to gambling].

Problem gambling as a reason for personal bankruptcy is often not indicated and reasons given refer to health issues, loss of jobs, other criminal acts, breakdown in relationship and poor money management (sub. D267, p. 3).

The Adelaide Central Mission also observed that:

During the last 12 months, as one financial counsellor in a smaller State, I have been involved in 20 petitions for personal bankruptcy totalling \$1.25 million, which can be directly attributed to the petitioners problem gambling addiction. The average number of debts per petition was eight and the sale of 6 house properties were involved...The considerable fraudulent behaviour of my clients resulted in three Company liquidations with losses exceeding \$1 million (sub. D267, p. 3).

The Society of St Vincent de Paul GAME counselling agency in New South Wales also pointed to significant numbers of bankruptcies among its clients. The Society also revealed that many had escaped bankruptcy, but only at the cost of the significant loss of assets:

We have had some success in avoiding bankruptcy for clients that come to our agency. To illustrate this point, in the last financial year (1998-99), 42 clients have asked me to help with their bankruptcy. Out of these 42, only 10 needed to be declared bankrupt. Of the other 32, 23 are working at the task of repaying their debts and the other 9 have had

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to sell their assets (and for 6 of the 9, their homes) to satisfy their creditors (sub. D218, p. 2).

The Wesley Community Legal Service (sub. D215, p. 1) noted that in some cases bankruptcy was avoided by effectively insolvent gamblers because relatives paid the debts.

It appears that bankruptcy is a relatively rare event for problem gamblers as a group, but its rarity should not be taken as a barometer of the adverse financial impacts of gambling. Many problem gamblers run down assets or pass their financial obligations to others among their friends and family.

Indeed, the declaration of bankruptcy may in practice provide some significant benefits for problem gamblers (and their families), as pointed out by the Wesley Community Legal Service (sub. D215, p. 2):

- creditors stop demanding payment, reducing family stress;
- legal debt recovery procedures are stayed;
- it provides public recognition of the inability of the problem gambler to pay debts, ending attempts by the gambler to borrow money to bail out from problems;
- bankruptcy is registered on the bankrupt's Credit Reference Limited File for 7 years, which makes it difficult to borrow money to gamble;
- most bankrupts are discharged at the end of 3 years, providing a chance for a new start in life; and
- bankrupts on good incomes are required to make contributions to creditors.

They also noted some disadvantages, most particularly the possible risk of prosecution of a problem gambler — which the Commission addresses in appendix R.

As emphasised in chapter 6, problem gamblers are a heterogeneous group. Those with the severest gambling problems (including those in counselling) face devastating financial consequences — with about 8 per cent being declared bankrupt, 8 per cent losing their house due to their gambling, and 14 per cent losing superannuation assets (table 7.14).

### *Some overseas results*

A number of US studies suggest that bankruptcy rates among problem gamblers are even higher there. The recent NORC study (Gerstein et al. 1999, p. 55) found that a

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‘pathological’ gambler had about twice the odds of going bankrupt as a low-risk gambler (controlling for confounding variables). About 19 per cent had ever been declared bankrupt compared to 5.5 per cent for low risk gamblers. On the other hand, their econometric analysis of the spatial variation in bankruptcy rates could find no influence of proximity to casinos.<sup>36</sup>

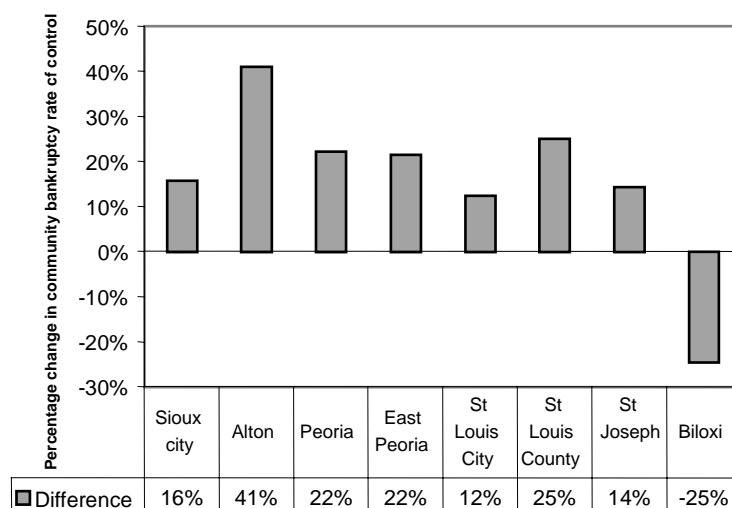
A recent US study by Nichols, Stitt and Giacomassi (1999a) examined personal consumer bankruptcy rates using a less aggregated group of casino communities and a control group of communities, which had similar socio-demographic characteristics, but no casino gambling.<sup>37</sup> They examined whether county-level bankruptcy rates had risen over time after the introduction of the casinos relative to the change over time in the control communities. The results suggested that casino gambling was associated with (a statistically significant) increase of bankruptcy in seven of the eight communities (figure 7.10). It should be noted that the overall personal bankruptcy rate in the United States appears to be several times larger than in Australia, so that it is possible that these quantitative methods might have a greater chance of uncovering gambling effects in the United States than Australia. However, some care should be taken in seeing problem gambling as necessarily the only underlying factor connecting casino gambling and elevated bankruptcies. It may be that the analysis is picking up some other economic impacts of casinos.

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<sup>36</sup> One possible way of reconciling these diverging results is that it is possible that the casinos stimulate the local economy by attracting other states’ visitors. In this case, the increased bankruptcy rates associated with problem gambling would be matched by lowered bankruptcy rates due to local economic stimulation. If this were the case, then it would be predicted that bankruptcies would tend to rise in the states which provided the visitors to states with casinos — but these bankruptcies would not be observed in the model results.

<sup>37</sup> With one exception, the researchers selected casinos that were not destination casinos. This overcomes some of the confounding effects associated with the venues that attract out-of-state visitors, thus stimulating the local economy. The only destination venue was associated with a decrease in bankruptcy rates following the introduction of the casino.

**Figure 7.10 The apparent impact on personal bankruptcy rates of casino communities compared to controls**  
Eight US casino communities



Data source: Nichols, Stitt and Giacomassi (1999a).

## Sources of money for gambling by problem gamblers

As well as accumulating formal or informal debt or running down assets, problem gamblers also give up other forms of consumption. The majority of problem gamblers in counselling (table 7.15) report at least sometimes running out of money to buy essentials or pay urgent bills.

**Table 7.15 Share of problem gamblers who ran out of money to buy household essentials or pay urgent bills**

	Share of gamblers
	%
Always ran out of money	6.2
Often ran out of money	34.2
Sometimes ran out of money	27.9
Rarely ran out of money	9.0
Never ran out of money	22.7
Total	100.0

Source: PC Survey of Clients of Counselling Agencies.

But they give up more than essentials — the significant financial burdens of problem gambling must have large displacement effects on a range of other forms of consumption by affected households. Relatively little research has been

conducted into the sources of funding of gambling expenditure — whether it be for recreational or problem gamblers. The Commission's *Survey of Clients of Counselling Agencies* suggested that they frequently gave up holidays, other entertainment, restaurant meals and savings (table 7.16). Jackson et al. (1999b, p. 30) found that 47 per cent of problem gamblers in counselling ran down their savings, and 9 per cent raised gambling funds through asset sales.

**Table 7.16 What do problem gamblers in counselling give up in order to gamble?**

	<i>Food and grocery items</i>	<i>Savings for things you were hoping to buy</i>	<i>Power, phone, accommodation</i>	<i>Car / durables</i>	<i>Holidays</i>	<i>Entert- ainment</i>	<i>Restaur- ant meals</i>
Always went without	4.0	21.2	1.5	16.0	25.7	18.4	24.2
Often went without	11.8	31.1	7.3	15.2	20.4	23.6	22.0
Sometimes went without	27.2	29.9	12.3	28.5	23.0	31.8	22.7
Rarely went without	16.5	6.8	12.3	10.3	9.1	8.2	12.1
Never went without	40.4	11.0	66.7	30.0	21.9	18.0	18.9
Total	100.0	100.0	100.0	100	100	100	100

Source: PC *Survey of Clients of Counselling Agencies*.

The Commission's *National Gambling Survey* revealed rather different displacement effects among problem gamblers — effects that intensified as the gambling problem increased in severity (table 7.17). Problem gamblers tend to give up spending on personal items (such as clothing) and paying bills, much more than non-problem gamblers. For example, over one-quarter of severe problem gamblers said that if they hadn't spent the money on gambling they would have spent it to pay bills (compared to just 2.4 per cent of non-regular non-problem gamblers). All gamblers said that they gave up small household items, other entertainment and recreation, and savings.

## 7.6 Impacts on others, the public purse and the non-profit sector

The financial burdens borne by problem gamblers spill over the boundaries of their households, into wider family and friendship networks, into the non-profit sector and into the public welfare domain. This happens via a number of routes:

- some problem gamblers lose their jobs and then require social security payments. They also tend to seek social security advances (in about 13 per cent of cases);



- their rates of ill-health appear to be higher — with implications for the health budget;
- they require assistance with their gambling problems from counselling agencies, which comes at a cost;
- the shortage of adequate household finance requires sporadic material aid from charities for some problem gamblers. The Commission's *Survey of Clients of Counselling Agencies* found that 22 per cent of problem gamblers in counselling obtained material assistance from a charity when the money ran out. The average annual amount obtained was estimated at (a modest) \$200 per year<sup>38</sup> for those who sought assistance. A sizeable majority of problem gamblers in counselling (64 per cent) said they lied about the reason for needing material assistance, so that the charities themselves are probably not highly aware of the burden placed on them by gambling problems; and
- they borrow from friends (58 per cent of cases) or simply defer or ignore bills (64 per cent of cases).

**Table 7.17 What do other problem gamblers give up in order to gamble?**

	<i>Problem gamblers (SOGS 5+)</i>	<i>Severe (SOGS 10+)</i>	<i>Non-problem non-regulars</i>	<i>Non-problem regulars</i>
	%	%	%	%
Groceries or small household items	17.5	18.3	23.1	17.0
Major household goods (eg TV)	4.7	8.7	3.2	3.2
Personal items (clothing, footwear)	21.9	26.5	11.1	12.3
Restaurant meals	9.7	7.2	7.6	8.6
Wine, beer	11.5	6.5	9.0	13.6
Movies or concert	5.0	0.0	4.3	4.1
Other entertainment & recreation	12.9	21.5	10.5	9.1
Paid off credit card or bills	11.7	28.4	2.4	4.4
Pay rent/mortgage	4.0	14.3	1.5	0.7
Spent on grandchildren	3.1	3.9	2.2	2.8
Petrol	4.7	0.0	1.0	0.5
Cigarettes	4.7	0.0	0.5	0.8
Donation to charity	0.0	0.0	0.6	0.0
Magazines/books	0.0	0.0	1.6	0.2
Other items	8.1	7.8	5.3	5.0
Savings	17.4	19.6	14.4	24.2
Don't know	8.1	6.1	14.6	11.7

Source: PC National Gambling Survey.

<sup>38</sup> It is likely that this is a significant underestimate, because in many cases material aid is obtained by the partner of the problem gambler, rather than by the problem gambler themselves.

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Of course, overall problem gamblers pay huge taxes through their gambling to governments — roughly of the order of \$1 billion — so that there is little question that, as far as state governments are concerned, they are net beneficiaries of any transfers that take place. Their own families, businesses, friends, and charities almost certainly, however, pick up the main tabs.

## 7.7 Crime and problem gambling

The discussion in this section, which examines different aspects of the relationship between crime and problem gambling, draws on material provided in appendix H.

### Why do some problem gamblers turn to crime?

Lesieur (1984, 1996) has outlined the sequence of events that lead some problem gamblers to commit criminal offences. To obtain money for gambling or to pay gambling debts, gamblers initially draw on their savings and then make cash advances on their credit cards, borrow from family and friends, or take out loans with banks or other financial institutions.

As the Wesley Community Legal Service noted:

Typically a gambler will borrow increasing amounts of money to gamble, disguising the purpose for which the money is borrowed by shuffling money from one place to another. For example, a personal loan may be taken out to purchase a car, which is then sold to provide gambling money (sub. 46, p. 7).

A case study (box 7.8) shows the pattern of asset loss, mounting debts and then crime.

#### Box 7.8 A case study of the pathway to crime

Elaine is 48 years old ... and is from a wealthy Asian background. Elaine had never previously set foot in a club before ... Elaine decided to go inside the club ... While there she was fascinated by the flashing lights and sounds emanating from the poker machines. She cashed \$10 and began to play. She recalls she was instantly hooked. Some 3 years later and \$600 000 in liquid assets ... she eventually had to declare bankruptcy and...faced the inevitable marriage breakdown ... she attempted to chase her losses, and embezzled a further \$30 000 from a family member. She was eventually charged and sentenced to 6 months jail.

*Source: BetSafeNews, April 1999 p. 3.*

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Problem gamblers may subsequently borrow from loan sharks, or resort to selling personal or family property to obtain funds for gambling. Faced with mounting financial difficulties and gambling-related debts, when all these legal sources of gambling funds are exhausted, problem gamblers may then resort to illegal activities to obtain money. As the Salvation Army noted:

Once they [problem gamblers] have exhausted their income, whether wages, salaries, pensions or benefits, they then borrow on credit cards, take out loans, steal from family/friends, sell personal and family property, and then move to stealing from others (sub. 35, p. 2).

### **What proportion of problem gamblers commit offences?**

To shed light on what proportion of problem gamblers commit offences to support their gambling, information can be drawn from Australian surveys of:

- people seeking help from problem gambling counselling services;
- problem gamblers seeking treatment from hospital/university psychiatric units and attending Gamblers Anonymous;
- prison inmates; and
- the general population.

The findings from a range of studies are summarised in table 7.18.

#### *Some findings from individual surveys*

A study by Jackson et al. (1997) presents information on criminal activity among 1452 new clients who registered with problem gambling counselling agencies in Victoria in the period 1 July 1996 to 30 June 1997, and who were assessed in terms of the ten DSM-IV criteria for ‘pathological’ gambling. One of the criteria is whether a subject has committed illegal acts (eg forgery, fraud, theft or embezzlement) in order to finance their gambling. The study found that:

- around 30 per cent of clients admitted to having committed illegal acts to finance their gambling (Jackson et al. 1997, p. 27).

The proportion dropped to 20 per cent in the 1997-98 survey (Jackson et al. 1999b, p. 35). This study found that 33.2 per cent of problem gamblers with a problem related to the TAB had committed illegal acts, compared to 17.2 per cent of those with a problem related to gaming machines.<sup>39</sup>

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<sup>39</sup> This may simply reflect the fact that criminal behaviour tends to take some time to appear and most gaming machine players have a more recent problem. It may also reflect the fact that males

**Table 7.18 Proportion of problem gamblers committing offences**

<i>Region</i>	<i>Period</i>	<i>Type of clients assessed</i>	<i>Number of clients assessed</i>	<i>% admitting to criminal offences</i>
Victoria	1996-97	New clients at all problem gambling counselling agencies	1 452	30
Victoria	1997-98	New clients at all problem gambling counselling agencies	2 209	20
Victoria	Nov 97-Nov 98	New clients at counselling service for Vietnamese gamblers	30	50
Queensland	May 93-Oct 98	New clients at Break Even-Gold Coast	443	53
Queensland	1993-94	New clients at 5 Break Even centres	174	29
Queensland	1994-95	New clients at 5 Break Even centres	357	64
National <sup>a</sup>	1998-99	Clients of problem gambling counselling agencies, Australia-wide	404	44
NSW	n.a.	Hospital treated patients	152	53
NSW	n.a.	Gamblers Anonymous members	154	66
SA	Aug 97-Dec 97	Prison inmates (with SOGS score of 5+)	34	76
National <sup>a</sup>	1999	Problem gamblers (with SOGS score of 5+)	140	11

<sup>a</sup> The data for the PC *National Gambling Survey* and the *Survey of Clients of Counselling Agencies* exclude writing bad cheques deliberately.

Sources: Jackson et al. (1997); Jackson et al. (1999b), sub. 86; Boreham, Dickerson, Harley (1995); sub. 62; PC *Survey of Clients of Counselling Agencies*; Blaszczyński and McConaghy (1994a, 1994b); Marshall, Balfour and Kenner (sub. 116); PC *National Gambling Survey*.

The Australian Vietnamese Women's Welfare Association Inc. (sub. 86) reported on characteristics of clients who presented at a problem gambling counselling service for Vietnamese gamblers in the western region of Melbourne. In the twelve month period to November 1998, the service provided assistance to 30 people (18 males and 12 females) with gambling related difficulties. Of these clients who sought help:

- 50 per cent were involved with the courts (they had either been ordered by a Magistrate's Court to undergo counselling or were about to appear in court because of their gambling or gambling-related activities);
- 27 per cent were involved in stealing casino chips, cheating at casino games, stealing or shoplifting; and
- 17 per cent were involved with inappropriate money-lending schemes.

Results of illegal activity among clients of problem gambling agencies are available from the Commission's *Survey of Clients of Counselling Agencies* (table 7.19).

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are more likely to commit a crime than a female, and are much more concentrated among those with a racing-related gambling problem.

Overall, 44 per cent of clients reported an involvement in some form of gambling related criminal activity at some stage of their gambling career. Around 16 per cent had appeared in court on charges related to their gambling, and around 6 per cent had received a prison sentence because of a gambling related criminal offence.

**Table 7.19 Crime among clients of problem gambling counselling agencies**

<i>Gambling related activity</i>	<i>% of clients<sup>a</sup></i>
Borrowing without permission or obtaining money improperly	42.3
Gambling has led to problems with the police	18.3
An appearance in court on criminal charges	15.8
A prison sentence	6.4
Any gambling related criminal activity	44.1

<sup>a</sup> The percentages refer to 404 clients. Illegal activity in this case *excludes* deliberately writing a cheque knowing that it would bounce.

Source: PC Survey of Clients of Counselling Agencies.

Detailed information on offences committed by problem gamblers was obtained in a survey of 306 New South Wales problem gamblers (Blaszczynski and McConaghy 1994a, 1994b), comprising 152 hospital treated subjects and 154 members of Gamblers Anonymous. The study (1994b) revealed that the majority of offences committed by problem gamblers are gambling related. Of the 306 subjects surveyed:

- 59 per cent admitted to committing at least one *gambling* related offence over their gambling careers (and 48 per cent admitted to committing *only* gambling related offences);
- 18 per cent admitted to committing at least one *non-gambling* related offence (and 6 per cent admitted to committing *only* non-gambling related offences);
- 11 per cent admitted to committing *both* types of offences; and
- 35 per cent reported committing no offence at all over their lifetime.

A study of gambling-related crime in a prison setting has been carried out by Marshall, Balfour and Kenner (sub. 116). Subjects for that study were chosen from Yatala Labour Prison, South Australia's main reception jail for sentenced prisoners. The study collected data during the period August to December 1997 on 103 inmates from the 176 who were new intakes from the courts and sentenced for an immediate period of imprisonment.

To determine the prevalence of problem gamblers, these new intakes were screened on the basis of the SOGS. Of the 103 subjects surveyed, 26 admitted to committing gambling-related offences (they had 'been in trouble with the law due to

gambling'), and 34 obtained a SOGS score of 5 or more. The *joint* characteristics of these groups are of particular interest:

- all 26 subjects who had committed a gambling related offence scored 5 or more on the SOGS; but
- 8 of the 34 subjects (24 per cent) with a SOGS score of 5 or more had *not* committed a gambling related offence.

The latter group who committed crimes that were unrelated to their gambling may well be 'criminals who also happen to be gamblers'. Marshall, Balfour and Kenner conclude that:

There is a need to differentiate between criminals who gamble excessively and the pathological [problem] gambler who turns to gambling-related crime (sub. 116, p. 15).

### *1999 PC National Gambling Survey*

The Commission's *National Gambling Survey* sought information on the prevalence of gambling-related illegal activity. Questions posed in the survey in relation to crime were whether a respondent had:

- obtained money illegally because of their gambling;
- experienced problems with the police because of their gambling; or
- appeared in court on charges related to their gambling.

The results classified in terms of two categories of problem gamblers (those with a SOGS score of 5+ and 10+) are presented in table 7.20.

**Table 7.20 Legal system impacts of problem gambling**

	<i>Ever</i> SOGS 5+	<i>Ever</i> SOGS 10+	<i>Last 12 months</i> SOGS 5+	<i>Last 12 months</i> SOGS 10+
	%	%	%	%
Any gambling related illegal activity	10.5	26.5	3.3	11.3
Obtained money illegally	7.0	13.2	1.2	3.7
Been in trouble with the police	4.1	13.8	2.2	7.6
In court on gambling related charges	3.1	13.4	0.2	1.4

*Source:* PC National Gambling Survey.

Around one in four problem gamblers in the 'severe' category (SOGS 10+) reported having committed some form of illegal activity at some stage of their gambling career, and around 10 per cent during the past 12 months. Prevalence rates of illegal activity were somewhat less among problem gamblers more generally, with around 10 per cent of those with a SOGS score of 5+ having committed a criminal offence.

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However, it should be noted that of the 23 respondents to the *National Gambling Survey* who admitted to having *ever* committed an illegal activity to finance their gambling, 9 scored less than five on the SOGS. Four of these indicated that they used to have a gambling problem in the past but not now. The other five denied ever having a problem. There is a very high likelihood that the latter respondents are false negatives — because if someone commits a crime to finance their gambling then this is normally symptomatic of a significant gambling problem. On that assumption, the prevalence rate of crime among problem gamblers in the severe category would be rather higher than depicted by the raw data in the Commission's *National Gambling Survey*.

### *Overall summary of findings on extent of crime by problem gamblers*

Marshall, Balfour and Kenner summarised the relationship between problem gambling and criminal behaviour as follows:

Pathological [problem] gambling is a significant risk factor in offending. Depending on the population assessed and the methodology used, the percentage of pathological gamblers that offend to support their gambling ranges from 30 to 50 per cent (sub. 116, p. 2).

The findings on the proportion of problem gamblers committing criminal offences estimated in the various studies summarised above is largely consistent with this conclusion in relation to the lower bound but suggests that for some categories of problem gamblers it can be as high as 60 or 70 per cent.

### **What crimes do problem gamblers commit?**

A wide range of illegal activities are committed by problem gamblers. For example, illegal activity can take place within the family of the gambler. The Wesley Community Legal Service (sub. 46) described cases where a problem gambler had stolen the property of family members which was then sold or pawned to raise money for gambling, or forged the signature of family members to borrow money.

Break Even–Gold Coast commented that:

Group members reported committing crimes as a result of gambling, ... [including] stealing cash from workplaces, fraud and uttering. A common form of fraud was the writing of cheques to secure goods and then returning the goods for cash refund, thus accessing cash for gambling (sub. 73, pp. 3-4).

The Blaszczyński and McConaghy (1994a) survey of problem gamblers reported some of the offences committed as follows:

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At the petty end of the spectrum, gamblers forged their spouses signature on cheques or in opening new joint accounts, stole from petty cash, engaged in shoplifting to subsequently sell the goods ... and stole from fellow employees at work (p. 124).

But the illegal activity can also extend to offences such as larceny, embezzlement and misappropriation, and more violent crimes such as armed robbery and burglary. Blaszczyński and McConaghy (1994a) also reported that:

More serious offences included repeated theft of vehicle spare parts for illicit sale, distribution and sale of marijuana, and the embezzlement of significant amounts on a regular basis from large corporations or banks (p. 124).

But not all of the offences that are committed by problem gamblers lead to arrest or prosecution. For example, much of the crime that is committed by problem gamblers against family members is never reported (box 7.9). Hence, crime report rates understate by a substantial margin the number of offences that are actually committed.

#### **Box 7.9      Participants' views on under-reporting of crimes**

Family members, friends and employers are the most frequent victims. These people are reluctant to report the criminal activity, and will often 'bail out' the problem gambler by advancing funds to pay creditors where criminal charges are threatened (Wesley Community Legal Service, sub. 46, p. 13).

We believe that the incidence of gambling related crime is under reported: very few families will lay charges against another member of their family and many employers are also reluctant to press charges (Relationships Australia (South Australia), sub. 118, p. 12).

Crimes committed against family and friends included stealing and pawning goods and selling family assets without consent. [But because] ... family members rarely choose to prosecute, many of the crimes and their impact on the family and the economy go unnoticed (Break Even—Gold Coast, sub. 73, pp. 3-4).

In the counselling work we undertake we are seeing clear evidence of white-collar crime, both large and small, being used to finance gambling activities. A large proportion of this theft occurs from family members and significant others. It is not reported, but it is crime nonetheless (Adelaide Central Mission, sub. 108, p. 19).

A large number of computer-initiated crimes are not proceeding to legal action as employees state they either cannot identify or prove losses and/or do not wish to receive the adverse publicity that could be involved if they pursue the matters (Adelaide Central Mission, sub. D267, p. 5).

### **What happens to problem gamblers who are convicted?**

The Blaszczyński and McConaghy (1994a) study also sheds light on what proportion of gambling related crimes actually result in charges being laid. Of the 306 NSW problem gamblers surveyed, 24 per cent had been charged with



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committing a gambling related offence. This represents around 40 per cent of subjects who admitted to committing a gambling related offence (almost identical to the result obtained using the Commission's *Survey of Clients of Counselling Agencies*).<sup>40</sup>

Only around one quarter of those committing larceny were charged, and slightly less than half of those committing embezzlement or misappropriation. But typically, the more serious types of offences — such as armed robbery, break and enter, and drug dealing — were associated with a greater likelihood of arrest. For crimes like larceny and embezzlement, the most common sentence imposed was a good behaviour bond. However, all convictions for armed robbery and drug-related offences, and around half the convictions for break and enters, resulted in jail sentences.

## **Problem gambling and loan shark lending**

Problem gamblers may resort to borrowing money from 'loan sharks' when possibilities for borrowing from mainstream avenues such as banks, credit unions, and financial institutions are exhausted. Dealing with loan sharks signals desperation on the part of the borrower because such loans not only entail exorbitant interest rates but also a menacing context in the event of non-repayment.

Loan sharks use gambling venues to find new clients (box 7.10).

The Australian Vietnamese Women's Welfare Association reported on the experience of some of its clients:

They [the loan sharks] move around the casino and when they see that someone has lost ... money, they say, "Come on, I'll give you some money. You'll win everything back". [And] the person is so keen to get back the money that [they] agree to any terms (transcript, p. 564).

Participants at the Commission's round table on crime and gambling gave a variety of views on how commonplace loan sharking had become:

In Victoria it's prolific, people spot in gambling venues and put gamblers in touch with financial institutions.

Loan sharking is a problem in small communities and is becoming more sophisticated. It is difficult to tell when loan sharking begins and a personal loan ends.

Loan sharking evidence is only anecdotal. If it is increasing this may reflect a lack of alternative investment arrangements (Commission's crime roundtable).

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<sup>40</sup> However, Adelaide Central Mission (sub. D267, p. 5) considered that 70 per cent of its problem gambling clients had not been charged as a result of their actions.

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**Box 7.10    Some loan sharking experiences**

Fred is a 26 year old ... club staff member ... [who] only started gambling about two years ago and has developed a very serious problem in the last 12 months. After gambling all of his savings away at the casino, Fred was introduced to some loan sharks who operate there. His financial problem was very severe given his limited income and there is significant pressure building over his failure to make the payments on some personal loans he got at the casino. Fred's debts exceed \$40 000 and he is very depressed. He has attempted suicide recently. The main pressure on Fred is coming from a man who provided money at the casino. ... Another of Fred's personal loans was arranged by a loan shark who charged a fee of \$2 000 in order to arrange a loan of \$10 000 (*BetSafeNews*, April 1999, p. 3).

... some [clients] have been approached by people at the gaming venue to lend them money ... One of them was ... [for] a loan of \$9 000 and she had to pay \$300 interest a month. There's a lot of issues involving that sort of thing because sometimes its a private individual lender and threats of violence may be used ... towards the gambler (Australian Vietnamese Women's Welfare Association, transcript, p. 563).

There's some pretty awful loan sharking going on down on the Gold Coast. The people are too frightened to even tell you about it, who they are or terribly much about it ... because of the types of threats that have been made to people who don't pay up (Relationships Australia Queensland, transcript, p. 129).

Group members as gamblers were not only perpetrators of crime, but also witnesses and victims. One group member reported witnessing theft at a gambling venue. Another had been extended credit by a loan shark and received threats when he was unable to meet repayments (Break Even—Gold Coast, sub. 73, p. 4).

The issue of loan shark lending in South East Queensland has been the subject of a recent Report by the Office of Fair Trading (OFT 1999). The OFT collected information from community groups such as financial counselling organisations and community legal centres, and from consumers via a state-wide Phone-In (conducted between 12 and 16 April 1999).

While the OFT study did not specifically ask borrowers whether the reason for their having to borrow from a loan shark was related to a gambling problem, the information obtained on loan shark lending characteristics in general is of interest. Typically, loan shark credit contracts involved: extremely high interest rates (3 or 4 per cent weekly or 20 per cent monthly); small loan amounts (the majority were for between \$1 000 and \$2 000); weekly repayments; late payment fees (commonly \$5 per day); and loans were described as being for 'business or investment purposes' to circumvent the Consumer Credit Code.

Wesley Community Legal Service noted that loan sharking is illegal in that it is in breach of the consumer protection provisions of the Consumer Credit Code — for example, section 22 of the Code provides a maximum fine of \$11 000 for imposing a monetary liability on a loan that is inconsistent with the Code (sub. D215, p. 2).

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Some of the consequences of loan shark lending for the gambler and the community include:

- intimidation and physical threats to ensure repayment of loans;
- a problem gambler's personal debt problem is likely to be magnified rather than relieved;
- gamblers may resort to crime rather than suffer the consequences of not being able to meet repayment conditions; and
- there can be violence and criminal activity associated with loan sharking.

**The Commission finds that:**

- **around one in ten problem gamblers have committed a crime because of their gambling;**
- **up to two-thirds of problem gamblers in counselling have committed a crime to finance their gambling;**
- **the offences committed are mainly non-violent property crimes (larceny, embezzlement, misappropriation); and**
- **while the majority of offences committed do not result in legal action (and many go unreported), around 40 per cent of offenders are charged and convicted.**

## **7.8 Are there any offsetting benefits for problem gamblers?**

So far this chapter has focused on the ways in which problem gambling can adversely affect gamblers and those connected to them. However, while many aspects of the life of a problem gambler are bleak, gambling can provide some positives, even for problem gamblers. Star City (sub. D217, p. 13) argued that more emphasis should be given to the benefits of gambling for problem gamblers.

The Commission found evidence that many severe problem gamblers often found gambling relaxing, pleasurable, and an interesting hobby (table 7.21). Gambling was also used as a means of crowding out personal difficulties, with many problem gamblers indicating that gambling took their mind off worries (themselves potentially induced by gambling) or made them feel less lonely.

**Table 7.21 What are some of the positives of gambling for problem gamblers?**

	<i>Always</i>	<i>Often</i>	<i>Sometimes</i>	<i>Rarely</i>	<i>Never</i>
	%	%	%	%	%
Relaxation	15.9	30.7	33	9.7	10.7
Pleasure and fun	15.6	26.3	39.1	10	9
Meet new friends	3.4	4.9	19.4	27.7	44.6
Hobby and interest	10.9	23.8	25.3	11.6	28.4
Hope for a change in life	7.5	10.3	17.1	20.2	45
Safe and pleasant place	12.2	20.5	29.3	12.4	25.6
Something to talk about	3.9	4.9	9.8	18.8	62.6
Helped through a boring job	2.9	5.2	17.4	15.8	58.7
Took mind of worries	26.3	34.9	26	3.6	9.2
Made feel less lonely	16.8	23.9	25.7	8.9	24.7

Source: PC Survey of Clients of Counselling Agencies.

Notwithstanding the positive impacts of gambling, 70 per cent of gamblers in counselling wanted to give up gambling altogether, and the remainder wanted to control their gambling (or did not know what they wanted).

The Commission has acknowledged these positive aspects for problem gamblers by including them in its estimate of the benefits of gambling (chapter 5 and appendix C).