The Commission's key findings

- Gambling provides enjoyment to most Australians, over 80 per cent of whom gambled in the last year — spending about $11 billion — with 40 per cent gambling regularly.
- Gambling is a big and rapidly growing business in Australia, with the industries currently accounting for an estimated 1.5 per cent of GDP, and employing over 100 000 people in more than 7000 businesses throughout the country.
- The main source of national benefit from the liberalisation of gambling has been the consumer gains from access to a service that gives people enjoyment.
  - Net gains in jobs and economic activity are small when account is taken of the impact on other industries of the diversion of consumer spending to gambling.
- The principal rationales for regulating the gambling industries any differently than other industries relate to:
  - promoting consumer protection;
  - minimising the potential for criminal and unethical activity; and
  - reducing the risks and costs of problem gambling.
- Around 130 000 Australians (about 1 per cent of the adult population) are estimated to have *severe* problems with their gambling. A further 160 000 adults are estimated to have *moderate* problems, which may not require 'treatment' but warrant policy concern.
  - Taken together, 'problem gamblers' represent just over 290 000 people, or 2.1 per cent of Australian adults.
- Problem gamblers comprise 15 per cent of regular (non-lottery) gamblers and account for about $3.5 billion in expenditure annually — about one-third of the gambling industries' market.
  - They lose on average around $12 000 each per year, compared with just under $650 for other gamblers.
- The prevalence of problem gambling is related to the degree of accessibility of gambling, particularly gaming machines.
- The costs include financial and emotional impacts on the gamblers and on others, with on average at least five other people affected to varying degrees. For example:
  - one in ten said they have contemplated suicide due to gambling; and
  - nearly half those in counselling reported losing time from work or study in the past year due to gambling.

The Commission’s key findings (cont.)

- The adverse impacts on individuals and the community, help explain the ambivalence of most Australians about the gambling industries, despite their widespread involvement:
  – around 70 per cent of people surveyed believed that gambling did more harm than good; and
  – 92 per cent did not want to see further expansion of gaming machines.
- Quantification of the costs and benefits of the gambling industries is hazardous. Uncertainty about key parameters constrained the Commission to providing low and high estimates. For the gambling industries as a whole, estimates of their *net* contribution to society, ranged from a net loss of $1.2 billion to a net benefit of $4.3 billion.
  – This masks divergent results for different gambling modes, with lotteries revealing clear net benefits, whereas gaming machines and wagering include the possibility of net losses.
- Policy approaches for the gambling industries need to be directed at reducing the costs of problem gambling — through harm minimisation and prevention measures — while retaining as much of the benefit to recreational gamblers as possible.
- The current regulatory environment is deficient. Regulations are complex, fragmented and often inconsistent. This has arisen because of inadequate policy-making processes and strong incentives for governments to derive revenue from the gambling industries.
- Restrictions on competition have not reduced the accessibility of gambling other than for casino games. With the possible exception of casinos, current restrictions on competition have little justification.
- Venue caps on gaming machines are preferable to state-wide caps in helping to moderate the accessibility drivers of problem gambling. However, more targeted consumer protection measures — if implemented — have the potential to be much more effective, with less inconvenience to recreational gamblers.
- Existing arrangements are inadequate to ensure the informed consent of consumers, or to ameliorate the risks of problem gambling. Particular deficiencies relate to:
  – information about the ‘price’ and nature of gambling products (especially gaming machines);
  – information about the risks of problem gambling;
  – controls on advertising (which can be inherently misleading);
  – availability of ATMs and credit; and
  – pre-commitment options, including self-exclusion arrangements.

The Commission’s key findings (cont.)

- In such areas, self-regulatory approaches are unlikely to be as effective as explicit regulatory requirements. In most cases, regulation can be designed to enhance, rather than restrict consumer choice, by allowing better information and control.
- Counselling services for problem gamblers serve an essential role, but there is a lack of monitoring and evaluation of different approaches, and funding arrangements in some jurisdictions are too short term.
- Services, awareness promotion and research activities related to problem gambling are likely to be most effectively funded from earmarked levies on all segments of the gambling industry, with the allocation of funds independently administered.
- Internet gambling offers the potential for consumer benefits, as well as new risks for problem gambling. Managed liberalisation — with licensing of sites for probity, consumer protection and taxation — could meet most concerns, although its effectiveness would require the assistance of the Commonwealth Government.
- On the basis of available information, there is not a strong or unambiguous case for significantly reducing gambling taxes, with the possible exception of lotteries. Any changes would need to be incremental and carefully monitored.
- The mutuality principle, combined with lack of constraints on gaming machine numbers, appears to be distorting the investment and pricing decisions of some clubs, with impacts on competitors. Of the options for dealing with it, only tax action at the state level appears feasible.
- Policy decisions on key gambling issues have in many cases lacked access to objective information and independent advice — including about the likely social and economic impacts — and community consultation has been deficient.
- An ideal regulatory model would separate clearly the policy-making, control and enforcement functions.
- The key regulatory control body in each state or territory should have statutory independence and a central role in providing information and policy advice, as well as in administering gambling legislation. It should cover all gambling forms and its principal operating criteria should be consumer protection and the public interest.