

# INQUIRY INTO AUSTRALIA'S GAMBLING INDUSTRIES

## SUBMISSION BY JOHN RIDLEY

**1.DEFINITION:** to play games of chance for money or other valuables.

**2.MOTIVE:** the desire for quick gain or wealth.

### **3.COMMONLY EXPRESSED VIEWS:**

“A little gambling is harmless entertainment.”

“Everyone is entitled to a flutter”.

“Playing the pokies is fun”.

“Australians have always gambled”.

“Playing two-up on Anzac Day is a national tradition.”

CONCLUSION: Gambling is deeply ingrained in the nation's thinking.

### **4.GAMBLING AND ORGANISED CRIME**

*“Las Vegas has the highest per capita crime rate for any city in America.*

*“Atlantic City established major gambling casinos in 1978, and there was a 25% rise in assault, robbery, car theft and prostitution, while burglary leapt to 33% above the nation's average, together with murders by 40% and larceny by 80%.”*

Published in Malvern/Caulfield Progress, 16.1.91, quoted by Mr. Russell Downing of Gamblers Victorious.

Mr. Downing claims, *“revenue gained through gambling is therefore often offset in costs arising from increased crime.”*

### **5. REASONS FOR PROMOTING GAMBLING**

#### **5.1 ATTITUDES HAVE CHANGED IN RECENT YEARS**

5.1.1 Labor Premier John Cain 10 years ago refused to introduce poker machines into Victoria.

5.1.2 Labor Premier John Bannon refused to introduce poker machines at the Adelaide Airport.

5.1.3 In 1987 Mr. Ian Horne, Executive Director of the Australian Hotels Association, wrote a letter to all members of the S.A. State Parliament, warning them of the danger of allowing poker machines into clubs. He said,

*“This form of impulse gambling will only result in even more competition for the already stretched leisure dollar...There is little doubt that the poker machine issue will again be raised in ...State Parliament by those seeking a privileged financial advantage in the community.”* He went on to explain the damage it would do to small businesses, and added, ***“under any scenario crime will increase.”***

#### **5.2 GAMBLING IS NOW PROMOTED BY THE GOVERNMENTS OF SOUTH AUSTRALIA AND VICTORIA (not to mention other States) AND THE HOTEL INDUSTRY**

Governments found themselves in desperate financial need from Bank disasters and appear to have formed an alliance with the gaming industry to promote gambling and

to collect their tax for them from the proceeds, despite wide spread community concerns expressed by the churches and welfare agencies.

In May 1992 Gaming Machine legislation was pushed through the South Australian State Parliament by one vote, at 5 am, after a marathon 21 hour debate. Great pressure was applied to one Labor member, who finally capitulated, and the proposed legislation became law. So much for our parliamentary process!

## **6.WHO GAINS FROM GAMBLING?**

### **6.1 THE GOVERNMENT IN THE SHORT TERM**

This year the State Government expects to receive \$175 million from taxes from all forms of gambling.

*“The State Government ‘wins’ each time a coin is pushed into a gaming machine”,* says Mr Stephen Richards, chief executive officer of the Adelaide Central Mission.” (Advertiser 14.3.97)

#### **6.1.2 THE HOTEL INDUSTRY**

Mr. Barry Smith, general manager of the Independent Gaming Corporation was reported in the Advertiser, July 1996,

*“The introduction of poker machines here has been an enormous success. Not just from the efficiency point of view, but also from the point of view of turnover.”*

Of course he was pleased with the turnover. The designers of poker machines had done their research well so that the maximum amount of money could be extracted from the players. ‘Aristocrat, Australia’s largest manufacturer, which controls Adelaide’s poker machines market, has 40 people including psychologists working full time on game design. Sweetheart 2 is smothered in cupids, obviously appealing to women. *“If you want to design a machine that gets people to put money into it, you put pretty colours on it and add music and bells,”* said Flinders Medical Centre anxiety psychologist Dr Malcolm Battersby.’ (Advertiser 23.7.96.) Because the odds are fixed in favour of the proprietors of the machines, “the average return to SA poker machines is 87.8%.” (Advertiser 27.7.96.) No wonder the Hotel industry is happy!

6.1.3 The Prince of Wales Hotel on Port Road was slowly dying, but \$1 million was spent refurbishing it, and it is now a prosperous food and gaming venture serving 1200 meals weekly. (Advertiser 24.7.96.)

### **6.2 POKER MACHINES ARE MANUFACTURED FOR GAMBLING AND PROFIT**

In an attempt to diffuse criticism of his prosperous industry, John Bowley, Marketing Development Manager of Aristocrat Leisure Industries said in 1992, *“Playing pokies is entertainment, not gambling.”* This is like saying the holocaust did not happen and follows the reasoning, if you are going to tell a lie you may as well tell a big one!

When banner headlines proclaimed, *“\$1.6m DOWN THE DRAIN - gamblers are losing more than \$1.6 million a month on poker machines in the city centre alone, new Treasury figures have revealed.”* (Advertiser 27.10.98), Mr. John Lewis of the Australian Hotels Association trotted out the same defensive argument, *“Many people in the city use poker machines as a preferred form of entertainment, and 98 percent do so safely and wisely.”* Does he care about the remaining 2% I wonder?

## **7. WHO LOSES FROM GAMBLING?**

### **7.1 THE PEOPLE**

It has been said, **‘There are no real winners from gambling’** Winners usually ignore the fact that they have won at someone else’s expense. Often those who lose can least afford to do so.

In June 1996 State Treasurer Dale Baker claimed poker machines would generate \$143.5 million in tax revenue in 1996/7. This prompted a scathing letter from Maureen Rance sentenced to 15 years imprisonment for a series of armed robberies fueled by her \$500 a day addiction to Keno. She wrote,

*“I hope that one day you and other Government members will get to see at first hand the shattered lives that helped you reach such a magnificent figure. I went from being a respected community member, who had never broken the law once in 43 years, to committing armed robberies with a toy gun to pay for my gambling debts.”*

“The District Court heard she had used her husband’s money and housekeeping money, misappropriated charity funds and pawned personal goods.

**“This obscenity called gambling is an illness that takes over peoples’ lives. *Maybe it’s time for the Government to take similar action against gambling as they have with the gun laws; then people will be made to stop gambling” she said.*”**

**(Advertiser 5.6.96)**

Mr. Lewis (para. 6.2) minimises the harmful effects of gambling with the suggestion that 98% use poker machines safely. I wonder if he would be so sanguine if his family life had been ruined by his wife’s hopeless addiction? It is estimated about 10,000 South Australians develop serious addictions, and five to ten people around them suffer because of it.

### **GAMBLING ON POKER MACHINES IS THE MOST ADDICTIVE FORM OF GAMBLING**

Even the Casino and other forms of gambling have suffered from the introduction of poker machines. Therefore reform should begin in this area.

### **7.2 CASE HISTORIES ARE ATTACHED OF GAMBLING ADDICTIONS WHERE COUNSELLING TOOK PLACE** Contributed by Stirling Family Centre and Portside Community Church.

These stories, that are being repeated across Australia, emphasise the terrible cost in human misery that is being paid by a significant minority in the nation’s gambling craze.

### **7.3 DECREASED EMPLOYMENT THROUGH POKER MACHINES**

The Hotel industry claims to employ 17,000 people (Advertiser 24.7.96), but they fail to inform us that many of these jobs are part time and casual.

The Small Retailers Association estimates its members have lost up to 15% of their turnover, and a survey they instituted shows that for every job gained by poker machines, two have been lost in small retailing alone.

### 7.3.1 SMALL BUSINESSES AND CHARITIES

Money spent on gambling is redirected from spending in other outlets, including charities, and leisure pursuits. No-Pokies MP Nick Xenophon reports there were only 3 passengers when he took his son for a ride on Popeye. The operator attributed the fall off of clientele to grandparents spending their spare cash on pokies.

### 7.4 THE NATION OF AUSTRALIA -THROUGH THE GOVERNMENTS

Out of their short-term, quick fix mentality governments have come to rely heavily on income from gambling derived taxation, without regard to the enormous social cost. Therefore the governments have become the biggest addicts to gambling.

**There are nearly 50 gambling related suicides in SA every year, and 3 attempted suicides for every one that took place.** This represents an enormous tragedy in broken lives, anguish and pain in families and individuals, and the governments must bear their share of responsibility for this.

Mr Stephen Ritchards quoted in 6.1 above said, *“The Government is encouraging gambling by making it ever more accessible to SA men and women. “The more pokie venues, the more people will gamble, and more will become addicted. The Government could have introduced pokies to a few, limited sites - not make them accessible anywhere, 15 hours a day. That isn’t government having a tolerant approach - that is duplicity.*

*One Message the Governemnt is giving at the moment is that the world is changing; we have to earn our way; we have to work smarter if we’re not to be left behind. Yet they also push the message, you can get rich not by working but through gambling.” (Advertiser 14.3.98)*

Australia is in the grip of a gambling mania, aided and abetted by governments who were elected to govern the people, not to exploit them. ‘With only 1/3rd of 1% of the world’s population we own 20% of the world’s poker machines. Australians gamble more per capita than any other nation, and we outstrip the number two nation the US 2 to 1 in per capita losses. We are second in the world with our gambling losses, the US with 14 times our population is second. Last financial year Australians lost \$10.5 billion on gambling, and more than half of that was on poker machines. In SA, gambling losses have doubled since the introduction of poker machines in 1994. This state is losing nearly \$2 million a day on all sorts of gambling, and \$1 million a day on poker machines alone.’ (No-Pokies MP Nick Xenophon)

## **8.WHO GAMBLES AND WHY?**

(#4 of the Issues Paper)

### **8.1 People gamble:**

1. to get rich quick and escape from the poverty trap;
2. from boredom and the thrill of a ‘flutter’;
3. from greed - never satisfied with what they have, whether little or much;
4. because their lives lack a strong moral principle to prevent them from going to excess.

## **9.CONCLUSIONS**

The basic motivation behind gambling is greed, and the desire to gain something without having to work for it. This desire is disguised under the euphemism of 'entertainment' or 'fun'. But the thrill comes with winning, and the thought that 'now my troubles are over!'

Maureen Rance committed crimes to support her gambling addiction, but I consider the government of South Australia is equally culpable for enacting the law that has extended the gambling industry and exposed her to the temptation. **In my opinion it is the most unprincipled and immoral act for any government to profit from the character weaknesses of its people.** Law should be for the protection of society within the prescribed limits of approved behaviour. It should not legitimise what will have a corrupting effect on the people.

Although funds are allocated to counselling and welfare agencies from the earnings from gambling, to help the victims of gambling addiction, it is better to erect a fence at the top of a cliff than to build a hospital at the bottom. Prevention is better than a cure.

Therefore I respectfully suggest ,

### **9.1. Laws should be introduced to phase out poker machines in hotels over a five year period, but allow them to continue in clubs.**

This would serve to reduce organised crime, on the principle that where a carcass is removed predators no longer gather.

Maureen Vance's suggestion should be taken seriously that gaming machines should be controlled by legislation, as the owning of guns has been restrained.

### **9.2. Provision should be made to reimburse hotels from the earnings for some of their losses and to help them re-adjust.**

It may be argued the cost for this would be enormous, but in 1807 William Wilberforce succeeded in persuading the English Parliament to pass legislation outlawing the Slave Trade. 20 million pounds was allocated from the Treasury at that time to recompense slave owners for their investment in slaves. This was an enormous amount, even by today's values.

Dr Archie Barton AM. Aboriginal elder and Administrator of the Maralinga Tjarutja lands recently won a fight to ban poker machines from a hotel near the Yalata community on the west coast. His lawyers said, "*The court's decision meant that wider issues such as the socio-economic impact of poker machines on dependent people could be taken into account by the Gaming Commission when deciding on poker machine licences.*"

This enlightened stand by Dr Barton and his fellow elders points the way for our own 'elders' in Canberra and the states, because it is patently and sadly clear there are many people in non Aboriginal communities who are dependent and need protection from themselves.

Gambling is ingrained in the Australian psyche, as we have noted, but there is a rising tide of concern about gambling in general and poker machines in particular. It is time

for forward thinking politicians to act firmly and apply legislative surgery to this 'cancer' that is destroying our nation from within.

### 9.3 THE BACKGROUND TO MY PHILOSOPHY

I am a Christian minister and my approach has been from the Judeo-Christian ethic. The Ten Commandments say, *"You shall not covet"*. This instruction is reflected in the Apostle Paul's words,

*"What did we bring into the world? Nothing! What can we take out of the world? Nothing! So then, if we have food and clothes, that should be enough for us. But those who want to get rich fall into temptation and are caught in the trap of many foolish and harmful desires, which pull them down to ruin and destruction. **For the love of money is a source of all kinds of evil. Some have been so eager to have it that they have wandered away from the faith and have broken their hearts with many sorrows.**"* 1 Timothy 6 v.7-10 Good News Translation.

October 1998

### CASE STUDIES IN GAMBLING ADDICTION

#### 1. Experiences of the Stirling Family Church

Christian Revival Crusade

Senior Pastor: Hans Voortman

#### Case Study One

This situation involved a sixty five year old gentleman from an ethnic background, who, upon retirement, began to get involved with gambling at the Adelaide Casino.

He quickly gambled away his superannuation payment of some \$120,000. Over a six month period, he then began to utilize the equity in his house. Over a two year period from retirement, this equity was also used up.

During this time, there was an incredible amount of deception going on with his wife, and an increasing stress between them as a retired couple. They'd enjoyed a fairly strong relationship up until this time, but now, under the financial stress and dishonesty, their relationship too, started to falter.

The summation of this case was that the man went for specific gambling counselling, and has managed to regroup his life, but from being in a strong position for retirement, he is now living on pension benefits and they are living in a much smaller home with nowhere near the quality of life that they had first enjoyed.

#### Case Study Two

In this case, the man concerned became particularly involved in pokie machines which were associated with his already existing alcohol problem. In the endeavour to gain financial support to cover his alcohol addiction, he found himself gambling on the pokie machines the little money he lived on from his social security payments, in the vain hope that somehow he could double his money.

Again, in this situation, there was incredible strain created on their home life. Where the man had originally been a successful business man, alcoholism had caused him to lose his business focus and effectiveness, and with the development of a gambling addiction also, the marriage broke down.

The wife came to see me in considerable distress and concern at the problems that were being created, and the seeming inability for her to affect the situation in any way. Unfortunately, the man denied any opportunity to gain counselling, and progressively, the relationship has deteriorated to the point where they have now broken up and their rather large home in a prestigious suburb of Adelaide has been sold. I have lost contact with the man, but am aware that the woman is filled with a lot of trauma and is undergoing psychological counselling and care which certainly has been added to by the double addiction of pokies and gambling on top of the already serious problem of alcoholism.

### Case Study Three

In this particular situation, the main source of gambling was involved in horse racing. However, this person would gamble on anything. Again, there were continual lies and deception, and the building up on huge credit debts on various credit cards. Also, there was deception in the business partnership that this particular man was involved with. Eventually, the fraud squad was involved because of the corruption that had occurred, and also the dishonesty towards various government agencies, including the taxation department.

The result of this was that the man's business faltered and his marriage broke down for a season. This story did have a more positive ending in that the man went for counselling with Gambling Anonymous and various other gambling support agencies in the city. These have allowed the man to gain some sense of control over the situation and his wife and family have continued to support him through this time of rehabilitation. It seems now, after some two years, that the man is back on track, however, his business opportunities have been lost for ever, because of the dishonesty and corruption brought on by the misuse of business assets.

### Conclusion

There is no doubt in my mind that the increased availability of gambling was the downfall of each of these people.

Hans Voortman

## **2. Experiences of the Portside Community Church**

Christian Revival Crusade

Ethelton, SA

Pastor Ross Tonkin

### REPORT ON JOHN BLACK (Not real name)

I first met John when he joined our Church in early 1996.

At that time I didn't realise he had any gambling problems. He did mention the fact that his wife had left him and he lived on his own. At the time he was selling encyclopedias as a means of support. He was formerly a school teacher and had taken a payout.

It wasn't long before he approached me to borrow money. His reason being that he wasn't making any sales and had bills to pay and his son would visit him on weekends so needed some extra money for those visits. It also came to my attention that he was approaching several folk in our church and asking for money. I spoke to him regarding this and told him he wasn't to borrow money from anyone and he was to see me if he had any needs. It was sometime later I discovered he had borrowed around \$1,000 from these folk.

At the beginning of 1997 John was employed as a contract teacher at a Christian High School. Around April/May of that year his gambling habits were catching up with him. He started borrowing a considerable amount of money from at least 10 teachers at the school, promising to pay them back when he received his next pay. Unfortunately he gambled the lot. He was on the verge of suicide when he decided to confess his problem to another senior man and myself in the church. I took him to the Principal of the school where he worked and John confessed to him his addiction. The Principal, after consulting with the school board, agreed to keep John on provided he sought regular help and had two people from our church take control of his finances, paying his debts etc.

His total debts to my knowledge amounted to \$70,000. He borrowed at least half the amount from his mother.

John agreed in principle to allow myself, and another man with financial skills, to take control of his finances. (This was also done in consultation with an officer from Social Security.) We allowed him around \$120 a week to cover his personal needs and agreed to meet together on a monthly basis to discuss and review how the finances and accounts were being met.

For several months it appeared that things were going fine. He was attending a special group set up in our church for people with addictions. John kept asking that his personal weekly allowance be increased, so we increased it by \$25 per week.

Twice after he received his weekly allowance he came back to us within a few hours and said he had lost the whole amount from his pocket and wanted to be given another amount.

It was then I began to get suspicious that John was still gambling. Two months later he came back with the same story. In the meantime he had been to another family in our church and borrowed \$1,400 over several weeks.

I approached the Principal of the school where he was employed and told him the story (we had agreed to keep in touch with John's progress, etc). As John was on contract till the end of that year, with the possibility of being fully employed the following year, the Principal decided to terminate his contract at the end of that year. John explained



that he was entitled to 4 months pay in advance to allow him to find other employment. Consequently he was paid around \$10,000 by the school. He lost the whole amount within 2 days through gambling.

He again came to me in desperate need as he wasn't eligible to collect the dole. He had no money to pay rent, food etc.

In 1998 he was able to find work as a teacher in a South Australian south east country town with the Department of Education. I haven't heard from him much since the beginning of this year. He still owes people in our church the money he borrowed. However they are resigned to the fact that they will never receive any of it.

Our church runs a Welfare Programme where we give food to people in need. The majority of these people have addictions of different kinds, eg drugs, gambling etc.

Ross Tonkin.

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