

Wednesday 4 November 1998

**The Chairperson
Productivity Commission
PO Box 80
Belconnen 2616**

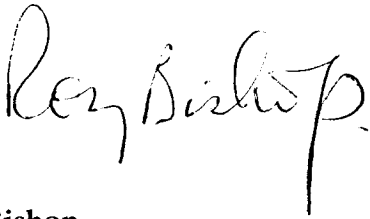
Re: Inquiry into Australia's Gambling Industries

Dear Chairperson,

Please accept the attached submission from the Local Community Services Association (LCSA) as a contribution to your Inquiry into gambling.

We would be very happy to provide any further information or answer any questions to explain our views and recommendations.

Yours sincerely,



**Roy Bishop
Executive Officer.**

Our organisation

LCSA is the peak body for 300 Neighbourhood and Community Centres in NSW. Total budget for NSW Centres is >\$65 million, with 1,300 EFT paid staff positions and more than 7,000 volunteers.

These organisations operate from a community development framework and are managed by volunteers from the local community. They provide a wide range of social services:

- ♦ information, advice and referral
- ♦ family and individual support
- ♦ youth programs and services
- ♦ home visiting and respite care
- ♦ child care
- ♦ emergency assistance and material aid
- ♦ meeting rooms, equipment and facilities
- ♦ environmental and conservation projects
- ♦ social, support, self help and advocacy groups
- ♦ adult education courses and classes
- ♦ ethno-specific programs
- ♦ health, nutrition and rehabilitation programs
- ♦ Aboriginal community programs
- ♦ disability services
- ♦ community transport
- ♦ housing and accommodation programs
- ♦ legal advice
- ♦ social research and needs analysis
- ♦ social planning and impact assessment.

The Local Community Services Association (LCSA) provides information, support, training and learning opportunities, representation and advocacy services to Neighbourhood Centres.

Gambling has clear social costs which have not been investigated or considered in the development of gambling policy. We have anecdotal evidence that gambling and its impacts are having a detrimental effect on local communities in NSW. We wish to contribute to the development of policy and practice in this area.

Costs more than it's worth?

LCSA believes that gambling costs our society more than it is worth. Unfortunately, governments have seen it mainly as a source of revenue.

Gambling is not valuable because it:

- ♦ destroys communities and their social capital
- ♦ is constantly at risk of corruption and money laundering
- ♦ undermines small business who employ more people
- ♦ provides only poor employment and conditions with limited transferability
- ♦ destroys families, particularly harming the most vulnerable - children
- ♦ disproportionately hurts low income and marginal people and groups
- ♦ results in severe problem gambling for a small but significant proportion of gamblers
- ♦ has to be paid for through other community services which are stretched and poorly resourced - like family support, financial counselling and emergency relief services
- ♦ results in regressive taxation income - the poorest gamble the most and pay the greatest proportion of their incomes
- ♦ prevents productive investment and resource development
- ♦ requires infrastructure which costs taxpayers and the government
- ♦ undermines local and home-grown cultural, recreation and social activities.

Gambling and government encouragement of gambling helps build a 'culture' which says that luck is more important than effort, chance more worth investment than active participation as a citizen. This gives all of us a message which is against the fundamental basis of our society and it entrenches ideas of private gain at public expense.

Recommendation:

LCSA believes that the government should always act to reduce and discourage gambling. Strong and independent regulation, licensing and taxation should be designed to:

- ♦ remove or reduce the appeal of gambling
- ♦ reduce the impact on communities, families and individuals
- ♦ minimise the harm done to those who are caught in the gambling trap
- ♦ quarantine gambling from illegal and corrupt behaviour and funds.

Recommendation:

Gambling should not be part of any government revenue raising strategy. Revenue for gambling should not be used to replace other sources of funds for core government activities or services.

Uncontrollable?

Self regulation in an industry which is based on exploitation and misinformation is a contradiction. All the incentives in this industry are towards greater profit through any measure, with imperatives which make it very attractive to criminals and corruption. The gambling industry must not be seen simply as a 'market' like any other.

Governments must give the public interest priority over revenue raising and entrepreneur. The government must put the interest of the entire community first. There must be no possible improper links between government decisions and gambling regulation. Existing regulation is inconsistent, too little, too narrow and not open to public disclosure. Regulation needs to be tightened and strengthened.

Recommendation:

The government should establish a powerful and independent Gambling Commission which has a regulatory role over all gambling activities, irrespective of where they occur.

Recommendation:

The government must make sure there is:

- ♦ no opportunity for collusion or corruption around the gambling industry
- ♦ independent regulation separate from the management of gambling activities
- ♦ coverage of all gambling activities, including those based on new information technologies
- ♦ no interference for immediate political or financial ends
- ♦ full public disclosure and open information and debate on gambling activities
- ♦ thorough probity and licensing procedures which protect gambling from criminal elements and improper influence
- ♦ strong consumer protection always available.

Next stop Las Vegas?

We have an opportunity to make sure that NSW (and the rest of Australia) does not become like Las Vegas - dependent on gambling for our survival. There has been exponential growth in an expanding range of gambling activities available in an ever-increasing number and type of venues. The government must limit the number, variety and placement of gambling opportunities. They should not be placed wherever, whenever they want and operated by just whoever want to do so.

Recommendation:

The government should set up an independent, well-resourced Gambling Commission to:

- ♦ determine overall standards and conditions for any gambling activities
- ♦ set limits on the numbers and any future expansion of gambling activities and outlets
- ♦ collect and disseminate data on the ownership, extent, effects and impacts of gambling
- ♦ strictly control and license all gambling operators, and severely penalise operators who fail to comply with license requirements
- ♦ control the number and concentration of gambling operator licenses
- ♦ limit different types of gambling according to their negative social costs and impacts
- ♦ control the premises where gambling activities can operate
- ♦ make sure there is full and open public participation in decisions to allow or expand gambling
- ♦ closely monitor and control advertising, marketing and drawcard strategies used to lure people to gambling activities
- ♦ hold, manage and distribute funds from gambling taxes.

Paying the price?

Gambling has always been and will continue whether we like it or not. However, the government has a responsibility to look after the public interest. Taxing gambling is a valid way to make sure that social and community services are provided to reduce negative impacts on individuals, families and communities.

Recommendation:

To show the community's response to the negative social impacts of gambling, all gambling activities should be highly taxed, irrespective of:

- ♦ where they operate
- ♦ the legal structures under which they operate
- ♦ the technology or method of gambling they use
- ♦ who operates them
- ♦ their scale or size.

Gambling taxation should cover: casino, online or computer gambling, TAB, hotels, clubs, as well as more traditional forms.

Recommendation:

These gambling taxes should be progressive ie. those operators who make more profits should pay higher rates of tax. Smaller operators should pay proportionately less tax. The new taxes should be phased in over two or three years to allow the industry time to adapt.

Recommendation:

A large component of gambling tax revenue should go to pay for the social infrastructure and social capital which all communities need, and which we know that gambling destroys.

Funds should be provided to non-profit bodies for:

- ♦ neighbourhood services and resource centres
- ♦ community development programs
- ♦ family support and counselling
- ♦ domestic violence and court support
- ♦ child care and children's services
- ♦ accommodation, especially emergency housing
- ♦ unemployment and labour market programs
- ♦ community health funds and programs
- ♦ community education and health promotion programs
- ♦ capital funds for community facilities and centres.

Recommendation:

Governments must not allow gambling taxes to take the place of other tax sources. Any services funded from gambling taxes should be an add-on rather than core government services such as child protection, police or prisons. The government must not allow its own budget to become dependent on gambling revenue.

Recommendation:

Gambling taxes must be identified separately in the Gambling Commission and government financial statements. These accounts should be open to full public scrutiny, and to review by the Auditor General and NSW Ombudsman. Taxpayers must be able to see that gambling taxes are used for community-building purposes. An independent Gambling Commission separate from government line agencies should assess, allocate and account for funds from this source.

Picking up the pieces?

Nearly 4% of gamblers will experience major problems with gambling. This will cost them and those around them money, lost opportunities and actual suffering. The government should act to protect these people and minimise the harm done to them and their families and communities. We must remember that the problem is gambling not the people.

Recommendation:

There must be strict controls on gambling operators (eg. a code of conduct) to make sure that:

- ♦ potential gamblers are informed about their chances
- ♦ unfair inducements to gambling are not allowed
- ♦ gamblers are informed about support and counselling services
- ♦ gamblers can use a fair and independent 'consumer' redress system
- ♦ people with gambling problems can be excluded (by choice or by law) from gambling outlets
- ♦ the gambling environment does not encourage or allow uncontrolled gambling eg. limits on access to ATMs, cheque-book gambling.

These policies, programs and practices must be funded by the gambling industry before-profit revenue, not from gambling tax revenue.

Recommendation:

The government should make sure that a specified proportion of gambling tax revenue is used to provide specialist services for people who have gambling problems. These services should be:

- ♦ locally based and controlled
- ♦ linked with other social and community services
- ♦ not-for-profit
- ♦ independent of gambling operators
- ♦ available to all people regardless of gender, race, ethnicity, sexuality, religion beliefs, and age.

Recommendation:

These gambling services should include a wide range of strategies and philosophies:

- ♦ self help groups
- ♦ professional counselling
- ♦ support and therapy groups
- ♦ community education
- ♦ social action.

Recommendation:

Funds from gambling taxes should be earmarked to provide a statewide community sector body whose function is to:

- ♦ provide training and resources to assist services aimed at people with gambling problems, their families and communities
- ♦ contribute to policy development on gambling issues
- ♦ provide community education, advocacy and public education campaigns about gambling.

What's going on?

Citizens and governments have little access to information about gambling, its extent and impacts. This means that the effects are insidious and creep into our society over time.

Recommendation:

The government should make sure that funds from gambling operators are used for research and investigation of the social and economic impacts of gambling. An independent Gambling Commission should carry out or commission this research and make the results public and disseminated to the wider community.

Watching what happens?

Australian society needs to monitor what happens with the creation and building of a gambling culture. The government should make sure this is done on behalf of all Australians. We must make sure that we do not unthinkingly find ourselves in a society where chance has replaced effort and active participation in community life.

Recommendation:

The NSW government should re-assess the progress of strategies to prevent and reduce the impacts of gambling after four years of Gambling Commission operations.