

**SUBMISSION**

**to**

**THE PRODUCTIVITY COMMISSION**

**GAMBLING INQUIRY**

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**7 December 1998**

## INTRODUCTION

Back in 1982, Festival of Light (SA) published its first resource paper on the gambling issue, entitled *The Social Risks of Casinos*. We quoted Rev Dr Keith Rayner (then Archbishop of Adelaide, now Anglican Primate of Australia) who said in his Synod presidential address in September 1981:

“In recent years there has been a massive growth of gambling in Australia. It has become a major industry, and there are strong vested interests in promoting its further development. Large-scale gambling diverts resources from productive to non-productive fields; it fosters unhealthy covetousness by holding out the prospect of enormous wealth without work; and as a form of recreation it is essentially anti-social. We need less, not more, gambling in our community; and I hope our parliamentarians will strongly resist any moves for the establishment of a casino.”

However SA parliamentarians did not resist. The Liberal Tonkin government (1979-82) conducted a “family impact study” on the casino proposal and found no adverse effects on SA families because an Adelaide casino “would attract mainly wealthy interstate and foreign tourists.”<sup>1</sup> We and many Tonkin government MPs remained unconvinced, and it was not until 1985, under the Bannon government, that the Adelaide Casino was established. It soon became apparent that the bulk of casino patrons were “Mr and Mrs Average” from Adelaide suburbia, with only a few high rollers - the opposite of the family impact study prediction! Local pawn shops began to flourish, and we began hearing in the media of suicides of people who had lost everything at the casino. Our warnings had been all too true - but saying “I told you so” brought no comfort.

Seven years later, in 1991-2, we wrote to all Members in the SA Parliament, warning about the particular dangers of poker machines and urging them to vote against their introduction to SA via the Gaming Machines Bill. A narrow majority refused to heed the warnings, and the bill passed - but even we had not foreseen the how rapidly our predictions of harm would be realised. Before long, gambling debts rose to support not just a couple more pawn shops, but a whole new chain. From July 1994, ordinary housewives who had never gambled before in their lives, including church-goers, began to succumb to pokie addiction - a problem hard to escape with machines in almost every pub and club. The media carried stories of increasing violent crime, suicides, embezzlement and fraud triggered by pokie addiction.

We thank the federal government for the opportunity to make a submission on Australia’s gambling industries at this inquiry by the Productivity Commission. It comes at a time when laws which restrict our right to do what we like with the physical environment are praised as “responsible”, while laws which restrict our right to do what we like with our social environment are denounced as “censorship”. Yet both types of laws are needed so that society can continue to function in a healthy manner. “No man is an island”, and the rights of the individual must be restricted in order to maintain the rights of the group to live safely and peacefully.

It is appropriate that a federal body conduct this inquiry, even though gambling is considered a State responsibility. Gambling via the Internet and interactive TV gambling threatens the whole nation, with potential for even greater social damage than from pokies in hotels. Only the federal government has the constitutional power to ban such gambling, via the Broadcasting and Telecommunications Acts. Currently a very significant percentage of State revenue comes from gambling taxes and State governments are being tempted to increase the availability and extent of this income-raiser, while the federal government “picks up the pieces” in terms of paying social security and Family Court costs when families break down because of gambling problems. Part of the solution must be to change the revenue-raising ability of the States so that they do not need to rely on gambling taxes for income.

We are not able to comment on all the questions raised in the Issues Paper, *Australia’s Gambling Industries*. This submission will focus particularly on section 6: *benefits and costs to individuals*, which also encompasses areas raised in 7: *benefits and costs for local communities* and 8: *benefits, costs and impacts at the economy-wide level*. We will look particularly at problem gambling and ways to prevent and minimise it, plus concerns about crime and corruption related to casino gambling.

## **1. THE NATURE AND DEFINITION OF GAMBLING**

The Oxford Dictionary definition of gambling is “playing games of chance for money”. UK Christian pastor Rev David Pawson defines it as “seeking to gain at someone else’s loss without giving anything of value in return, as a result of an unnatural and artificial risk which was not there before the gamble began”.<sup>2</sup>

Mr Pawson does not include insurance as a form of gambling, since insurance helps people to cope with risks that are already there. Normal (medium to long-term) investment on the stock market is not gambling, either, since it provides capital for companies to build and expand productivity.

This inquiry is needed because the rapid increase in availability of new, more addictive forms of gambling in Australia during the past ten years has led to a significant increase in the percentage of problem gamblers in the community. These people are thereby involved in more crime, family and marriage breakdown, child abuse and suicide. In addition, casino and other gambling is associated with laundering of money gained from crime such as theft and drug dealing. It is these characteristics that call for community action. The Commission’s highest priority should be an investigation of those forms of gambling which are most addictive (electronic gaming or poker machines), as well as those forms which are most accessible to vulnerable people in their homes (poker machines, and interactive gambling on the Internet and cable television). It should also include casino gambling, lotteries, scratch lottery tickets, keno, bingo and Lotto, TAB gambling, plus betting on racing or sporting events.

## **3. REGULATIONS - ARE THEY WORKING?**

### **(a) Regulations fail to protect children**

On 30 November 1998, Festival of Light Research Officer Mrs Roslyn Phillips phoned the SA Lotteries Commission and spoke to Mr Sam Harvey, who said that under Lotteries Commission Act regulations, children may legally buy “scratchie” lottery tickets as long as they are at least 16 years of age, with a fine of up to \$200 for those who sell to younger children without receiving “proof of age”. Since Festival of Light has received complaints that children younger than 15 have been seen buying Keno and scratch lottery tickets in suburban shopping malls, Mrs Phillips asked if there had ever been any prosecutions for selling to minors. She was told: “No”. She asked if there were any penalty for children who showed false ID. Again the answer was: “No”.

Mrs Phillips then phoned the Lottery and Gaming division of the SA Department of Treasury and Finance to inquire about regulations for children buying and selling charity lottery or raffle tickets, bingo tickets and the like. She was told that children who sell these tickets must be accompanied by an adult or be at least 15 years of age, but there is no lower age limit for children who buy such tickets - such as bingo tickets in shopping centres. After some discussion with colleagues about the Lottery and Gaming Act 1936, the official said that the law regarding children seemed to be “ambiguous”. He believed that there was no actual law or regulation forbidding children from buying bingo or charity lottery tickets, nor from playing poker machines in clubs or hotels. He believed it depended entirely on the policy of the particular venue. Mrs Phillips later checked that the Gaming Machines Act 1992, Part (5) Division (3), does prohibit minors from operating gaming machines or being in the gaming machine area. She was told there have been no prosecutions under this Act.

Festival of Light has received several reports of minors aged 13-15 buying scratch lottery tickets or gambling on poker machines in hotels, without being asked for proof of age. A youth, Ben Kinter (17) who visited our office recently, told us that he had begun buying Keno and instant scratchies at the age of 16, but had quickly become addicted. Ben’s friend Victoria Andrews told us that in 1997, aged 16, she had gone into *The Planet* nightclub in Adelaide with a friend about the same age and they played poker machines near the entrance for half an hour without being asked for ID. She lost \$10 and her friend lost \$7. They have also been able to gain entrance to other nightclubs such as the *Black Rose* and *Rio*

*International* in Hindley Street, both of which have poker machines. A 13 year old friend of Victoria had visited a Rundle Mall hotel and played poker machines for several hours. Both Ben and Victoria have loving, church-going families. Victoria later conducted an informal survey of her friends, and found that over half had begun buying scratch lottery or keno cards at an early age (under 10), with their first cards being bought for them by an older child or adult. Almost all her friends had been admitted to night clubs and played poker machines there at the age of 16 or younger.

Festival of Light Field Officer David d’Lima has submitted a separate statement on his concern that SA laws allow gambling promoters to influence his children at his local supermarket during family shopping visits. Mr d’Lima said:

*The Food Town supermarket at Darlington has become a hive of activity, with many more customers, following a recent expansion of its premises, and the inclusion of four choices of Lotteries Commission gambling. This is a supermarket which I frequent with my young children, as it is the only supermarket in our area.*

*The gambling opportunities are blatantly promoted. All customers and their children must queue alongside a section of the shop adjacent to the checkout counter, which includes a TV monitor, large illuminated signs and a "scratchies" display cabinet. Sometimes the queue of shoppers is delayed as someone spends time discussing the gambling options with a shop assistant.*

*As a father I am deeply concerned that gambling should impact upon the family market place. As a customer of this shop I have no choice but to pass the gambling section, with my children, and they are forced to observe people buying, discussing and engaging in gambling.*

*As a parent, I have to compete with this influence in the training of my children. The legal, blatant invasion of the family market place undermines the teaching and example I provide to my children, who are looking to society to affirm the validity of my teaching and example. These are certainly not affirmed by the situation I have described. I must be further vigilant in explaining why mature adults gamble. This, regrettably, undermines their confidence in adults and wider society (including the government) as I must describe such adults and the government as unwise stewards of their resources.*

*If I took my children to the Adelaide Casino, I would only have myself to blame if they drew unwise conclusions about the propriety of gambling. But as a customer of a supermarket, I should be free to purchase groceries with my children, in an environment free of gambling activities.*

Clearly, current lottery and gaming laws and regulations relating to protection of minors are inadequate. Even the adequate sections are neither widely known (even by government officials), nor policed. Regulations for charitable lotteries need to be updated to prohibit all participation by minors; regulations for charitable and government lotteries and gaming machines should prohibit any promotions which can be viewed by children in a public place; all laws and regulations relating to minors and gaming and/or lotteries should be enforced; minors who show false identification should be penalised; a government TV campaign should make the whole community aware of the regulations and why they are so important. No gambling outlet should be situated in a position where children can readily access or view it.

### **Do the regulations prevent corruption of officials and money laundering by criminals?**

Back in 1982, our Festival of Light resource paper, *The social risks of casinos*, by Dr David Phillips (p 11) noted that 63 known criminals had been “barred” from Hobart’s Wrest Point Casino, but the casino’s security manager was reported as saying: “It is quite probable that a number of persons on the barred list are regular punters in the casino. On several occasions government inspectors have pointed out to security officers the presence of barred persons in the casino.”

The FOL resource paper went on to quote a paper, *The social risks of casino gambling* by Dr Jerome Skolnick, published in *Psychology Today* (July 1979, pp 52-63). Skolnick said: “Legal controls

(over casinos) have an important side effect: the potential they create for corruption of public officials who administer them. Corruption is made all the more possible amid the high cash flow and fast action atmosphere of the casino industry. Corruption can take blatant forms - picking up the tab for the wedding of a public official's offspring, for example - or it can be quite subtle, and several steps removed both in payoff and outcome... How easy it would be to undermine administrative controls merely by appointing inept, even if honest, officials to key positions."

If there is no political will to uncover such corruption, it will not be revealed. Private groups and individuals do not have the resources to do the careful investigation that would be needed. But we repeat here part of an article, *Casino inquiry concern*, we published in *Festival Focus*, November 1993 (p 2), regarding possible corruption in the Adelaide Casino:

*The SA government inquiry into the operation of the Adelaide Casino and the role of [its adviser] Genting, has cleared both groups. The "independent inquiry" was conducted by Frances Nelson QC, who chairs the Casino Supervisory Authority. The ABC 7.30 Report (20/10/93) raised a number of serious concerns.*

*ABC reporter Hendrik Gout revealed that the Nelson inquiry was private, unlike the Jacobs State Bank Royal Commission which was done under full public scrutiny. All the evidence on which Ms Nelson based her conclusions has been suppressed.*

*Former Casino employee Brian Feetham, who told the 7.30 Report on 28 June that Genting effectively "ran the Casino", found his evidence was dismissed by Frances Nelson on the ground of his alleged character flaws. Mr Feetham says the allegations are false.*

*Mr Nelson failed to take evidence from Les Ayton, now Assistant Commissioner of the WA Police, who found evidence of serious misconduct by Genting in its involvement with the Burswood Casino in WA. In her report, Frances Nelson listed Les Ayton as having given an "oral submission". Assistant Commissioner Ayton says he spoke to Ms Nelson on the phone for ten minutes, and at no stage was he aware that his informal conversation was an "oral submission".*

In our editorial on the page following this article, we noted: "Frances Nelson was appointed by the SA government to conduct the 'independent' inquiry while she remained chairman of the Casino Supervisory Authority. Isn't that a conflict of interest? All evidence given to the inquiry has been suppressed from public scrutiny. Why the secrecy?"

"Although Frances Nelson was given a free hand and \$250,000 to conduct her inquiry and flew to Malaysia to gather evidence, she failed to take formal evidence from a key witness, Assistant Commissioner of the WA Police, Les Ayton. Why ignore a key witness?"

Festival of Light sends copies of its national magazine *Light* and its SA paper *Festival Focus* to every SA MP, both state and federal. We have not had any response to the above article and editorial, either then or since. The questions we asked remain unanswered, and re-inforce our concern that corruption of casino and government officials may be an inevitable result of legalising this form of gambling. Dr Phillips said in his 1982 resource paper on casinos, "Any government that legalises casinos is more likely to become corrupt because it then has a vested interest in revenue from taxes on the gambling profits."

It was disturbing to read only weeks ago in *The Advertiser* (11/11/98, p 2) that SA Premier John Olsen told a public meeting in Lobethal that his government could not afford to "unscramble the egg" by simply removing poker machines - despite their adverse effect on the community. He maintained this stance even though Nick Xenophon MLC pointed out that compensation payable by the government could be minimised by giving the hotel industry ample notice of a future ban on pokies. Premier Olsen did not mention on this occasion that his government has come to rely on the \$150 million or so that it receives every year from poker machines. Gambling taxes now make up 12% of SA government revenue. Is a

government likely to have the will to investigate corruption in an industry to which fills government coffers to this extent?

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

In his address on gambling quoted towards the beginning of this submission, Rev David Pawson stated that many people gamble to gain relief from boredom, loneliness or depression. Many problem gamblers say they began playing the pokies when they began having problems or illness in the family or at work. Gambling provides a way of mental escape.

Others are discontented - they are envious of those with more wealthy lifestyles and see gambling as a way of “getting rich quick”. Gambling advertisements, such as the “Break Free” series shown on SA TV by the SA Lotteries Commission, encourage this fantasy.

A third, smaller group gamble because they are in desperate financial straits and see gambling as the only chance (albeit small) of solving their problem. For this group in particular, gambling only makes their problems worse.

An SA inquiry into the impact of gaming machines established by the then Premier Dean Brown found that people in the poorer suburbs spent more on pokies, mostly in hotels.<sup>3</sup> Rev Geoff Scott of the Adelaide Central Mission commented: “It’s a form of exploitation. People in these areas will play the pokies whether they can afford to or not. The marketing is directed at them.”<sup>4</sup>

All types of gamblers are rapidly expanding in Australia at the current time, partly because of high rates of unemployment and family breakdown, but mainly because of increasing promotion of gambling by the industry as a valid way to “break out” of the boredom of everyday life, or to make a lot of money with no effort. Unemployment was much higher during the Great Depression of the 1930s, but 1930s gambling was nothing like the social problem it is now.

While governments have no mandate to stop citizens from engaging in benign entertainment or mental escape, they do have a responsibility to prevent the promotion of activities which have been shown to cause significant community harm, and to prohibit those activities which cause most harm. There are many alternative forms of entertainment available. As Archbishop Rayner, quoted at the beginning of this submission, said: “Large-scale gambling... as a form of recreation is essentially anti-social.”

#### **6, 7, 8. BENEFITS AND COSTS TO INDIVIDUALS AND LOCAL COMMUNITIES; ECONOMIC IMPACT**

##### **Alleged net benefits illusory**

Gambling, particularly casino gambling, is often promoted by the gambling industry as a great benefit to governments by providing entertainment and bringing extra tourism and jobs. However there is mounting evidence that casinos are no longer the novelty and tourist drawcard they once were - the Adelaide Casino found it was actually losing money from tourist promotions (see more details later in this submission) and Melbourne’s Crown Casino is in financial trouble. Moreover the 4000 jobs (many part-time) created in SA by the introduction of poker machines in pubs and clubs have been offset by the estimated loss of some 8000 jobs from the small business sector.<sup>5</sup>

These days, while many Australians still enjoy gambling as a form of entertainment, there is growing recognition the costs are getting out of hand. Hon Fred Nile MLC told the NSW parliament on 17 September 1996 that he had calculated that for every dollar of income governments gain from gambling taxes, over a dollar is lost (for example, in higher insurance and police costs plus Family Court, legal aid, health and welfare payments). Robert Goodman, professor of economic development in the University of Massachusetts (author of the book, *The Luck Business*) has calculated that the losses to governments from gambling are even greater. Robert Goodman explodes the myth often believed by MPs that gambling taxes

provide funds for roads, schools, hospitals and other public services. He estimates that for every dollar gained through gambling tax, the government loses from three to seven dollars through increased levels of bankruptcy, small business failure, lost productivity, increased levels of family breakdown and crime, and the overall negative impact of consumer spending.<sup>6</sup> However State governments may not see this as an immediate problem, since they gain all the income from gambling taxes while the federal government pays for the extra pensions and Family Court costs. The federal government has therefore a very legitimate interest in the gambling issue, since it picks up so much of “the tab”. The Productivity Commission should recommend strong action to curb the more addictive types of gambling throughout the Commonwealth.

### **SA history shows the rapid rise in gambling problems over just 30 years**

In South Australia 31 years ago, the only form of legal gambling was through licensed bookmakers at a race track or licensed charity raffles. There were problem gamblers in those days, but they were almost entirely male, and they constituted a very small percentage of the SA community. SA gambling losses were among the lowest in the nation.

Former SA Labor Premier Don Dunstan introduced the first SA state lottery in 1967, but told the SA parliament in March 1971 that such lotteries would never be actively promoted because such promotion would be “socially inadvisable”. At an Adelaide rally in July 1998, Mr Dunstan spoke out against the subsequent flagrant breaching of his original undertaking under more recent Labor and Liberal governments.

The Lotteries Commission began with lotteries, where participants must wait weeks for prize winners to be announced. This “delayed gratification” is much less likely to produce gambling addiction. However the Commission later introduced various forms of “immediate positive re-enforcement” systems such as “scratch” lottery tickets and Keno shown on shopping mall screens, with winners every five minutes - a form of gambling much more likely to induce gambling problems, as any junior psychology student familiar with Pavlov’s dog experiments would know. In addition to these gambling inducements, TAB offices in shops and pubs enticed shoppers and drinkers to gamble on a much wider variety of racing, and TV stations across Australia featured the “Cross Lotto” draw every week for gambling viewers in every State.

Former Labor Premier John Bannon established the Adelaide Casino in 1985 - whereupon SA gambling losses jumped significantly. Premier Bannon drew the line at poker machines however, saying they would be introduced only “over my dead body”. He resigned from parliament before two ministers of the Arnold Labor government introduced a “private member’s” Gaming Machines Bill, which was allotted government time for debate with a conscience vote. One of the original sponsoring ministers was later found to have had a conflict of interest, in that she lived in a de facto relationship with a lobbyist for the Australian Hotels Association who was pushing for legal poker machines in hotels. AHA payments to its lobbyist ended up in his joint bank account with the Minister. The Minister had not declared her potential conflict of interest before the bill was discussed by Cabinet.

The Gaming Machines Bill eventually passed the Legislative Council in 1992 by the narrowest of margins (11-10). A Labor MLC, Hon Mario Feleppa, had earlier stated his intention to oppose the bill - but after the debate continued into the early hours of the morning, he was called to discuss the matter in the office of the then Attorney-General, Hon Chris Sumner, where shouting in Italian was heard by those outside. Mr Feleppa emerged after a long time, looking somewhat crushed - and voted for the bill, which would have failed had he followed his original intention. There was never a strong public demand for legal gaming machines in SA - the pressure on parliament came largely from the hotel and gaming industries.

It was not until July 1994, under the new Brown Liberal government, that the Gaming Machines Act came into effect, and up to 40 poker machines each began to be installed in hotels and clubs across South Australia. No one had anticipated the rapid rate at which hotels in almost every suburb and town would seek and obtain poker machine licences. Adelaide citizens had only to walk down the road to their local shopping centre, or catch a bus to Rundle Mall in the city, to “try their luck” at the pokies. It was not long before we saw small businesses closing and their owners going bankrupt because they could not compete

with the heavily subsidised meals and other inducements offered by hotels with poker machines. The SA Small Retailers Association says that since poker machines were introduced in 1994, its members have lost up to 15% of their annual turnover. Surveys conducted by the Association have found that for every new job created by the poker machine industry, two jobs are lost in small retailing.<sup>7</sup> From the SA government economic point of view, this may not matter: it gains much more income from pokie tax than from small businesses, and when the small retailer goes on the dole, the federal government pays. However the effect on community morale can be devastating.

It was the close availability and convenience of poker machines, combined with strong promotion, cheap meals and other perks, that encouraged many former non-gambling housewives and others to start playing the pokies. Unlike TAB betting, they did not have to know anything about horses, dogs or “form”. Unlike casino patrons, they did not have to dress up. They did not even need much money to start - in some cases, just two dollars would be enough. It was so easy, so inviting, that many more people were drawn in. SA gambling losses, which had levelled off a few years after the Adelaide Casino opened, began to rise rapidly. But unlike the Casino, pokie losses have not yet reached a plateau. This year, SA citizens are losing over \$1 million each day on poker machines, and the SA government is gaining nearly half of that in tax. It is not surprising that, despite protestations of concern, the Olsen government has so far done nothing to stem the SA gambling tide. Through its reliance on poker machine taxes, the government has become the number one addict. This “vested interest” of current State governments in the gambling industry has been a cause of concern to many, including Professor Jan McMillen, executive director of the Australian Institute of Gambling Research at the University of Western Sydney.<sup>8</sup>

### **Machines designed to induce addiction**

The Australian machines have had design input from psychologists. Flinders Medical Centre anxiety psychologist Dr Malcolm Battersby said: “I call (the poker machine) an addiction machine because it is derived from the basic psychology of intermittent reward. If you wanted to design a machine that gets people to put money into it, this is what you do. Then you put pretty colours on it and add music and bells.”<sup>9</sup>

Even the music and bells are cleverly researched. Australia’s largest gaming machine manufacturer, Aristocrat, which controls the Adelaide market, has 40 people including psychologists working full time on game design. Sweethearts 2, one of the new generation Aristocrat machines, is smothered in cupids and pink hearts and is obviously pitched at women.<sup>10</sup>

### **Adelaide Casino 1998 - a far cry from 1985**

On 30 November 1998, Festival of Light Research Officer Mrs Roslyn Phillips visited the Adelaide Casino. The Casino’s focus is a far cry from the early days when voters were assured that the clientele would be largely rich interstate and foreign tourists. Mrs Phillips noted an article on the Casino in *The Sunday Mail* (p 51) the day before. It quoted Adelaide Casino manager John Frearson who decided two years ago to “exit the high-roller players from overseas and interstate” in order to turn the Casino’s big losses into profit. Evidently casinos and tourism do not necessarily help each other, contrary to statements in the Issues Paper (p 20). Mrs Phillips found the new Casino management aiming locally and down-market. Although the dress code supposedly prohibits faded denim and T shirts, she saw both on several patrons. The code also says a “smart” appearance is required - but an elderly man who warned her to avoid the new poker machines looked slightly bedraggled with a shirt unbuttoned at the collar and a tie. “They’re a lot laxer about dress than they used to be,” the man said. “They’re more interested in your money than your clothes.”

The first thing Casino patrons see on entering is a side room marked “EFTPOS machines” - sending the clear message that should they run out of money, they can access their life savings with no trouble at all. Mrs Phillips learned that EFTPOS was a fairly recent innovation. It would create bigger problems for problem gamblers: we recommend that EFTPOS machines not be allowed in gambling venues.



Mrs Phillips was looking at a dazzling collection of colourful poker machines when the elderly man came up to warn her against them. He said the machines were very new - possibly specially designed to hook more "victims". A woman visitor from Queensland said she found these Adelaide pokies "easier to follow" than those in Brisbane. The players in this section were all women, and some were playing on two machines at once. The gentleman said these were largely local women who were lonely - playing pokies gave them something to fill in their time. He said tourists only came to the Casino for something to do after they had toured the city, seen the Barossa and visited the Zoo - it was not a prime tourist drawcard.

Suddenly, bells rang and there was a breathless announcement that the jackpot had been won. Lights flashed on one machine and attendants rushed over to the lucky lady. Mrs Phillips thought, from the large amount shown on the screen above, that the lady had won many thousands of dollars - but her adviser asked an attendant and found that the jackpot was only \$60. However the big fuss made about it seemed to give new heart to other pokie players to keep feeding their machines in search of the elusive "big one" - all part of the subtle psychological strategies which trap the unwary.

Mrs Phillips asked her adviser why he didn't ever use the poker machines although he visited the Casino several times every week. He replied that he could never win on them, so he confined his betting to the roulette wheels where he had worked out a system, and he always stopped when he was ahead (ie before he lost all the limited money he started with). He also said he no longer patronised the restaurant, where a three course meal used to cost \$2, but now had jumped to \$5. "Two dollars was too good to be true!" he said. Even so, the current \$5 cost is still a subsidised inducement to come to the Casino and gamble while there.

### **Personal stories told to Festival of Light**

Festival of Light has been given a number of accounts of family problems caused by the introduction of poker machines in 1994. Until now we had been aware of such problems in the general community, but some recent cases affected extended families of committed supporters. We had not expected to see such problems come so close - yet another indication of the devastating impact of the legalising of poker machines just four years ago.

An Adelaide man, happily married for some 15 years, became addicted to poker machines in the last couple of years. His wife first learned of his problem a few months ago when he lost his job because he embezzled to play the pokies, and she found that their home, which she had believed had been almost paid off, had had its mortgage extended without her knowledge, and the bank was foreclosing. She has since ended the marriage. Because of gambling, her husband - formerly a good law-abiding citizen - has effectively lost his wife, child, house and job. In similar cases the SA government would have to pay jail and court costs for the husband, while the federal government would perhaps pay him social security for some years afterwards, with Family Court legal aid for the wife, plus a supporting mother's pension with rent allowance. These costs would amount to hundreds of thousands of dollars, for just one family - but if there had been no poker machines, there would have been no cost to either SA or federal government.

A Christian woman, temporarily separated from her husband while they sorted out difficulties in their marriage, was attracted to poker machines in 1994 by enticing offers of very cheap meals at a nearby hotel. Other people have complained to us that when they have gone to a hotel, they have paid for the meal and have received the food plus money to use in the poker machines - an inducement they consider unethical, and unfair competition for other food businesses. Once "hooked" in this way, some gamblers find it very hard to stop. The lonely Christian woman mentioned above became addicted to poker machines, but was ashamed of her problem because gambling was contrary to her religious beliefs. She lived in a country town, but would travel into Adelaide by bus to play the machines in city clubs or hotels where she was not known. She would use up her entire pension cheque and would rely on charities for food. The problem worsened over time; in her case release came only after a re-dedication of her life to Christ. Some counsellors have found that serious drug and gambling addictions are so hard to break that only religious renewal can cure them. They emphasise that Break Even and similar programs do not have a high permanent success rate; that prevention is much better than cure.

Ben Kinter (17), mentioned earlier in this submission, told Festival of Light that he believes all forms of instant lottery tickets are addictive. He started buying them with spare change that he happened to have. He had a few small wins, and that kept him going so he started to “spend up big”. He said, “There was one time I had a spare dollar so I played it on Keno. I won \$3, but ended up spending that also and losing it. I was hooked - so I spent \$10 I was planning to save, and ended up with nothing. I would find it hard to stop spending my money because I always thought I would win in the next game or the next ticket would be the lucky one.

“Being 16 and being able to buy Lotto was a pretty big thing for me. It made me feel more mature. I felt big because I was doing something that for once in my life I was old enough to do. But no matter how much I played, I never won anything big, and my losses were more than my gains. I believe Lotto and other forms of gaming are a scam and are very addictive.”

Ben says that after constantly losing his money he has now lost the habit - but our experience is that in times of stress, people like Ben may be tempted to try again. As with smoking, governments need to work much harder to prevent teens from becoming involved. Sixteen year olds are not mature enough to make informed choices about gambling.

### **Australian Medical Association**

A submission to this inquiry by the Australian Medical Association (reported in *The Australian*, 1/12/98, p 3) pointed out that problem gamblers have increased in recent years because many vulnerable, lonely women are now taking up gambling. This has also been our observation.

The AMA also cited research showing that 34 % of people under 18 have played poker machines; 70% were allowed to enter a casino; 28% played Keno, 79% scratch cards, 41% Lotto and 10% the Pools. Ninety percent said they started gambling before the age of 14. This research underlines the great need to introduce and enforce laws against gambling promotion and gambling by minors.

## **DEALING WITH PROBLEM GAMBLING**

### **(a) Signs indicating where to get help**

Financial counsellors such as Vin Glenn of the Adelaide Central Mission say the incidence of gambling-related suicides (approaching 50 per year in SA) and attempted suicides (three times higher than suicides) is increasing, as are calls for help. It is clear that industry and government efforts to tackle problem gambling are inadequate. During Mrs Phillips’ recent visit to the Casino, she did not notice any signs informing patrons how to seek help for a gambling problem. Such signs may have existed, but they were not prominent enough to catch her eye. They need to be!

### **(b) Education and information programs**

Hon Nick Xenophon MLC plans to introduce a new bill in the SA parliament next year would require the odds against winning to be stated clearly on every gambling outlet, every poker machine, every scratch card and every Lotto form. We commend this bill, believing it would be an important step in the right direction. We also believe that governments should conduct media campaigns to provide information and warnings of the dangers of gambling - as they do for smoking.

However, while some people may be deterred from starting down the gambling path, information on the odds against winning would have limited effectiveness for those already “hooked”. Some years ago, Festival of Light Research Officer Mrs Roslyn Phillips (who is also a registered teacher) was teaching “probability” to a year 12 maths class and asked students to calculate the chance of winning Cross Lotto with a particular set of numbers. The class did the sum, and found that the chance of winning was about one in four million. Mrs Phillips asked the students if, given the odds stacked against them, they would

ever buy a Lotto ticket.

“Of course we would still go in it,” they said, almost in unison. “Someone’s got to win! You’ve got to be in it to win it!” Mrs Phillips was taken aback to find that knowledge of the almost zero chance of success was no deterrent. What those young people were or would be buying was a dream - disappointed week by week, but kept alive by the constant media hype and sensational reporting of the rare individual who happened to strike it rich. Mathematics did not enter their thinking at all. In our post-modern society, luck rules - and logic flies out the window.

**(c) Counselling programs such as Break Even and 12-step programs similar to Alcoholics Anonymous**

These programs are commendable and have helped many people - but anecdotal evidence we have received suggests that such programs often require lengthy periods of commitment to group therapy, and quite a few addicts drop out. Such programs help, but are only part of the solution. Prevention will always be better than cure.

**(d) Poker machine redesign**

Reports from overseas indicate that Australian-designed poker machines are more addictive than their US counterparts. While our prime recommendation is that poker machines of any design be phased out of Australia, a change in design to make them less addictive in the meantime would be desirable.

**(e) Venue exclusion arrangements**

We understand from various press reports that problem gamblers have been able to gain access to poker machines even when they have been “excluded” - and that in any case, they simply move on to another venue. This does not appear to be a very effective measure against problem gambling.

**(f) Exclusion of alcohol**

Gamblers are more likely to make irrational and unwise decisions if they are taking alcohol or other mind-altering drugs while gambling. For this reason, governments should seriously consider prohibiting poker machines and TAB outlets from hotels and clubs which supply alcohol to gamblers.

**(g) Exclusion of EFTPOS machines**

Instant credit outlets exacerbate the problems of problem gamblers. Such outlets should be banned from all gambling venues with poker machines.

**(h) Prohibition of gambling promotions and advertising**

The federal government has prohibited tobacco advertising throughout the Australian media on the grounds of community harm: it should also prohibit gambling advertising and promotions, including subsidised meals in hotels with “free money” for patrons to start gambling on poker machines. No gambling outlet should be allowed in public areas visible to children.

**(i) Phasing out of poker machines**

“Where there’s a will, there’s a way,” goes the old saying. As evidence mounts that poker machine gambling in particular is damaging the Australian community and economy in that costs far outweigh benefits, the federal government must “bite the bullet” and create incentives for state governments to phase out poker machines gradually, first from hotels and later from all venues. One incentive could be handing over to the States ways of raising tax other than poker machines (such as the GST), thus breaking the

States' reliance on this form of gambling.

## 9. IMPLICATIONS OF NEW TECHNOLOGIES

In our national magazine *Light* (August, 1998, p 6) we published an article, "Senator [Grant Chapman] warns of home gambling". The sub-title was: "If you think pokies in hotels are bad news, you ain't seen nothin' yet!"

In this submission we have documented the harm from poker machines, a very addictive form of gambling which, through its convenience and availability, often associated with alcohol, has led to an enormous increase in problem gambling in the Australian community. This problem would be vastly greater if interactive digital TV and the Internet allowed people to gamble in the privacy of their homes.

We urge the federal government to use its powers under the Broadcasting Act 1992 and the Telecommunications Act 1991 to prohibit absolutely any gambling via these media. Australian banks and other financial institutions should be prohibited from processing transactions via credit cards which relate to Internet or TV gambling. The Commonwealth government should seek to negotiate an international agreement to ban Internet gambling worldwide.

## CONCLUSION

There is now widespread recognition that problem gambling has grown out of control in Australia, and the most vulnerable sections of the community are worst affected, particularly by the most addictive forms of gambling such as poker machines. Both federal and state governments have a responsibility to protect the community from this significant harmful influence.

**This submission has outlined a number of ways to address the gambling problem: the federal government could implement some proposals immediately.** Using its powers under the Broadcasting and Telecommunications Acts, the federal government could introduce legislation to prohibit Internet and interactive TV gambling. It could also use the Broadcasting Act to prohibit all forms of gambling advertising via TV or radio. It may also be able to prohibit financial institutions from installing EFTPOS machines in gambling outlets. The Department of Foreign Affairs could immediately seek international discussions on banning Internet gambling.

**The federal government could also seek to work cooperatively with state governments** (as it has in the censorship and gun control areas, for example) to phase out the most addictive forms of gambling such as poker machines. The federal government could encourage state governments to forgo their reliance on gambling taxes by offering an incentive such as the GST. Education campaigns about gambling dangers are needed; gambling by minors should be prohibited and the bans enforced; gambling advertising in any medium should be prohibited.

We commend for consideration by all governments, especially those with legal poker machines, Hon Nick Xenophon's proposed Gambling Industry Regulation Bill<sup>11</sup> to curb problem gambling by various measures including the banning of inducements to gamble via discounted food and drink or gifts or rewards; a five year phasing out period for all gaming machines; requiring casino or gaming machine licensees and the Lotteries Commission to display signs stating the chance of winning a particular game; prohibiting TAB or gaming machine venues from supplying or allowing the consumption of food or drink at the venue .

The basic message of gambling, "Get something for nothing!" has the potential to destroy the whole basis of our community if widely promoted.

## References

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