



**ADELAIDE CENTRAL MISSION  
INC**

**MINIMISING THE HARM  
CAUSED BY GAMBLING**

**Submission  
To The**

**INQUIRY INTO GAMBLING**

**Conducted by  
The Productivity Commission**

**December 1998**

# INQUIRY INTO GAMBLING

Conducted by  
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# **INQUIRY INTO GAMBLING**

## **EXECUTIVE SUMMARY**

Over the last decade we have seen the phenomenal growth of gambling in many countries throughout the world. Countries and States where there had previously been laws prohibiting gambling have implemented significant changes to both liberalise gambling and to capitalise on gambling to support treasury coffers. In many instances the Government has been the main entrepreneur within the burgeoning gambling industry<sup>1</sup>.

In Australia it is no coincidence that the growth in gambling has been paralleled by an increasing dependency by the State Governments on the profits, taxes and licenses from gambling.

In South Australia, for example, there was no community movement to radically liberalise the accessibility of gambling; just the opposite, there were significant and sustained public demonstrations against the introduction of gaming machines. The push for more liberalised gambling and increased growth in gambling came from the State Government and was supported by those who would be the primary financial beneficiaries.

In spite of strong government support, gambling is not a risk-free activity. A significant number of people are harmed as a result of gambling and there is no way of pre-determining which people will develop problems with their gambling. When problem gambling does develop it is also the partners, children, friends and employers, as well as the person themselves, who pay a heavy price.

There is also emerging concern that extensive gambling may distort the very economic business activity of a community to its long-term detriment, particularly in regard to employment and business investment.

The government revenue raising from gambling is regressive in nature and can be characterised as exploitative of those on low incomes and those with gambling problems.

It must be recognised that all forms of gambling are not equal in the harm they cause. Gaming machines have long been recognised as being the gambling activity that produces the most number of people with gambling problems and is hence regarded as the most high risk

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<sup>1</sup> The term Gambling rather than Gaming is used to correctly reflect the nature and diversity of the industry.



product currently available. This distinction is not reflected in public policy.

It is to be acknowledged, however, that many people enjoy gambling in its various forms as entertainment and recreation and do so without any detriment to themselves or others.

However, in embarking on any process of liberalisation where the consequences will include significant levels of harm to its citizens the Government has a duty of care to the well-being of its citizens. It should not, must not, pursue revenue raising as its primary and sole imperative.

The issues surrounding gambling are complex, touching on Government treasury revenue issues, economic & industry policy, civil liberties, public health & welfare, law & order, etc. All these areas have yet to be given due consideration and to date they have been given scant regard by policy makers in pursuit of the gambling dollar.

An effective approach to policy development concerning gambling:

- balances the right to entertainment with the need for harm minimisation;
- balances the need for the State Government to raise revenue with the cost that the broader community pays;
- balances the demands of the gambling industry to access profit making opportunities with the requirements of other industries and the community;
- is formed by sound knowledge, both economic and social, gained through robust and credible research;
- prioritises harm prevention, mitigation and intervention.

Public policy pertaining to any form of gambling must take into account that:

- the greater the frequency of gambling within a population the greater the amount of harm that will result, and,
- the higher the risk [in terms of resultant instances of problem gambling] the gambling product is, the greater the amount of harm that will result for a particular frequency of gambling.

The priority of any policy development pertaining to gambling must therefore be the minimisation of all forms of gambling-related harm.



## **“MINIMISING THE HARM CAUSED BY GAMBLING”**

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Harm minimisation prioritises prevention, mitigation and intervention strategies. Public policy would thus focus on the following areas:

- Reducing the risk of the product.
- Reducing the frequency of gambling.
- A broad based intervention approach to deal with harm caused.
- Policy development, co-ordination, assessment and research.
- Reducing the economic drives for State Governments.

This Submission presents in more detail the scope of harm caused by gambling and offers a range of policies, based on the five areas above, that could be introduced to minimise harm.



## **INQUIRY INTO GAMBLING**

### **PREAMBLE**

Adelaide Central Mission [ACM] began work in the South Australian community in 1900.

ACM has a wide range of programmes covering areas such as counselling, services to young people who are homeless, services for families, programmes targeted to people from non-English speaking backgrounds, programmes and services for older adults, services for homeless adults, low income support programmes and gambling counselling. In total, ACM offers over thirty different community services that seek to contribute to an improved quality of life for South Australians. In the past financial year alone, ACM assisted over 30,000 individual South Australians.

In the late 1980s, ACM became aware through our financial counselling service that increasing numbers of people were presenting with gambling-related problems. Our gambling counselling service has been in operation since 1989, established as a result of our recognition that this area of unmet need must be addressed.

Our history of service within the South Australian community, and particularly our service with regard to gambling counselling, has led to our serious concern for the future well-being of our community should the increase in the prevalence of gambling continue unchecked.



## **INQUIRY INTO GAMBLING**

### **ECONOMY AND INDUSTRY**

#### ***HARM CAUSED BY GAMBLING REVENUE COLLECTION***

##### ***THE PURSUIT OF GAMBLING REVENUE***

Australian States are currently locked into an inequitable revenue collection and spending arrangement with the Federal Government. They are prevented from levying a wide range of taxes, whilst having the responsibility for providing services far beyond their capacity to generate revenue. This has caused a dependency on the Federal Grants system that fails to assign States guaranteed levels of income.

The only significant area of increase in State taxation revenue that has, to date, remained free from interference or threat from the Federal Government, has been gambling revenue. In 1996-97 the State Governments raised \$3.5b from gambling. [The Australia Institute, pg. vii]. There is some question as to whether Federal Grants would have declined over the past decade to the extent that they have if States had not chosen to pursue gambling revenue in order to resolve their financial difficulties.

The changing role of gambling taxes in the States revenue mix over the last decade can be seen in Table 1.

From a South Australian perspective the increase in gaming machine revenue in relation to other gambling taxes can be seen in Table 2. Table 2 illustrates the negative effect the introduction of gaming machines had on the revenue take in the other gambling products. However, the total tax and profit revenues have more than doubled during the same time frame. From the viewpoint of increased net revenue the introduction of gaming machines has been a successful product marketing strategy. However, in order to re-claim their markets, managers of gambling products negatively impacted on by the introduction of gaming machines are constantly working on new advertising and marketing strategies. Table 2 also illustrates that these strategies are becoming increasingly successful.



**“MINIMISING THE HARM CAUSED BY GAMBLING”**

**Table 1: The Composition (%) of Gambling Revenues: All States & Territories**

<b>Year &amp; Type</b>	<b>NSW</b>	<b>Vic</b>	<b>Qld</b>	<b>SA</b>	<b>WA</b>	<b>Tas</b>	<b>ACT</b>	<b>NT</b>	<b>Total</b>
<b>1985-86</b>									
Lotteries	32	58	57	57	38	61	75	na	44
Racing	34	41	36	34	52	21	25	na	37
Gaming	34	na	na	Na	na	na	na	na	16
Machines									
Casino	na	na	7	8	8	17	na	na	2
Other	na	1	na	Na	2	0	na	na	0
<b>1991-92</b>									
Lotteries	24	58	60	60	53	52	38	32	43
Racing	34	37	25	28	24	24	38	19	32
Gaming	35	na	2	Na	na	na	na	48	16
Machines									
Casino	na	na	13	12	23	21	23	na	5
Other	8	4	na	Na	na	2	na	na	4
<b>1996-97</b>									
Lotteries	21	24	34	26	45	31	34	24	26
Racing	27	10	17	19	20	18	14	14	19
Gaming	44	54	34	49	1	na	na	53	43
Machines									
Casino	7	11	15	7	35	50	20	8	12
Other	0	1	Na	Na	na	2	na	0	0

**Table 2: South Australian Govt Gambling Revenues 1993-4 to 1997-98**

	<b>1993-94 ACTUAL \$M</b>	<b>1994-95 EST \$M</b>	<b>1995-96 ACTUAL \$M</b>	<b>1996-97 EST \$M</b>	<b>1997-98 EST \$M</b>	<b>CHANGE SINCE 1993-94</b>
Lotteries Commission	76.8	74.7	71.4	70.6	73.5	(3.3)
Gaming Machines	0.0	53.2	108.3	133.5	158.0	158.0
Casino	22.9	20.8	17.8	17.8	19.3	(3.6)
TAB Distribution	23.7	21.6	19.6	19.8	22.5	(1.2)
Other	16.6	15.0	15.2	32.8	34.9	18.3
<b>TOTAL</b>	<b>140.0</b>	<b>185.3</b>	<b>232.0</b>	<b>274.5</b>	<b>308.2</b>	<b>168.2</b>
Annual Increase (\$)	0	45.3	46.7	42.5	14.6	
Accumulative Increase	0	45.3	92.0	134.5	168.2	
Annual Increase (%)	0	32.4%	25.2%	18.3%	12.3%	
Accumulative Increase	0	32.4%	65.7%	96.1%	120.1%	



Striving for greater gambling returns for State coffers through research and aggressive marketing is not an Australian phenomenon. The Joint legislative and Review Committee looking into the Washington State Lottery [WSL] - [Report 95-6] concluded from research that the WSL “should increase the number of on-line retailers more rapidly to maximise sales and net return to the State”.

It is clear that the South Australian Government requires more tax revenue, is constrained by its existing tax base and that existing tax sharing arrangements with the Federal Government are unsatisfactory. The issue of gambling tax is therefore inextricably bound up with the State – Federal relationship vis a vis the particular responsibilities surrounding revenue raising and expenditure. Any review of the Federal taxation system will be inadequate to the extent that it does not address the adequacy of taxation regimes available to the States. Likewise any Federal review of gambling that does not consider both State and Federal taxation issues is similarly inadequate.

**GAMBLING REVENUE - REGRESSIVE TAXATION**

In its recent paper “Gambling Taxation Australia”<sup>2</sup> the Australia Institute found that “overseas studies leave no doubt that gambling taxes are very regressive compared to most other common revenue instruments.” A review of Australian studies from the 1970’s and early 1980’s found that gambling taxes were regressive and that “while there are no recent Australian studies of the distribution of gambling taxes, similar patterns and trends are [still] evident here.” [pg. 32]. The Institute went on to examine aspects of gambling in relation to Household Expenditure Surveys and found that gambling expenditure has more than doubled as a share of income for the poorest 40% of households while at the same time gambling expenditure fell from already low levels for the most affluent 40%.

In conclusion the report found that “gambling losses have become a greater burden on lower income groups, and it is likely gambling has become more regressive in Australia since 1984.”

Any Government taxation policy aimed at increasing general revenue should be carefully structured so as to be on a capacity to pay basis, i.e. tax revenues should be progressive - not regressive - with respect to taxpayer incomes. The disturbing, but perhaps not surprising, finding of the Australian Institute’s research is that the “resort to gambling taxation has often been a strategy to avoid or delay introducing more progressive taxes, such as income taxes, which are nevertheless, more controversial politically.” [pg33] *It is hard to avoid*

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<sup>2</sup> “Gambling taxation in Australia”, Julie Smith; The Australia Institute, 1998



*the conclusion that the pursuit of gambling taxation revenue by State Governments is resulting in an increasingly regressive taxation system that is exploiting those on the lowest incomes, those with the weakest political voice.*

Any net outflow from poorer areas that is not directly compensated by a return of that income is inequitable and out of step with principles of a fair taxation regime.

***COSTING PROBLEM GAMBLING***

The State Government’s introduction of gaming machines in South Australia and the increased marketing of other gambling products has emphasised that the primary consideration has been a simplistic revenue increasing ideology. This approach has at least two fundamental flaws:

- obvious economic gains are touted while less easily assessable economic costs are ignored; and
- human pain and suffering (and their concomitant social and economic costs) are discounted.

Adelaide Central Mission has not been able to find any contemporary research in Australia that examines the total social and economic cost of gambling within an Australian context.

Consideration of gambling revenue development strategies, however, must not be divorced from either economic or social costs. Social costs inevitably have economic consequences, just as economic decisions have social consequences.

Prof. Robert Goodman<sup>3</sup> from Hampshire College in Massachusetts puts a cost of \$13,200 (US dollars) per annum per compulsive gambler in the USA. Prof. Goodman arrived at the figure after examining other studies and taking into account lost income, legal costs, money borrowed from family and friends, etc.

These calculations *do not include* the thousands of people who will develop gambling problems to a less severe level than others, nor does it cover:

- the loss of production or position in the workplace,
- the costs of relationship breakdown, including income support,
- bad debts, fraud and theft,
- policing, prosecution and detention related costs,
- the costs associated with the treatment of mental illness, particularly depressive illness,
- the costs borne by the children in families with problem gamblers,

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<sup>3</sup> Goodman R; “The Luck Business”, New York Free Press 1992



## **“MINIMISING THE HARM CAUSED BY GAMBLING”**

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- the costs for prevention, counselling services and public education programs, and
- the costs associated with attempted and successful suicides.

Paul Samuelson, a Nobel Prize winning economist, noted that:

“There is a substantial economic argument to be made against gambling. It involves simply sterile transfers of money or goods between individuals, creating no new money or goods. Although it creates no output, gambling does nevertheless absorb time and resources. When pursued beyond the limits of recreation .... **gambling subtracts from the national income.**”<sup>4</sup>

*If Governments are content with raising revenue while the community at large pays the cost, then this is a classic case of cost shifting.*

### **HARM CAUSED TO LOCAL INDUSTRIES, EMPLOYMENT AND REGIONAL ECONOMIES**

The economic costs of gambling also pertain to business losses, productivity, and the loss of income in small regional economies.

#### **HARM CAUSED TO BUSINESS**

By introducing gaming machines into hotels and clubs in large numbers and in a relatively short period of time the South Australian Government influenced the patterns of commerce in the State. There has thus been a significant change on the product mix of consumer spending and therefore the places in which customer dollars are spent. This can be clearly seen from the following table.

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<sup>4</sup> Samuelson P, “Economics”, McGraw-Hill 1970



**Table:3 Total Real Per Capita Gambling Expenditure: All States & Territories**

<b>Year</b>	<b>NSW</b>	<b>Vic</b>	<b>Qld</b>	<b>SA</b>	<b>WA</b>	<b>Tas</b>	<b>ACT</b>	<b>NT</b>	<b>Australia</b>
1972-73	369	26	35	31	27	51	-	-	156
1985-86	390	142	131	176	122	259	320	370	236
1990-91	464	157	249	232	311	262	436	447	308
1995-96	676	622	507	446	480	320	697	656	585

Source: Tasmanian Gambling Commission (1997)

Even if the introduction of so many gaming machines had been supported by the whole community, the almost instantaneous and predictable impact on commercial and community activities in this State raises serious questions about the ideologies behind the decision.

***HARM CAUSED TO EMPLOYMENT AND PRODUCTIVITY***

There is no doubt that the introduction of gaming machines has created new jobs. However, these have been low skill, low pay and predominantly part time or casual positions. These jobs are clearly neither a long term nor satisfactory solution to unemployment. On the other hand, it is virtually impossible to quantify the loss of jobs or hours from other employers who have experienced a decline in consumer spending in their establishments since the introduction of gaming machines.

Productivity is another area on which gambling has industrial consequences. Problem gamblers work at 50% efficiency, 9% lose time from work to gamble, 4% changed jobs as a result of gambling and 20% have been sacked with gambling as the prime cause. (Dickerson 1991). Ladouceur had similar results; 14% of problem gamblers skipped entire days in order to gamble and 36% lost their jobs through gambling-related problems. This same study also reported that up to 37% of pathological gamblers had stolen up to \$5,000 from their employers. (Ladouceur 1994)<sup>5</sup>

This loss of productivity should be of major concern to business and industry given the difficult economic times that Australia is currently facing.

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<sup>5</sup> Ladouceur R et al, “Social Cost of Pathological Gambling”, *Journal of Gambling Studies* x:4 (1994) pp289-93



***HARM CAUSED TO SMALL REGIONAL COMMUNITIES***

Within smaller regional communities the concept of the “circulation of money” is very important to the economic strength of those regions. The “circulation of money” is the number of times that a dollar is recycled within the economy of the community. The greater the ability of a community to retain its money and turn it over then the more jobs and wealth created. It would not be unusual to have a monetary circulation of 9 - 10 in discrete regions. Any significant economic activity that enters such a discrete region and withdraws money will thus have a negative effect on the industry, and hence economic stability and viability, of a region.

We are advised that the Victorian Government has had several reports commissioned on the impact of electronic gambling on Victorian regional communities. Adelaide Central Mission understands that those reports have indicated a net negative effect.

The Centre for Economic Studies in South Australia has recently completed a study of six regional cities in the State. In 1996/97 the losses on gambling in these regions amounted to \$40mill, of which only \$15mill stayed in the region. The remainder of the losses were removed from the regional economies by way of “out of town” owners and taxes. This is a net loss of \$25mill to the regions and given the multiplier effect, or in this case the deflator effect of money – it is a massive loss.

Other issues specific to regional areas which worsen the impact of gambling include the reduction of State and Federal Government employment opportunities, closure of banks, closure or transfer of major regional employers such as railways. The increasing availability of gambling is yet another burden for struggling regional economies to overcome.

## **INQUIRY INTO GAMBLING**

### **COMMUNITY HEALTH & WELFARE**

#### ***HARM CAUSED TO THE COMMUNITY***

##### ***RISKS OF GAMBLING***

The genesis of the harm from gambling is that any person engaged in the activity is at risk of developing a gambling problem. Once this occurs there is a cascading series of damaging impacts that harm friend, family & stranger.

Problem gambling is indiscriminate. There are no obvious warnings and there is no regard for gender, race, social class or income.

*There is no universal agreement as to the causes or remedies to problem gambling. When a person first starts gambling there is no way of predicting that that person will be safe from, or fall victim to, problem gambling. Nor is there a way to predict if it will be immediate or something that will strike at some time in the future.*

##### ***PREVALENCE OF PROBLEM GAMBLING***

Estimates of the prevalence [of problem gambling as a percentage of the adult population] in the community vary from 4% (Cornish 1978 and Willcox 1983) to 1% (Dickerson 1984). Only recently Fisher (1996) in a research study across a sample of 40 casinos in England found that 7% of the patrons were either problem or severe problem gamblers.<sup>6</sup>

In truth it is almost impossible to tell because of the wide variation of types of gambling, extent of gambling and duration of gambling in different jurisdictions. Gambling to the extent that we are experiencing it today is a relatively new phenomena and Adelaide Central Mission is not aware of any widely acknowledged definitive study that has universal application.

In a region that has easy access to multiple forms of gambling it is not unreasonable to assume that 1.5% of the adult population will experience gambling problems. In a State like South Australia this would equate to some 10-12,000 people with extreme problems with gambling. In addition to this are the families, friends and associates of problem gamblers who are also impacted on. These could swell the

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<sup>6</sup> Fisher S. E “Gambling and Problem Gambling among Casino patrons” (UK) 1996



numbers by around 5 times the number of the problem gamblers, i.e. 70,000 directly harmed.

It is also not unreasonable to expect we will have another 3 to 4 times<sup>7</sup> this number experiencing problems of a lesser order with gambling. That is, a further 40,000 people in South Australia experiencing problems with gambling such that they are spending more money than planned or they would like on gambling.

Looking at this total picture, once the full impact of the negative consequences of gambling take root in the South Australian community it is likely that well over 110,000 people will be negatively affected by gambling.

These numbers are calculated for South Australia alone. The potential number of those affected by problem gambling in Australia are frightening.

Because of the size of the problem as it currently exists and the expected growth of the gambling problem over the coming years the issue clearly needs to be dealt with as a public health, welfare and safety issue, just as any other significant cause of harm would be.

### ***HARM CAUSED TO PUBLIC HEALTH***

The collateral consequences of gambling are substantial. One survey<sup>8</sup> of compulsive gamblers found that:

- 22 % divorced because of gambling;
- 40% had lost or quit a job because of gambling;
- 23% suffered from alcoholism;
- 49% stole from work to pay gambling debts;
- 63% had contemplated suicide; and
- 79% said they wanted to die.

Of the people who have sought assistance at Adelaide Central Mission over the last six months there have been at least five suicides. The number of people who talk about suicide as an option to their circumstance is approaching 1 in 3. Blaszczynski (1989) suggests that up to 14% of compulsive gamblers have attempted suicide. This confirms the practice experience of Adelaide Central Mission.

At the end of 1996 a presentation at a national gambling conference

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<sup>7</sup> Brown, “Summary of UK Gambling”, 1995

<sup>8</sup> Senator Paul Simon speaking on gambling to the senate on 31 July 1995 [from the Congressional Record for the 104<sup>th</sup> Congress.]





by one of the authors included the following statement:

"Given that all the services in South Australia probably see less than 5% of compulsive gamblers it is possible that the suicide rate in South Australia associated with gambling could be in excess of 50 per year."<sup>9</sup>

### **HARM CAUSED TO FAMILIES**

The stress to relationships caused by problem gambling is enormous. The loss of income, loss of family property, rising debt, deception, the destruction of trust – for many this leads to relationship breakdown. Dickerson (1991) reported that up to 45% of problem gamblers have had a breakdown in relationship due to gambling. There is no doubt that a significant number of families are broken apart as a result of problem gambling.

Henry Lesieur noted that the rate of child abuse was noticeably higher among families with compulsive gamblers. (Lesieur, 1992, PG 47)<sup>10</sup> This is confirmed by Lorenz & Shuttlesworth's findings.<sup>11</sup>

Fisher (1996)<sup>12</sup> found that 33% of severe problem gamblers had a parent who was/is a problem gambler compared to 4% of the social gamblers.

Research by Professor Durand Jacobs PhD<sup>13</sup>, professor of psychiatry at Loma Linda University School of Medicine and vice president of the National Council of Compulsive Gambling (USA) found;

- 75% of problem gamblers' children reported their first gambling experience before the age of 11 as compared with 34% of children of the same age whose parents weren't gamblers.
- The children of problem gamblers;
  - reported higher uses of tobacco, alcohol and illicit drugs than their classmates;
  - by the age of 15 were twice as likely to live in a home characterised by parental separation, divorce or death of at least one parent;
  - reported poorer school and work performance; and
  - admitted to suicide attempts at twice the rate of their classmates.

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<sup>9</sup> Richards, S "Gambling - A Community Perspective." National Association for Gambling Studies, Seventh National Conference, 18th November 1996.

<sup>10</sup> Lesieur, Henry R (1992) "Compulsive Gambling), Society May/June pp43-50

<sup>11</sup> Lorenz, V.C & Shuttlesworth, D.E. "The Impact of Pathological Gambling on the Spouse of the Gambler" Journal of Community Psychology vol 11, pp 67 - 76

<sup>12</sup> op cit

<sup>13</sup> Reported in APA Monitor [American Psychological Association], December 1995,



**Jacobs warns that without early intervention these children will experience serious difficulties not only in solving present but also future living problems and they were at a high risk of developing some form of addictive behaviour.**

### ***HARM CAUSED TO YOUNG PEOPLE***

The issue of problem gambling among our youth has hardly touched the surface here and yet overseas it is the focus of serious and intense concern. At a time when we are still coming to grips with the real community cost associated with gambling, there is an increasing problem looming among our youth that needs to be faced. Given the experiences of overseas studies<sup>14</sup> and the limited information we have in Australia it is imperative that one of the steps Australia takes is to ensure a de-emphasising of the gambling culture in addition to a strict regime that restricts the access of young people to gambling products.

A joint venture study currently being undertaken by MLB Consulting and the Australian Council of Social Services (ACOSS) into Youth Perceptions of Gambling and the Impact of Future On-Line Gambling and Gaming Services on Youth found, after preliminary results, that;

“Youth of all ages are participating in all forms of gambling and gaming. There is a great deal of anecdotal evidence that minors (under 18) are very involved in most forms of gambling except electronic gaming machines (EGMs) and casinos..... Without doubt, the key influences on gambling behaviours, perceptions, and the incidences of early exposure, are parental and/or family based. The external influences of social, cultural, media and/or peer group exposure occur later - they do have an impact, but the seeds for interest in gambling are planted at much earlier ages from within the family environment.”

Australian and overseas studies such as this are a cause for great concern and point to the need for care in the regulation of the gambling industry and the need for research into the effects of gambling in Australia. To do otherwise is to fail the responsibility to our children and young people.

**If any other product or service caused these levels of social harm to the public health, to families and young people, it would, in all likelihood, be banned or highly regulated. There would also be commensurate public investment in harm prevention, and mitigation campaigns, in addition to the provision of adequate and effective harm intervention programmes.**

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<sup>14</sup> Ladouceur R et al, “Social Cost of Pathological Gambling”, Journal of Gambling Studies x:4 (1994) pp289-93

***AVAILABILITY OF PREVENTION AND INTERVENTION SERVICES***

Existing services for problem gamblers are over stretched and subjected to unreasonable uncertainty regarding their future funding. The scope of services available is restricted and does not adequately meet the needs of particular groups of people, particularly families of problem gamblers and problem gamblers facing criminal charges.

At Adelaide Central Mission the complexity and number of cases that are arising has meant that our limited staff have difficulty maintaining manageable caseloads.

In South Australia there are very limited services or support provided to those found guilty of a serious crime while dealing with a gambling problem. There are virtually no rehabilitative services available.

There are very limited services specifically available for the families of problem gamblers. Their growing numbers have to be accommodated within already over burdened generic welfare & health services.

There is a lack of highly specialised services in handling the complex legal and financial issues surrounding problem gamblers whose actions have resulted in fraud, large numbers of debts, or bankruptcy.

From our experience there is little awareness amongst health and legal professionals surrounding the difficulties associated with problem gambling.

There are currently no public education campaigns nor harm minimisation strategies regarding the risks presented by gambling.

## **INQUIRY INTO GAMBLING**

### **JUSTICE**

#### ***HARM CAUSED BY GAMBLING-RELATED CRIME***

The link between gambling and crime is well established by studies overseas. 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.

More often than not before the gambling started these people were solid, contributing members of our community and key members of their family groups.

In a research study in Western Australia (G. Jones 1992) it was recorded that at least 10% of the prisoners were in goal as a consequence of committing crime associated with their problem gambling. The cost of maintaining a prisoner in goal is around \$36,000pa, in addition to court costs and legal fees etc then the law and order costs associated with gambling are substantial. There is no research being undertaken in South Australia to investigate the link between the incidences of crime, e.g. theft and embezzlement and gambling.

#### ***ILLEGAL GAMBLING***

The full extent of illegal gambling in Australia is not currently known. The Australian Taxation Office (1996) suggested that illegal gambling could be up to \$4b per year. This is a very significant figure and appears to warrant further examination by Government and Law Enforcement authorities.

Apart from the loss of revenue there is also the spectre of what happens to people with problem gambling if they become trapped within the web of illegal gambling. There is no protection or support for them and the consequences of running up large debts that ultimately cannot be paid are more damaging than debts incurred through the legal gambling industry.

#### ***ENFORCEMENT OF GAMBLING REGULATIONS***

Through our service delivery, we are aware of numerous breaches of



the credit provisions of the code. Existing provisions lose their teeth if there is neither resources nor commitment to ensure their enforcement. We are not aware of any successful prosecutions of code breaches.

Adelaide Central Mission is of the opinion that credit legislation should be vigorously enforced and that serious consideration should be given to removing licenses for repeated offences against the regulations.

## **INQUIRY INTO GAMBLING**

### **FUTURE HARMS FROM GAMBLING**

#### ***THE INTERNET***

With the rapid development of information and computer technology, commerce and industry are adapting quickly. Only two years ago the thought that Internet commerce would be a significant part of our shopping was futuristic. Now it is the subject of Presidential statements and there is a mad scramble by companies to get on “the web”.

Those selling gambling products are also using this technology. One Australian report into Gambling<sup>15</sup> gave the following indication of gambling sites on the Internet:

- 60+ racecourse sites
- 300+ casino sites
- 100 – 200 bingo/keno/lotto sites
- 10 virtual casino sites

This report is now almost two years old and we are aware that there has been significant growth in new sites in this period.

The Internet has developed technology to be able to transact business safely and transfer funds and there seems little to stop a flourishing commercial market place evolving on the Internet, including gambling.

#### ***SPORTS BETTING***

Australia will follow the international trend to increased Sports Betting. We are recognised as a world leader in TAB and this facility is currently being used to capitalise on sports betting.

There is the attraction of great potential income to be raised by selling these products to South East Asia and other countries instead of concentrating on our local market. However, with products developed with the strengthening of the overseas market what will stop them being added to the increasing array of gambling products already available?

#### ***PAY TELEVISION***

Pay television is developing in popularity in Australia. The technology

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<sup>15</sup> ACOSS 1997, Young People Gambling & the Net, PG 30



surrounding pay technology is also developing rapidly. Along with this development has already come the opportunity for 14 hours a day, 7 days a week gambling, both from Australia and off shore.

***CHANGING FORMS OF FINANCING AND CREDIT***

Smart Cards will be the next form of mechanism for transacting business as well as there being a steady growth in the existing technologies of ATMs and EFTPOS. In the gambling industry the introduction of another form of credit facility or mode of transferring cash just adds to the risk of harm for problem gamblers.

***THE CHALLENGE***

We already know that a very liberal approach to local gambling has resulted in the devastation of thousands of people's lives. Various forms of unregulated gambling will just add to the problem.

A united Australia wide stance is required by all State Governments, in collaboration with the Federal Government, together with the rest of the international community, to find ways of placing regulations on new forms of gambling.

As the forms of gambling change and as the forms of credit change, Australia must be in a position to move quickly to introduce new, or changing existing policy, laws and practices. At all times our policy makers and service providers should be responding proactively, based on the best possible information available to maximise positive trends and minimise the harm to our society.

# INQUIRY INTO GAMBLING

## HARM MINIMISATION

### ***DANGEROUS PRODUCT***

Governments have a responsibility to protect the community from dangerous products and frequently intervene to ensure that either the community has access only to safe products, or that the harm caused by dangerous products is minimised.

Given the harm caused by gambling in Australia, should not the same stance be taken in relation to gambling?

### ***THE ROLE OF GOVERNMENT***

The primary responsibility of government is to sustainably improve the quality life of all its citizens, not to focus solely on economic development.

However, as Smith points out, “Like addicts “chasing” gambling losses, governments get drawn into “chasing” a continuous flow of gambling profit. They develop undesirably close financial and regulatory relationships with the gambling industry.”<sup>16</sup>

The fragmentation of responsibility for gambling and the development of public policy regarding gambling “on the run” present serious barriers to the development of coherent gambling policy. McMillen (1986, 1987)

The community cannot afford for the public policy approach to gambling to be ad hoc. Coherent and extensive policy development is necessary if government is to make adequate responses to the problems arising from gambling.

With the desire to chase the revenue dollar generated by gambling, is government, as the peak representative body of the community, failing to recognise the primary role that communities play in creating not only a healthy society, but also a healthy economy?

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<sup>16</sup> Smith, 1998, op cit.





***BROAD BASED APPROACH TO MINIMISING HARM***

The harm caused by problem gambling is widespread, takes many forms and is felt by a far wider group of people than just those individuals with problem gambling.

Social services provided to treat people with problem gambling are good in themselves but totally inadequate when compared to the addressing the totality of gambling-related harm.

Nor are such services able to have much impact on the broader range of harms referred to previously.

What is required is a strategy based on minimising all forms of gambling-related harm.

There is no doubt that gambling-related harm is exacerbated by increased access to gambling opportunities. One harm minimisation strategy is to ensure that people have to make a conscious decision to gamble and expend a reasonable effort to attend a venue to purchase their gambling product.

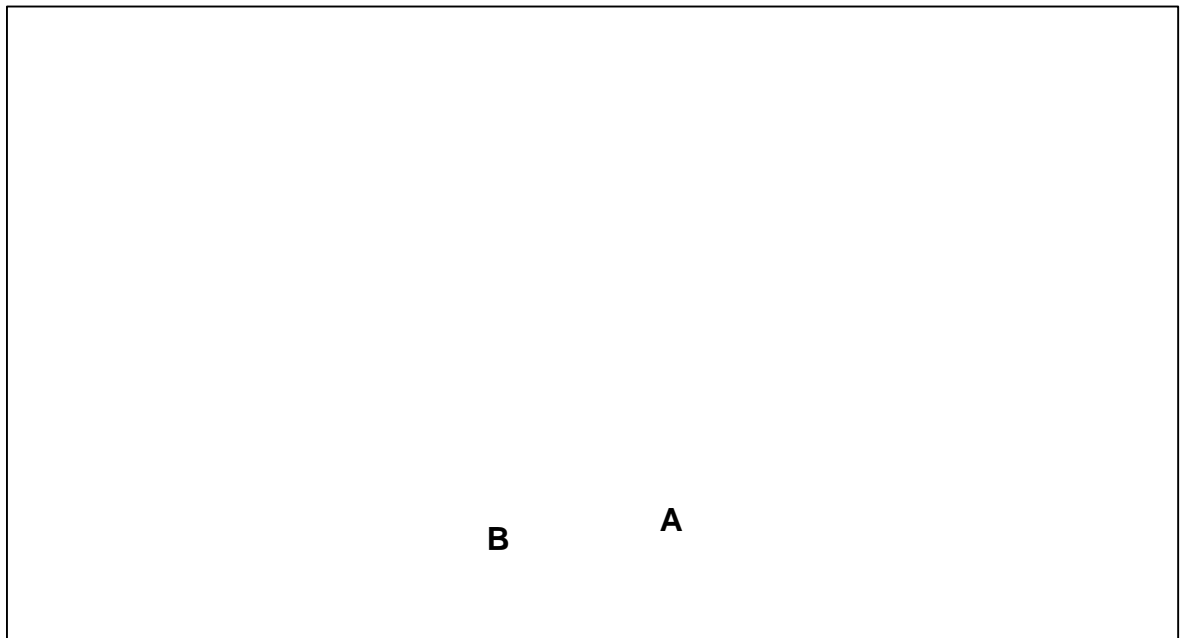
The most popular of the gambling products now so readily accessible is the gaming machine. It is now beyond dispute that the more people who gamble on these machines the more that will be harmed. It is also beyond dispute that the more readily accessible such machines are the more people will play them.

## “MINIMISING THE HARM CAUSED BY GAMBLING”

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The following diagram demonstrates the basis of a harm minimisation approach and is predicated on the following:

- The greater the frequency of gambling within a population the greater the amount of harm that will result.
- The higher the risk [in terms of resultant instances of problem gambling] the gambling product is, the greater the amount of harm that will result for a particular frequency of gambling.



Total community harm from gambling can be reduced by reducing the risk profile of gambling products or by reducing the total community exposure, eg from A to B

Harm minimisation would prioritise prevention, mitigation and intervention strategies. Policy would thus focus on the following areas:

- Reducing the risk of the product.
- Reducing the frequency of gambling.
- A broad based intervention approach to deal with harm caused.
- Policy development, co-ordination, assessment and research.
- Reducing the economic drives for State Governments.

## **INQUIRY INTO GAMBLING**

### **RECOMMENDATIONS**

#### **REDUCING THE RISK OF THE PRODUCT**

##### *GAMBLING ENVIRONMENT*

1. That a Federal gambling environment code be developed, that compliance with the code be part of licensing requirements and that this code to include the following:
  - a) mandating the use of standard office lighting in any gambling venue.;
  - b) mandating the use of clearly visible, large and accurate clocks in any gambling venue.
  - c) prohibition of frequent player clubs.
  - d) prohibition of happy hours and give-aways.
  - e) that all gambling venues be required to meet the requirements of the gambling environment code.
  - f) prohibition of the light and sound emissions from gaming machines associated with winning bets.
  - g) clearly displayed warning notices as to the risks of gambling in all licensed venues and on all gaming machines.
  - h) clearly displayed signage and the availability of brochures indicating the contact numbers of agencies available to assist problem gamblers.
  
1. That all staff and management associated with the sale of gambling products be required to undertake on going training to be able to identify the signs of problem gambling and a knowledge of the services available. That such training be conducted by an independent accredited training provider.
  
2. That each licensed venue have an appropriately qualified/trained contact staff member to whom problem gamblers can be referred should they seek assistance.

##### *GAMING MACHINES*

3. That electronic gaming machines be so designed or modified so:
  - a) that a delay of at least five seconds be incorporated between the end of one betting cycle to the commencement of the next;
  - b) that the machine releases a pay out into the coin tray when the total credits exceed \$20;
  - c) that multiple bet machines be limited to three times the



- single bet value of the machine;
- d) that the machine automatically shuts down for 2 minutes after a jackpot exceeding \$50;
- e) that there be no light & sound shows associated with any win on the machine;
- f) that the highest monetary coin or note accepted by machines be restricted to \$1.

## **REDUCING THE FREQUENCY OF GAMBLING**

### *PUBLIC EDUCATION*

1. That an education campaign be provided for general practitioners, hospital casualty workers, educators, counsellors and finance industry managers to be able to identify the signs of problem gambling and the forms of assistance available.
2. That specific training and education pertaining to depression, suicide, domestic violence and gambling be provided for health professionals such as general practitioners, social workers, hospital and coronial staff.
3. That an on going public awareness campaign be undertaken to inform the public of the extent and consequences of problem gambling and ways to identify the signs of problem gambling.
4. That a public education campaign be conducted that focuses on the risks associated with gambling, how to minimise such risks and where to seek assistance.
5. That a specialised public education unit be established in each State to undertake the above tasks.

### *RESTRICTING ACCESS*

6. That all outlets offering gambling products of any nature be required to be licensed.
7. That Local Governments have the opportunity for approving the granting of gambling licenses and that these approval processes are open to the public at all times and structured to take public submissions [both written and in person].
8. That the number of licensed gambling venues and the number of gambling product distribution or playing machines be restricted to a defined and relatively small number per region.

9. That any form of gambling product where the outcome is known within twenty four hours is sold be located more than 200 metres from shopping centres, and shops selling food, drink, schools or services frequented by minors.
10. That any form of gambling where the outcome is known within twenty-four hours should be restricted to approved licensed venues.

***RESTRICTING GAMBLING ON CREDIT***

11. That ATM and EFTPOS outlets should be prohibited from dispensing cash and restricted to the sale of goods and services on any premises at which any form of gambling product is sold where the outcome is known within 24hrs.
12. That the extending of credit or provision of cash against chequeing, savings or other forms of financial accounts in any form for the purposes of gambling [eg the provision of cash chequeing, advances against pensions & wages, the making of loans, credit betting, etc] be banned on any premises on which any gambling product is sold where the outcome is known within 24hrs.
13. That the use of any form of credit be prohibited for the purposes of engaging in gambling where the outcome is known within 24hrs.
14. That funds deposited into accounts for any form of gambling operated remotely [e.g. phone betting] are to be subjected to a forty eight hour cooling off period before being released for gambling.

***MARKETING, ADVERTISING AND PROMOTIONS***

15. That all advertising material promoting any gambling product should:
  - include a statement in plain English providing the statistical chance of winning a major prize;
  - be prohibited from portraying misleading or unrealistic information or images.
1. That no promotional inducement or prize is to be offered for attending a gambling venue or for playing or purchasing any gambling product.
2. That printed material designed for the public associated with all forms of gambling should include reference to the 1 800 Gambling Hot-line.

*RESTRICTION ON SALE OR PURCHASE OF GAMBLING PRODUCTS*

3. That the sale of any gambling product be prohibited to persons under 18 years of age where the outcome is known within 24hrs.
4. That the sale of any gambling product be prohibited to persons in an intoxicated state or under the influence of drugs where the outcome is known within 24hrs.

**BROAD BASED INTERVENTION APPROACH TO DEAL WITH HARM CAUSED**

*JUSTICE POLICY*

5. That the sentencing of people convicted of fraud or theft associated with problem gambling is consistent and takes into account the context and nature of problem gambling.
6. That a comprehensive system of data collection and analysis be developed within the criminal justice system in relation to the association between gambling and crime.

*SERVICES*

7. That a Federal review into the adequacy of funding and availability of services to problem gamblers and their families be immediately conducted. That funding levels and adequacy of services be reviewed every three years.
8. That a specialised financial gambling service be established to address the increasing number of complex cases being encountered that include fraud, theft, significant debt and bankruptcy.
9. That a specialised problem gambling response be established to work with people convicted of a criminal offence as a result of their problem gambling.

**POLICY DEVELOPMENT, CO-ORDINATION, ASSESSMENT AND RESEARCH**

*GOVERNMENT POLICY RESPONSIBILITY*

10. That in the development of gambling policy a whole of Government approach be taken.



***INDUSTRY POLICY***

11. That the Federal Government immediately commission independent research to establish the impact of gambling on the economy, including business, non profit and community activities in suburban and regional areas.
12. That the Federal Government work with the State Governments to develop an industry wide policy to guide the further introduction or expansion of gambling activities that takes into account the likely impact on the broader economy.

***RESEARCH***

13. That all State Governments immediately suspend any activities aimed at increasing turnover or increasing government revenue by any gambling code pending a detailed evaluation of the long term impact of gambling on all sectors of the community.
14. That all service delivery in Australia in relation to gambling and the harm it causes be informed by ongoing independent research to ensure appropriateness of service and effectiveness of service delivery.
15. That specific research be commissioned to investigate the issues associated with gambling by young people and opportunities to minimise this phenomenon.

***FUTURE***

16. That Federal legislation be developed to regulate all forms of gambling that cross State and National legislative boundaries with particular emphasis on:
  - gambling on the internet,
  - gambling through interactive pay television,
  - phone betting.

**REDUCING THE ECONOMIC DRIVES FOR STATE GOVERNMENTS**

***ECONOMIC POLICY***

1. That all forms of taxation be reformed as a matter of urgency. That such reform assess the Federal State taxation distribution arrangements and specifically include in such reforms the goal of removing the dependency of State Governments on gambling revenues.

2. That notwithstanding the dominance of the Federal taxation powers, State Governments be encouraged to research the alternatives available to reduce the dependency on gambling revenues.
3. That research be commissioned to assess the total economic costs of gambling.
4. That State Governments be required to allocate a set proportion of all gambling revenue to harm minimisation and intervention strategies.