



Comment On

Productivity Commission Inquiry into Gambling

April 2009

INTRODUCTION

ACTCOSS acknowledges that Canberra is built on the traditional lands of the Ngunnawal people. We pay our respects to their elders and recognise the displacement and disadvantage they have suffered since European settlement. ACTCOSS celebrates the Ngunnawal's living culture and valuable contribution to the ACT community.

The ACT Council of Social Service Inc. (ACTCOSS) is the peak representative body for not-for-profit community organisations, people living with disadvantage, and low-income citizens of the Territory. ACTCOSS is a member of the nationwide COSS network, made up of each of the state Councils and the national body, the Australian Council of Social Service (ACOSS).

ACTCOSS' objectives are representation of people living with disadvantage, the promotion of equitable social policy, and the development of a dynamic, collaborative and sustainable community sector.

The membership of the Council includes the majority of community based service providers in the social welfare area, a range of community associations and networks, self-help and consumer groups and interested individuals.

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ACTCOSS comment on Productivity Commission Inquiry into Gambling

Introduction

As a member of the Councils of Social Service (COSS) network, ACTCOSS is a party to their submission to this inquiry. ACTCOSS is also making this separate, additional submission to highlight some special features of the ACT situation regarding gambling.

In this document, ACTCOSS' main focus is on the social impacts of gambling and on the measures that are necessary to mitigate the most harmful impacts of gambling. In the time available, it has not been possible to undertake an in-depth review of all of the aspects listed in the terms of reference.

Also as the ACT experience has been that gaming machines have had by far the greatest impact on problem gambling, the material that follows largely concentrates on this element of gambling.

The ACT context

Gambling is becoming an increasingly significant feature of life in Canberra. In the 25 year period to 2005-06, gambling expenditure and Government revenue from gambling has increased almost fourfold. Gambling expenditure per person, and as a proportion of household disposable income, has doubled.¹ While the statistics over this period are not strictly comparable because of the introduction of the GST, they are broadly indicative of expenditure trends.

In comparison to the Australian average, gambling expenditure in the ACT is heavily focussed on gaming machines – representing around 83% of ACT gaming expenditure in 2005-06, in comparison to the Australian average of 68%.² Moreover the proportion of total gambling expenditure spent on gaming machines in the ACT has grown from around 65% in 1995-96 to around 75% in 2005-06.³

Although the ACT per capita gambling expenditure is less than the Australian average, the per capita expenditure on gaming machines is the second highest in the country.⁴

In 2004-05, the ACT had the highest rate of per capita gaming machines of all jurisdictions - 60% higher than the Australian average.⁵

Unlike a number of other jurisdictions, the great majority of ACT gaming machines are located in not-for-profit clubs.

The participation profile of gambling, including problem gamblers and those at risk of problem gambling.

A 2001 survey of gambling in the ACT conducted by the Australian Institute for Gambling Research (AIGR)⁶ found that 75% of respondents had gambled in the

¹ Queensland Government Treasury 2007, *Australian Gaming Statistics – Summary Tables*.

² Queensland Government Treasury 2007, *op cit*.

³ ACT Gaming and Racing Commission 2007, *Review of the Maximum Number of Gaming Machines Allowed in the ACT – Consultation Paper*.

⁴ Queensland Government Treasury 2007, *op cit*, Table E.

⁵ ACT Gaming and Racing Commission 2007. *op cit*.

previous year, with nearly 36% of gamblers participating on at least a weekly basis. It found that ACT gamblers appeared to be a younger population than nationally: 25.4% of what it described as 'regular gamblers' were young adults (18-24 years) compared to 17.8% nationally. ACT regular gamblers were also more likely to be single (36.9%) than Australian regular gamblers (26.7%)

With regard to problem gamblers, the survey found that this group accounted for some 37% of total gambling expenditure in the ACT, and over 48% of expenditure on gaming machines. Between 26-36% of problem gamblers were aged under 25 years. Between 70-74% were wage and salary earners, their average income was \$30,050 and 75% earned less than \$35,000. Around 15% earned less than \$10,000. Around the same proportion were receiving some form of Government benefit.

In summary, ACT problem gamblers represent a highly vulnerable group in terms of their age, income, and proportion of their income directed to gambling.

The social impacts of the gambling industries, the incidence of gambling abuse, the cost and nature of welfare support services of government and non-government organisations necessary to address it.

Incidence of gambling abuse

The AIGR survey referred to above estimated that there were around 5,300 ACT residents with gambling problems in 2001, representing 1.9% of the ACT population. It is estimated that only a small fraction of these – perhaps less than 5% - sought help from problem gambling support services. Lifeline Canberra now estimates that there are around 6,000 people in the ACT with a significant gambling problem, and that for each problem gambler, about 7 others (eg family members) are affected. This represents a total of 12% of the ACT population.

The number of clients with gambling difficulties seen by Lifeline Canberra has grown by over 40% in the period 1999-00 to 2007-08. There is no information to show whether this reflects a growth in the overall number of problem gamblers, or that a higher proportion of this group is seeking help. Gaming machine patrons represent over three-quarters of these clients.

Cost and nature of welfare support services

A heads of agreement has been established among a number of ACT clubs to provide responsible environments for people who gamble. This Clubcare Program also receives gambling industry contributions to problem gambling services, which are delivered through Lifeline Canberra's Gambling Care Program.

In the ACT, individual gambling businesses can designate the organisations to which their contributions will be directed. These fall into 5 broad sectors: charitable and social welfare, sport and recreation, non-profit activities, community infrastructure, and problem gambling support. Separate reporting on problem gambling support has only been in place since 2007-08; previously this sector was included in the charitable and social welfare category.

In practice, both the absolute amount and proportion of community contributions directed towards charitable and social welfare has declined in recent years. For example the amount allocated to this area has fallen, in actual dollar terms, from \$2.047m in

⁶ Australian Institute for Gambling Research 2001, *Survey of the Nature and Extent of Gambling and Problem Gambling in the ACT*.

2004-05 to \$1.393m in 2007-08. The proportion of total funding directed towards this category has fallen from 15.6% to 9.5% over the same period.⁷

The effect of this trend has been a significant reduction in the funding provided to Lifeline Canberra's Gambling Care Program, which depends on Clubcare for approximately two-thirds of its funding (with the remainder provided by the ACT Department of Disability, Housing and Community Services (DHCS)). This has occurred during a period when the number of people seeking problem gambling support has increased. ACTCOSS has been informed that the Gambling Care Program has continued to support all those who have approached it for assistance. The program has adjusted to these overall circumstances by significantly reducing its community development and advocacy roles.

However these development and advocacy roles are critical to help prevent an increase in the number of people who develop problem gambling. In the past Gambling Care operated a club visiting scheme, and convened regular meetings of designated gambling contact officers employed by ACT clubs. This arrangement encouraged the contact officers to be pro-active in identifying and supporting people who demonstrated symptoms of problem gambling.

Given the high proportion of problem gamblers who are young adults, there is a significant role to play in visiting schools and otherwise supporting them to raise awareness of the risks of gambling.

Clearly it is not desirable to have a situation where the resources available to address problem gambling are subject to annual decisions by ACT gambling venues. No matter how well-intentioned they may be, there are a number of other causes to which their community contributions may be directed. The support provided by Gambling Care and its counsellors should have greater security of funding.

Problem gambling is a public health issue

The current approach to problem gambling funding also raises a broader issue of how problem gambling should be viewed by the community and by governments. The current arrangements assume that problem gambling is an individual malady, which should be responded to on an individual basis once the condition develops.

There are a number of factors which suggest such an approach is inadequate. Firstly, gambling is reaching an increasing number of people, with overall ACT expenditure and individual expenditure experiencing significant and steady growth.

Gaming venues and activities are becoming increasingly sophisticated, and a good deal of product development work goes into the design of gaming machines, for example, to maximise their attractiveness to gamblers and hence their financial returns to the host. These venues and products can be seen to be pre-disposed to maximising gambling. To the extent that some gamblers are potentially vulnerable to gambling addiction, this is not an open and fair situation. Moreover the number of people who are potentially vulnerable to problem gambling is much wider than the actual number who succumb. In the ACT, this particularly appears to be the case among young people, and there is a significant role for preventive measures for this group.

⁷ ACT Gambling and Racing Commission, *Community Contributions made by Gaming Machine Licensees*, annual reports.

In this sense, the prevention of gambling addiction must be given a high priority, in much the same way that people who are potentially vulnerable to mental illness, for example, can be supported through a variety of preventive measures. Support is also needed for the families of potential or actual problem gamblers, given the seven-fold effect of problem gambling on others. Preventive measures are important here, also.

ACTCOSS is of the view that problem gambling should be designated a public health issue. This would mean public funds would be available to raise community awareness of the issue, to target preventive measures towards vulnerable groups, as well as to support individuals who develop problem gambling.

The contribution of gambling revenue on community development activity and employment

In the ACT, licensed clubs and the ACTTAB are required to allocate 7% of their net revenue to community contributions. In recent years, there has been a tendency to exceed this limit – with 11.7% directed to this area in 2006-07.⁸ Some 75% of these contributions are directed towards sport and recreation activities. As indicated elsewhere in this submission, the proportion devoted to charitable and social welfare activities is declining. Anecdotal evidence suggests that charitable and welfare organisations are becoming increasingly reluctant to secure funds from gambling revenue, due to the social harm caused by problem gambling.

The effects of the regulatory structures – including licensing arrangements, entry and advertising restrictions, application of the mutuality principle and differing taxation arrangements.

The introduction of a mandatory code of practice for gaming machine venues was a positive step in the ACT. The ACT code was then considered among the most progressive in the country because of its emphasis on pro-active identification of potential problem gamblers by gaming machine venues.

What is not clear, however, is the extent to which the code has been pro-actively implemented by ACT gaming machine venues. It would be useful for these activities to be evaluated.

ACTCOSS, based on advice from those involved in harm minimisation in the ACT, is of the view that codes of practice should be mandatory in all jurisdictions.

In 2007, the ACT Government requested the ACT Gambling and Racing Commission to undertake a review of the Maximum Number of Gaming Machines Allowed in the ACT. The outcome was that the cap on the number was not increased.

However in a media release of 19 November 2007, the ACT Chief Minister said that he had asked the ACT Treasury, in consultation with the Gambling and Racing Commission, 'to develop a scheme that would allow for the redistribution of machines between gaming venues, without creating a predatory environment that would lead to the swallowing of small clubs by larger ones.' The aim was to address the expected demand for additional machines in new areas of Canberra as the city expands geographically and the demand for new clubs emerges.

⁸ ACT Chief Minister, *Launch of the Clubcare Program for 2008 -2010* media release dated 5 February 2008.

ACTCOSS understands the Government intends, in the near future, to release a discussion paper on the possible redistribution of gaming machines. In the meantime there have been a number of instances where some smaller ACT clubs are being taken over by larger ones, with the intention of taking up the gaming machine licences.

The implications of new technologies

ACT problem gambling support services have not noticed a significant impact from internet gambling.

Counsellors delivering Lifeline ACT's Gambling Care program believe there is potential to use communication technologies to improve access to problem gambling counselling. There is potential, for example, to use email to provide counselling on a one-on-one basis, including for people living in rural areas.

Apart from this, there is potential to provide more telephone counselling. It is considered this would both promote access and perhaps enable counsellors to provide services to more people.

The impact of gambling on Commonwealth, State and Territory Budgets

According to the Australasian Gaming Council, the ACT Government received 6% of total tax revenue as gambling tax in 2005-06.⁹ Per capita gambling tax revenue in that year was \$218. Both these figures are at the lower end of the scale, in comparison to other jurisdictions.

At the same time, as noted elsewhere in this submission, the real revenue collected has increased substantially over time – by around 400% overall and around 200% on a per capita basis in the 25 years to 2005-06.

The cost of ongoing support to the 12% of the population impacted by problem gambling has not been calculated.

The impact of harm minimisation measures

Evaluation of the effectiveness of harm minimisation measures

There is little in the way of concrete research evidence that throws light on the effectiveness of harm minimisation measures. Gambling counsellors report that their clients have given a mixed response on the value of different measures. Individual clients have commented that they would respond to a variety of measures – some are more effective for individual clients than others. However, there is a fairly consistent view that self-imposed pre-commitment to maximum daily amounts of outlays, at an early stage of their exposure to gaming machines, would in many cases have prevented individuals from becoming problem gamblers.

Moreover, there is some evidence about the potential benefits of some measures from an ACT 2004 study on the use of ATMs in ACT Gaming Venues, which was commissioned by the ACT Gambling and Racing Commission.¹⁰ The study found that:

⁹ Australasian Gaming Council *Fact Sheet: Gambling Taxation*, http://www.austgamingcouncil.org.au/images/pdf/Fact_Sheets/agc_fs6gamblingtax.pdf accessed 25 March 2009.

¹⁰ ANU Centre for Gambling Research – authors McMillen J, Marshall D, Murphy L 2004, *The Use of ATMs in ACT Gaming Venues: An Empirical Study*.

- More self-identified problem gamblers (60%) than other groups usually access ATMs at clubs. Only 25% of regular gamblers and 5.2% of non-gamblers usually access these ATMs.
- Self-identified problem gamblers are more likely to withdraw larger amounts from ATMs – eg over \$100.
- For the majority of people who use gaming venue ATMs (59%) there is another ATM within walking distance to their usual venue ATM.

Qualitative interviews with problem gamblers and their families, as well as with gambling and financial counsellors, reported that 'convenient access to ATMs in gaming venues was a significant factor in the development and persistence of gambling problems.'¹¹ ATMs were seen as more harmful than EFTPOS.

63% of surveyed ACT residents would probably not be affected by removal of gaming venue ATMs because they do not use these facilities. Just 1.2% of those surveyed rely mainly on venue ATMs to access cash.

The project concluded that rather than remove ATMs from gaming venues, a more effective and acceptable strategy would be to place a daily limit on the amount that can be withdrawn from ATMs. There should also be a daily limit on EFTPOS cash withdrawals.

The study found a strong relationship between regular and problem gambling and the use of note acceptors in gaming machines. A community survey conducted as part of the research identified strong support for restrictions on note acceptors. This was opposite to the views expressed by venue managers. The study's conclusion was that there should be a limit on the size of notes that can be used for note-acceptors on gaming machines. ACTCOSS understands that \$100 and \$50 notes are banned from gaming machine use in the ACT.

The study also found an apparent relationship between the use of loyalty cards and problem gambling, with a large proportion of regular (57.2%) and problem gamblers (66.6%) often/always using a loyalty card when playing game machines.

The role of ACT clubs in harm minimisation

ACT not-for-profit Clubs, which comprise the great majority of gaming machine venue managers, perceive themselves as providing a community service, and are keen to demonstrate their financial contribution to ACT community groups. They also rely heavily on gambling revenue to subsidise the other activities they offer. ACTCOSS believes that in this spirit of community support, it is incumbent on the clubs to break any nexus between their income and problem gambling. As demonstrated in the ANU study described in this section, there is an apparent tendency by clubs to resist proposals for harm minimisation strategies. Part of this resistance is based on claims that the effectiveness of such strategies is unproven. However to the extent that a variety of actual or potential strategies are reported by problem gamblers, their families, and problem gambling counsellors to be helpful for some individuals, ACTCOSS believes they should be supported.

¹¹ ANU Centre for Gambling Research, op cit, p 14.