



SUBMISSION

to the

**JOINT SELECT COMMITTEE ON GAMBLING REFORM INQUIRY INTO THE
PREVENTION AND TREATMENT OF PROBLEM GAMBLING**

By

ENOUGH POKIES IN CASTLEMAINE (EPIC)

Address: PO BOX 994, Castlemaine, VIC 3450

Contact: Tammy McCarthy, Secretary

Email: info@enoughpokies.org

www.enoughpokies.org

30 March 2012

Enough Pokies in Castlemaine (EPIC) is pleased to make a submission to the Inquiry into the prevention and treatment of problem gambling. We make our submission so that the inquiry understands the deeply felt disappointment of small local communities like ours, who want to stop the spread of problem gambling and related social problems, but are ignored by a flawed regulatory system. This disappointment is coupled with the enormous financial burden on local governments to fight against the introduction of more pokies, and the social costs that accompany poker machines. This creates in turn a significant challenge for already under resourced local councils. Pokies have been proven to cause damage to individuals, families, communities and our society as a whole. Our key recommendation to the Inquiry is if governments are serious about minimising the impacts of problem gambling, the regulation of the poker machine industry must also be considered. More pokies mean more problem gamblers and no amount of prevention strategies will change that.

WHO IS EPIC?

EPIC is an incorporated association, formed by members of the Castlemaine community to oppose the introduction of more pokies into the town. In August 2010, when the Maryborough Highland Society (MHS) publicly announced its proposal to develop a new venue with 65 more pokies in Castlemaine, concerned members of the Castlemaine community called a community meeting to discuss the proposal. At the meeting, strong opposition was expressed and those in attendance made a commitment to keep the community informed about the proposal and to provide a strong community voice in opposition. EPIC was formed and a working group developed a plan to educate and inform the community about the proposal and about pokies. Local support for EPIC has grown considerably as the community has learnt more about the applicant's proposal and has considered the social and economic impacts it will have on Castlemaine.

EPIC became incorporated in October 2011. EPIC has in excess of 800 members, who are broadly representative of the wider Castlemaine community. We are business owners, professionals, parents, tradesmen, retirees and artists. We have come together from the various corners of the community we represent to be a single voice for the overwhelming opposition in the community to the proposal to introduce 65 more pokies to our town.

Broad community support for EPIC (and opposition to more pokies in our community) is demonstrated by the following:

- EPIC membership of well in excess of 800 people
- Attendance by over 350 people at a community information meeting about pokies held in November 2010;
- Attendance by over 500 people at a community rally against the new venue
- Display in over 200 households and businesses of EPIC's 'No More Pokies' signs, and dozens of cars displaying EPIC bumper stickers;
- A record number of 574 objections to the MHS application for a gaming licence submitted by individual community members to the Victorian Commission for Gambling Regulation;
- Significant donations and fund raising support from the community to ensure the ongoing viability of EPIC.

HOW ELSE DO WE KNOW OUR COMMUNITY IS NOT IN FAVOUR OF MORE POKIES?

Beyond the broad community support for the advocacy undertaken by EPIC, during the recent VCGR submission process the local venue applicant, Maryborough Highland Society (MHS) and the local council, Mount Alexander Shire, both conducted community telephone surveys to ascertain community attitudes towards the development of a new venue with 65 poker machines.

- The **MHS Telephone Survey** found that only 37% of those surveyed were in favour of the Proposal while **63% were opposed**. 95% of the people against the Proposal objected on the grounds that the venue included pokies.
- **Council's Community Attitude Survey** found 75% of those surveyed are were opposed to the development; 71% wouldn't frequent the venue if it was approved; 72% believed it would negatively impact on the social character of Castlemaine and 79% said there were enough or too many pokies in the Shire already.

Notwithstanding the above, the VCGR hearing found that:

- the proposal will result in net social detriment to the town;
- the proposal will result in net economic benefit to the town (from gambling income and job creation); and
- that on balance, the net social and economic impact of the proposal is neutral.

So in effect, even though they approved the introduction of an additional 65 machines, they found that it would not benefit the town overall. This admission of no benefit creates serious misgivings about the deeply flawed regulatory processes and again shows that there is simply a need to say, “There are enough pokies in our communities. No more should be approved.”

WHAT DO THE EXPERTS TELL US ABOUT POKIES?

It has been noted that “gambling represents a regressive financial burden on low socio-economic groups which effectively leads to an iniquitous redistribution of resources away from low income earners to the wealthier classes” (APS, 1997, p6.).

While ‘problem gamblers’ represent a relatively small proportion of all poker machine users, it is estimated that 42% of poker machine revenue comes from this vulnerable group (Productivity Commission, 1999). It has been noted that “those who can financially least afford to gamble are the ones who are most likely to develop problem gambling through their habits” (APS, 1997. p.14).

It is widely recognised that “increased gambling facilities create more opportunities for problem gambling to occur” (PHA, 2008, p3). Notably, of all the gambling modalities available, poker machines are the preferred gambling mode of over 80% of problem gamblers (McMillen et al, 2004). Gambling modalities which encourage ‘continuous gambling’, such as poker machines, are “most commonly associated with the development of financial pressures” (APS, 1997, p.18).

Evidence shows that gambling can cause mental, social, legal and physical health problems, both for the user and for their families. For problem gamblers the consequences can include anxiety, depression, financial difficulties, relationship and marital breakdown, loss of employment, social isolation, criminal activity, substance abuse, and suicide attempts (APS, 1997; Blaszczynski & MacCallum 1999; Productivity Commission, 1999; Delfabbro, 2008.

For every one compulsive gambler, another 5-10 people are severely affected (Productivity Commission, 1999).

In light of the negative consequences of poker machines, it is not surprising that in 2008 the Public Health Association of Australia resolved to “oppose further increases in gambling outlets or the installation of further electronic gaming machines until the extent of the harms generated from current gaming practices have been established” (PHA, 2008, p4). Such an evaluation has not yet been undertaken.¹

WHAT WOULD MORE POKIES MEAN TO THE COMMUNITY OF CASTLEMAINE?

We would like to use what the evidence tells us to demonstrate what the introduction of more pokies would result in for individuals, families, communities and our society of Castlemaine. This story will be repeated many, many times over if more pokies are allowed.

DAMAGE TO THE CASTLEMAINE ECONOMY

- Pokies divert money from local businesses, negatively impacting jobs and the local economy. In the year to 2011, loss per poker machine in Victoria was \$99,000 (VCGR 2011). This would indicate an expected loss to the Castlemaine economy of up to \$6.4 million per year from the 65 new machines.
- Castlemaine’s economy lost \$3.4 million in the financial year to 2011 on the existing pokies – up almost \$80,000 from the previous year.
- Negative impacts of gambling include reduced levels of regional income and employment (Responsible Gambling Advocacy Centre 2010).
- People tend to gamble locally so gambling doesn’t provide a substantial boost to tourism. (KPMG Consulting 2000)

SOCIAL AND ECONOMIC COST TO THE WHOLE COMMUNITY

¹Dr Barbara Murphy, researcher, psychologist and local Castlemaine resident helped in the preparation of this section.

- **In the recent decision on the ‘Castlemaine Sports & Community Club’, the VCGR approved 65 new poker machines despite finding that on balance, these new pokies would cause a ‘net adverse social impact’.**
- The social cost of problem gambling, that is from factors such as ill health, unemployment and crime is “at least \$4.7 billion dollars a year” (Productivity Commission 2010). This cost is borne by taxpayers and particularly felt in small communities.
- Problem gambling increases significantly with increased access to gaming venues. That is, the greater the concentration of machines, the more problem gamblers. Communities without (or with limited) gaming machines have fewer problem gamblers and experience less of the associated social problems. (Multiple sources cited in Productivity Commission 2010)
- The actions of one problem gambler negatively impact the lives of between five and 15 others. This means there are up to five million Australians who could be affected by problem gambling each year, including friends, family and employers of people with a gambling problem. (Australian Government 2011) For example, the proposed introduction of an additional 65 pokies in Castlemaine would mean approximately 60 new problem gamblers and up to 900 people directly effected.
- Issues for children from problem gambling include increased child neglect, poor nutrition and family violence. (Responsible Gambling Advocacy Centre 2010)
- 44% of Victorians know at least one person who has or has had a gambling problem. This number increases for people from low to middle income households. (Responsible Gambling Advocacy Centre 2010)
- Contrary to the perception that Castlemaine is a wealthy, middle class community, the town consistently has a SEIFA below 1000, identifying it as an area of significant socio-economic disadvantage. There is a correlation between higher use of pokies and socio-economic disadvantage. (Livingstone 2007) so in a community with a SEIFA below 1000, ours is more vulnerable.

POKIES ENCOURAGE PROBLEM GAMBLING

- The Productivity Commission (2010) found that poker machines are the most dangerous form of gambling and are responsible for the vast majority of problem gamblers.
- Castlemaine's local St Vincent de Paul estimates more than one third of the people that come to them for assistance are victims of the impacts of gambling. (Provided by St Vincent de Paul)
- At least 40% of losses on poker machines come from problem gamblers. (Multiple sources cited in Productivity Commission 2010). In Castlemaine, this translates to a current loss from problem gamblers of around \$1.4 million per year on the existing 30 poker machines.

POKIES CAUSE CRIME

- We want to continue to live in a safe community. Pokies have been shown to increase crime.
- Poker machines are the second highest cause of crime in the community after the illegal drug trade. (Department of Justice Victoria 2010)
- There is a direct link between increased gaming (pokies) and increased crime. (Department of Justice Victoria 2010)
- Gambling has been shown to provide motivation for stealing by people who are otherwise law abiding and are gainfully employed. (Crofts 2003)

POKIES CAUSE HEALTH PROBLEMS

- Pokies cause significant health problems for users and their families and put a strain on local health services.
- Victorian GPs see four times as many gambling addicted patients per capita than GPs in Western Australia where pokies aren't easily accessible. (Castlemaine Health, 2011)
- Problem gamblers experience significantly higher rates of depression, anxiety disorders, lung conditions, obesity and other health conditions. (Department of Justice Victoria 2009)
- The Alfred Hospital in Melbourne reported in 2010 that 1 in 5 people who attended its Emergency Department after attempting suicide, identified problem gambling as the reason.

POKIES RESULT IN POOR OUTCOMES FOR COMMUNITY GROUPS

- People who run pokies venues often contribute a small amount of money to community groups. However, this contribution is more than cancelled out by what pokies really cost local communities.
- According to the Productivity Commission (2010), the community contributions made by clubs are significantly less than the tax breaks they are given. Clubs can claim as ‘community contributions’ services for the exclusive use of club members – this includes things like the buildings, bars and beer taps.
- The majority of community contributions have been shown not to benefit the local community. (Livingstone 2007) and are more often allocated to sympathetic sporting organisations that allow the venues to further promote themselves as part of the "*quid pro quo*". The venue operators decide who gets any allocation so they could be more accurately described as “venue benefit” rather than “community benefit”.
- Community effects of gambling include reduced contributions to local charities that support local residents and reduced community participation (Responsible Gambling Advocacy Centre 2010)

POKIES AREN'T A HARMLESS RECREATIONAL PRODUCT

- The Productivity Commission (2010) reported it was relatively easy to lose up to \$1500 an hour playing a standard poker machine. It is not possible to lose \$1200 an hour going to the movies or dinner.
- Certain features of pokies like isolation, their ‘conditioning impacts’ and the tendency for users to lose contact with reality explain the increased problems with this gambling form. (Productivity Commission 2010)
- Only around 20% of adults play pokies each year (Hare 2009), yet it costs the whole community billions.

POKIES HAVE A NEGATIVE NET IMPACT ON EMPLOYMENT

- Most people employed at pokies venues are highly employable and would be in demand in other parts of the service sector. The gambling industries do not create net

employment because they divert employment from one part of the economy to the other. (Productivity Commission 2010)

- Income from gambling requires significantly fewer staff than food and beverage sales does. According to the South Australian Centre for Economic Studies, for every \$1 million in income gaming facilities employ (on average):
 - 3.2 persons for gambling income;
 - 8.3 persons for liquor and drink income; and
 - 20 persons meal and food income.
- The social and health problems associated with pokies include job loss and lowered work productivity. (Productivity Commission 2010)

CONCLUSION

As a community Castlemaine have said that it does not want more pokies. The reliable evidence on which public policy decisions should be formed shows that pokies are damaging for individuals, family, communities and our society as a whole and they provide no net social or economic benefit. It is our view that in Castlemaine, the most effective strategy for preventing and treating problem gambling is to ensure that there are no additional pokies are installed in our shire. More pokies mean more problem gamblers and no amount of prevention strategies will change that.