The Salvation Army

Australia

The Salvation Army Australia
Submission made on behalf of the Australia Eastern Territory
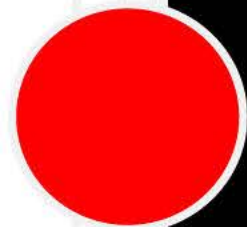
Response to the

Senate Standing Committees on
Environment and Communications

**Inquiry into the Participation
of Australians in online poker**

21 July 2017

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Re: Inquiry into the Participation of Australians in online poker

Dear Committee Secretariat,

The Salvation Army welcomes the opportunity to comment on the Inquiry into the Participation of Australians in online poker. This submission will respond in general terms to our concerns with the proliferation and accessibility of online gambling and online poker, and its impacts on the vulnerable disadvantaged individuals, families and communities The Salvation Army represents.

Introduction

The Salvation Army is one of Australia's largest Christian social service providers supporting the most disadvantaged and socially excluded individuals and families in our community. The Salvation Army Australia has an annual operating budget of approximately $700 million and provides more than 1,000 social programs, services and activities through a nation-wide network of social support services, community centres and churches.

In the past 12 months, The Salvation Army Australia provided more than one million occasions of service to people in need. The Salvation Army works with individuals who, due to life experiences and events, often have inadequate education and training, poor health, and a sense of disempowerment that compromises their capabilities and opportunities to fully participate in the community.

Our services are designed to support, empower and enable by providing practical, material and spiritual assistance to vulnerable individuals and communities who experience hardship and disadvantage.

Impacts of gambling

The Salvation Army does not support gambling in any form but acknowledges that this activity is a part of Australian cultural life and we acknowledge a person's right to gamble. Despite this, The Salvation Army is deeply concerned about the proliferation and accessibility of online gambling in Australia, and how a seemingly benign and culturally sanctioned practice can lead to problem gambling, especially among vulnerable and disadvantaged individuals, families and communities.

Gambling affects people in different ways and has impacts on family and community life. Not all people who engage in gambling go on to become problem gamblers; however of particular concern to The Salvation Army is the increasing nature and extent of problem

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gambling and its consequences. Gambling is often used by the most vulnerable people who seek 'quick and easy money' to alleviate their problems and statistics indicate that individuals and families on low incomes are disproportionately affected by gambling.

Our experience in working within the Australian community indicates that problem gambling is a major factor in a complex array of social issues. We regularly encounter individuals whose presenting issue is problem gambling in our homelessness, community service, financial counselling and addiction treatment programs. Problem gambling can have severe personal consequences, including financial hardship, emotional difficulties, family breakdown, employment difficulties and criminal activity. In its worst form the manifestation of problem gambling can result in exploitative, deceptive, manipulative, and self-destructive behaviours. Our front line support services witness these devastating consequences on families and individuals every day.

The Salvation Army's experience of problem gambling

The Salvation Army provides a range of program and service activities that support people who have experienced, or are victims of the consequences of problem gambling.

We see these issues on daily at our numerous community support centres around the country. Here we see the most vulnerable people in our community who are seeking material and social support. In 2016/17, The Salvation Army provided Emergency Relief to more than 144,000 clients across Australia, an average of nearly 600 people every day.

Since 2012, we have surveyed a sample of these people to measure the deprivation of those living, in many cases, below the poverty line. This survey, known as the Economic and Social Impact Survey (ESIS), explores the challenges, barriers, and levels of disadvantage experienced by those who access our Emergency Relief services.

Between 1,300 to 2,700 people participated in ESIS since 2012 and for four consecutive years (2012 to 2015), ESIS reports have found that between 6 to 9% of our respondents used gambling as means of supplementing their income*(2016, 2017 not counted). This is an alarming trend among those who are facing poverty and are extremely vulnerable to even minor fluctuations in finances. The easy access to online gambling provides even greater risk for those with the most to lose; and being caught in an increasing cycle of debt and financial crisis.

The Salvation Army's Moneycare financial counsellors also see the devastating effects of problem gambling. Moneycare provides financial counselling, financial capability services, financial literacy services and a no interest loans (NILS) program. These programs support individuals and families to navigate financial crises and help to build financial capability and resilience for vulnerable people at risk of financial and social exclusion.

In 2016/17, Moneycare assisted more than 7,500 people. Almost 10% of these people reported a gambling addiction as an underlying or presenting issue. It is of note that there is a significant stigma attached to problem gambling; therefore these figures are only self-reported cases of problem gambling. In real terms, these numbers are likely to be higher.

Again, these alarming statistics highlight the prevalence of people who present with problem gambling.

The Salvation Army's Recovery Services provides residential treatment options for people experiencing alcohol, drug and gambling addictions. Our services have seen a steady increase in gambling related problems. Our recent data shows that over 22% of our residential admissions identified problem gambling as an issue.

These snapshots of our front line services provide a real-life insight into the negative impacts of problem gambling. The Salvation Army is deeply concerned that with the increase in access and promotion of online gambling, these statistics will worsen.

Increase in accessibility and the impact on Children and young people

The Salvation Army is concerned about the increasing intrusion of online gambling into the lives of all Australians. This easy accessibility allows people to gamble 24 hours a day, 7 days a week through online avenues. This has ramifications for families, children and young people. The Salvation Army is deeply concerned about the impact that online gambling and betting options, such as online Poker, may have on children. It is concerning that the availability of online 'free-to-play' casino and other betting games are already acting to normalise gambling to children. Like with alcohol addiction, a normalisation of an action can open up the possibility of addiction to that action.

The Salvation Army is concerned with the uptake of 'free-to-play' casino-based online games amongst children, and the correlation between these 'free-to-play' games and the transition to 'pay-to-play' online gambling. Where correlation is found that free games act as a pathway to addictive gambling games, The Salvation Army would seek legislation that restricts such games in society. Further, The Salvation Army calls for an increase in funding to educate young people around the dangers of such online activities.

Prevalence of online problem gambling

Research shows the prevalence of all interactive gambling in Australia is increasing. Online gambling has grown 17% per annum from 2004 to 2011[1] and online poker has become one of the fastest growing and most popular forms of gambling over the last decade.[2] [3] Online poker accounts for 22% of online gambling sites available to Australian users. [4] [5]

While this is not alarming in itself - the rise of all online activity has also increased exponentially in these years. An increase in online gambling and in particular online poker naturally increases the rise of problem gamblers. This indicates that this is not merely a harmless activity but can become a compulsive dependency.

Contemporary Australian research has found that certain inherent features of internet gambling may increase the risk of developing gambling problems. [6] These features include; ease of access and constant accessibility, electronic money transfers, privacy, anonymity, and extended periods of engagement without interruption. [7]

Indeed, while most internet players gamble recreationally and are not considered at risk, a small proportion are considered problem gamblers and are characterised by a preoccupation with gambling, difficulties in limiting their behaviour and disrupting important relationships and other activities [8].

Disturbingly, a 2016 report found that there are a higher proportion of problem gamblers among online poker players than other forms of gambling. Those who gamble online are at three to four times more risk to be problem gamblers than those that play at a venue[9]. And with the growth of online gambling the number of problem gamblers engaging in online poker can be expected to rise.

Numerous studies have found that online poker has the potential to be an addictive game that may lead to gambling disorder. Although poker is still considered a game of chance, there is evidence to support that an element of skill is involved in long-term success.[10] [11]

However, in a study on cognitive distortions and psychological distress in online poker, researchers found that the element of skill can enhance cognitive distortion and therefore, the addictive potential of poker. For example, the 'illusion of control' is the belief that one can influence gambling outcomes via skill, ability or knowledge. This cognitive distortion can result in problem gamblers overestimating their probability of winning or attributing their wins to skill, but then attributing their loss to bad luck or the need to further develop their skills.[12]

To capitalise on this distorted thinking, online poker sites deliberately place emphasis on the element of skill involved in poker so as to encourage this 'illusion of control' in players.[13] Therefore, the skill component of poker is not a protective factor against harm from gambling disorder, but can instead instil cognitive distortions which play a central role in the development and maintenance of gambling disorder[14].

Further studies demonstrate that there is a bi-directional relationship between negative psychological states and problem gambling in online poker players[15].

Predictive factors of excessive online poker playing include negative emotional states such as depression, anxiety and stress, and dissociation where a player becomes less informed and attentive in decision making which in turn causes them to exceed time and money limits[16]. Other predictors of problem gambling in online poker players includes increased negative mood states after playing such as unhappiness, dissatisfaction and guilt[17]. Although these negative states were a consequence of gambling, problem gambling often stems from the need to block out these negative moods [18] suggesting a cyclical nature that is hard to break.

An analysis of the current regulatory approach

In response to the 2015 Review of Illegal Offshore Wagering, the Australian Government amended the Interactive Gambling Act 2001 by clearly delineating legal and prohibited interactive gambling services, making it illegal to proposition non-Australian licensed (albeit regulated) interactive gambling services to Australians. Furthermore, the Australian Communications and Media Authority (ACMA) is given authority to enforce the civil penalty regime and establish a register of eligible regulated gambling services on its website.

However, the impact of Australia's regulatory implementations on problem gambling and associated interactive gambling participation rates has not been clearly investigated.

Following a national gambling inquiry, the Productivity Commission (2010) recommended that the government develop less restrictive online gambling regulation through harm minimisation measures, which was later rejected by the government with regards to internet gambling.

The recommendations were simple and based on the rationale that careful regulation, rather than prohibition, is the most pragmatic way forward in the minimisation of harm associated with disordered gambling—following similar policies in the UK and Canada.

The Salvation Army calls for the following;

(i) The Salvation Army applauds the Australian Government for this regulatory approach. Consequently, The Salvation Army calls for the current *Interactive Gambling Act 2001* to remain and not be subject to any change by any proposed amendments.

(ii) The Salvation Army calls for the government to conduct prevalence studies in a stepwise manner to empirically examine policy effectiveness and changes over time, especially coinciding with changes in legislation. Parallel comparative examples are the US National Epidemiologic Survey on Alcohol and Related Conditions (2016) [19] (2005)[20], the British Prevalence survey[21] and the 2014 Singapore gambling participation survey.[22] These national prevalence studies provided important insights on discussions surrounding if and how legislative, political and socio-cultural changes in the country significantly impacted disordered gambling and recreational gambling rates among its citizens.

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