

The Secretary
Joint Select Committee on Future Gaming Markets
Legislative Council
Parliament House
HOBART TAS 70000

7th December, 2016

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Dear Chair

Thank you for the opportunity to comment on the terms of reference set by the Joint Select Committee. TasCOSS is the peak body for the community services sector. We acknowledge that gambling is a legal and legitimate leisure pursuit in Australia, and that the gaming industry is a sector that contributes to the community and the economy through the success of their products and services. However, we note:

- the numbers of people with a gambling problem
- the density of gaming venues in low socio-economic areas
- technological and design changes that increase the likelihood of problem gambling behaviours developing.

TasCOSS has long had concerns relating to the industry self-regulation of gambling in Tasmania, the proliferation of poker machines and the relationship between financial and social disadvantage and problems with gambling, particularly with poker machines. We are concerned about growing social, emotional, psychological and financial impacts of gambling for individuals, families and communities.

The poker machine industry is one of the most contentious in Tasmania, with significant community concern consistently voiced since the expansion of poker machines from the casinos into hotels and clubs in 1997. In response to these concerns there have been at least four Parliamentary enquiries into the impact and regulation of the industry in the last 14 years. In spite of this level of scrutiny there has been a continuous erosion of the safeguards for consumers: the spins have become faster, betting limits have increased, time limits on venues have expanded, new licences have been granted. The industry has been effective in entrenching poker machines into the Tasmanian landscape. The result of this is that poker machines take around \$200 million from Tasmanians every year, and about one-third of that money coming from people

who can't control their gambling, gaming machines are concentrated in communities of greater socio-economic disadvantage and player losses per person are higher in these areas¹. More than 2500 Tasmanians are addicted to poker machines and many more are at risk, and studies show that for every problem gambler, another 5 to 10 people are affected.²

The harm caused by poker machines and the community concern about them have been well canvassed over a long period. But we are at a turning point. Two significant developments offer opportunities for those trying to find alternatives for their communities. The first is local. It is that the Tasmanian Government is reacting to the level of harm caused in communities, and in particular the nexus between disadvantage and poker machine dependence, and has introduced a public interest test on all new licences.

The second turning point is international. Addiction to gambling has now been included as a disorder in the Diagnostic and Statistical Manual of Mental Disorders (the DSM). The DSM is developed by the American Psychiatric Association and is the tool used universally to classify and diagnose psychiatric conditions. Given the research establishing the addictive intent of the design of Australian poker machines and the research establishing the harm caused by addiction to these machines, it is reasonable to suppose that with cause and effect so well demonstrated, public health initiatives will support community campaigns against poker machine harm.

Additional comments by TasCOSS

In response to the concerns of our member organisations about the effect of poker machine addiction on Tasmanian families and communities, TasCOSS has joined *Community Voice*, a coalition of 42 Tasmania community organisations working to reduce the harm caused by poker machines in our state.

The submission by the Community Voice coalition details the evidence of the dangerously addictive design of Australian poker machines, and the widespread concern about the harm they cause. We have contributed to the analysis and research that has gone into the joint submission and endorse its recommendations.

In addition to the arguments made in the Community Voice submission, we would like to add some further comment to specific terms of reference, based on our experience as a peak body.

(a) Consideration of community attitudes and aspirations relating to the gambling industry in Tasmania with particular focus on the location, number and type of poker machines in the State.

TasCOSS has shown the interactive map of poker machine distribution developed by Anglicare to Tasmanians at the consultations we hold regularly in communities and with community service organisations.

¹ South Australian Centre for Economic Studies 2008, *Social and Economic Impact Study in Tasmania*, Adelaide & Flinders Universities, Adelaide, Vol. 1, p. 5.

² Law, M 2005, *House of Cards*. Anglicare, Hobart, p. 3.

Participants in these consultations invariably noted the proliferation of poker machines in areas of socio-economic disadvantage and expressed enormous concern. Participants in our consultations view the poker machine industry as a business model that targets addiction, and those vulnerable to addiction.

The community sector is advocating for government to view gambling as a public health issue. The public health perspective allows for an exploration of the individual biological and behavioural elements of problem gambling (the current approach), but can also identify and ameliorate the social and economic determinants of problem gambling behaviour; for example unemployment, poverty, and the effects of co-morbid elements such as alcohol, drugs and cigarette smoking.³ While state governments in Australia have tended to view problem gambling as an individual issue, international governments are adopting a public health approach to problem gambling which allows them to focus more upon population health, prevention, and early intervention in public policy development.⁴

The Productivity Commission provides a useful discussion of the public health approach to gambling⁵ and finds that:

Public health and consumer policy frameworks provide *the best basis* for coherent and effective gambling policies, emphasising the importance of addressing the gambling environment as well as gamblers' behaviour".⁶

It is clear that the *prevention* of problem gambling behaviour must be given a high priority, in much the same way that hugely successful long-term public health campaigns have been run for cigarette smoking within the community.

(b) Review of the findings of the Social and Economic Impact studies conducted for Tasmanians.

Social and economic impact study

TasCOSS would like to see the Social and Economic Impact Study (SEIS) given greater status by the Government as a critical piece of research to drive public policy. The Gaming Control Act received Royal Assent in 1993 but it took 15 years of campaigning by community groups before the first SEIS was produced in 2008. For those 15 years regulator decisions relating to gambling in this state were made in the absence of

³ Shaffer, H 2003, "A Public Health Perspective on Gambling: the Four Principles", in *AGA Responsible Gaming Lecture Series*, Vol.2, No.1, February 25, 2003, pp.1-27.

⁴ Messerlian, C & Devernsky, L 2005, "Youth Gambling: A Public Health Perspective", in *Journal of Gambling Issues*, Issue 14. http://www.camh.net/egambling/issue14/jgi_14_messerlian.html

⁵ Productivity Commission, 2010, p 3.17

⁶ Productivity Commission, 2010, p 3.1 [Emphasis added]

social and economic impact data. This research is critical for monitoring and documenting key aspects of the impact of gambling on this state and the longitudinal nature of the research is central to that value.

There have been limited opportunities for stakeholders to have input into the design of the methodology for this research, and TasCOSS, with other stakeholders are looking for opportunities to ensure an appropriate and contemporary methodology for this research.

An important improvement which could be made to the value of the research would be the establishment of a Research Advisory Group to provide an opportunity for meaningful stakeholder engagement, and a vehicle for expert advice on the methodology for the study. A Social and Economic Impact Study Research Advisory Group would ensure enhanced outcomes for all interest groups.

(f) a review of harm minimisation measures and their effectiveness, including the Community Support Levy

Harm minimisation

The real measure of the effectiveness of harm minimisation strategies would be a drop in the level of losses experienced by people using poker machines. To achieve this drop the Tasmanian Gaming Commission would need to look at reducing the distribution of machines, decreasing the spin rate of the machines and reducing the betting limit on machines. Unfortunately the overall trend has been in the opposite direction, increasing the harm the machines can do by allowing more in the community, and allowing increases in the spin rate and the betting limit.

Self-regulation of the industry by the industry has not served the Tasmanian community well, with harm minimisation efforts focussed on partial and residual measures such as whether clocks in gaming rooms can be seen by people playing the machines.

Strong regulatory control of poker machines is essential. Lobbyists for the industry promote it is a form of entertainment, one which can be used responsibly. These products are more dangerous than that. Responsible gambling for individuals means that those individuals may choose to gamble but they are aware of their likelihood of losing and they understand the associated risks. Users of poker machines are never told the infinitesimally small chance that they will win. Poker machines are designed to over-ride rational thought – they are designed by gambling industry psychologists and gaming experts to encourage fast intensive use in the hypnotic process of which sounds, lights and free games are used to trick people into thinking they can win.⁷

⁷ Livingston, C 2015, 'Bright lights, big losses: how poker machines create addicts and rob them blind', *The Conversation*, October 20, 2015 <<http://theconversation.com/bright-lights-big-losses-how-poker-machines-create-addicts-and-rob-them-blind-49143>>

Community Support Levy

The Community Support Levy is 4% of the gross profit from the poker machines in the hotels and clubs, which is used by the State to fund community projects, research, problem gambling services and some health services. It is a useful source of funds for community organisations and has been used well around the state. However, there are two points to be made about the levy.

The first is the failure by previous governments to negotiate an appropriate level for this levy. The gambling industry estimates that Tasmanian casinos and gaming venues collect about \$215 million per year in revenues from poker machines.⁸ It has been estimated that Federal Hotels alone would make between \$100 and \$200 million from the 15 year licence granted to it in 2003, with revenue from poker machines in hotels, clubs and casinos. It is inexplicable why the machines in the two casinos are exempt from the levy, and why the levy was set at such a low percentage (Victoria, for example imposes a levy on all poker machines, in hotels, clubs and casinos). The last SEIS summarised the problems caused: it found that poker machines were the main source of gambling problems in Tasmania and represented the greatest risk to vulnerable gamblers, that poker machines tended to be concentrated in local government areas with low socioeconomic status (SES) and that problem and risky gambling are all higher in low SES areas than in other areas.⁹ Even so, the levy has never been adequate to compensate for the damage done to mainly low-income families and communities by poker machines.

The second point to be made is that it should be noted that community organisations do not depend on the Community Support Levy grants – a fortunate reflection on how little is collected and distributed. In 2014-15 \$2.85 million was distributed to community, sport and recreational organisations through the Community Support Levy. Of this \$1.35 million went to Neighbourhood Houses and charitable organisations.¹⁰ This represents less than 1% of the estimated turnover of community organisations in Tasmania in that year.¹¹

Yours sincerely,



Kym Goodes
CEO

⁸ Australian Gambling 2016, 'Pokies revenue in Australia', <http://www.australiangambling.com.au/revenue/>

⁹ The Allen Consulting Group 2012, *Social and Economic Impact Study of Gambling in Tasmania*, Melbourne

¹⁰ *Tasmanian Gaming Commission Annual Report 2014-15* p12

¹¹ Cortis & Blaxland 2016, *The State of the Tasmanian Community Sector 2015*, UNSW and TasCOSS