

The South Australian Council of Social Service (SACOSS) Submission to the Productivity Commission Review into Gambling in Australia

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Scope of Interest

SACOSS is the peak body for social services in South Australia. SACOSS is a not-for-profit independent organisation and our members represent a wide range of interests in social welfare, health and community services. SACOSS is part of a national network assisting low-income and disadvantaged people. SACOSS and its members have the vision of justice, opportunity and shared wealth for all South Australians. In addition, SACOSS is an independent non-Government organisation with a proud sixty year history of advocating for disadvantaged and vulnerable consumers.

SACOSS welcomes the Productivity Commission review into Gambling in Australia. In our role as a peak body for community services in South Australia we cover a broad range of policy areas including the impacts of the gambling industry upon the disadvantaged and vulnerable. In respect to vulnerable and disadvantaged consumer issues over recent years we have led or participated in the debates and advocacy in the areas of consumer credit, electricity, gas and water, telecommunications, financial counselling, payday lenders, food security and of course gambling.

Our submission to this review is based upon the perspectives, knowledge and experience of our membership who work and advocate on behalf of those most affected by problem gambling.

Introduction

Over the last fifteen years the gambling industry in South Australia has grown considerably. This significant growth is based in no small part to the introduction and proliferation of electronic gaming machines (EGMs) across South Australia. While EGMs have been in operation in some Australian states for many years, poker machines were not introduced into South Australia until 1994. By 2004 the number of EGMs had swelled to almost 15,000 machines state wide (Relationships Australia, 2004). The difference between EGMs and other more traditional forms of gambling is that the proliferation of EGMs have been revolutionary in opening up the potential to participate in gambling to more people than ever before by bringing gambling opportunities closer to home. In addition, contrary to more traditional forms of gambling which were often restricted to yearly, weekly or sporadic 'flutters', EGMs are far more abundant and can often be accessed almost twenty-four hours a day, seven days a week. The ease of access and use of EGMs have lead to significant increases in problem gambling behaviour and people seeking gambling help counselling.

What is worrying for the community sector is that inextricably linked to the increases in EGMs has been a correlated increase in the incidences of problem gambling. O'Neil, Whetton, Dolman, Dolman and Giannopoulos (2005), argue that the number of national pathological gamblers combined with those who experience significant gambling problems ranges between 1.5 per cent of the total population in Australia to 3.7 per cent. These figures are higher than both the USA and Canada where the access to all forms of gambling, particularly EGMs is a much more regulated and restricted industry.

1. New Groups of problem gamblers

Indigenous populations

Gambling within Indigenous communities' remains one of the most under researched and under resourced areas of problem gambling in spite of continued higher rates of incidence among Indigenous populations.

Paul Defabbro (2008) suggested that previous prevalence surveys have demonstrated inconsistent results concerning the relationship between indigenous status and gambling involvement. Defabbro cites the example of research conducted by the Department of Human Services (2001), in South Australia which showed that Indigenous people were as likely to gamble as any other group. However, a follow-up survey conducted by the South Australian Department for Families and Communities (2006–07), yielded different results. This study found that Indigenous people were more likely to gamble compared to non-Indigenous Australians (79% vs. 71%) and Indigenous people were more likely to gamble on poker machines (39% vs. 31%).

Other studies have drawn links between gambling and co-morbidities such as alcohol consumption. In a study of the potential impact of poker machines on communities in Aboriginal groups living in Yalata, it was found that indigenous people who gambled were also very likely to simultaneously consume alcohol (Brady, 1998, cited in Defabbro, 2008). Interestingly, gambling is also used within some Indigenous communities as a chance to connect with others in the community and to socialise. Gambling in this way is often utilised to relive the challenges of living in isolated and disadvantaged communities. SACOSS suggests that more research needs to be conducted to ascertain the actual levels of problem gambling within Indigenous communities and how this impacts upon already vulnerable communities.

New and emerging communities

A number of community organisations with a multicultural focus have identified a greater risk of the development of problem gambling behaviours amongst new and emerging communities than the rest of society. What is compounding this risk is that non-English speaking communities sometimes lack the English language skills to locate and access appropriate help to address their gambling issues.

Anecdotally there is evidence that Vietnamese people appear to be particularly attracted to gambling venues in Australia. Delfabbro (2007), found that (based upon the observations of casino staff) people of 'South-East Asian appearance' comprised 25–31% of the total number of patrons who entered Crown Casino in Melbourne. Blaszczynski, et al (1998, cited in Delfabbro, 2007), similarly found that the Chinese community in NSW were also attracted to gaming venues in disparate numbers to the rest of the community.

The research has argued that the attraction of non-English speaking communities to gaming venues is that the venues offer them a social environment where their level of proficiency in English does not prevent them from engaging in the social aspects of gambling (Delfabbro, 2007).

Prison populations

SACOSS members suggest that the incidence of problem gambling behaviour in prisoners is significant. To support this, Marshall and Marshall (2003) found that 33% of South Australian prisoners that had been assessed exhibited problem gambling behaviours. Further the report found that;

- 1.3% of all cases heard within the District and Supreme Courts from 2000 onwards were gambling related;
- 4.0% of Adelaide Magistrates Court files finalised in 2002 involving fraud offences were gambling related and;
- 1.2% of Adelaide Magistrates Court files finalised in 2002 involving larceny offences were gambling related.

The paper also reported anecdotal information that suggested that 10% to 70% of gambling help clients are engaging in crime that they attribute to gambling related issues. This is of great concern (especially in regards to recidivism) particularly if their gambling behaviour/issues is not being addressed while incarcerated.

The concern and recommendations expressed by the community sector to this issue is two-fold;

- More research needs to be undertaken that investigates the nexus between problem gambling and crime and;
- Treatment options need to be developed and implemented within the prison system to assist offenders with their problem gambling issues to reduce recidivism.

2. Problem gambling prevalence in South Australia

In 2005, a study conducted by the Department for Families and Communities (Department for Families and Communities, 2006) indicated that South Australia had a problem gambling prevalence rate of 1.6% of the adult population. This study also concluded that 30% of the adult population used EGMs at least once per year, and of that group 20.3% used EGMs at least fortnightly (i.e., 6.1% of the adult population).

Limiting the proliferation of venues

The Gambling Help Services as well as problem gambling advocates have been arguing for some time that greater impacts for people with problem gambling behaviours will be delivered through limiting the number of gambling venues rather than just focusing on the number of machines in the state. The Joint Submission from Gambling Harm Elimination Agencies (2004) heralded a cultural shift in thinking by calling for a lifting of the ceiling of machines allowed in each venue from 40 machines to 50 machines to limit the spread of gaming venues across the state, particularly the saturation in low income areas.

The rationale behind this submission was that the more machines allowed in singular venues (particularly while the trading system¹ is continually removing machines from circulation) there will be eventual shrinkage in the amount of venues that contain EGMs in South Australia.

3. New technologies, increasing accessibility and other changes

The Issue of Accessibility

As stated in the previous section, there is growing concern from SACOSS members regarding the number of gaming venues that are located in low income suburbs and the impact that is having on already disadvantaged people. The productivity commission (1999) identified this as a potential issue in 1999 and evidence on the ground would indeed suggest moves by industry to target these areas. In 2007, figures released from the South Australian Office for the Liquor and Gaming Commissioner (2007) regarding gaming machine statistics, suggested that gaming machines *are* clustered within several disadvantaged communities across South Australia. The highest concentrations of machines and venues across the metropolitan area are situated within the Port Adelaide/Enfield, Playford, Onkaparinga and Salisbury local council areas (Office for the Liquor and Gambling Commissioner 2007). These areas have high concentrations of low incomes and disadvantage.

Unfortunately studies that explore this phenomenon in Australia are scarce, therefore we rely more upon statistics of gaming machine locations and anecdotal evidence. However, Stubbs and Storer (2003) studied the relationship between gaming machine density and per capita expenditure. Their study identified a correlation between gaming machine density and increased expenditure. The researchers found that higher intakes from gaming machines were found in machines that were located in areas characterised by a high SEIFA index while machines were more likely to be found in areas with a low SEIFA index. Canadian researchers (Rush, et al, 2007) also looked into mapping the association between problem gambling and the proximity of venues and found a small,

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¹ For every four licences within the trading system one licence is withheld. The trading rounds are designed to remove 3000 EGM licences from the state. Of the 782 gaming machine entitlements still to be removed from the market (Office of the Liquor and Gaming Commissioner, 2007).

yet significant correlation between the proximity and availability of venues and an increase in problem gambling behaviour. Spatial variation² has been used to identify what geographical areas or population groups to target within government health promotion (such as exploring the link between availability and fast food and alcohol consumption). Unfortunately, despite gambling emerging as a significant population health issue spatial density research has not as yet been widely used to identify and treat problem gambling within the general population (Rush, Veldhuizen & Adlaf, 2007).

New technology platforms for gambling and their impacts

In addition to the social impacts of EGMs in the community concern is growing in regards to the introduction of new technologies that is making accessibility to gambling easier than ever before to a growing range of people. With the introduction of internet gambling, m-gambling (mobile phone gambling) and the forthcoming introduction of digital television gambling, the opportunity to gamble will be delivered to an increasing number of people.

Furthermore, the potential dangers of the increasing viability and capability of 3G enabled high speed data transfers to increase the access to gambling products over mobile phones has been identified as a significant issue by SACOSS members for the future. With the commencement of the 3G network in Australia in 2003-04 the ability for mobile phones to be utilised for high speed data transfer increased dramatically. This new technology has opened up the ability for mobile phone users to access, amongst other things, new gambling products and services (James, 2005). M-gambling, or mobile phone gambling is becoming increasingly more widespread internationally, particularly in the US, which is expecting consumer expenditure in 2009 to top US\$19.3 billion (Hutchinson, 2006). M-Gambling service are beginning to be taken up in Australia which is of great concern to SACOSS members.

Moreover, there is more immediate concern for SACOSS members with the renewed popularity of poker games, particularly with young people. The popularity of these games has been greatly assisted by celebrity endorsements and large scale glamourised and televised poker games that encourage emulation and participation in gambling. The concern is, particularly for young people, that the pursuit of gambling related activities is being introduced at a young age and may lead them on a path to problem gambling behaviours as adults. In fact a study into gambling amongst young students (aged 13-17 years) found that 71.7% of all participants surveyed had watched TV-poker games, and out of the total sample of respondents, 10% indicated that not only did the poker related programs encourage them and their friends to play card games for money but that a further 14.7% acknowledged playing poker or other card games for money to imitate what they had observed on TV (Lambos, Delfabbro & Puglies, 2007).

The impact of the smoking ban

Studies have shown that there is a marked disparity in smoking amongst people who gamble compared to the general population. For example, The South Australian Department of Human Services prevalence study undertaken in 2001 (South Australian Department of Human Services, 2001, cited in Delfabbro, 2008), demonstrated that the

² 'Spatial variation' refers to the changes in conditions that occur within a particular location.

rate of smoking amongst regular and problem gamblers was significantly higher than those individuals who did not gamble. There was a smoking rate of 33% for regular gamblers and 60% of problem gamblers (against a smoking rate of 22% amongst the general population in 2001, AIHW, 1999, cited in Delfabbro, 2008).

In South Australia, the effect of the smoking ban has been significant, although it is expected to be in the short term. The introduction of the ban on smoking saw the greatest drop in revenue since EGMs were introduced in 1994. Figures from the Office of the Liquor and Gambling Commission demonstrated that gaming revenue dropped from \$217.22 million in the first quarter of 2007/08 to \$190.76 million in the December quarter. The \$26 million decline had a significant impact upon the industry and government treasury (Vaughan, 2008). While the ban has been significant, hotels, clubs and the casino are expected to recover over time in a similar way to the Victorian gaming industry after their smoking ban was introduced.

SACOSS members have commented on the ways in which venues are adapting to the smoking ban to entice gaming customers to continue play. Changes have occurred on a larger scale such as the creation of outdoor areas for smokers close to gaming rooms and smaller scale inducements such as offering players nicotine patches and 'Chupa Chup', lollypops to enable them to continue playing for longer. There has also been anecdotal evidence of considerations by some venues to create outdoor gaming areas to enable players to continue to smoke while they play.

4. The impacts of gambling

To what extent are co-morbidities relevant to the effectiveness of harm minimisation measures?

Co-morbidities have a significant impact upon problem gambling behaviour and there impact greatly upon people's psychological and social wellbeing. A US study of problem gamblers that reviewed the data for more than 43,000 participants found that problem gamblers suffered from co-morbid disorders/behaviours at startling levels (Petry, et al., cited in The American Gaming Association, 2008). The study found that;

- Almost 73.2% abused alcohol;
- 38.1% used illegal drugs;
- 60.4% were addicted to tobacco

An Australian study found that approximately 60-80% of problem gamblers experience anxiety disorders, clinical depression and suicide ideation. Further, approximately 67% smoke tobacco, with 33% found to be regular smokers and around 15-20% of problem gamblers experience problems with substance abuse (Lambos, Delfabbro & Puglies, 2007).

SACOSS Members also cite other co-morbid factors such as homelessness and severe financial problems that impact greatly upon the impetus for problem gamblers to gamble.

Harm minimisation measures need to take co-morbidities into account as they will affect and drive the need to gamble for problem gamblers. Problem gamblers are often affected by co-morbid behaviours, therefore gamblers are unlikely to respond only to venue based harm minimisation measures such as imposing betting limits or limiting ATM withdrawals in venues. A public health approach to primary prevention and early intervention that focuses on information, education and treatment for problem gamblers and their co-morbid issues is essential to limit gambling related harm.

5. Taxation and regulatory arrangements

Through the taxation of gambling, governments across Australia have been reaping the benefits of the relatively sudden increase in gambling venues, modes of gambling and associated changes in gambling behaviour (delivered through technological developments and increased ease of access). This virtual flood of revenue has become increasingly important for governments' and is relied upon within state budgets each year. However, alongside this marked increase in government revenue has been growing concern over the sociological effects of greater access to gambling products and services, particularly on the vulnerable and disadvantaged.

SACOSS advocates for governments to become less reliant upon this revenue in the longer term and in the shorter term to direct a greater proportion of gaming taxation towards gambling help services and prevention and early intervention strategies.

6. Consumer protection measures

Should governments make an industry code of practice mandatory?

SACOSS members and gambling advocates support the development and implementation of a National Mandatory Code of Practice that assists in providing the mechanism to fetter the continuation of the industry while also offering a raft of protections for consumers. A code of practice is vitally important in standardising protections offered to consumers across the country, particularly in regards to new and evolving gambling related technologies.

The community sector suggests that the features of a mandatory code of practice should include the following elements for gaming machine manufacturers, gaming venues and government:

Gaming Machine Manufacturers

- National design standards for gaming machines
- National design standards for other gaming products and services

Venue Obligations

- A venue code of practice
- · Mandatory harm minimisation measures
- A ban on eating in gaming areas
- A ban on gambling related inducements
- Public health warnings regarding the possible impacts of EGMs in gaming rooms, smoking areas, bathrooms and at bars.
- Requirements and standards to follow for the display of gambling help services information
- Staff training in responsible gambling, including recognising problem gambling behaviours, industry duty of care obligations and in the administration of self and venue instituted exclusion programs
- Standard industry gaming room layouts including clocks displayed in gaming areas and on EGMs and proper lighting
- Restrictions on player loyalty programs
- The development of pre-commitment measures

Legislative Requirements

- · Continued ban on internet gambling
- A raft of penalties for non-compliance by venues that is congruent with the gravity of problem gambling in the community.
- Continued bans on note acceptors for use within gaming venues in South Australia.

7. Technology and its potential to enhance harm minimisation

Smart Cards

Smartcards and pre-commitment mechanisms allow gamblers, particularly when using electronic gaming machines (EGMs) to set monetary and/or time limits for their gambling over a specified period (IPART, 2004). In 2005 the Nova Scotia Gaming Corporation (NSGC) conducted a research project that sought to investigate the relative benefits of introducing a card based pre-commitment system. The study concludes by suggesting that while there was a great deal of support for a card based pre-commitment system, further testing and research needed to be undertaken to more fully explore the impacts of a pre-commitment system (particularly a stronger, more intrusive system) on problem gamblers and recreational gamblers (Responsible Gambling Council, 2005).

A second smartcard trial will be conducted in South Australia in April 2009 (the first occurred in October 2008 – January 2009) using a major venue based card system that will enable gamblers to pre-commit to a sum of money before play and limit their spending.

Biometrics

Biometrics³ may also have a role in the future design of machines/gaming venues/precommitment systems. Biometrics is seen as a way in which deficiencies in smartcard technology (potential card sharing etc) can be ameliorated by utilising human characteristics (typically fingerprints/retina identification) to aid in identifying an individual. This technology is able to be utilised within the gambling industry, particularly in regards to pre-commitment measures to identify gamblers.

Both of these measures alone however, do not take the impact of co-morbidities into account and encumber free will. As such both the industry and players may be reluctant participate in these pre-commitment measures, particularly if the card/biometric system is mandatory.

8. Gambling as a public health issue

The public health model provides a useful framework with which policy makers can view gambling-related issues more broadly rather than just at an individual level (See figure 1 on the next page). The model provides the ability to conceptualise gambling-related behaviours and issues and assign them to various points across a health-related continuum which is a similar approach previously taken by governments to address alcohol and drug addiction responses. The public health model goes further than treatment and medical models (that seek to ameliorate the end results of a particular issue) by re-conceptualising the issue, investigating sociological determinants and contributors while working across departments and communities to prevent problems from occurring.

³ Biometrics is the technology of measuring biological data, usually referring to analysing human body characteristics such as fingerprints, eye retinas and irises, voice patterns and facial patterns, usually in regards to identification.

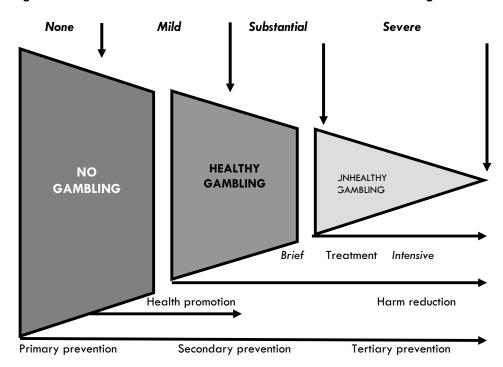


Figure 1: The Korn and Shaffer 'Public Health Framework for Gambling' 1999

Concurrent with opportunities for informing appropriate and meaningful public policy, when governments adopt the public health approach to health promotion significant opportunities arise to promote public health within existing social and institutional environments, such as schools, workplaces, community centres, other public spaces and within the gaming environment (McCabe, 2008). This public health model focus upon prevention and early intervention as the first steps in reducing gambling-related harm is vitally important to reduce problem gambling in areas characterised by low incomes and a proliferation of electronic gaming machines. A whole of government approach will involve partnerships and collaboration across the three tiers of government who have a positive role to play in primary, secondary and tertiary prevention (Ministry of Health 2004).

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