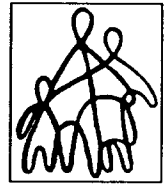


Council of Social Service of New South Wales  
**NCOSS**

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66 Albion Street,  
Surry Hills NSW 2010  
Fax (02) 9281 1968



3 November 1998

Gambling Inquiry  
Productivity Commission  
PO Box 80  
Belconnen ACT 2616

Dear Sir/Ms

I refer to your invitation for submissions to this Inquiry.

The Council of Social Service of NSW (NCOSS) is the peak body for the social and community services sector in NSW. NCOSS works with its members, on behalf of disadvantaged people and communities, towards achieving social justice in this state.

As you will be aware, an Inquiry into the Social Impacts of Gaming is currently being conducted by the Independent Pricing and Regulatory Tribunal (IPART) in NSW. This Inquiry is due to report to the NSW parliament by 26 November 1998.

NCOSS has made a written submission to this Inquiry. There are similarities in some of the terms of reference for each Inquiry, especially in relation to social impacts and regulation. Accordingly, I am forwarding you a copy of the NCOSS submission to the IPART Inquiry for your consideration.

In September 1998, NCOSS held a one day Gambling Telephone Hotline to ascertain broader community views about regulation, consumer protection, problem gambling and social impact management. I also enclose a copy of the Hotline report for your information.

Following a Forum of key stakeholders held by IPART in October, NCOSS forwarded a further suggestion to IPART concerning social impact assessment and gambling activities. A copy of this correspondence is also included.

NCOSS would welcome the opportunity to further participate in the Commission's Inquiry. If further information is required, please contact me on (02) 9211 2599.

Yours sincerely

  
Gary Moore  
Director

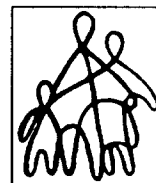
# Council of Social Service of New South Wales

## NCOSS

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Surry Hills NSW 2010  
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16 October 1998

Professor Tom Parry  
Chairperson  
IPART  
PO Box Q290  
QVB Post Office NSW 1230

COPY

Dear Tom

Thank you for the invitation to attend yesterday's Forum on Gaming. I suspect, like many participants, I found it challenging and productive.

I am writing to follow up on two comments I made at the Forum.

Firstly, it is important for IPART to deal with assessing and recommending approaches to identifying and tackling broader social impacts of gaming, beyond the significant issue of problem gambling.

To this end, NCOSS believes that powers should be given to any proposed independent gambling authority / commission to conduct a social impact assessment of any significant expansion or change to gambling activities proposed by any gambling operator in NSW.

This assessment should examine key areas of impact on the local/regional community such as employment gains and losses, positive and negative influences on other business, demands for public transport and childcare services, the socio-economic and cultural characteristics of new gambling consumers being targeted and effects on other cultural and leisure activities.

The authority should have staff suitably qualified in these forms of assessment available to undertake these tasks. Appropriate definitions of significant expansion or change to gambling activity need to be finalised, although all new gambling operations should be required to have this assessment undertaken prior to approval to commence operations.

The second matter concerns consumer complaints. As part of responsible gaming policies, whether externally or self regulated, establishing an effective consumer complaints mechanism and management improvement strategy should be a core feature.

From member community welfare agencies, consumer groups, problem gambling services and the September 1998 Gambling Hotline, NCOSS has been made continually aware of consumer concerns about service issues and standards in gaming outlets.

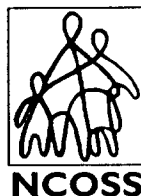
It may be prudent for an independent authority, as an early priority, to research the extent and nature of consumer complaints and the potential benefits/costs of establishing a Gambling Industry Ombudsman.

I hope that you will carefully and favourably consider these proposals. If further information is required, please contact me on (02) 9211 2599.

Yours sincerely

Gary Moore  
Director

# Council of Social Service of New South Wales



COPY

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## Submission to the Independent Pricing and Regulatory Tribunal

### Gaming Inquiry

August 1998

prepared by Ruth Ragless

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## **Summary**

The Council of Social Service of New South Wales (NCOSS) is concerned about the reliance of the State government on increasing amounts of revenue from gambling taxes, given the high social costs of the industry. There is a strong case for a more critical examination of the impacts of gambling on the community and closer regulation in the public interest across the industry.

The approach favoured by NCOSS aims to minimise the potential harmful social, economic and cultural impacts from gambling through: genuine independent regulation in the public interest to ensure consumer protection; a cap on growth and public scrutiny of any expansion plans; implementation of mandatory harm minimisation and responsible gambling practices; and a comprehensive response from problem gambling services. NCOSS also seeks to maximise the positive contribution gambling makes to the community, through hypothecation of gambling taxes from all outlets to fund genuine community development and social welfare needs.

## **Introduction**

The Council of Social Service of NSW is the peak body for the social and community services sector in NSW. NCOSS works with its members, on behalf of disadvantaged people and communities, towards achieving social justice in the State.

NCOSS is aware of deep concerns within the community about the social, economic and cultural impacts of gambling in NSW. This Submission has been prepared following consultation with a range of community organisations including: the Local Community Services Association, Centrecare, the Benevolent Society, the Inner Sydney Regional Council for Social Development, Immigrant Women's Speakout, the Financial Counsellors Association, GAME (a St Vincent de Paul programme for gamblers and their families), the Family Support Services Association, the Uniting Church, the Smith Family and Wesley Gambling Counselling Service.

NCOSS recognises that as it is likely that some people will always want to be involved in gaming and wagering, that a legal, regulated gambling industry is more desirable than illegal unregulated gambling activity. We therefore support a role for an independent Commission to protect the public interest and manage negative social impacts in an environment where gambling activities are growing.

Gambling is a bigger industry in NSW than other States, and people in NSW spend more on average than people in other States.

Total real per capita gaming expenditure is significantly higher in NSW than all other States (except the ACT) at \$676 in 1995-96. It has increased by 83% between 1972-73 and 1995-96.

### Total Real Per Capita Gaming Expenditure, All States and Territories

Year	NSW	Vic	Qld	SA	WA	Tas	ACT	NT	Australia
1972-73	369	26	35	31	27	51	-	-	156
1985-86	390	142	131	176	122	259	320	370	236
1990-91	464	157	249	232	311	262	436	447	308
1995-96	676	622	507	446	480	320	697	656	585

Source: Smith 1998:16

Gambling expenditure (losses) forms a higher proportion of household disposable income in NSW than other states: 3.4% in 1995-96 compared to the Australian average of 3.1%. It has increased from 2.8% in 1990-91.

### Australian Gambling Expenditure as a% of Household Disposable Income

Year	NSW	Vic	Qld	SA	WA	Tas	ACT	NT	Australia
1972-73	2.6	1.0	1.0	1.0	1.0	1.0	-	-	1.6
1985-86	2.5	1.3	1.2	1.3	1.2	1.8	1.5	1.6	1.7
1990-91	2.8	1.3	1.9	1.7	2.0	1.9	1.9	2.5	2.0
1995-96	3.4	3.2	3.0	2.5	2.6	2.1	2.6	3.4	3.1

Source: Smith 1998:17

## **Gambling and State Revenues**

Gambling taxes comprise around 10% of State tax receipts and are growing in total size. Revenue from gambling taxes was estimated to increase by about 7.2% in 1998-99, and by 14% in 1997-98.

The reliance on gambling activities is a concern because:

- a growth in gambling activities is related to a growth in social problems and costs, which must be met from tight government budgets
- the ease with which gambling revenues can be obtained takes the focus off fundamental Commonwealth/State fiscal reform and progressive tax reform
- Gambling revenues are essentially a regressive consumption tax. Lower income people spend more of their disposable income than higher income people on the principal gaming revenue earners of poker machines and racing. Over the 10 years to 1994, across Australia gambling expenditure nearly doubled as a share of income in the poorest 40% of households, while falling from already low levels in the most affluent 40% of households. This trend is likely to have intensified (Smith 1998:35).
- The costs of problem gambling are broader than the scope of services funded through the Casino Benefit Fund. These costs have to be met within other government programme budgets already struggling to meet client demand for other social needs.

The long term aim should be to reduce the reliance of State budgets on increasingly regressive and socially damaging revenues from the gambling industry.

Meanwhile, as the most populous State with a strong gambling culture and a growing gambling industry, it is important that the industry is effectively regulated and that the social costs are recognised and more effectively addressed.

## Social impacts

- NCOSS member agencies note growing social and economic divisions in our community and report rises in social problems such as domestic violence, crime, family breakdown and mental illness. While evidence is mostly anecdotal, there appears some linkages between gambling and other social problems. Welfare and family support agencies report that about 5%-10% of their clients have issues around gambling.
- Victorian research concludes that gambling has a net social cost (VCGA 1997). Individuals who are already disadvantaged, such as low income earners, intellectually disabled, sole parents, the unemployed, and members of various ethnic groups, are more likely to experience adverse effects. Hardship for families through loss of money, financial ruin, increasing reliance on welfare, stealing, violence, and deteriorating health are all reported.
- A recent survey of club members in Sydney found a high incidence of problem gambling, both for gambling in general and for poker machines in particular. The survey of 3000 club members found that 3.7% of members were problem gamblers (on poker machines and other forms of gambling). With about 2 million club members in NSW, this suggests there could be around 74,000 problem gamblers. Given that each case of problem gambling has been estimated to have an adverse effect on up to 10 significant others, almost three quarters of a million people in NSW would be adversely affected by gambling amongst club members (Prosser et al 1997:125).
  - While the true extent of problem gambling is difficult to quantify given the often hidden nature of the problem, there is clearly a substantial problem within the community from problem gambling.
- Gambling has social, economic and cultural impacts beyond individuals with a gambling problem. While a small proportion of adults are identified as problem gamblers, the costs to the rest of society are very high. Costs arise from, for example, crime, break down in relationships, bankruptcy and financial and emotional stress. Study 2, a January 1996 report prepared for the Casino Community Benefit Trustees on the socioeconomic effects of gambling conservatively estimated that the impacts resulting from problem gambling cost the NSW community around \$48 million per year.
- Gambling expenditure is heavily concentrated among small numbers of families and individuals. Studies suggest around one third of gambling spending comes from about 1.3% of the population who are compulsive gamblers, and that 90% of expenditure comes from the heaviest 10% of gamblers (Smith 1998:37).
- Gambling is geographically concentrated in low income areas where high numbers of people on pensions and benefits indulge in gambling hoping to change their existing situation. US studies have shown that the people with lower incomes are more likely to see gambling as an investment, rather than as a form of entertainment (Goodman 1995:38).
- The profile of Sydney populations which spend highly on poker machines in clubs generally have a lower socio economic profile. The Sydney areas with the highest



poker machine expenditure per head of population were Canterbury (\$712.34), Bankstown (\$584.05), Rockdale and Botany (\$568.02) and Fairfield (\$566.32) (Prosser et al 1996). Per head expenditure was over ten times more in Canterbury than in the lowest spending areas (Kuringai and Willoughby - \$65.39). (The Department of Gaming and Racing 1996-97 Annual Report highlights the achievement of the Canterbury-Bankstown League Club in being the top registered club for profit per poker machine for the year.)

- Canterbury is characterised by a relatively young population, with low educational qualifications, and a disproportionate number of people living in public and private rental accommodation. In contrast Kuringai-Willoughby is a far more affluent area with nearly one third of residents having tertiary qualifications and comparatively high annual personal and household incomes (Prosser et al 1996:33).
- While Victorian research has suggested that gambling does not adversely affect retailing at an aggregate level (VCGA 1997), there may however be a detrimental impact on local retail shops in some low income areas, particularly where there is a concentration of heavy gamblers. Anecdotal evidence suggests, for example, that the profitability of local retailers has decreased in suburbs such as Redfern and Waterloo.
- The predominance of poker machines in hotels and clubs has negatively impacted on particular groups in areas where the traditional places of recreation have been hotels and clubs. Decreased levels of social interaction have been noted. Many people with gambling problems find it difficult to participate in social activities as their traditional place of recreation is in hotels or clubs, which now all offer gambling services. Initial research by the Jazz Coordination Association of NSW suggests a decline of 50-60% over the last 12-18 months in opportunities for live performance by jazz musicians in Sydney.
- There is community concern about a growing "gambling culture" which threatens fundamental social values and relationships. Concerns are held for young people in particular.

**In view of the social costs, the Government should impose a immediate moratorium on the introduction of further poker machines in NSW, pending the outcome of this Gaming Inquiry and the Federal government Inquiry.** An extra 17 000 poker machines have been installed in NSW in the last two years. There are now around 92 000 poker machines in the State, 10% of the world's poker machines. They represent the most addictive form of gambling. NCOSS understands that about 70% of people who develop gambling problems play poker machines. We note that parts of the industry (Star City and many smaller registered clubs) support at least a temporary halt to the growing numbers of poker machines in NSW.

## Gambling Commission

*Is there a need for a gaming 'Commission' to oversight gaming in NSW? If so, what role and functions should it have? If so, what relationship should it have with other regulatory bodies such as the Casino Control Authority?*

The Government is under conflicting pressure to both encourage and discourage gambling. It is reliant on profits of gambling (taxes) and is also the guardian of the public good ie the regulator. NCOSS believes that the current lack of consumer protection demonstrates that the interests of the gambling industry tend to predominate over the broader public interest.

NCOSS proposes a separation, as much as possible, of the regulatory role from the functions of those who profit from gambling.

**NCOSS supports the establishment of an independent Commission to oversight consumer protection and the public interest in all sections of the gambling industry in NSW (including hotels, clubs, the casino, racing, and lotteries).** (We note that racing is outside the scope of the current inquiry, but submit that its operations should also be subject to the oversight of an independent regulator, as similar issues regarding probity, consumer protection and social impacts apply).

An independent Board with representatives of the community would govern the Commission, supported by professional staff with relevant expertise.

**The proposed Commission would:**

- (a) be responsible for industry compliance activities eg undertake probity screening of license applicants and gaming establishment employees, evaluate integrity of gaming machines, and monitor and review of casino operations
- (b) limit the expansion of gambling activities and assess any applications to expand gambling activities and the impact on the community
- (c) develop and enforce a mandatory code of conduct for all gambling operators to ensure consumer protection
- (d) manage a community funding programme funded from a percentage of gambling industry profits to fund genuine community development, community welfare, social services, employment assistance activities and problem gambling treatment programmes
- (e) fund research and publish results on the economic, social and cultural impacts of gambling, as a statutory requirement
- (f) examine the need to regulate on-line and interactive gambling;  
  
and could also
- (g) undertake independent review of consumer complaints.

The Gambling Commission would not be responsible for revenue gathering; collection of duties would remain with a government Department. Likewise, the Commission would not have responsibility for any promotion of the industry (eg tourism and economic development).

The proposed roles of the Commission are discussed in more detail below.

(a) Probity screening of license applicants and gaming establishment employees, evaluate integrity of gaming machines, and monitor and review of casino operations

NCOSS understands that licensing standards and requirements regarding probity screening of managers and employees in clubs and hotels, are higher in other States. Star City is also subject to more rigorous controls than hotels and clubs in NSW. Stronger probity and compliance safeguards should be extended to other venues in NSW, reflecting requirements in other States.

(b) Limit expansion of gambling activities and assess any applications to expand gambling activities and the impact on the community

NCOSS believes that control over market access and growth of gambling is necessary in the public interest, as the social and economic costs of gambling are too high to allow an unrestricted market. Problem gambling increases as availability of gambling opportunities grows, and a key strategy identified to minimise gambling problems is limiting the access available to potential gamblers (Brown 1997:ii).

A further rapid expansion of gambling outlets in NSW is unable to be justified on social impact grounds. A limit should be enforced on both the number of gaming machines in clubs as well as hotels and an overall cap imposed on the number of gaming machines in the State. Most other States have some kind of limit.

A Gambling Commission should hold public consultations on social and other impacts of applications for expansion of gambling activities eg poker machine licenses. A limited number of licenses would be permitted in each geographical area, with decisions made on the basis of accurate social and economic impact statements on any expansion plans, coupled with an assessment of the adequacy of problem gambling policies adopted by the gambling operator.

We understand that NSW Lotteries intend to seek approval for scratch tickets to be sold in supermarkets; this kind of application should be assessed by an independent Commission following community consultation rather than a government reliant on gambling taxes.

(c) Mandatory code of conduct on responsible gambling- see discussion in next section (page 11) on responsible gambling

#### (d) Community funding programme

NCOSS supports the new provisions in the Liquor and Registered Clubs Community Partnership legislation under which up to 500 larger clubs in urban and rural communities will make transparent contributions, estimated at \$26 million per year, to genuine community welfare, social services and employment assistance activities. In many communities, where social needs are escalating, additional assistance for family support, child and aged care services and programmes for the homeless and the unemployed will be most welcome. These types of contributions to build community infrastructure and assist community welfare are an acceptable trade off, in the current environment, against increasing revenues being generated by gambling activities in the community. These contributions should not however be used by the State government to reduce its spending responsibilities in human services.

To maximise the positive contribution gambling makes to the community, a percentage of gambling profits from all other gambling outlets, including the TAB and on line providers, should also be earmarked to fund community development and support services. The NCOSS 1998-99 pre Budget Submission provides a range of priorities for community funding. Hotels, in particular, should contribute a percentage of their increasing poker machine revenues to genuine community welfare purposes. We note that Star City is already required to contribute 2% of gross profits to the Casino Community Benefit Fund. 2% of profits from all gambling operators could be earmarked, or a progressive regime could apply where operators who make more profits pay higher rates into a community fund.

Hypothecation of gambling revenues is supported by NCOSS with the following provisos:

- Limits to growth be imposed on the industry in the public interest and a public consultation process and social impact assessment applied to proposed gambling expansions, as described above.
- The hypothecated funding would be in addition to existing human services funding, and existing fund would not be cut in response.
- Funds could be allocated to local communities in the same proportion as gaming revenue is derived from these communities.

The community development fund would be managed by the Gaming Commission on behalf of revenue from all gambling outlets. Funding decisions would be made by the independent Board, which would include community representation, supported by a professional dedicated community funding unit within the Commission with expertise and knowledge of the community sector. This would remove some of the problems currently identified with the Casino Community Benefit Fund, which operates without adequate professional support and within a Department with no knowledge or culture of community funding.

The model of the Western Australian Lotteries Commission appears to have been quite successful and could be adapted in NSW. Unlike any other lottery organisation, the WA Lotteries Commission has responsibility for directly distributing a proportion of profits, and directly funds community organisations. Studies by the Lotteries Commission show

that the Western Australian community favours this model. A dedicated community funding unit within the Commission with expertise/knowledge of the community sector is responsible for making recommendations on projects to the Board and the Minister. The community funding is mostly for capital and limited organisational development. A fixed percentage of lotteries sales are distributed to certain key areas in the community (16% of sales turnover into the Hospital Fund account held by State Treasury, 2% to the Arts lottery account, 2% to community sporting groups, and 5%, with any funds remaining after the Commissions' expenditure needs are met, are returned to the community in the form of grants to eligible community groups).

(e) Research the economic, social and cultural impacts of gambling

The impact of gambling in NSW requires careful ongoing monitoring. NCOSS supports the need for on going independent research on the economic, social and cultural impacts of gambling so that issues of community concern can be identified, analysed and addressed. Research should be funded from the 2% industry levy.

(f) Regulation of on line and interactive gambling

Many are concerned that access to convenient on-line gambling in the home is likely to increase social costs. Content, method of undertaking financial transactions, licensing requirements on service providers, and commitment to harm minimisation policies by providers all need to be regulated, preferably at a national level given the borderless nature of the on line world. The proposed Gambling Commission should have a role in this area.

(g) independent review of consumer complaints and appeals

A Gambling Commission could also undertake independent review of consumer complaints and appeals as the final element in an integrated consumer protection framework. The complaints function would operate from a legislative base with sanctions where appropriate. An alternative approach that has also been suggested would be to establish a separate gambling industry ombudsman; this might also be appropriate if it had sufficient powers to act on behalf of consumers.

## Responsible Gaming Policies

*What current measures exist to foster responsible gaming, and how are these measures communicated to gaming venues? How can the problem gaming policies of different industry participants best be coordinated?*

### Code of conduct on responsible gambling

Gambling providers can play a vital role in minimising gambling related problems by adopting policies and practices which encourage responsible gambling. However many venues do not have policies or strategies in place.

While the NSW gambling industry is more than 40 years old, it is far behind other States in implementing responsible gambling policies. In both Victoria and South Australia, for example, where gambling has been operating legally for a much shorter time, the industry has initiated development of codes of practice. It appears that there has not been a real commitment within the NSW industry to promoting responsible gambling and ensuring consumer protection.

It can be argued that the long term sustainability of the industry will require the development of a comprehensive mandatory code of conduct to safeguard both the industry and the consumer. Current practices within the industry are having very negative consequences on individuals and generating considerable media attention.

The *Liquor and Registered Clubs Legislation Amendment (Community Partnership) Act 1998* requires the RCA to publish an appropriately funded policy that is capable of enforcement for minimising harm to the public interest and to individuals and families by gambling in registered clubs. This responsible gaming policy, which addresses consumer protection and harm minimisation is now being trialed in a small number of clubs. While this is a commendable initiative, NCOSS is concerned that there are major barriers to effective implementation of such strategies in the club industry, for example, because of lack of knowledge and awareness, apathy, resistance to change, insufficient time and resources to implement practices, and a perceived threat to the main source of club income.

**NCOSS supports development of a uniform (whole of industry) mandatory code of conduct across the gambling industry to safeguard consumers and the industry.** While voluntary adoption of a genuinely effective and appropriate responsible gambling policy is a sound objective, we believe that the importance of this initiative necessitates a uniform mandatory code of conduct. Enforceable sanctions are necessary to ensure adoption of a code of conduct.

Self regulation is unlikely to be successful, given the lack of demonstrated commitment from the industry to support harm minimisation strategies. Problem gambling is a serious social and health problem which requires intervention by the government rather than the industry.

Uniformity is necessary for a industry code of practice to be effective, which is unlikely to be achieved voluntarily given the poor relations between the AHA and the RCA. Venues could still tailor a code to suit their own enterprise.

The code of conduct would cover, for example, cashing cheques, provision for exclusion of patrons, self exclusion provisions, mandatory signage regarding problem gaming counselling services, payment of winnings above a specified amount by cheque, location of EFTPOS and ATMs away from gaming areas, staff training, and guidelines on advertising.

### Advertising

Advertising plays a significant role in encouraging gamblers, and tighter controls should be adopted. Advertising slogans such as “Everyone’s a winner” are misleading. Options include a ban advertising of gambling (the British *Gaming Act 1968* included a ban against advertising based on a policy of ‘unstimulated demand’). Another alternative would be more rigorous controls on advertising by gambling service providers so the public is given a more realistic view of gambling odds. **NCOSS recommends introduction of requirements for gambling operators to advertise the true value of prize payouts and the true odds of winning.**

There is also community concern about inducements and subsidies used by the gaming industry eg promotional material on supermarket dockets. **NCOSS recommends that research be undertaken to identify the extent and impact of inducements and subsidies used by the gaming industry.**

### Other preventative strategies

Collaboration between problem gaming services, the industry, other experts and government (through the proposed Gambling Commission) should develop other preventative strategies. This might include information booklets and industry guidelines on recognition of problem gaming behaviour. **NCOSS supports proposals for industry and community liaison officers to be appointed to implement responsible gaming policies with local gambling providers and undertake community education on awareness of problem gambling** (Evans and Didcott 1997:iv).

**NCOSS supports the need to include informal material on gambling in school curricula, eg information on the probabilities of winning and losing in mathematics classes** (ACOSS 1997:83).

The Government should have a role in promoting healthy lifestyles and reduced consumption of addictive services such as gambling eg through public education programmes (Prosser1997:60). **NCOSS proposes that the Gambling Commission could regulate consumer health warnings on gambling and consider other public education activities.**

## Problem Gambling Services

*What help services are available for problem gamblers? How do problem gamblers find out about and access help services?*

There is a loose network of problem gambling service providers in NSW who operate independently and share information. Studies and numerous reports from individual providers support the need for better funded and more integrated, multifaceted set of services for people with gambling problems.

Unlike other States in Australia, in NSW there is no publicly recognisable symbol or common element to associate with problem gambling services (Prosser et al 1997:24). (All States except NSW have integrated problem gambling programs under the Break Even name and model, including crisis advice on telephone hotlines, referral to trained counsellors in addictions, relationship and financial counselling, clinics with professional staff, individual and group therapy sessions, self help manuals, community education and public awareness projects.)

While a common element and overall framework such as the Break Even name and model could assist public recognition, more effective responsible gambling policies, as advocated above, could play a more important role in increasing community awareness. It is also important to maintain a diversity of services for people with gambling problems. Existing agencies in NSW need additional funding on a needs basis to handle the demand for assistance from people with gambling problems.

**NCOSS recommends increased resources to reduce enable more timely responses to those in crisis and reduced waiting lists and to enable more individual counselling, and additional funding for specialised services in regional areas.**

NCOSS is particularly aware of the lack of problem gambling services in regional areas. A recent report on the Northern Rivers area, for example, estimates conservatively that in the region there are almost 1000 people with problems with gambling and a further 1150 at risk but no specific services available. Despite serious gambling related problems, problem gambling has a very low profile in the Northern Rivers community (Evans and Didcott 1997:ii) NCOSS understands from regional contacts that this lack of services and general awareness is reflected in many areas across NSW.

## Coordination

*How can research, assistance and responsible gaming measures best be coordinated?*

Under the model proposed by NCOSS, the independent Gambling Commission would play an important role in funding research, assistance and regulating responsible gambling. This should ensure opportunity for coordination of these three elements of a socially responsible framework for gambling in NSW.



## Recommendations

In view of the social costs, the Government should impose a immediate moratorium on the introduction of further poker machines in NSW, pending the outcome of this Gaming Inquiry and the Federal government Inquiry.

An independent Commission should be established to oversight consumer protection and public interest in all sections of the gambling industry in NSW (including hotels, clubs, the casino, racing, and lotteries).

The proposed independent Commission would:

- (a) be responsible for industry compliance activities eg undertake probity screening of license applicants and gaming establishment employees, evaluate integrity of gaming machines, and monitor and review of casino operations
- (b) limit the expansion of gambling activities and assess any applications to expand gambling activities and the impact on the community
- (c) develop and enforce a mandatory code of conduct for all gambling operators to safeguard consumers and the industry
- (d) manage a community funding programme funded from a percentage of gambling industry profits to fund genuine community development, community welfare, social services, employment assistance activities and problem gambling treatment programmes
- (e) research and publish results on the economic, social and cultural impacts of gambling, as a statutory requirement
- (f) examine the need to regulate on-line and interactive gambling

and could also

- (g) undertake independent review of consumer complaints.  
*(This function could also be undertaken by an independent gambling ombudsman).*

Industry and community liaison officers should be appointed to implement responsible gaming policies with local gambling providers and undertake community education on awareness of problem gambling.

Gambling operators should be required to advertise the true value of prize payouts and the true odds of winning, and research to identify the extent and impact of inducements and subsidies used by the gaming industry.

Informal material on gambling should be included in school curricula, eg on the probabilities of winning and losing in mathematics classes.

The Gambling Commission could regulate consumer health warnings on gambling and consider other public education.

Increased resources for problem gambling services are needed to enable more timely responses to those in crisis and reduced waiting lists and to enable more individual counselling, and specialised services in regional areas.

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# community views on gambling

**Report from the NCOSS**

**Gambling Hotline**

**held on 8 September 1998**

Council of Social Service New South Wales

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# community views on gambling

Report from the NCOSS Gambling Hotline  
8 September 1998

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## Background

The Council of Social Service of New South Wales (NCOSS) is the peak body for the social and community services sector in NSW. NCOSS works with its member organisations and the broader community sector on behalf of disadvantaged people and communities in NSW towards achieving social justice.

NCOSS has recently become increasingly aware of the negative impacts of gambling on the community. Information from NCOSS member agencies and general public debate suggest NSW is facing growing social costs of gambling related to the growth of the industry.

NCOSS welcomes the opportunity for increased public scrutiny of the social impacts of gambling presented by the Independent Pricing and Regulatory Tribunal (IPART) Inquiry into gaming. IPART agreed to fund NCOSS to undertake a one-day public hotline to gather community views on regulation and the social impacts of gambling. The hotline was designed to provide an opportunity for public comment and canvass broad public opinion to complement the IPART public hearings and submissions.

The hotline was held in Sydney, at Red Cross

House, on Tuesday 8 September 1998 and advertised in the major daily newspapers, on some radio and TV news, and through community networks. Phone lines were open between 10 am and 6 pm. Approximately 160 calls were taken, with most calls lasting between six and fifteen minutes.

## Methodology

A brief survey form was used to gather information from callers to the hotline. The survey was anonymous and it is not possible to identify individuals from the information gained. Questions included demographic data, information on gambling behaviour, general views on the social impacts of gambling and yes/no multiple choice questions on appropriate regulation of gambling. Callers were also asked open questions on what they thought should be done to help people with a gambling problem, and whether they wanted to make any general comments to the Gaming Inquiry.

The statistical data from the survey was entered and verified and statistics were produced using SPSS. The comment section of the survey was analysed separately.

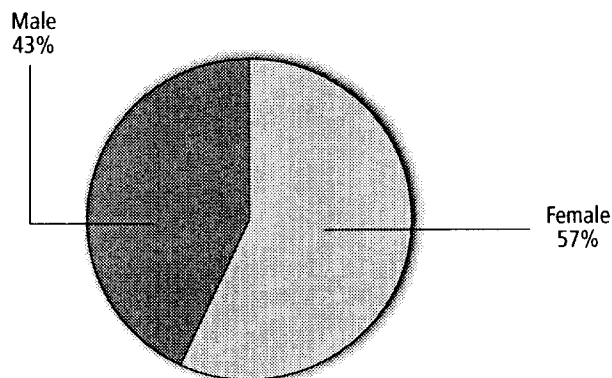
## Discussion of findings

### Who were our callers?

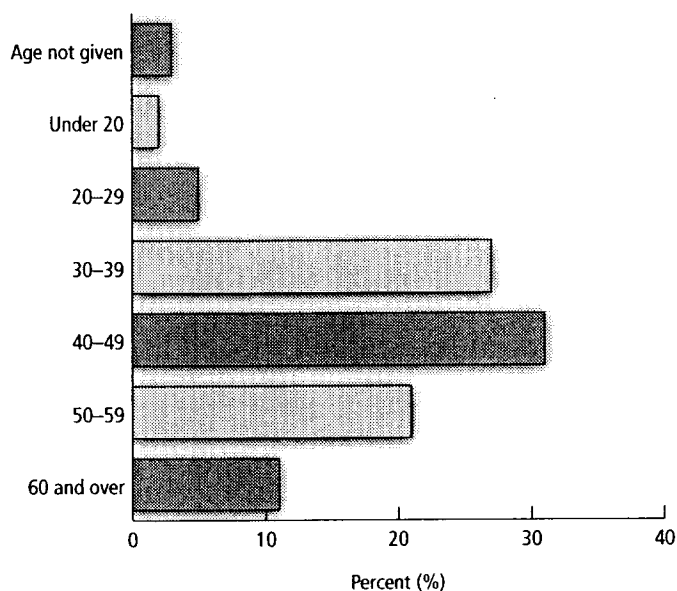
The majority of callers were female living in metropolitan Sydney. More than half of the callers (57%) were female and 43% were male. Almost two thirds (64%) lived in metropolitan Sydney, 28% in a regional town and 8% in a rural area.

Most callers (more than 80%) were aged between 30 and 59. A small number (6%) were less than 30 years old and 12% were aged 60 or over. Almost two thirds (63%) of callers had an annual household income of less than \$49,000 per year.

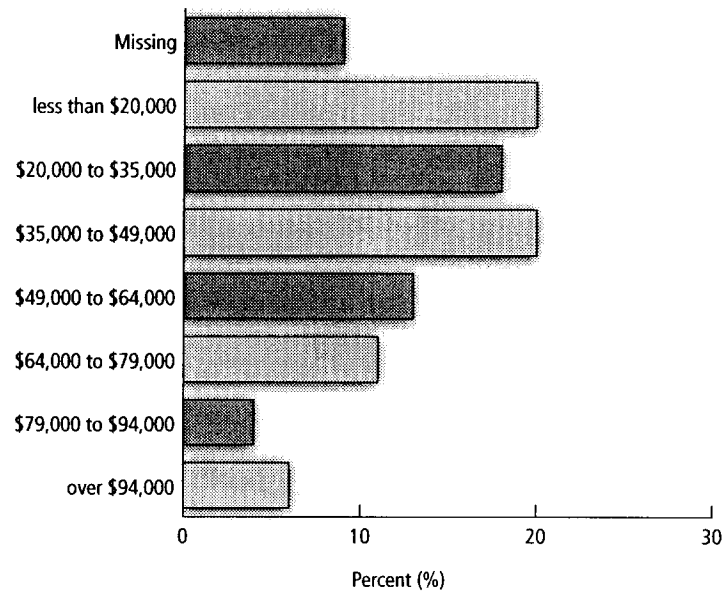
**Gender of caller**



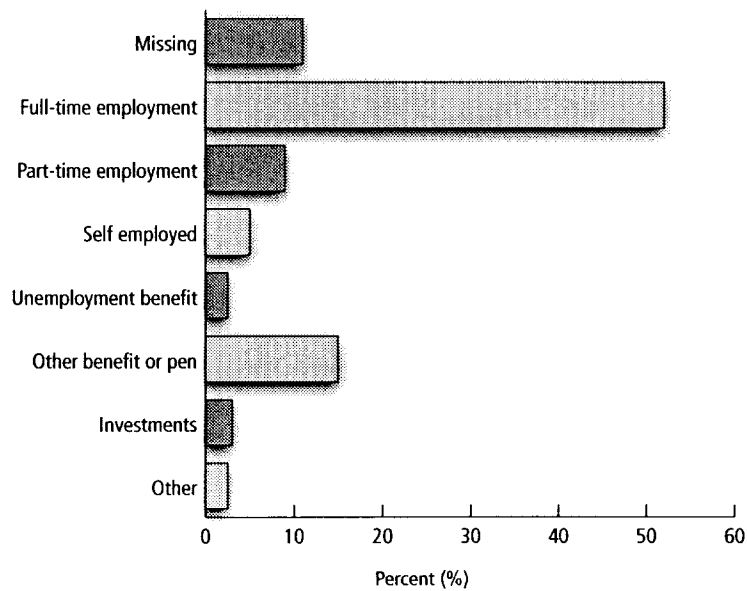
**Age of Caller**



### Household Income



### Main Source of Income





## Gambling behaviour

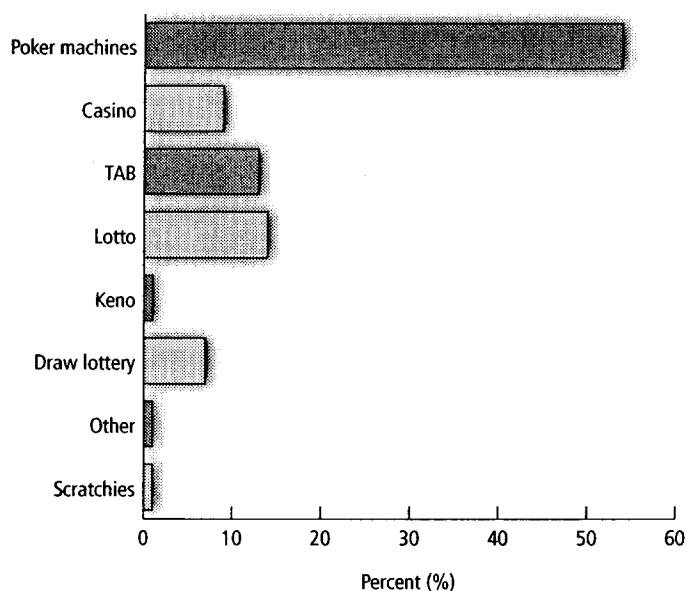
The majority of callers (57%) gambled, while 43% did not. The main form of gambling was poker machines (54% of gamblers). The TAB, lotto or the casino were nominated as their main form of gambling by a smaller proportion of gamblers (between 9% and 14%).

Of those that gambled, one quarter reported gambling only occasionally, 10% every month, 42% every week and 23% gambled every day. Some of the more frequent gamblers noted that they often spent all of their money on gambling, including people on social security payments. Three male callers in full-time employment said

that they spent between \$1000 and \$4000 per day at the casino.

Many callers (most of the gamblers and some family members) had sought help in connection with gambling, with almost half (48%) of those who sought help choosing Gamblers Anonymous and 17% choosing G-Line. Of those who sought help, many (40%) found such assistance very useful, although one in four found it only of 'some' help, and one third reported that the help obtained was 'not much' help or of no help at all. It appears that Gamblers Anonymous was generally seen to be more useful than G-Line. The number of callers who had sought help (64 people) was too low to allow further disaggregation of data to draw any major conclusions about people's experience of seeking assistance, beyond the fact that people living in Sydney were more likely to have sought assistance than people in regional towns.

## Main form of gambling



## Has gambling affected your life?

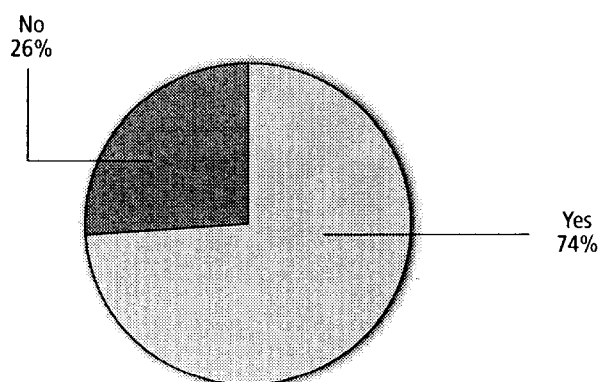
One third of callers (54 people) were gamblers or ex-gamblers. These callers said that gambling had affected their life adversely, often seriously. Several commented that they had lost everything — family, spouse, house and all of their money. Callers, some on very low incomes, spoke about being between \$10,000 and \$350,000 in debt. A few heavy gamblers spoke about gambling destroying their life, and ending up 'in the gutter' in extreme poverty. Some callers reported gambling away all funds from divorce settlements or insurance payouts. Some had been forced to declare bankruptcy.

One caller said that she was often too scared to go out in case she ended up spending her money on poker machines. Some callers noted that their health had suffered in connection with gambling. Several reported contemplating or attempting suicide in connection with gambling.

A few callers noted a connection between their gambling and various illegal activities. For example one caller was 'up on fraud charges', several referred to stealing and gambling with 'other people's money' to support their gambling habit.

One third of callers (53 people) were concerned about the gambling of someone close

## Has gambling affected your life?



to them, either family or friends. These callers also reported tragic stories about families being torn apart, loss of the family home, bankruptcy, and being left in poverty. One caller said that her husband embezzled funds and tried to commit suicide three times over gambling. A mother noted that often the family had no money left for food, and that everything would be pawned. Some wives noted that their husband gambled away all their superannuation, and that partners who are not the primary earner have no rights in relation to debts. One caller said 'my son lives at the casino. He steals from me and has gambled more than \$50,000.'

Almost another third of callers (51 people) said their lives were not affected by gambling, but were greatly concerned at the community impact. Half of these people were non-gamblers. Half were gamblers, mostly occasional (for example participating in Melbourne cup sweeps or buying weekly lottery tickets).

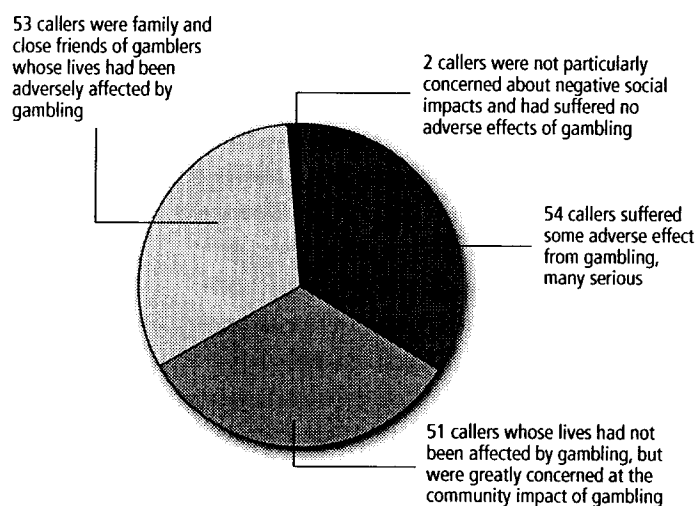
Only two people were not particularly concerned about negative social impacts at all, and had suffered no adverse effects of gambling (one gambled and one did not). They enjoyed gambling as a leisure activity.

## Views on social impacts of gambling

More than 90% of all callers thought that there should be less gambling in NSW and had strong views about the negative social impacts on families and the community. Callers commented that gamblers can be very isolated and lured by the false promise of riches held out by gambling. Not surprisingly, people whose lives had been adversely directly affected by gambling generally spoke more passionately about the negative social impacts, but almost all callers agreed that gambling had strong negative social impacts.

While some callers (less than 25%) were able to identify some positive social impacts of gambling when asked to do so, they felt more strongly about the negative social impacts. Only two callers emphasised the positive leisure opportunities afforded by gambling more than the negative social impacts (and thought that problem gamblers were a very small minority who none-the-less deserved specialised assistance).

## Callers' perceptions of adverse effects of gambling



At the end of the survey, callers were given an opportunity to make any general comments they wished to the Gaming Inquiry. Concern about negative social impacts and the role of government were specifically mentioned by 16% of callers. Here are some examples of comments by callers, from gamblers and non-gamblers:

*'The actions of the government in promoting gambling for monetary gain are immoral and irresponsible. The damage caused by one person in the family gambling is devastating. . . The financial hardship is nothing compared to the emotional pain experienced by families. The government needs to be accountable and realise the price society pays for gambling.'*

*'Expansion of the gambling industry is the most destructive thing that the government has ever done. I'm not a compulsive gambler, but I see people whose lives are a misery. The government is totally irresponsible. Local hotels are no longer a meeting place, but rather a place where people are being destroyed.'*

*'The government needs to have a long hard look at the impact of gambling and become more accountable for its use of gambling revenue.'*

*'The cost of gambling outweighs any benefits.'*

*'I think the gaming inquiry should be aware of the enormous problems that gambling can create within families and the community. I think it's as destructive as alcohol. There should be no more gambling places.'*

## What should be done to help people with a gambling problem?

Callers were asked an open question about what they thought should be done to help people who had a gambling problem. All callers who responded to this question supported some kind of positive assistance.

The initiatives nominated by the most number of people were improved counselling and support services and better information (consumer warnings, education, and advertising the true odds of winning). Gamblers and ex-gamblers were particularly supportive of these kinds of initiatives.

### Improved counselling and support services

Callers saw provision of affordable, accessible and quality support services for gamblers and their families as essential, and were very concerned about the current lack of appropriate facilities. Most thought the government should provide more funding to support services, including assistance for self-help groups.

A range of suggestions was made about the types of counselling and support needed. Callers wanted support to be:

- available locally or on site
- affordable
- timely
- available for families
- with 24 hour access
- accorded the same priority as drug and alcohol services
- with residential facilities available
- and with more services run by gamblers themselves.

Public support for counselling and support services was confirmed in the open comment section of the survey, where 20% of callers commented spontaneously on the need for improvements in this area.

## Regulation and management of gambling

### Regulation

Callers were asked a number of multiple choice questions regarding their views on regulation of gambling in NSW.

More than half (52%) thought that an independent gambling regulator such as a Commission should regulate gambling. A third of callers supported a combination of an independent regulator and a government department and Minister. A few (11%) thought that a government department and Minister should regulate gambling.

More than 90% of callers thought that gambling should be more strictly regulated than it is now. There was strong support for limiting the number of gambling venues (95% of callers) and for limiting the number of gambling products (85% of callers).

Comments on control of gambling and access to gambling were made by 20% of callers in the open comment part of the survey, confirming strong community concern about this aspect of managing gambling. Callers suggested specific control measures such as:

- a limit to the number of gambling venues
- restricted access for children and young people
- no 24 hour gambling
- more emphasis on consumer protection
- maximum daily time and amount betting limits
- better enforcement of regulations
- an end to Sunday racing
- and closing the Star City bus from Western Sydney.

One caller suggested limits on winnings as her husband had won \$80,000 in one go, and such a big win encouraged him to become a full time addict.

One particular form of gambling, poker machines, was singled out for criticism by 18% of callers in the general comment section of the survey. Callers thought poker machines were too obtrusive and had taken over clubs and hotels. For example: 'you can't have a drink anymore without standing right next to a poker machine'. Several callers commented on the need for alternative places for recreation without poker machines. Several specifically wanted poker machines removed from all hotels.

### Advertising

Eighty-four per cent of callers said that advertising of gambling should be more strictly

controlled than it is now. Several had strong views that all advertising of gambling should be banned.

Advertising was spontaneously mentioned by about one out of every five callers in the open comments section, which confirms public concern about this aspect of the industry. Callers strongly objected to the 'glamourising' of gambling in advertising. Some people with gambling problems said they felt 'bombarded' by gambling advertisements. Members of the community were concerned about inducements to gamble such as \$1 meals at clubs and scratchies in chip packets that 'manipulate children into a gambling culture'.

### **Responsible gambling policies**

Nearly all callers (90%) thought that gambling industries should have a code of practice to protect consumers and a policy to protect problem gamblers; and an agency for consumer complaints (83%).

Comments on the need for gambling providers to implement effective responsible gambling policies were mentioned by 16% of callers in the open comment section. Many callers suggested that gambling on credit was far too easy to achieve in many venues. Specific suggestions for change included no ATMs on the premises, no cashing of cheques or access to credit, improved signage regarding problem gambling treatment services and consumer warnings, more responsibility of venues to monitor gambling habits of heavy gamblers, effective implementation of self-exclusion policies, maximum bet amounts and a reduction in the minimum bet.

One caller noted that his local club managers knew exactly who the heavy gamblers were who could not afford to gamble as much as they did, but he was dismayed that club managers took no responsibility to discourage them. Another caller noted that children in school uniform can gamble very large amounts of money without questions being asked, which she thought was very inappropriate.

Another caller who gambled up to \$4000 per day at the casino had taken the trouble to ban himself from the casino and his photograph was

taken and left at the front desk. However he found he was able to sneak back into the casino the very next day and resume gambling.

### **Gambling levy for community benefit**

Callers were asked whether there should be a levy on gambling revenue for community welfare purposes. There was very strong support for a levy (86% of callers), and most thought it should be at the same level for all types of gambling activities. Most callers (85%) also thought that an independent gambling regulator should administer the levy. There was a significant minority who, concerned at the lack of services for problem gamblers, proposed that levied funds should be spent exclusively on programs for people with gambling problems, rather than general community welfare activities.

### **Taxation and gambling revenue**

Many callers were aware that the NSW government collects a significant proportion of state taxes from gambling. A big majority of all callers (more than 80%) thought that the government should reduce its reliance on gambling revenue. A significant proportion (15%) spontaneously raised this issue in the open comments section of the survey.

### **Internet gambling**

Many callers were concerned about the perceived dangers of internet and other forms of in-the-home gambling, but opinions varied on the best way to approach regulation and management of this form of gambling. Most said that the government should not develop policies to legalise internet and electronic gambling, however this was more out of concern that this form of gambling should not be available at all rather than a desire for electronic gambling to exist in an unregulated form. A small minority did acknowledge advantages in the development of government policies to control internet gambling.

One caller, a senior executive in the gambling industry working for a company that is planning internet gaming products, was particularly concerned about the potential for detrimental social impacts, and asked the government not to

legislate for internet gaming, and planned to resign if their company went ahead with such products.

### **General comments to state government gaming inquiry**

As reported above, at the end of the survey callers were asked if there were any further comments they would like to make to the Gaming Inquiry. Most callers made specific comments, and a wide range of constructive suggestions and concerns were raised. In analysis, comments on particular issues were grouped together, and the following categories were raised most frequently:

#### **About 1 in 5 callers spontaneously raised the following issues**

- the need to regulate access to gambling
- concern at the impact of poker machines
- the need for improved support services and programmes for people with gambling problems, and
- the need to limit or ban gambling advertising.

#### **Around 15% of callers spontaneously raised the following issues**

- the need to significantly improve adoption of effective and responsible gambling policies by gambling providers
- concern at negative social impacts and concern about the role of government in relying on gambling revenue, and
- the need for more information about the negative aspects of gambling, including the need for advertising the true odds of winning.

A few respondents commented that in their view the survey was biased as they wanted the government to ban gambling outright, rather than assume a role in regulation and management of gambling. These callers were so incensed at the negative social impacts of gambling that they could not condone its existence at all.

### **Summary**

Callers expressed strong concerns about the social impacts of gambling. The highest proportion of callers had suffered personally because of gambling (gamblers, ex-gamblers and family/close friends of gamblers). About one third of callers were not personally affected by gambling, but were concerned at the community impact. All had strong views about the negative impacts of gambling on individuals, families and the community and made clear recommendations to address their concerns. They saw the Inquiry as an opportunity for the government to take a long hard look at gambling in the public interest, and for action in areas of greater regulation and enforcement, greater duty of care of venues and more community information about negative impacts. Overall they wanted to see less gambling in NSW and were particularly concerned about the impacts of poker machines on the community. They expressed a desire for gambling venues to act responsibly and many demanded regulation of the industry by an independent agency.

## Acknowledgments

NCOSS would like to thank the following for their assistance in this project:

The 160 people who rang on the day

Independent Pricing and Regulatory Tribunal

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Toni Beauchamp

Dennis Borham

Marie Borkin

Martine Brieger

James Cockayne

Jim Connolly

Barney Dryer

Eva Fera

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Julie Ghuler

Charles Greenquist

Miguel Heatwole

Joan Howden

Chris Joyce

Clorinda Lee

Emma McPherson

Sandra Palavs

John Poon

Barbara Shely

Jacqui Spencer

Nhu Van Tran

Bill Vogels

Project design: Gary Moore, Kirsten Forrester, Ruth Ragless

Report: Ruth Ragless

## Contacts and referrals

Confidential help for gambling issues: G-line 1800 633 635

Complaints about gaming machines,

Department of Gaming and Racing: 02 9995 0417