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To:

Federal Inquiry into Gambling
Productivity Commission
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From:

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Questions and page numbers which follow refer to the Australia's Gambling Industries: Issues Paper, September 1998.

Selected questions only have been addressed from the point of view of a rural problem gambling counselling service in Victoria (BreakEven Hume Region), covering an area from Corryong in the North-East of the state, to Shepparton and the Goulburn Valley, to Mansfield, Murrindindi and Mitchell shires. The southernmost towns adjoin Melbourne's Northern District; our regional office abuts Albury in NSW which has the highest concentration of EGMs outside of Sydney. An attempt has been made not to duplicate well documented aspects of problem gambling.

A breakdown of our venues and machine numbers is attached as an Appendix.

The nature and definition of gambling

What should the Commission include as gambling in its inquiry?

Please include Bingo as this is proving a problem for some Koori groups, especially women. Purchasing 10 or 12 books per game amounts to a large stake, often out of limited incomes. Part of the attraction seems to be that unlike poker machines there has to be a winner each session.

What are the characteristics of gambling that call for community or government action that is different to that for other activities?

Some unusual characteristics of gambling include:

- a communal consensus of loss so that a few might gain
- no tangible product for purchase, apart from occasional returns of money (which is thus the currency and the product). Instead the product of purchase is ephemera such as wishes, hopes, dreams, chance, etc.
- the foregoing 2 points can result in a huge misunderstanding of the nature of the transaction and the industry on the part of its consumers
- that it's a hazardous transaction (due to the consumption of money for usually no product) being promoted solely as entertainment
- the usefulness of the gambling industry to crime – in fact a mutually beneficial arrangement

The community, while benefiting from the provision of gambling as an extra leisure option, needs protection from its worst effects (often unseen and unknown).

Taxation

Will consumers of gambling be affected by the introduction of a GST?

How many Australians are problem gamblers?

3% (Dickerson, M. 1997) – around 50,000 people in Victoria – is usually quoted. Based on the American experience, Professor Robert Goodman believes that figure is conservative because people with a gambling problem are reluctant to disclose the fact to anyone, including researchers. This was supported by a survey which found that 40% of people in counselling said they knew of someone else who had a problem. *Professor Goodman R. 1997. The Luck Business*

Other research indicates that problems begin to be seen with gambling approximately 3-5 years after the introduction of poker machines (*Dave Palermo 1997. Admitting there's a problem. IGWB, USA*). This may mean that we can expect to see an increase in the proportion of problem gamblers in our community in Victoria over the next few years.

How enduring is the problem for an affected gambler?

A very good question. Some problem gamblers are able to regain control of their gambling, some are not and must abstain. The difficulty for these people to resume social activities and intercourse is highlighted by the not infrequent situation in small rural towns where the only venue, or the main venue, has poker machines. Where are they to go? In other words, they may have made changes to their lives but the element of danger to them and their families remains highly profiled, acceptable and promoted in the social section of their environment. Short of dropping out of society in a small town there is often no escape from the danger of relapse. Even in larger towns with alternative venues on offer, the displacement of previous leisure activities by gambling means that the social norm of peer activity has often become playing the pokies, or social gambling. Thus the experience of gambling for some people is not only costly and painful but can lead to ongoing isolation in their community.

This peer pressure may also coopt non-gamblers into gambling, thus increasing the 'at risk' group.

What are the cost and other impacts for the problem gambler?

Sale or loss of assets include

- vehicles
- valuables
- utilities (gas, electricity, telephone)
- family home (repossessed mortgage)
- rented home (eviction)

Further losses include

- significant relationships, eg partner, children, relatives, friends
- employment
- health, (stress, depression, substance abuse)
- freedom (if convicted of criminal activity); many more white collar
- workers convicted of fraud, etc. are arriving in the prisons ill-equipped to fit in with the prison community and experiencing difficulties as a result
- life (1 in 5 problem gamblers attempt suicide)
20% of people who have presented to BreakEven Victoria have identified that they have attempted suicide; the emerging link between problem gambling and suicide has been recognised by the Victorian Government by the setting up of a special project by the Victorian Coroner's Office to monitor gambling-related suicides after an increase in the rate from 1 case in 1992 to 4 in 1993 & 1994, and 13 in 1996 (The Age 13/9/97).

How many others are affected by problem gambling?

For every problem gambler a further 7 people in their lives are affected, eg spouses, children, relatives, friends, employers (Dickerson M. 1995. VCOPG Newsletter Vol. 1 (3)). Others have put the figure at about 10, some as high as 15.

What are the effects on the problem gambler's family?

The negative effect problem gambling has on families is a common and recurrent feature. It includes partners having to cope with, and often being unable to cope with:

- lies and deceit,
- betrayal, broken promises
- loss of trust, constant suspicion, having to be 'watchdog'
- the mood swings and behaviour of the gambler
- anger and arguments
- domestic violence (*Lesieur & Bloom 1991*)
- the devastating effect on the family finances
- increased and unequal responsibility to make payments, excuses, or take on loans, extra hours or extra jobs
- loss of leisure, friendships, etc due to increased work commitments
- lowering of self esteem
- depression
- deterioration in health
- the consequent adverse effect on the quality of family living
- children under-nourished and under-resourced
- children performing poorly at school
- behavioural issues when stress levels in the family rise

Or the community more generally?

Of gamblers who have presented to BreakEven, Victoria, 60% admitted criminal activity to support gambling habits; 20% of these resulted in charges such as fraud, theft & embezzlement (*Jackson et al. 1997. Analysis of individuals presenting to problem gambling counselling services from July 1995 to 30th June 1997. Client and Services Analysis Report Nos 1 & 2*). This is a cost not only to employers and individuals but to the whole community in terms of the police, judiciary and prison system.

In addition credit fraud, bad cheques, insurance fraud and bankruptcy are all consequences of the 'abuse of money' (*Goodman, 1998. The Luck Business*). To quote Professor Goodman again, bad debt is bad for the whole community.

Costs to the community are also incurred in the medical and crisis intervention system due to the incidence of physiological problems associated with problem gambling; gamblers identify to counsellors that they are taking medication to cope with stress and depression; as mentioned above a significant percentage of clients admit to attempted suicide, with attendant costs to the medical system.

There have also been increased demands on counselling services (family, problem gambling, financial, domestic violence, generalist, etc), and increased demand on welfare bodies, including Centrelink special payments, and charitable organizations, along with a corresponding drop in contributions made to them (*VCGA 1997. Community facilities resulting from the providers of gaming in Victoria*).

Victorians spending \$89 million on gambling per week affects the viability of other social/recreation/leisure providers, eg local sporting clubs, other venues without EGMs and their activities, eg live music, and of other small business in the sector of non-essential goods.

How should we go about measuring these costs in a meaningful way and are there useful existing estimates in Australia or overseas?

Cost is a relative and subjective thing. How do you cost the loss of a relationship? More than the loss of a house? How does a partner of a problem gambler cost deceit, betrayal and loss of trust?

Some costs are impossible to quantify, yet quantification is what the community needs if it is ever to counter the amply quantified benefits of the gambling industry and make it acknowledge the social and human cost.

At a recent conference called 'Gambling Away our Community' held in Melbourne in May 1998, Professor David Hawks of Curtin University, W.

A., drew interesting parallels between the gambling and the alcohol industry. He called for a true and proper costing of the gambling industry, pointing out that the benefits of gambling were always quantified to show positive gains (eg in employment, revenue, tourism, etc), but that the harm factors were never similarly quantified and so could be more easily dismissed. A 'true' costing of the alcohol industry had used a wider definition of 'cost' than 'alcoholism', which affects 2-5% of the population (a figure not dissimilar to that of problem gamblers), and took into account drink driving, road accidents and hospitalizations, fatalities, drownings, domestic violence, child neglect, sick leave, medical, insurance and legal costs etc. The resulting figure showed that the alcohol industry actually costs the nation \$6-8 billion annually and is thus in effect subsidised by taxpayers.

At the same conference Professor Robert Goodman of the U.S.A. was also concerned with the true costs of the gambling industry to the community, and drew parallels with the tobacco companies now being sued in America by government. As to the liability for these costs currently being borne by the community, industry will never admit liability for the 'choices' made by addicts, even though this group of high consumers may well underpin the profitability of the industry. It would be interesting to see if a test case would try whether the respective industries could be made to pay for the costs of, eg the treatment of a person with lung cancer brought on by tobacco, the treatment of a person hospitalised after an alcohol-related road accident, or the reimbursement of an employer defrauded by a problem gambler.

Is the South Oaks Gambling Screen from the USA a useful instrument for identifying problem gambling in Australia?

Some of our counsellors do not find it adequate. They find the assessment based on DSM IV diagnostic criteria more useful.

'There appears to be a continuum of severity in problem gambling, from people with mild or temporary problems to those with severe and chronic difficulties.' *What is the nature of the problems affecting people at different points along this continuum?*

It is also useful to view groups of people as 'at risk' groups because of certain activities, eg smoking or gambling, or because of their exposure to certain environments, eg direct sunlight or gaming venues. Increased access to gaming *increases the risk* that consumers of the product will have a problem with gambling at some point. And the numbers exposed to

gambling are increasing as gambling invades not only venues in virtually every town, but people's very homes, with the onset of internet gambling and cable television gambling.

What is the nature of people's transitions from one state of problem gambling to another?

Many people commence gambling socially, with no anticipation of any harm. They may have an early big win, but will want to go more frequently, alone and gamble more money. This transition – usually with EGMs – may take place over months or several years. One of our counsellors states that she doesn't see different states of problem gambling, just degrees.

Is it possible to identify those on the path to chronic and severe problem gambling from those who are not?

Our counsellor can say that those who appear to have more resilience, a stronger sense of themselves, more to lose, and more family support, will have a greater chance of remaining free from gambling. This would appear to indicate that those who do not have these attributes are more vulnerable to problem gambling.

What are the behaviours of problem gamblers (in terms of frequency of play, typical expenditure, motivations, type of play, social interactions with others)?

People typically gamble alone – on EGMs, by far the major type of gambling – despite statements that they gamble for social reasons. They will become secretive and isolated from friends, foregoing former interests. They spend less time with their families. People spend money on gambling that should be spent on food, rent and utilities. The gambling becomes out of control, over-riding all other aspects of their lives. They gamble to “feel better”, in the broadest of senses.

To what extent do people with a gambling problem suffer from deeper underlying problems, of which gambling is only a symptom? To what extent is problem gambling associated with other problems (alcoholism, depressive disorders etc) and how are these linked?

One of our counsellors believes gambling to be a symptom of a deep inner pain, not always able to be identified by the person as their reason for doing it. They may identify boredom or loneliness, the need for excitement or time out, but there is usually evidence of past loss, grief, trauma or conflict that has not been resolved.

Alcohol is rarely a problem – they prefer to gamble – though depression is often an issue.

How much of total expenditure on gambling is accounted for by people with gambling problems?

We don't know. It would also be interesting to know how much does gambling account for some people's total expenditure.

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Does problem gambling affect some groups more than others? What is the evidence for this?

All groups of people appear to be represented in the client group of problem gamblers. Vulnerable groups appear to be:

- professionals with access to other people's funds,
- redundant workers with pay-outs in the bank,
- retired or elderly people with savings,
- women of all ages,
- young people with access to the internet and other home gambling,
- young men with peer pressure to risk-take
- migrants with settlement stress,
- foreign students
- low socio-economic groups on fixed pensions
- unemployed people

Is it more difficult to detect or treat problem gambling within particular groups (for example, by age, gender or ethnicity)?

Young people with gambling problems may remain hidden longer if they live at home and don't have so many financial commitments. Perhaps some ethnic groups prefer to address any gambling problems within their own cultural group. Or they may wish to promote a good, clean positive aspect to their adopted community and not wish to acknowledge publicly that problems exist.

What implications would any differences between groups of problem gamblers have for the design or implementation of policies aimed at the prevention or management of problem gambling?

Access to gambling seems to be the crucial factor. So policies should be designed to restrict access of internet and television betting to young people who can access it in their homes. Local government cannot itself prevent access to gaming in the community but it can formulate policy to limit any future expansion of gaming in venues in its area and so act on behalf of vulnerable groups or groups at risk. It would also strengthen the case for

local government to promote recreational alternatives appropriate to different groups of people.

What is the evidence that some forms of gambling are more addictive than others?

The vast majority of people seen in our agency have problems with EGMs. Many had gambled occasionally, socially, until they were able to gamble daily in their own town and suddenly developed a problem. Most have no previous addictive problem.

Are there features of gambling technology which are designed specifically to encourage high levels of gambling?

The response rate of poker machines can be raised or lowered; a slower response rate was adopted in Holland and legislated for in 1996 (*National Association for Gambling Studies Conference Proceedings 1997*).

Of further concern is the introduction of new cashless machines which accept banknotes. Currently, if a customer plans to spend \$20 in a machine and only has a \$50 note, the act of changing the note serves to underline the gambling strategy being adopted; the person is still in control. S/he may go on to gamble the remainder, but at least the process has been broken into two or three stages, at any point in which the customer may choose to stop and any remaining money is *in the person's possession*. If the customer has to feed the \$50 note directly into the machine, the likelihood of stopping after spending \$20 and pulling the remaining \$30 out is much less, especially given the altered perspective some people experience when money displays as credits. I don't have any evidence to back up this theory but I suspect industry's own market research would demonstrate it amply and be the reason industry is adopting this strategy. It will eventually in effect be tantamount to a minimum playing fee.

'Some people are concerned about the extent to which the behaviour of some venues (such as the provisions of complimentary drinks or personal promotions) may intensify problem gambling.' *What is the nature and extent of any such behaviour?*

Alcohol and gambling can combine so destructively that they can devastate a home and all the innocent victims in it. Yet the two are inextricably connected, at the macro level in making gaming licences conditional upon liquor licences (in Victoria), and at the micro level by venues providing waiter service of complimentary drinks in the guise of customer service.

‘As well, others suggest that regulation and competition may amplify problem gambling by, for example, putting pressure on venues to maximise turnover of a gaming machine in order to ensure that the machine remains placed at the venue.’ To what extent is this occurring?

In Victoria the provision of the 1991 Act allowing the introduction of poker machines into the state was for a split of 80% of machines in Melbourne CBD and 20% in rural Victoria. As at May 1998, according to figures obtained from the VCGA, the split was 27% rural Victoria and the rest in Melbourne CBD. Since the government decided (in December 1997) to cap the number of machines in Victoria at 27,500 (excluding the 2,500 owned by Crown Casino), some venue operators have reported experiencing pressure from regional lessor representatives; some venues have had their machines removed to more profitable areas.

In addition Tattersalls, one of the two lessors in Victoria, has redrafted its performance contracts for venues, enabling the company to remove all its poker machines from a venue in two moves over three months if they are not making enough money. Under existing contracts, poker machines can only be reduced by a maximum of 25% at a time. The company said that it wanted greater flexibility on where it placed its machines in the light of the government cap (Herald Sun 1/7/98).

Rural venues in particular often find they have a conflict of interest, especially the clubs which are more community-oriented and have a tradition of looking after their members, being active and contributing to the community. In rural Victoria where the effects of economic rationalism are still biting deep and towns have suffered loss of industries and services, and the traditional structure of agriculture is undergoing massive changes, hospitality and tourism have been hailed as the great new hope of economic survival – hard on the back of poker machines. This may cause higher levels of stress in staff who believe the EGMs are vital for the survival of the venue and for the town itself, yet know their patrons not only professionally but socially as well – through the church, their children’s schools, their spouses, sporting associations etc. They may know first-hand of the cost to a family caused by a person’s gambling problem, yet feel torn by their loyalty to the venue and their own sense of threatened job security should EGMs be withdrawn from the venue if the turnover fails to be enough.

Other costs to individuals

Are their consumer issues – such as gamblers' understanding of the odds they face, pressure selling, misleading advertising, or other practices – which may produce costs for individuals?

There is a huge consumer issue around financial transactions, eg

- the provision of credit,
- the easy availability of loans,
- the easy availability of credit cards,
- the provision of ATM machines in venues,
- the cashing of personal cheques, etc.

In rural Australia, where more and more small towns are losing their bank branches, venues are becoming an alternative money access point. It must be seen as an undesirable state of affairs when a person grappling with a gambling problem and trying to stay away from a venue actually has to make use of the venue to access his or her income.

Informing customers of the odds of a particular game is no different to displaying the alcoholic content of a drink, or a health warning on tobacco, or the calorific or nutritional content of food we purchase. Some people will read and act on the information, some people will not. But it is a consumer right to be informed.

The question of gambling advertising is one which problem gambling practitioners, I venture to say, feel universally unhappy about. The gambling industry's messages of 'easy money', 'paying now', 'everyone's a winner', etc are enticing and misleading; their targeting of elderly and single people with gaming as a social, problem solving strategy preys on vulnerable groups in society; above all they have the power of huge budgets and very little regulation since the demise of the Advertising Standards Board and the self-regulation of advertising by the gambling industry's own Codes of Practice. By contrast television adverts highlighting problem gambling have been two in number, shown for two relatively short periods of time before they finished altogether in February 1998 because they were to be replaced by new ones. The original date for these was June, 1998; it now looks as if it will be early 1999 before they go to air. DHS has allocated \$5m for this round of advertising and promotion, not all of it destined for television advertising. This compares with around \$15m per annum spent by the TAC on its now famous series of advertisements on the effects of alcohol, speed and fatigue on driving. Other current, comparable advertising campaigns of note are the Quit smoking adverts with their state of the art internal photography, and the WorkCover adverts demonstrating the dangers of pranks and unsafe practices in the work place.

It would seem at the very least fair to have the dangers of gambling brought to the attention of the purchasing public with a series of good quality, target differentiated, on-going television adverts funded out of the Community Support Fund – which to date has only spent around 10% of its accrued \$300m plus on problem gambling.

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Dealing with problem gambling

How effective are current measures for identifying problem gamblers, and what improvements could be made?

Problem gamblers really need to identify themselves and seek help. There is a need, in the media and in clubs and hotels, for warnings as with tobacco, more education about what can and does happen to regular users and how to monitor and control gambling.

How effective are mechanisms – such as education and information programs, venue exclusion arrangements, venue and machine redesign – which seek to minimise problem gambling?

It is difficult to evaluate education and information programs since they tend not to attract people with gambling problems, but instead concerned members of the public, service providers, etc. However, raising awareness has meant the problem can be named and discussed far more than previously; the problem and its treatment have been in an early phase where embarrassment and silence were the most common responses. Now it is far more common to know of someone who has a problem, to know of someone who has been for treatment, and this mainstreaming hopefully will continue to make both the problem and the treatment visible.

Venue exclusion arrangements are successful for industry in that they provide a good PR tool for dealing with problem gambling, and for some problem gamblers in that self-exclusion is a strategy which suits them, for a time at least. They are less successful at venue level, for a variety of reasons, eg having more photographs than staff can remember, the need to enforce and patrol in the venue a physical situation set up by paperwork by Head Office, the reluctance of police to support venue staff over what is not a criminal matter (ie a self-excluded patron trying to gain access to the gaming section), the lack of support for staff members from their employer and the industry should they use more than 'reasonable force' to eject a client in breach of the order. Counsellors also may be less than happy to have to be involved in the revocation of a self-exclusion order in so far as a letter is required of them saying they have discussed revocation of the order with the client.

What are the legal issues surrounding problem gambling (for example, potential for lawsuits, feasibility of self-exclusion, bankruptcy)?

Our counsellors are increasingly being called upon to attend court hearings, to support clients through hearings for example for theft, etc. The threat of imprisonment is very real for people who have behaved totally out of character because of their addiction. People who have until that time led decent lives and because of their gambling have behaved quite out of character and committed an offence, are faced with possible jail sentences. This seems extreme and quite unhelpful to the individual concerned. I suspect a jail sentence would cause them further problems and would take many years to recover from if in fact they ever did.

Self-exclusion may work better in Victoria, but on the border it has been useless because venues on the NSW side have had no similar system in place. Its value may be more as a deterrent because of potential embarrassment.

Bankruptcy is taken up by some problem gamblers as an option, although gambling is technically not a valid reason for bankruptcy. Our counsellors have seen bankrupts then resume gambling.

What are the legal and practical options available to other family members in dealing with problem gambling, particularly in circumstances where the problem is not acknowledged by the gambler?

Financial advice from financial counsellors, counselling for the family, material aid for the family, separation of financial accounts.

Elizabeth Brett
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