

5 November 1998
16 Yarra Valley Blvd
Bulleen, Victoria, 3105

Gambling Inquiry
Productivity Commission
PO Box 80
Belconnen, ACT, 2616

Dear Commissioners,

I am writing to make a submission to the Gambling Inquiry on behalf of the Balwyn Baptist Social Justice Group. Our group takes interest and acts upon issues related to structural injustice and human rights abuses, both within Australia and overseas.

We have been deeply concerned at the expansion of the gambling industry within Victoria, its social impacts and particularly the lack of State Government safeguards to protect the community and potential problem gamblers.

The following submission will address a number of the areas raised within the "Australia's Gambling Industries, Issues Paper September 1998".

The nature and definition of gambling

What constitutes gambling?

Our definition is "An activity on which money is wagered and by which the odds, in the long run and over all participants, will result in a net loss to the collective participants.

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

We believe these characteristics are:

- the risk of becoming a problem gambler for individuals;
- that by its nature gambling may be addictive; and
- it is deceptive about its nature, with the gambling industry portraying itself as a means for people to get rich quick, while for the vast majority of participants it is in reality a form of entertainment and recreation that has a cost associated to it.

Regulation

As we are a Victorian based group, most of our comments in the area of regulation will apply to Victoria.

State Government Conflict of Interest

We are deeply concerned at the conflict of interest between State Governments being desperate to increase revenue from the gambling industry and at the same time being responsible for protecting the community from unethical advertising and unethical operational techniques used by gambling venues.

A series of replies to letters from members of our group from the Victorian State Government illustrate the conflict of interest.

In a letter to me dated 29 October 1997 (attached), the Victorian Minister for Finance and Gaming, Roger Hallam, stated that "The high patronage of gambling venues throughout the State clearly indicates general community support for their operation". Research commissioned by the Victorian State Government itself shows otherwise. The "Fourth Survey of Community Gambling Patterns" issued by the Victorian Casino and Gaming Authority in January 1997 found that the majority of people surveyed believed gambling did more harm to the community than good. The majority believed that gambling is a serious social problem and that gambling related problems have got worse in the last four years. In the Victorian Casino and Gaming Authority report entitled "Impact of Gaming Venues on Inner City Municipalities", 70% of the respondents believed that gambling did more harm than good.

Therefore while the majority of Victorians have clearly expressed concern about the expansion of the gambling industry in Victoria, Roger Hallam wrote to us arguing the exact opposite.

In his letter, Roger Hallam also made it clear that the State Government felt it needed to maximize revenue from gambling to make up revenue shortfalls due to cuts in Federal funding.

Unethical Operation of Gaming Venues

One of the key areas of unethical operation in many gaming venues is the failure to include reality checks within the gaming area. We believe there is a need to require gaming venues to provide clocks and windows in gaming areas so that participants are given a greater awareness of how long they have spent in the gaming area.

We are very perplexed by the fact that gaming venues must have a liquor licence under the Victorian *Gaming Machine Control Act 1991*. In fact, under the legislation, provided the restricted area for gaming occupies no more than 25% of the area for the consumption of liquor, no planning permit is required to install and use gaming machines in that area. Given it is a well established fact that the consumption of alcohol impairs judgement, leading to restrictions on blood-alcohol limits when driving a car, we believe it is unethical to combine a gaming venue with a venue that serves alcohol. We believe the risk of 'binge' gambling or problem gambling behaviour is increased for those under the influence of alcohol. At the very least, we believe there is a need for a blood-alcohol limit on those entering a gaming area, which could be enforced by a breath-testing machine at the doors of the gaming room.

ATMs and EFTPOS devices

The Victorian Casino and Gaming Authority introduced the following rule in February 1994 concerning the location of ATMs and EFTPOS devices:

"Automatic teller machines and electronic funds transfer devices must not be accessible by any person within the restricted area of an approved venue for the purposes of withdrawing cash."

We note the rule prohibits the installation of EFTPOS and ATM facilities within the defined bounds of the "restricted area", as defined by the *Gaming Machine Control Act 1991*, of licensed gaming venues. The idea behind the rule is so that a person must leave a dedicated gaming area to electronically access cash, allowing them time to consider transactions away from an environment whose primary purpose is gaming.

We believe the above rule fails to achieve its stated aim, as ATMs can be located at the door just outside the "restricted area", as is the case with the Excelsior Hotel-Motel, 82 Mahoneys Road, Thomastown, and the Tabaret at the Moonee Valley Racing Club, cnr of Wilson Street and Thomas Street, Moonee Ponds, as just two examples. In such a case a person gambling only needs to leave the restricted area for a few minutes to withdraw large sums of money for the purpose of gambling. This hardly gives them time to rationally reflect upon their actions away from the gaming area.

We would like to see legislation or regulations that barred ATMs and EFTPOS devices from gaming venues altogether, to give patrons a genuine opportunity to consider their transactions away from the gaming area.

Gamblers right to be informed

We believe that while individuals may choose to gamble, they should be provided with as much relevant information as is practical to make an informed choice. To that end, we would like to see it a requirement that electronic gaming machines clearly display the odds of winning and losing. We also believe that it should be a requirement for other forms of gambling to declare clearly the odds of winning, where practical.

Underage gambling

We believe there is a need for greater enforcement of legislation preventing underage gambling. A survey of 200 year 10 students reported in the *Herald-Sun* on 27 May 1997 found (copy of article attached):

- 62% engaged in gambling activities illegal for minors, including electronic gaming machines and the casino;
- approximately 45% felt media promotions tempted them to gamble;
- 49.5% believed the State Government approved of gambling; and
- 46% began gambling before they were 12 years old.

Such a high proportion being able to engage in gambling activities illegal for minors suggests a major failure in the enforcement of the law with regard to underage gambling.

How should regulations be administered?

Our group believes the enforcement of regulations should include unannounced inspections and spot checks by the regulatory authorities, where they do not already occur.

Would there be gains from harmonising regulations across Australian jurisdictions or across different gambling types?

Our group believes that the benefits of uniform regulations, and for that matter taxation, on gambling across Australia would stop States competing with one another to attract gambling investment or giving gambling operators in their State a competitive advantage. Such competition between States on regulation and taxation of the gambling industry only benefits gambling operators to the cost of the community in reduced protection for potential problem gamblers and reduced net revenue from taxes on gambling across Australia.

An example of the competitive thinking between States is given in a reply to Dr Judith Terry, a member of our group, from the Victorian Treasurer, Alan Stockdale, dated 5 August 1997 (attached), in which he states:

"The increase in gambling expenditure in Victoria that has occurred in recent years reflects the introduction of new forms of gambling in Victoria that were not previously available. Prior to the introduction of gaming machines and the opening of the casino, per capita gambling expenditure in Victoria was significantly below the national average. The availability of new forms of gambling has allowed Victorians to "catch up" with the other States. Data for 1995-1996, the most recent year for which comparative data is available, show that per capita gambling expenditure in Victoria is now more or less in line with the national average and is lower than in New South Wales."

A flat tax could be collected across gambling venues throughout Australia and then returned to the States as State revenue, similar to what has been proposed with the GST.

What is the appropriate role for government, if any, in the promotion and advertising of gambling?

We believe the appropriate role for government is in regulating the gambling industry, in providing warnings of the risks of problem gambling and ensuring that advertising for gambling is ethical. We believe government should in no way promote gambling.

Is information disclosure adequate, and if not, what is the appropriate nature and extent of disclosure? Are regulatory decisions transparent and accountable?

Our group is concerned that the reporting of problem gambling statistics is inadequate. We are concerned at the restrictions that the Victorian State Government has placed on BreakEven in its ability to release statistics on the use of their services by problem gamblers. While statewide figures are publicly available, the City Council of Boroondara reported that they were denied access to the problem gambling statistics for their municipality. The restriction was publicly confirmed by the Manager of Community Programs, Office of the Family in the Department of Human Services who has statewide responsibility for problem gambling counselling services.

We are concerned that the use of commercial confidentiality agreements has the potential to remove public accountability of arrangements between the State Government and gambling operators.

Taxation

Our group would support the view that tax rates on gambling should be higher because of the adverse social side effects of gambling. We would also agree that higher taxes are justified by the fact that providers can earn 'super' rates of return because of entry restrictions.

We believe that as a method of collecting tax, taxes collected through gambling are regressive. Such taxes do not share the tax requirements in an equitable manner, with some choosing indirectly to pay a disproportionate amount of tax while others, such as us, pay none. We believe a tax system should equitably distribute the need to pay tax on the basis of services to be provided and the ability of those being taxed to pay.

To what extent do the regulatory and taxation regimes interact (as in the provision of monopoly rights which are then taxed)?

As stated earlier, we believe there is a conflict of interest between State Government's duty to regulate the gambling industry at the same time it is seeking to maximize the revenue collected through the taxation of the industry.

Should different types of gambling providers be taxed differently, and if so, why?

Our group believes that gambling activities run by registered non-profit charities should remain exempt from taxation. We support the idea that gambling money raised by charities goes directly to helping the less fortunate and those in need so that such charities should be given a significant advantage over operators involved in the industry for profit.

Should part of the revenue for gambling be earmarked for particular uses, and if so, for what uses?

While we believe the gambling industry should be taxed to generate a greater revenue than the costs suffered by the community and that taxation levels should be set with that taken into account, we are opposed to tax revenue raised from gambling being directly tied to projects of benefit to the community. Our group believes that money raised by taxation of the gambling industry should go into general State Government revenue to avoid creating a perception that gambling is directly beneficial to the community.

We thank you for your attention to these matters.

Yours sincerely,



Mark Zirnsak
Convenor
Balwyn Baptist Social Justice Group

Teens find life's a gamble

Herald-Sun

27-5-97

By GREG THOM,
casino and gaming reporter

A SURVEY of 200 Year 10 students, some as young as 14, has revealed 85 per cent gamble.

A questionnaire on gambling, completed by students from 12 secondary schools in the western and northern suburbs, also revealed:

MORE than 62 per cent engaged in gambling activities illegal for minors, including poker machines and the casino.

NEARLY 45 per cent felt media promotions tempted them to gamble.

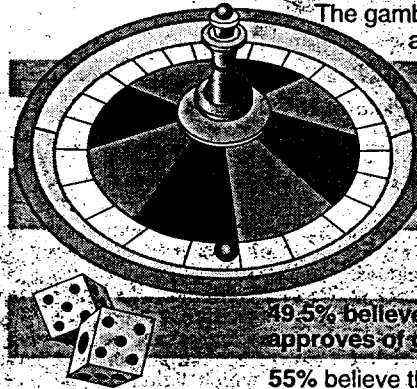
HALF of those surveyed believed the State Government approved of gambling.

MORE than 55 per cent believed their friends gambled.

The study also found nearly half those who admitted gambling first did so before they were 12 years old.

The findings have sparked calls for a gambling education program for school students, similar to the approach used to tackle drug and alcohol use.

The head of the Victorian Council on Problem Gambling, Rob Wootton, said the study



RA Herald Sun 27/5/97

showed how entrenched gambling was in Australian culture.

"It shows youth gambling is a real problem," Mr Wootton said.

"So many of our youth are gambling. The chances are, some of them will go on to develop problem gambling."

The survey established a link between teenage gamblers and their families, with most saying their families gambled at least once a week.

The study was completed in

STARTING EARLY

The gambling habits of teenagers aged between 14 and 17

85% have gambled

21% have played the pokies

6.5% have gambled at the casino

46% gambled before they were 12

49.5% believe the state government approves of gambling

55% believe that their friends gamble

Source: Heather Hebron

December last year by a former teacher and lecturer in Health Education at Melbourne University, Heather Hebron.

Other than her study, there has been virtually no research on the attitudes and habits of teenage gamblers in Australia.

Ms Hebron's survey found the average amount of money gambled by students was relatively low. She found 77 per cent spend less than \$5 a week but 3.5 per cent spent more than \$20. She also found 60 per cent

gambled once a month, more than 8 per cent tried their hand every week and 3.5 per cent claimed they gambled every day.

Students listed a range of legal and illegal gambling options including Tattsлото, cards, pokies, Keno, races and raffles.

The most popular forms of gambling were scratch tickets, which are illegal for minors, and raffles. The study found 70 per cent of those surveyed took part in these activities.

Eleven students, 5.5 per cent of those who gambled, admitted having done so at the casino while 36 teenagers, or 21 per cent, played poker machines.

Ms Hebron said there was a pressing need for gambling education in schools. "The findings warrant immediate intervention through gambling education programs," she said.

But a spokeswoman for Community Services Minister Dennis Napthine said there was no plan to introduce a gambling education program in schools.

She said there was already a strong demand from schools for talks by education liaison officers attached to the Break Even problem gambling services.



The Treasurer of Victoria

1 Treasury Place Melbourne Victoria 3002
Telephone: (03) 9651 6255
Facsimile: (03) 9651 6228
DTS 753 DX21

Dr Judith Terry
14 Victoria Crescent
Mont Albert 3127

- 5 AUG 1997

Dear Dr Terry

Gambling

Thank you for your further letter on gambling that you wrote in conjunction with Dr Mark Zirnsak.

I have noted the comments you have made in response to my letter of 10 June 1997.

You imply in your letter that gambling activity in Victoria does not reflect a "genuine" demand for gambling products on the part of the Victorian community but is the result of unrealistic advertising that is not balanced with information about the dangers of gambling.

Whilst I appreciate your concern, I cannot agree with this statement. Advertising expenditure is a normal feature of commercial activity in a competitive market economy. As providers of a legitimate form of leisure activity, the gambling operators are entitled to advertise their products if they are to compete successfully against the providers of other types of leisure activity. In this respect the gambling operators are behaving no differently from other businesses, whose right to advertise is not generally challenged.

There are laws in Australia which prohibit misleading advertising. The principal Commonwealth Act in relation to this matter is the *Trade Practices Act 1974*. The provisions of this Act relating to advertising are reflected in Victoria in the *Fair Trading Act 1985*. The gambling operators are bound by this legislation.

In addition, the Victorian gaming industry, with the Government's support, has implemented a set of self-regulatory Codes of Practice, which includes a code for gambling advertising. The Codes of Practice came into force on 17 February 1997. The Advertising Code contains the following provisions:

- advertising shall not be false or misleading and deceptive, particularly with respect to winning;
- advertisement should be in good taste, not offend prevailing community standards and not focus on minors;
- the target audience shall be people of 18 years and over and the media selection and placement should reflect this; and
- advertising must comply with the relevant laws.



Dr Judith Terry
14 Victoria Crescent
Mont Albert 3127

The increase in gambling expenditure in Victoria that has occurred in recent years reflects the introduction of new forms of gambling in Victoria that were not previously available. Prior to the introduction of gaming machines and the opening of the casino, per capita gambling expenditure in Victoria was significantly below the national average. The availability of the new forms of gambling has allowed Victorians to "catch up" with the other States. Data for 1995-96, the most recent year for which comparative data is available, show that per capita gambling expenditure in Victoria is now more or less in line with the national average and is lower than in New South Wales. There are also indications that the rate of increase in gambling expenditure is moderating.

The Premier, the Hon Jeff Kennett MP, is responsible for the administration of the Community Support Fund, and I have requested him to address your comments about the funding of counselling services for problem gamblers.

Yours sincerely

Alan R Stockdale
Treasurer

Doc No: M44419
Treas Ref: F97/00176
(mb0926)



Victoria

Level 3, 1 Treasury Place,
Melbourne 3002, Victoria
Telephone: (03) 9651 2123
Facsimile: (03) 9651 2129

**MINISTER FOR FINANCE
MINISTER FOR GAMING**

Dr Mark Zirnsak
16 Yarra Valley Bvd
BULLEEN VIC 3105

29 OCT 1997

Dear Dr Zirnsak

Thank you for your two letters dated 25 September 1997 to the Premier of Victoria, the Hon J G Kennett MP, and the Treasurer of Victoria, the Hon A R Stockdale MP in which you raised a number of issues relating to gambling in Victoria. Your letters have been referred for my consideration and direct reply.

I appreciate that some sections of the community have concerns about the growth of gambling facilities in Victoria. However, it should be understood that the Government also has a responsibility to consider the requirements of the wider community when making decisions in relation to approval of such facilities. The high patronage of gambling venues throughout the State clearly indicates general community support for their operation.

In addition to new and improved facilities, other advantages that flow from activity in this area include job generation, increased tourism potential, and new taxes which can be channelled back into the community for infrastructure and other improvements. These are advantages which can benefit all Victorians.

In response to your concern that the Government regards one of its goals as maximising gambling expenditure by Victorians, I wish to advise, that successive cuts to State and Territory funding by Federal Governments over the past decade has required all States to examine alternative fundraising methods. Under the Commonwealth Constitution the ability of the States to raise revenue is limited and all State and Territory Governments around Australia have had to increase their revenue through other means. The Victorian Government will continue to press the Commonwealth for a more equitable share of federally collected tax revenue, but, until this occurs the Government must continue to find alternative revenue sources.

Accordingly, the Victorian Government has had not only to improve its operational efficiency but to look for alternative sources of revenue. The revenue from gambling has assisted Victoria by reducing the impact of funding cuts from Canberra and has enabled the State to maintain services to the community at a higher level than would otherwise be the case.

With regard to your concern about advertising promoting gambling activities in Victoria, the amount of advertising undertaken is a commercial decision of gaming venue operators and the casino operator. However, as you are aware, the Victorian gaming industry, with the Government's support, has implemented a set of self regulatory Codes of Practice, which includes a code for gambling advertising. These Codes of Practice came into force on 17 February 1997. The Government endorses the Codes and believes they should be seen as a blueprint for other States to follow.

The Advertising Code has been agreed to by gaming venue operators and the casino operator and contains the following provisions:

- advertising shall not be false or misleading and deceptive, particularly with respect to winning;
- advertisements should be in good taste, not offend prevailing community standards and not focus on minors;
- the target audience shall be people of 18 years and over and the media selection and placement should reflect this; and
- advertising must comply with the relevant laws.

While the Government will continue to monitor the Codes of Practice, it is not intended that the Government should involve itself directly in their administration. The expectation is that the Codes will be enforced by the industry itself. It should be noted that the Industry is currently reviewing the effectiveness of the Codes of Practice following the first six months of operation.

Enquiries concerning the Codes of Practice should be made to Victorian Gaming Industry Codes of Practice - Secretariat, PO Box 5, 168 Flinders Street, Melbourne, 3000 (Tel 1800 641 503).

In response to your concern about the apparent increase in the number of gambling related suicides in Victoria since the introduction of electronic gaming machines, I am aware that recent articles in the media have focused on apparent gambling related deaths. These articles were based on information obtained from the State Coroner's Office indicating that between 9/10/92 and 17/07/96 thirty six individual suicide case records mentioned the terms gamble; gambling; bet; debt; or casino.

These cases have been recorded as gambling related deaths as one or more of the above terms have appeared in the individual case records. However, the summary of reasons contributing to the deaths included other contributing issues such as family problems, unemployment, drinking problems and financial problems.

Following these articles the State Coroner was reported in the Herald Sun Newspaper as saying that:

- *"gambling's role in suicide should be treated with caution"; and*
- *"he was monitoring the link between gambling and suicide, but it was too early to determine the degree gambling was to blame for suicide".*


I will await further advice from the State Coroner's Office on this matter.

With regard to your request that the Government legislates to ensure that ATM and EFTPOS facilities are located a reasonable distance from licensed gaming venues, as you are aware, the Victorian Casino and Gaming Authority has implemented rules to exclude these facilities from gaming areas.

The placement of these facilities at any other location outside the restricted area of gaming venues is a commercial decision between the individual venue operator and the relevant service provider.

In conclusion, may I emphasise that the Government has put in place a strategy which recognises the right of responsible adults to have a choice of how they wish to spend their money and seeks to balance this with the concerns expressed by some members of the community regarding the development of the industry.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Roger M. Hallam', written in a cursive style.

ROGER M HALLAM MLC
Minister for Finance
Minister for Gaming



Victoria

Level 3, 1 Treasury Place,
Melbourne 3002, Victoria
Telephone: (03) 9651 2123
Facsimile: (03) 9651 2129

MINISTER FOR FINANCE
MINISTER FOR GAMING

Dr Mark Zirnsak
16 Yarra Valley Bvd
BULLEEN VIC 3105

- 6 JAN 1998

Dear Dr Zirnsak

Thank you for your letter dated 17 November 1997 expressing your concern that the Government has placed insufficient safeguards on the expansion of the gaming industry in Victoria.

The Government announced on 2 December 1997 that there would be no change to the current 27,500 cap on electric gaming machines in Victoria's hotels and clubs.

The Government's decision to retain the cap followed a period of extensive and independent research, commissioned by the Victorian Casino and Gaming Authority into the social and economic effects of gaming, and was based on the findings of the research.

The research program undertaken by the Authority found that significant economic benefits have resulted from the introduction of electronic gaming machines in 1992 in terms of investment and new jobs, particularly for many young Victorians, as well as new and improved community facilities that were not available previously.

Other advantages that flow from activity in this area include increased tourism potential, and increased revenue from new taxes. The revenue gains can be channelled back into the community for infrastructure and other improvements. These are advantages which can benefit all Victorians.

As you mentioned in your letter, it is also acknowledged that there have been some adverse social impacts associated with the introduction of new forms of gaming. Despite uncertainty about their extent and magnitude, adverse social impacts have been reflected in strong negative community perceptions. However these negative perceptions appear to have been exaggerated when compared with actual social impacts.

The 27,500 electronic gaming machine cap will remain in place until the year 2000 when the limit of electronic gaming machines will be reviewed again. The 2000 review will be wide-ranging and will include an examination of the method by which electronic gaming machines are allocated and the return to the community from the proceeds of electronic gaming machines.

With regard to revenue received by the Government from gambling, as I advised in my earlier correspondence, the Victorian Government along with the other States and Territories have had to seek alternative sources of revenue due to funding cuts from Canberra.

A key strategy of the Government is to ensure that part of the revenue raised from gaming is directly invested into the Victorian community. This is achieved through the Community Support Fund established pursuant to section 138 of the *Gaming Machine Control Act* 1991 and administered by the Premier. Funds in the Community Support Fund are drawn from $8\frac{1}{3}$ per cent of the net cash balance from gaming conducted in hotels pursuant to section 136 of the Act.

Section 138 of the Act requires that funds from the Community Support Fund must be applied firstly for research by the Victorian Casino and Gaming Authority and secondly for payment for or towards the provision of projects of benefit to the community, such as projects assisting problem gamblers, drug rehabilitation centres and projects of lasting significance which demonstrate substantial community benefit and substantial financial commitment from other sources and applications. These projects include programs for the benefit of youth, sport, recreation, tourism, arts, or any other programs or purposes relating to the support or advancement of the Victorian community as determined by the Premier.

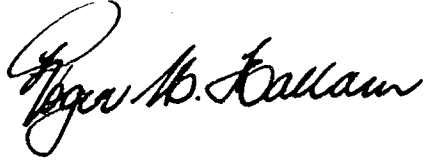
All revenue received by the Government from all forms of gambling, including electronic gaming machines and some casino taxes with the exception of that transferred pursuant to legislation to the Community Support Fund, is transferred annually by standing appropriation from the Consolidated Fund to the Hospitals and Charities Fund and the Mental Hospitals Fund and thereby benefits the wider Victorian community through application to health services. In addition some casino taxes are allocated from the Consolidated Fund for funding of major civic projects under the Government's Agenda 21 program.

In response to your concern about the protection of problem gamblers, I wish to advise that the Department of Human Services has the responsibility for the provision of services and facilities for problem gamblers. To date, \$37 million has been allocated from the Community Support Fund to the Department of Human Services to provide these services and facilities. Information regarding these services and facilities provided to problem gamblers can be obtained from Ms Heather Michaels, Department of Human Services on telephone 9616 7777.

I have noted your concerns about the placement of ATM and EFTPOS facilities at gaming venues, however, as I advised in my previous correspondence, the placement

of these facilities outside the restricted area of gaming venues is strictly a commercial decision between the individual venue operator and the relevant service provider.

Yours sincerely

A handwritten signature in black ink, appearing to read "Roger M. Hallam". The signature is fluid and cursive, with a large initial 'R'.

ROGER M HALLAM MLC
Minister for Finance
Minister for Gaming

Doc Ref:AC/f:user\clark.a\0287.Doc