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The Secretary
Joint Select Committee on Future Gaming Markets
Legislative Council
Parliament House
Hobart
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Submission to the Joint Select Committee on Future Gaming Markets

The Australian Christian Lobby (ACL) welcomes this opportunity to make a submission to the *Joint Select Committee on Future Gaming Markets* and commends the Hodgman Government on its commitment to community consultation on this important subject. This submission specifically focusses on poker machine gambling, which represents a significant portion of new gambling expenditure and is responsible for the greatest social damage to the Tasmanian community.¹

ACL seeks to see a compassionate, just and moral society through having the public contributions of the Christian faith reflected in the political life of the nation. With over 80,000 supporters, ACL facilitates professional engagement and dialogue between church and state, allowing the voice of the Church and of individual Christians to be heard in the public square. ACL is neither party-partisan nor denominationally aligned and lobbies in the Federal Parliament and all State and Territory Parliaments.

Economic balance sheet

In considering the future of gaming in Tasmania, the government has an unusual opportunity to weigh the social cost of gambling against the financial benefits derived from this industry. In 2015–16, 4% of the gross profits from gaming that is required to be paid into the Community Support Levy (CSL) amounted to \$4,599,853.² 50% of this must be allocated to measures to assist problem gamblers,

¹ "Pokies Plunder: Problem gambling and public subsidies in a losing state", Anglicare's submission to the Independent Social and Economic Impact Study into Gambling in Tasmania, 2007, p. 4. Available at: https://www.anglicare-tas.org.au/sites/anglicare-tas.org.au/files/Submission_to_the_Independent_Social_and_Economic_Impact_Study_into_Gambling_in_Tasmania.pdf

² *Tasmanian Liquor and Gaming Commission Annual Report 2015–16*, p. 7. Available at: [https://www.treasury.tas.gov.au/domino/DTF/DTF.nsf/LookupFiles/TLGCAnnualReport2015-16.pdf/\\$file/TLGCAnnualReport2015-16.pdf](https://www.treasury.tas.gov.au/domino/DTF/DTF.nsf/LookupFiles/TLGCAnnualReport2015-16.pdf/$file/TLGCAnnualReport2015-16.pdf)

community education around gambling and other health services, according the terms of the Gaming Control Act. The remaining 50% is allocated equally to charitable institutions and sport and recreation clubs. Additional benefits accrue to government revenue from tax paid on profits from poker machines by hotels and pubs.

Benefits in terms of employment in casinos, pubs and hotels offering gambling facilities can at best be regarded as neutral. Hospitality industry jobs are not dependent on gambling. Rather, according to the Productivity Commission's Report:

The expansion in gambling must come at the expense of current or future reductions in spending on other goods. People who increase their expenditure on gambling appear likely to spend less than otherwise on cafes and restaurants, theatres and general retailing...The nature of local facilities may change in ways that some people regret. Hotels may no longer employ bands, small community facilities may close as patronage falls below some critical mass ... and the 'character' of the community may change.³

There is good reason to argue that, by promoting a gambling culture, Tasmania is missing opportunities for innovation and development that would benefit its tourism industry and recreational facilities in the long term.

Several social and economic disadvantages to the Tasmanian community that result from gambling must be weighed against the short-term benefits to State revenue:

- There is a hidden and unquantifiable economic cost to the Tasmanian Government in picking up the pieces of broken lives ruined by gambling. The consequences of problem gambling include impaired family relationships, family breakdown, neglect of children, emotional problems, financial difficulties, increased family violence, depression, anxiety, increased risk of suicide, increased risk of inter-generational gambling problems⁴ and increased crime.⁵ The Productivity Commission's research showed that, for every one problem gambler, the lives of five to ten other individuals were likely to be seriously affected.⁶ Though it cannot be accurately quantified in purely monetary terms, the drains on the State's legal, health and social services that result directly from gambling losses, combined with loss of productivity from families effected by problem gambling must be weighed against the benefits from this industry for state revenue.⁷
- The social damage created by gaming losses also cannot quantified in terms of numbers. For low income families, gambling expenditure need not be at a high level for negative impacts to

³ Productivity Commission (1999), Section 4.13.

⁴ "Discussion Paper No. 1", Australian Gambling Research Centre, Australian Institute of Family Studies, 2014. Available at: <https://aifs.gov.au/agrc/publications/impact-gambling-problems-families/what-are-impacts-gambling-problems-families>

⁵ Margie Law's report on only the most serious gambling-related crimes heard by the supreme court between 2004 and 2009, documents a "total of \$6.8 million stolen in cash or goods or lost in damages to property" as a direct result of problem gambling. [Margie Law, *Nothing Left to Loose*, Anglicare Tasmania : Social Action and Research Centre, 2010. Available at: https://www.anglicare-tas.org.au/sites/anglicare-tas.org.au/files/Nothing_left_to_loose_-_gambling_related_crimes_before_the_Supreme_Court_of_Tasmania_2004_-_2009.pdf]

⁶ Productivity Commission (1999), Australia's Gambling Industries, Report No. 10, AusInfo, Canberra, p. 23.

⁷ Op cit., Section 4.5.

be pronounced.⁸ Where there is very little surplus in the family budget, gaming losses quickly eat into resources that are essential for basic necessities. Research into the experiences of people on low incomes who have gambling problems documents people “stealing essentials such as nappies and baby formula because of a partner’s gambling problem; of family members paying back stolen money so there were no legal proceedings; and of shoplifting by eating food directly from the shelves in supermarkets because gambling left insufficient money to purchase food.”⁹ The financial burden of poker machine use falls hardest on economically vulnerable families.¹⁰ The fact that losses per adult to poker machines in lower income areas are higher than in other areas should serve as a warning sign that the level of gaming in these areas is impacting essential family resources.

- The monetary cost to the Tasmanian community is the only aspect of the cost that can be gauged with reasonable accuracy. Player losses to gaming machines in hotels and pubs alone amounted to \$113,996,255 in 2015–16.¹¹ The local government areas of Glenorchy and Devonport have the greatest concentration of poker machines and the highest losses per adult,¹² which raises concerns that a disproportionate percentage of this revenue is derived from poker machines in low income areas.¹³ Anglicare’s research supports the view that economically and socially vulnerable sectors of the community – those who can least afford to pay – account for a high percentage of Tasmanian poker machine revenue.

Problem Gambling

The preponderance of poker machines in low income areas is of further concern because there is good reason to suppose that economically and socially vulnerable individuals are more susceptible to the addictive qualities peculiar to this type of gambling. According to Mara Lovrin (National Association of Gambling Studies), the sounds, lights, images and music serve to screen out any external influences that might be causing stress or anxiety. While engaged in playing, the player enters a trance-like state, focussing only on what is immediately before them.¹⁴ David Walsh supports this view, arguing that poker machines are designed to maximise the psychological reinforcement: “it’s about being in a zone and having the world close out to you.”¹⁵ The potential of a win is particularly alluring for individuals

⁸ Margie Law, *House of Cards: Problem Gambling and Low Income Earners in Tasmania*, Social Action Research Centre, Anglicare Tasmania, 2005 p. 1. Available at: <https://www.anglicare-tas.org.au/research-library/report/house-cards>

⁹ *Ibid*, p. 1.

¹⁰ “No Machines = healthier communities”, Anglicare Media Release, 2 March 2016. Available at: <https://www.anglicare-tas.org.au/page/no-machines-healthier-communities-0>

¹¹ *Tasmanian Liquor and Gaming Commission Annual Report 2015–16*, p. 11.

¹² *Anglicare’s interactive map of annual losses to poker machines by area*. Available at: http://www.pokermachinescauseharm.org.au/in_your_area/

¹³ David Walsh, interviewed for “MONA mastermind David Walsh vs Tassie pokie monopoly”, ABC News, 27 October 2015. Available at: <https://www.youtube.com/watch?v=IEY4nZnfnqA>

¹⁴ This is supported by the reports from poker machine gamblers themselves, who cite the music, colours, lights and free games of the machines as influential in the formation of their gambling problem. Margie Law, *House of Cards*, p. 1.

¹⁵ David Walsh, interviewed for “MONA mastermind David Walsh vs Tassie pokie monopoly”, ABC News, 27 October 2015. Available at: <https://www.youtube.com/watch?v=IEY4nZnfnqA>

who may feel that other areas of their lives are devoid of success. Playing the pokies feels like “a win for them, so they keep chasing that win.”¹⁶

Ultimately, of course, the house wins. Ross Ferrar (CEO of Gaming Technologies Association) might argue that it “all comes down to the odds” but the odds are clearly stacked against the player when a machine is programmed to deliver a profit to its proprietor.¹⁷ Of course, there are regulatory limits placed on this profit. However, as Dr Charles Livingstone (Senior Lecturer in the School of Public Health and Preventive Medicine at Monash University) points out, if you play multiple games – and the Productivity Commission (2010) estimates an average of 654 spins per hour¹⁸ – the player often ends up with no return at all:

*Machines take an average of 13 per cent for each spin. The average gambling session is made up of dozens, or hundreds, of spins. If you lose 13c in the dollar with each and every spin, and you use the machine the way the industry expects you to, pretty soon you will lose all your money.*¹⁹

Ferrar further states that “every aspect of these machines is governed by stringent laws, regulations and standards to ensure integrity and fairness.”²⁰ These assurances look less convincing in light of the Liquor and Gaming Commission’s recent announcement of the increased number of breaches relating to the operation of gaming facilities and venues.²¹ Regulations are only effective to the extent that proprietors comply with them.

The extensive research of Dr Charles Livingstone into the mechanics and programming of poker machines demonstrates that even the most stringent regulations cannot adequately protect consumers from a product which is designed to mislead and deceive.²² The case being brought before the Federal court by Shonica Guy against Crown Casinos and Aristocrat Leisure (a poker machine manufacturer), rests on evidence that the Dolphin Treasure machine, in particular, fails the standards

¹⁶ Mara Lovrin interviewed for “Pokies are designed to addict and rigged to win.” Produced by Community Voice on Pokies Reform. Available at <https://www.youtube.com/watch?v=2B7DeGN5bWg>

¹⁷ Pat Caplice, “Talking Point: Lady Luck works for the house”, *The Mercury*, 1 December 2016. Available at: <http://www.themercury.com.au/news/opinion/talking-point-lady-luck-works-for-the-house/news-story/0b1d0481d1492e58c72cf6d9565a20b3>

¹⁸ Productivity Commission Inquiry Report, Vol. 1, No. 50, 26 February 2010, Section 11.5. Available at: <http://www.pc.gov.au/inquiries/completed/gambling-2009/report/gambling-report-volume1.pdf>

¹⁹ Misa Han, “Aristocrat, Crown Resorts face pokie machine test case”, *Financial Review*, 26 October 2016. Available at: <https://docs.google.com/document/d/15qbBH3kMKBIF4AvgV94dnxGfWRwaoGd4A7HuZWqx9Yg/edit#heading=h.rsxkcct85fjz>

²⁰ Ross Ferrar, “Talking Point: Pokies about nothing but luck and odds”, *The Mercury*, 2016 November 2016. Available at: <http://www.themercury.com.au/news/opinion/talking-point-pokies-about-nothing-but-luck-and-odds/news-story/9f816c0f7fb34d6a50af22dee51ab250>

²¹ Blair Richards, “Tasmanian Liquor and Gaming Commission detects increased number of breaches”, *The Mercury*, 26 November 2016. Available at: <http://www.themercury.com.au/news/tasmania/tasmanian-liquor-and-gaming-commission-detects-increased-number-of-breaches/news-story/dc5f84e2f5952a1127c912fdd0fd62cb>

²² Charles Livingstone, “Talking Point: Fairness of the pokies under the microscope”, *The Mercury*, 22 November 2016. Available at: <http://www.themercury.com.au/news/opinion/talking-point-fairness-of-the-pokies-under-the-microscope/news-story/706907800b81d1bb35ef136b1478d61c>

established under Australian Consumer Law. Guy's lawyers contend that "there is misleading and deceptive conduct inherent in the way that these machines are manufactured and the effect of that is to encourage the kind of addiction that we all see destroying lives across Australia."²³ Advocates for gambling reform argue that poker machines already fail the first of the guiding principles set out in the *Hodgman Liberal Government post-2023 Gaming Structural Framework* document, which states that "gaming products should be available to consumers that are fair, and which provide an acceptable average return to players". This is precisely the contention that *Guy vs Aristocrat and Crown Casino* will attempt to prove in law.

Hodgman Government policy

The Hodgman Government is to be commended for clearly recognising the problems associated with problem gambling²⁴ and its continued support of several harm minimisation measures. These measures include: only allowing socially responsible advertising, banning free alcohol at betting venues, banning ATMs at venues with poker machines, issuing player activity statements, adequate lighting at tables, not serving alcohol and food while playing and locating highly-visible clocks near gaming tables.²⁵ However, the Government's independent assessment of how effective these measures have been, *The Third Social and Economic Impact Study of Gambling in Tasmania*, indicates only very low community awareness of most of these measures, which likely correlates with a low impact in terms of disrupting problem gambling. In combination with the breaches of government legislation around gaming noted above, the measures implemented by the Government so far must be regarded as ineffectual in terms of offering real help to problem gamblers and their families.

Part b) of the *Hodgman Liberal Government Post-2023 Gaming Structural Framework* sets out the Government's intention to reduce the current cap of 3680 poker machines by 150, establishing a new cap on the number of poker machines at 3530. To frame this gesture as a limitation on the gaming industry in Tasmania is disingenuous. All this does is prevent the further expansion of a market which, in practice, has reached saturation point anyway. The Government's policy therefore does not accomplish anything that market forces would not establish on their own. Since there are currently 3530 poker machines operating in Tasmania, the Government's notional reduction in the cap does not involve the removal of any poker machines at all.²⁶

Despite an obvious wish to appear responsive to community concern around this issue, the Government's initiatives so far have fallen far short of direct action to interrupt the prosperity of poker

²³ Jacob Varghese, Maurice Blackburn Lawyers, representing Ms Guy, *Today Tonight*, 26 October 2016. Available at: https://www.youtube.com/watch?v=5NyK_Kmh6D8

²⁴ Jacque Petrusma, Minister for Human Services, *Media Release: Gambling support for family and friends*, 4 December 2016. Available at: http://www.premier.tas.gov.au/releases/gambling_support_for_family_and_friends

²⁵ *Third Social and Economic Impact Study of Gambling in Tasmania: Assessment of Gambling Harm Minimisation Measures*, Vol. 3, Report to Tasmanian Government Department of Treasury and Finance, November 2015.

²⁶ "Tasmanian Government vows to end Federal Group's pokies monopoly", *ABC News*, 18 March 2016. Available at: <http://www.abc.net.au/news/2016-03-17/tasmanian-government-may-end-federal-groups-monopoly/7254446>

machine proprietors, which would inevitably cause some diminution of government revenues as well. The Government's commitment to securing these revenues in the long-term is conveyed clearly in its policy document which states that "the returns to hotels and clubs, and the community [from gaming], should be at least in the same position they are today". To this end, the *Hodgman Liberal Government post-2023 Gaming Structural* gives equal weight to the joint aims of minimising harm for problem gamblers and minimising the impact on enjoyment for non-problem gamblers:

*"the regulation of the gaming industry should be designed to create a sustainable industry with the highest standards of probity whilst minimising harm caused by problem gambling."*²⁷

The government clearly communicated these equally weighted (but arguably incompatible) considerations to Acil Allen Consulting, who produced *The Third Social and Economic Impact Study of Gambling in Tasmania*. Their report recognises the potential for this approach to be criticised but nevertheless states that the equal weighting of harm minimisation to problem gamblers and the minimisation of the impact on the enjoyment of non-problem gamblers, reflects the objectives communicated to them by the Government:

*There are often trade-offs in policy goals in which regulatory bodies attempt to seek a balance between minimising the harm from gambling, particularly for people with gambling problems, while minimising the impact on enjoyment for non-problem gamblers ... Although these definitions have been criticised on the grounds that they fail to condemn gambling and send the message that gambling is acceptable and can be used in a non-harmful manner ... they are consistent with the objectives of the current tender. They have therefore been adopted in this report."*²⁸

ACL suggests that it is impossible for one policy to simultaneously address the harm caused by problem gambling, while securing the current levels of revenue derived from gambling. If the community is spending less money on gambling, which must be the desired outcome, then revenues will fall. It is impossible to maintain revenues from gambling while avoiding the social cost that necessarily accompanies this behaviour. The Government can do much more to serve the best interests of the community by reducing gambling than it can by simply focussing on the distribution of the CSL as this policy statement appears to do.

Recommendations

Under the current arrangements with Federal Group, the ability of the Government to represent the best interests of the electorate, and to be seen to represent the interests of the electorate, is compromised. Federal holds disproportionate negotiating power by virtue of its government-conferred monopoly. Post-2023, and in the years leading up to the end of Federal Group's exclusive license, the Hodgman Government has a critical opportunity to formulate policies that will reshape this industry to align with the stated interests of Tasmanians. The Government's willingness to engage

²⁷ Available at:

http://www.parliament.tas.gov.au/ctee/Joint/TermsOfReference/FGM%20additional%20ToR_a.pdf

²⁸ *The Third Social and Economic Impact Study of Gambling in Tasmania*, pp. xi-xii.

with community stakeholders in formulating policy in this important area²⁹ is essential to driving home important social change.

According to a recent survey conducted by Anglicare, 84% of Tasmanians 'disagree' that the Tasmanian community benefits from having poker machines in hotels and clubs, 66% 'strongly disagree'.³⁰ Unsurprisingly, around one third of respondents (32%) indicated that the number of poker machines in hotels and clubs should be 'reduced', while a further one in two (50%) were of the view that poker machines should be 'removed completely'.

People with gambling problems try extremely hard to control their gambling and are inventive and persistent in this ... However, the failure of industry and government to ensure adequate levels of consumer protection means many of these individuals still do not feel in control of their gambling. Their overwhelming request was for poker machines to be banned, or at least for there to be a major reduction in the number of machines outside casinos.³¹

There are a number of measures the Hodgman Government should consider to protect the community from the harms of problem gambling. These aim to assist problem gamblers to avoid the temptation to gamble and to ameliorate the destructive effects of their behaviour:

- Poker machines being fitted with a system that allows people to set an enforceable limit on their losses
- Maximum \$1 bets, decreasing the jackpot amounts and frequencies and increasing the time between each button push
- Intervention by those holding gambling licences to help people exhibiting problem gambling behaviours
- The phased reduction in poker machines, beginning with those outside casinos.

ACL regards the hidden social costs of gambling as far out-weighting the quantifiable financial gains that accrue from the current gambling arrangements. The Hodgman Government has an exceptional opportunity to show strong leadership by adopting and implementing policies that prioritise the protection of vulnerable Tasmanians over short-term profits and to demonstrate that the best interests of the Tasmanian community are its highest priority.

Yours sincerely



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²⁹ Peter Gutwein, *Ministerial statement on gaming*, 17 March 2016. Available at: http://www.premier.tas.gov.au/releases/ministerial_statement_on_gaming

³⁰ Community Views on Poker Machines, Research Report prepared by Enterprise Marketing and Research Services for Anglicare, November 2015. Available from: <https://www.anglicare-tas.org.au/sites/anglicare-tas.org.au/files/Community%20Views%20on%20Poker%20Machines.pdf>

³¹ Margie Law, *House of Cards*, pp. 1–2.