

The Anglican Diocese of Melbourne Social Responsibilities Committee

Submission to the Senate Inquiry on the Poker Machine Harm Reduction Tax (Administration) Bill 2008

June 2008

Introduction

The Anglican Diocese of Melbourne Social Responsibilities Committee (SRC) welcomes Federal intervention to control the Australia-wide issue of problem gambling in relation to poker machines.

For many years, the SRC, in common with welfare and other agencies across the country, has consistently called on governments to heed the serious damage being done to individuals and communities by problem gambling, particularly gambling on electronic gaming machines in hotels and community-based venues. The powerful gambling industry has targeted population areas least able to afford the luxury of gambling, by promoting it as healthy family entertainment. Inducements are offered – particularly targeted at people on low incomes and those isolated and frail in our communities. Cheap meals and gifts are regularly offered, to encourage people to visit gambling venues at any time. Revenue received from poker machines by State governments is, in reality, a tax on the incomes of the disadvantaged. State and territory governments have become dependent on the tax revenue raised by poker machines, making it increasingly difficult for them to deal with problem gambling issues objectively.¹ Legislative steps to wean governments off their addiction to poker machine revenue are to be encouraged. Federal intervention is the only realistic means of tackling these issues.

We are aware that neither the state and territory governments, nor the venues targeted by the Poker Machine Harm Reduction Bill 2008, will acquiesce readily to the proposed legislative intervention.² However, we strongly urge the Federal Parliament to adopt the proposed legislation or a similar mechanism as a realistic first stage intervention in a problem that has devastating consequences for many Australians, demanding urgent, nationwide action.

¹ Poker machines and other forms of gambling in clubs and pubs in Australia raised taxes of more than \$2 billion in 2004-05.

² According to June 2005 figures, hospitality clubs in Australia derived most (58%) of their income from gambling. Of the 2,116 clubs, only 300 did not have gambling facilities.

Poker machines and gambling in community-based venues: the problem³

The statistics concerning problem gambling on poker machines paint a disturbing picture. About half a million people are believed to have a significant gambling problem in Australia, with 85 per cent of them using poker machines, and the vast majority of them in community venues, such as clubs and pubs, rather than dedicated gambling sites, such as casinos. Forty per cent of problem gamblers in NSW are under 24, most of them men. On average, around seven other people are affected by each severe problem gambler's behaviour, bringing the overall total of people whose lives are adversely affected by gambling to about three and a half million Australians. Given that only 10 per cent of the adult population plays poker machines, this level of problem behaviour is disturbing. Gambling apart from poker machines is at a considerably lower level: for every dollar that is spent on racecourse gambling in Australia, five dollars are spent on poker machines. Experts suggest that, per capita, Australian poker machine players lose more money than people in other countries. Gambling in clubs and pubs is permitted in Australia at a level not seen elsewhere.

For obvious reasons, community venues make problem gambling worse, given that they are readily accessible and can entice people into gambling who might have originally visited the venues for social and hospitality reasons rather than specifically to gamble. Locating poker machines further away from shopping centres, for example, would help to minimise the harm caused to entire communities as a result of excessive or problem gambling.

Research indicates that people experiencing problems with gambling on poker machines, do so because of ignorance of their chances of winning, inability to set realistic limits on their expenditure, or other troubling motivations. This varies geographically. From data gathered in Victoria, it appears that a disproportionate amount of the \$2.4 billion lost on poker machines in Victoria in 2001 came from people in lower income groups and regional areas.

Problem gamblers can and do bring great harm on themselves and their families.

Around 52 per cent of problem gamblers said they had borrowed money and not paid it back; about 36 per cent said they had sold property to raise money to bet; a further 43 per cent said they sometimes went without food to pay for their addiction; and one in four problem gamblers suffered divorce or separation. At the extreme end, some problem gamblers have stolen large sums of money from employers, family or friends, and ended up in prison, while others' despair has been so great they have committed suicide.

³ This section draws on a range of information sources, principally *Breaking a nasty habit? Gaming policy and politics in the state of Victoria: A Report Commissioned By The Interchurch Gambling Taskforce*, David Hayward, Bev Klinger & the Institute for Social Research, Swinburne University of Technology, 2002; and *Hokie Pokie*, ABC Four Corners program, 10 September 2007.

Welfare agencies and church groups are left to pick up the pieces from the significant damage done to individuals and families by problem gambling. It is the SRC's firm belief that as a society, we cannot afford to tolerate this level of unnecessary damage and dysfunction in our community. That state and territory governments have become dependent on the high level of taxes they are gaining from problem gamblers (and therefore from families and individuals suffering serious harm) is unconscionable. It could be described as immoral.

It is critical that as a society we move now to a process of removing poker machines from clubs and pubs to protect vulnerable members of our community from self-harm.

The harm-minimisation strategy underpinning this Bill is a laudable goal. It stands in stark contrast to recent developments in technology such as cashless 'smartcards' and internet-based gambling activities. Smartcards are a disturbing development because of the increased possibility of gambling losing track of amounts spent in a session. Interactive gambling technology permits home-based internet gambling activity, directly undermining government policies and Australian community-based initiatives aiming to reduce the harms associated with problem gambling by pacing greater physical distances between pokies and sources of funds, for example.

Norway is one country that has benefited from introducing technologically-based 'self-exclusion' strategies as a way to minimise the harms caused to whole communities as a result of excessive or problem gambling. Australian governments would be wise to enact these harm-reduction strategies, based on such European initiatives.

A solution

The SRC supports the proposed legislation, which would allow clubs, pubs and state and territory governments to wean themselves off the profits they receive from gambling on poker machines over a ten-year period. As a Federal Government initiative, it short-circuits the problems the "addicted" governments face in any attempt to reduce gambling tax revenues themselves.

We support the notion of introducing the proposed tax gradually, to allow governments, clubs and pubs to make the necessary fiscal adjustments. We also support the use of the proposed new tax to

- (a) fund local community and sporting groups in place of funding they would have received from poker machine operators;
- (b) support problem gambling treatment, rehabilitation, research and prevention programs; and
- (c) promote community education on responsible gambling.

These are practical, manageable measures that would not only ensure that community groups are compensated for any loss, but that those suffering from problem gambling receive an appropriate level of assistance.

The systematic removal of ATMs from gambling venues – permissible by the Federal Government under Australia’s banking regulations – would be a powerful first step.

Federal intervention to increase restrictions on the advertising of gambling-related activities would also be supported. The SRC would like to see legislative initiatives go even further – banning all forms of gambling promotion that are predominantly marketed towards Australia’s low-income and welfare-dependent demographic – for the purposes of the gambling industry’s profit and gain.

Increased Federal Government support for community organisations and agencies who work directly with individuals and families affected by problematic gambling activity would also be a welcome initiative, and may ultimately be a more effective form of community-based harm reduction than legislative, tax-based approaches to the problem.

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Note: This document may be read alongside a submission by Anglicare Victoria that highlights several case studies illustrating the issues addressed in the SRC’s submission.