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2 May 2003

Mr Elton Humphery
The Secretary
Senate Community Affairs Reference Committee
Suite S1 59
Parliament House
CANBERRA ACT 2600

Via Email: community.affairs.sen@aph.gov.au

Dear Mr. Humphrey,

**RE: SENATE COMMUNITY AFFAIRS REFERENCES COMMITTEE
INQUIRY INTO POVERTY AND FINANCIAL HARDSHIP**

I wish to submit to the afore mentioned Senate Committee Inquiry the attached documentation:

- *Impacts of Gaming Machines*, the Legislative Council Select Committee, Parliament of Tasmania, December 2002; and
- *Background Briefing Paper on Gaming Machines in Hotels and Clubs*, the Tasmanian Greens, 2002.

I believe this documentation is pertinent to the Committee's deliberations in context of the Committee's Terms of Reference, in particular points 1 (c) and 1 (d), as well as point 2 (b).

I also welcome the opportunity to address the Committee during its public hearings held in Hobart.

Yours sincerely,

Kim Booth MHA
Tasmanian Greens Member for Bass
Spokesperson for Racing and Gaming

TASMANIAN GREENS SUBMISSION

Inquiry into Poverty and Financial Hardship

Senate Community Affairs References Committee

May 2003

Position of the Tasmanian Greens and Scope of this Submission

The Tasmanian Greens have advocated consistently that Tasmania's economic strategy must shift from where it has been historically based on exploiting our natural resources which left the State unable to compete in crowded undifferentiated low value, high volume commodity markets. Instead we see Tasmania's future economic strategy to be based upon creating prosperity by protecting Tasmania's environment and harnessing the knowledge, skills and ingenuity of the Tasmanian people. We believe that government policies must be developed in a strategic manner which position Tasmania to compete equally in the 21st century market place of knowledge and skills based competition. In this regard sustainable long term prosperity, economic growth and job creation is dependent on building strong and vibrant local industries and by increasing the skills and knowledge of the Tasmanian people. The Tasmanian Greens firmly believe that this State already has all the ingredients necessary to develop a healthy economy.

High unemployment levels, low school retention rates, over-stretched health systems are not characteristics of just any one Australian State. They are a few of the exacerbating factors contributing to what appears to be the ever-yawning poverty trap, and that certainly applies to Tasmania as much as anywhere else.

However, there are current Government policies the Greens perceive to be in stark contrast to the direction in which Tasmania and our community needs to be heading to address these and other related problems. In particular, the State's policy of revenue raising by facilitating the expansion of video gaming machines, or more commonly known as 'the pokies' outside the two casinos and through pubs and clubs.

Due to time limitations, and also secure in the knowledge that you have received high quality and detailed submission from experts and organisations which confront all facets of poverty on a regular basis, this representation to the Committee on behalf of the Tasmanian Greens will focus upon the impact that pokie proliferation is having on the State's poverty levels, and how they undermine any attempt to turn the poverty cycle around.

INTRODUCTION

Thank you for accepting my submission to this inquiry. The Tasmanian Greens believe that in this context the matters raised in this submission are particularly relevant to the Committee's Terms of Reference 1 (c), 1 (d) and 2 (b), and I will be addressing these points specifically.

The Tasmanian Greens argue that the State government is either making a mockery of any attempts to address poverty and its associated complaints such as long-term unemployment, or is deliberately turning a blind eye to the fundamental hypocrisy posed by their endorsement of pokie machines in the community and their apparent commitment to alleviating poverty and financial hardship currently affecting far too many Tasmanians.

For the benefit of the Committee, the Tasmanian government entered into an arrangement with Federal Hotels to facilitate a staggered roll-out of pokies into pubs and clubs across Tasmania. This resulted in the State's *Gaming Control Act 1991*. The roll-out began on 1 January 1997. The latest government figures show that of the 3, 393 gaming machines currently operating in the State, 1, 160 are located in the two casinos whereas, 2, 233 are in pubs and clubs.

The *Gaming Control Act* not only establishes the exclusive contractual arrangement between the State Government and Federal Hotels, it also establishes the State Treasury department as the regulator of the industry.

The State budget is becoming increasingly dependent upon the revenue from these pokies outside casinos. This is of critical concern to the Tasmanian Greens.

The two key areas I wish to draw to the Committees attention today are:

1. There has not been any independent social and economic impact study conducted to evaluate the impact the pokies roll-out is having on the social fabric of the Tasmanian community, from problem gamblers through to employment levels and viability of local businesses;
2. The inherent conflict of interest in having the State government as both regulator of the gaming industry as well as being financially dependent upon it for the purpose of revenue raising.

Terms of Reference 1 (c) and 1 (d)

“1(c) the effectiveness of income support payments in protecting individuals and households from poverty,” and “1 (d) the effectiveness of other programmes and supports in reducing cost pressures on individual and household budgets, and building their capacity to be financially self sufficient.”

I believe that poverty in Tasmania is endemic, socially destructive and inter-generational.

It is the contention of the Tasmanian Greens, that unless legislative protection is afforded to the community from avaricious industry, and or measures put in place to reduce access to addictive practices, then any provisions recommended pursuant to 1(c) and 1(d), are likely to have little effect, on that proportion of the population living in poverty, as a result of gaming addiction.

This is simply because addiction to poker machines and other forms of gaming, is not related to income stream.

It may in fact be argued that a failure to deal with gaming addiction will ultimately lead to poverty beyond the victim, as the victim also beggars his or her family, employers, organisations etc through their addictive behaviour.

I want to make it absolutely clear at this point that we are by no means claiming that addiction to gaming is the only cause of poverty and inequality in Australia. The day of reckoning is merely prolonged if one has access to greater funds.

Whilst problem gaming spans income levels, there are serious and growing concerns not only that gaming addiction does contribute to sending people down the poverty slope, but that once caught in that poverty trap, gaming addiction makes it even harder to extricate themselves.

Similarly there are grave concerns about the ethics of pokie distributors nationally where trends are now being identified that the target areas for pokie machines are not distributed equally. Instead there are concentrations of pokie machines which obviously reflect the profitability of those machines, where they are removing a lot of money out of the community, therefore the distributor tends to consider that area a ‘good market’ and attempts to increase the number of their machines. There was information provided to the Legislative Council Inquiry here last year regarding which suburbs had the highest concentration of pokie machines in Tasmania, and the trend was not in the suburbs considered to be the more expensive to live in.

There should not be any inference drawn from this submission that gaming addiction is the province of any particular socio-economic group. In fact, anecdotal evidence suggests that gaming addiction is cross cultural, and afflicts the full spectrum of the community.

I say anecdotal evidence, because, again to reiterate, there has never been a socio economic impact study into the effects of gaming in Tasmania.

This is an unbelievable situation when we know – when common sense and observation tells anyone prepared to open their eyes, that there are negative social impacts.

Agencies such as Anglicare, TasCOSS and the poverty coalition, the people who work at the coal face in dealing with the desperate plight of gambling victims, would be better placed to provide the references to anecdotal data collated over the years since the introduction of gaming machines into pubs and clubs throughout the Tasmanian community since 1997, but I can say, amongst others things, that they include family breakdown, depression, suicide, business collapse, fraud and robbery.

There is also evidence indicating that the Risdon women's prison is predominantly occupied by women driven to desperation and crime, as result of pokie machines and their ensuing gaming addiction, and that house burglary, once blamed on drug addicts, is now the regime of the pokie addict.

This is also an economic problem – which again makes it pertinent to your inquiry.

Problem gambling is recognised as having a broader impact than upon the gambler individually, in terms of their personal welfare and relationships, yet those broader economic impacts have yet to be examined methodically. There are patterns which reveal that local businesses are penalised in particular areas where there are high concentrations of pokie machines, which continues to have a negative ripple effect throughout the local economy. Loss of business due to the fact that the percentage of disposable income they had relied upon is now directed elsewhere, affect profit margins, which in turn affect staffing levels, which can then affect overall viability and on and on. This in turn can reduce the nature of services provided within an area. Local economies which do not have a broad foundation and are limited in the employment opportunities they can provide obviously have a detrimental impact upon our ability to break the poverty cycle.

Hence, it is the position of the Tasmanian Greens that the State government is being highly irresponsible by refusing to conduct the required independent social and economic impact studies, which have been called for by the Greens since 1999 and consistently by many other non-government and religious organisations. Indeed, a House of Parliament has even attempted to drag the self-imposed blind-fold from the Government's eyes only last year.

I table for your reference the Parliament of Tasmania Legislative Council Select Committee Report 2002, *Impacts of Gaming Machines*. The following statements are pertinent to your inquiry.

“it could be concluded that the Tasmanian Government is playing a contradictory role, because as a government, they are both participants in and

promoters of gambling activity whilst also attempting to reduce the social harms of gambling.”¹ and

“the government, who is the major beneficiary from gaming machine revenue, needs to accept responsibility for any social problems resulting from gambling and ensure adequate funding is provided and dispersed.”²

The Tasmanian State government in our view should take responsibility for the extent to which it is contributing to the immediate and long-term poverty cycle facing many in our community, and to the extent to which it profits from addictive gambling with all of its destructive social ramifications.

Terms of Reference 2 (b)

“That, in undertaking its inquiry, the committee also examine:... current efforts and new ideas, in both Australia and other countries to identify and address poverty amongst working and non-working individuals and households.”

In regard to this particular reference point, it is our contention that, and I quote the Tasmanian Legislative Council Select Committee Recommendation;

“1. The State government immediately commission a study to determine the social and economic impacts on the Tasmanian community, since the expanded operation of gaming machines in hotels and clubs;

2. The social impacts be considered separately from the economic impacts;

3. The study be conducted on a regular basis to carefully monitor changes, using the same terms of reference, criteria and guidelines;

4. This research be more extensive and independent of government; and

5. The issue of harm minimisation practices be re-addressed.”³

I submit to this inquiry that it is amoral for a regulator to be the beneficiary of the spoils of gaming addiction and that the federal government may have to intervene with legislation to overcome the obvious conflict of interest that the Tasmanian State Treasury have in this matter.

Civilisation demands the protection of its people from all sorts of exploitation, robbery and violence.

¹ *Impact of Gaming Machines*, Legislative Council Select Committee, Parliament of Tasmania, December 2002; p 3.

² *Impact of Gaming Machines*, Legislative Council Select Committee, Parliament of Tasmania, December 2002; p 4.

³ *Impact of Gaming Machines*, Legislative Council Select Committee, Parliament of Tasmania, December 2002; p. 6.

CONCLUSION

In conclusion, the Tasmanian Greens believe that probity and good governance requires that the community is protected from the ravages of what has now become a cancer on the community. It is neither civilised nor good governance to attempt to address the issues of poverty with one hand, and to exploit some of the very same victims with the other.

Poverty will not be overcome whilst the community is exposed to the current level of readily accessible gaming machines in hotels and clubs. There has also been recent mention of introducing gaming machines into the Tasmanian racing tracks as well.

The Greens believe that a consistent legislative approach is fundamental to addressing poverty across Australia in an equitable manner. In specific reference to the Tasmanian situation there are two key points in particular I wish to reiterate:

1. Resolving the current conflict of having State governments being both the regulator of the gaming system and simultaneously a major revenue beneficiary of that same industry is a pertinent example urgently requiring such an examination. The Greens also believe that this dual regulatory/beneficiary role is so inherently dangerous and prohibitive to seriously addressing poverty and addiction problems, that it warrants an examination of possible incentives from the Federal government to encourage State governments to wean themselves from their growing reliance upon gaming revenue.
2. The Greens believe that the first step towards resolving that conflict is an ongoing assessment of its ongoing consequences upon the community. We urgently require in Tasmania an independent social and economic impact study into the impacts of pokie machines in pubs and clubs. We need to identify how the location for further pokie machine expansion is identified by the company, whether there are targeted groups, the extent of current addiction, impact upon sustaining local employment and businesses to mention just a few known considerations. We cannot continue to stumble along the self-blinded road of current State-sponsored rhetoric that we do not have a social or economic problem due to current gaming policy because we have continued to refuse to do the research and check.

Thank you for taking the time to listen.