

**Submission
No 22**

INQUIRY INTO IMPACT OF GAMBLING

Organisation: Australian Christian Lobby

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**Submission to the
Select Committee on the Impact of Gambling
Inquiry**

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Foreword

New South Wales has a gambling problem.

While the state accounts for one third of Australia's population, we have one half of the nation's poker machines operating within our borders.

Gambling addiction ruins lives. This has been demonstrated by countless government reviews, commissions and reports. Yet the New South Wales Government is itself addicted to the tax revenues provided by poker machines.

Taxes on gambling account for nine per cent of the state's revenue.

When it comes to gambling policy, the New South Wales Government is hopelessly conflicted.

It is at the same time the regulator and the beneficiary of an industry that profits from people's misery.

In this submission the Australian Christian Lobby calls on the New South Wales Government to make a clear commitment to wean itself off gambling revenues.

We call on the government to develop a five year strategy to reduce the government's reliance on problem gambling.

As a starting point, the government should prohibit the roll out of further high-intensity electronic gaming machines.

The government should also explore ways to make high-intensity machines uneconomical for gambling venues.

ACL commends the New South Wales Legislative Council for establishing this inquiry.

It is our sincere hope that this inquiry will lead to the government finally taking problem gambling seriously, recognising its own conflict of interest and acting clearly and decisively to move towards addressing New South Wales' gambling addiction.

Yours sincerely

David Hutt
NSW Director
Australian Christian Lobby

Summary of Recommendations

1. That the New South Wales Government commits to developing a five year plan to wean the state budget off proceeds from problem gambling.
2. That the New South Wales Government outlaws the introduction of any new high-intensity electronic gaming machines and that all new machines in the state be limited to a maximum bet of \$1.
3. That the New South Wales Government consider taxing existing high-intensity EGMs at an increasingly higher rate with the medium-term objective of making them unprofitable for gaming venues.
4. That venues be required to permit counsellors or chaplains onto their premises to assist people with gambling addiction, and that counselling services be prominently advertised in gambling venues.
5. That there be restrictions on ATM withdrawals at gaming venues, such as \$250 per transaction.
6. That there be a complete ban on live odds promotion and on gambling advertising during sport broadcasting before, during, and after the match.

Introduction

The Australian Christian Lobby (ACL) welcomes this opportunity to make a submission to the inquiry into the impact of gambling.

ACL has long had a concern about problem gambling in Australia. As an organisation, ACL's vision is to foster a more compassionate, just, and moral society. Part of this vision is to see public policy which helps society's poorest and most vulnerable people. Gambling has a drastic impact on the lives of tens of thousands of Australians and their families, and is often concentrated among the poor.

ACL is a member of the Australian Churches Gambling Taskforce, an organisation chaired by Rev Tim Costello with a commitment to limit the harm caused by poker machines.¹

While gambling is a pastime many Australians enjoy responsibly, the growing incidence of problem gambling is having a disastrous impact on many Australian families, including on the poorest families.

The Productivity Commission released its Gambling Inquiry Report in 2010. Some of its most startling findings were:

- 115,000 problem gamblers in Australia
- 280,000 at "moderate risk" of developing a gambling problem²
- 600,000 poker machine users spending about \$11.9 billion per year
- 95,000 poker machine problem gamblers, together spending about \$5 billion per year³

¹ Australian Church Gambling Taskforce, <http://gamblingreform.org/>. Accessed March 7, 2014.

² Productivity Commission (2010), *Gambling*, p. 2, <http://www.pc.gov.au/projects/inquiry/gambling-2009/report>

³ Productivity Commission (2010), *Gambling*, p. 2, <http://www.pc.gov.au/projects/inquiry/gambling-2009/report>. See also Parliamentary Joint Select Committee on Gambling Reform (2011), *First Report*, p. ix, http://www.aph.gov.au/Parliamentary_Business/Committees/Senate_Committees?url=gamblingreform_ctte/precommitment_scheme/report/report.pdf

- Just 15 per cent of poker machine users account for 40 per cent of expenditure.

NSW accounts for nearly half of all poker machines in the country, with over 97,000 in operation in 2009.⁴

In 2008-2009 in NSW, total expenditure on poker machines was nearly \$4.7 billion, by far the most of any state and more than 45 per cent of total expenditure in the country.

Gambling tax revenue for state governments

The state government takes a large portion of its income from taxes on gambling. According to the Productivity Commission:

- NSW has taken more than \$1.5 billion in gambling tax revenue each year since at least 2006-07,⁵ increasing to an estimated \$1,857 in 2011-12.
- This figure represents \$297 of tax revenue per adult per year.
- It is also a full 9 per cent of NSW own-state tax revenue.⁶

The NSW Budget Papers also indicate that gambling and betting tax revenue increased to \$1,870 million in 2012-13, with forward estimates surpassing \$2 billion by 2014-15.⁷

In all states and territories other than Western Australia, poker machines (or “Electronic Gaming Machines” (EGMs)) contribute, by far, the highest proportion of gambling tax revenue. In most jurisdictions the poker machine contribution is well over half, and in New South Wales it is 67.8 per cent. Only South Australia (73 per cent) has a higher proportion of its gambling revenue taken from EGMs.

Any discussion about problem gambling must acknowledge frankly the huge income that gambling provides to the state government. It must be acknowledged that the state government has a financial interest in gambling.

ACL urges the state government to develop strategies to reduce state dependence on gambling taxes. A five-year plan to wean the government off this dependence should be considered.

Because of the high proportion of tax revenue coming from poker machines, one strategy might be to make high intensity EGMs uneconomical for gaming venues. A more expensive licensing system for EGMs which do not have \$1 bet limits could be implemented, so that venues are encouraged to prefer machines with these limits. The licensing fees could be increased in high intensity machines year by year, leading to a steady reduction.

This would be one of a range of financial disincentives for venues.

The government must acknowledge its heavy reliance on gambling and be serious about addressing it effectively. It cannot depend on the misery of its citizens to help keep its coffers full.

⁴ Productivity Commission (2010), *Gambling*, 2.26.

⁵ Productivity Commission (2010), *Gambling*, 2.10, <http://www.pc.gov.au/projects/inquiry/gambling-2009/report>

⁶ I.e. tax revenue that does not include local government tax or GST revenue.

⁷ NSW Government, Budget Paper No 2, Chapter 6, p 6-12, Table 6.5, http://www.budget.nsw.gov.au/data/assets/pdf_file/0015/25224/Ch_6.pdf.

Terms of Reference

Turning to the terms of reference, this submission will address most of the terms below.

b) The regulation of the number and location of electronic and high intensity gaming machines

The Productivity Commission report says that high-intensity machines can have expected losses of around \$1,200 per hour, if played at a fast rate. This can be even higher due to the random returns machines give.⁸

ACL recommends ceasing the introduction of new high intensity EGMs.

ACL supports the Productivity Commission's recommendation 11.1, that all new EGMs include the capability of being played at a *maximum intensity of \$1 per button push*.⁹

c) Voluntary pre-commitment technology and operational guidelines

ACL is committed to promoting policies which would achieve the objective of reducing incidence of problem gambling in Australia. PCT and \$1 hets are all policies which should be considered carefully by this inquiry.

d) Access to cash and credit in and around gambling venues, and the form and delivery of cash prizes

ACL supports restrictions on ATM withdrawals at gaming venues, for example, a limit of \$250 per transaction.

e) The role and capacity of gambling industry staff to address problems caused by gambling

ACL recommends making it mandatory for venues to permit counsellors or chaplains onto their premises to assist people with gambling addiction. Counselling services should also be prominently advertised in venues.

f) The regulation of telephone and internet gambling services in other jurisdictions in Australia and overseas

It is difficult to regulate internet-based activities on a state-by-state basis. Nevertheless, it is important to consider internet gambling in a discussion on the impact of gambling. The Productivity Commission's Report addressed online gambling in Volume 2 of its report.¹⁰

Some of the risks particular to online gambling include:

- the ease of access: with no geographical barriers and no time restraints, almost anyone in the country has access at any time of the day any day of the week.
- the use of credit cards: this may potentially "magnify the financial harms from excessive gambling",¹¹ allowing gamblers to bet with money they don't have and accumulate large debts which they have no means of repaying.

⁸ Productivity Commission (2010), *Gambling*, 24-25.

⁹ Productivity Commission (2010), *Gambling*, 56.

¹⁰ See Chapter 15 of Productivity Commission (2010), *Gambling*, Volume 2

http://www.pc.gov.au/_data/assets/pdf_file/0003/95682/gambling-report-volume2.pdf

- more socially isolating environment: there is the potential for a more isolated environment, with an increased risk of losing track of time and money spent gambling.¹²
- decreased ability to monitor gambler behaviour: online gambling providers may be less able to monitor gambling activity. However, they may also be “better equipped to monitor spending patterns than venue based gambling, due to the predominance of account based betting”.¹³
- greater risk to young people: offline gambling is much more easily restricted to adults, but it is much harder to restrict websites to adults. Even with a requirement to use a credit to verify age, children can circumvent this easily by using an adult’s credit card.

g) The regulation of gambling advertising

Industry Codes of Practice recently changed to prohibit the promotion of live odds by commentators during sport broadcasts. They still allowed gambling advertisements during scheduled breaks in a match such half time, and promotion by commentators 30 minutes before or after a match.

While these changes are positive, they should be taken further. Live odds promotion at any point during a broadcast should not be permitted, whether clearly identified as a sponsorship segment, or during scheduled breaks, or in any other circumstances. Live odds promotions should not be permitted after the cessation of play or before play commences.

Live odds promotion at any of these times is undesirable. Allowing it does not remove the problem of live odds promotion far enough, as children are still viewing at these times and the tight link between sport and gambling is maintained.

Furthermore, there is a high level of community concern with well-known gambling figures appearing on sports broadcasts to offer analysis from a betting perspective and promote their betting agencies. Banning only live odds promotion does not address this problem. Any gambling advertising should also be banned during broadcasting of sporting events.

Although the amendments are a positive step, ACL calls for a complete ban on live odds promotion and on gambling advertising before, during, and after the match during a broadcast or narrowcast of a sporting event. Team sports are vulnerable to corrupting influences that result from betting and this should not be encouraged.

i) Gambling education including school-based programs, and measures to reduce the exposure of children and young people to gambling activity

Two potential measures to reduce the exposure of gambling activity to children and young people would be the reduction of gambling advertising connected with sport, as discussed above, and the reduction of gambling agency sponsorship of sporting teams.

Sport is an integral part of Australian culture and family life, widely followed by people of all ages and a common family activity for many Australian families. Many children grow up with keen interests in sport and sporting teams, often idolising professional athletes. The pervasive presence of gambling is creating an unhealthy culture around sport. This is perhaps most dramatically

¹¹ Productivity Commission (2010), *Gambling*, 15.8.

¹² Productivity Commission (2010), *Gambling*, 15.8.

¹³ Productivity Commission (2010), *Gambling*, 15.8.

highlighted by match fixing scandals which have affected many sports, but it manifests in smaller ways as well. Betting odds are ubiquitous, and are a common way of determining the favourite team or player for a match.

Although “having a punt” on the outcome of a sporting match is a pastime enjoyed responsibly by millions of Australian adults, the presence of betting agencies are surely known widely enough without their constant promotion. The measures taken in the television industry to reduce promotion during events is a good start, but further steps could be taken.

m) Any other relevant matters.

The discussion above about the NSW Government’s dependence upon gambling tax revenue is another relevant matter. ACL urges the committee to recognise this as a significant underlying barrier to effective gambling reform and a roadblock to helping problem gamblers in NSW. This is a significant problem with relation to poker machines, with hundreds of millions of dollars of state revenue coming from the pockets of poker machine addicts.

Conclusion

The discussion on gambling must start with an acknowledgement that it is a serious problem for thousands of Australians, impoverishing vulnerable people and in many cases destroying families, and the state government has a heavy dependence on the taxes it generates.

The individual issues raised in this inquiry are all important, but strategies to address these issues must flow from an understanding of these two points.

ACL urges the government to develop a five-year strategy to reduce the state reliance on gambling revenue, so that it can then effectively tackle the issue of problem gambling.