



PUBLIC HEALTH ASSOCIATION OF AUSTRALIA INC
(WA BRANCH)
West Perth PO Box 549 WA 6872

Ms Geraldine Martisius
Gambling Inquiry
Productivity Commission
PO Box 80
Belconnen ACT 2616

1 November 1998

Dear Geraldine

Re: Gambling Inquiry

Thank you for the opportunity to present a written submission to the above inquiry.

Our submission concentrates specifically on electronic gaming machines and in particular their proposed spread in Western Australia.

Our review of the evidence on the costs and benefits of gambling to Australian society indicates mixed effects. Gambling has been a part of Australian life since colonisation and is likely to continue in some form no matter how restrictive legislation is likely to be. However, gambling does present a major problem to a small but significant proportion of the community. It appears that the extent of the problems associated with gambling have escalated in recent years as a consequence of the expansion of electronic gambling in the general community and due to the rapid development of casinos in this country.

Whilst problems are associated with many forms of gambling, it is the electronic gaming machines and casinos that should be carefully scrutinised. The accumulating evidence suggests that urgent implementation of strict controls to prevent the further escalation of these in Australia, is essential. Every effort must be made to counter the vigorous lobbying of vested interests to increase the number of electronic gaming machines in areas such as Western Australia.

Yours Sincerely

Dr PA Howat
Spokesperson
Public Health Association (WA Branch)

phone 9266-7997

Public Health Implications of Electronic Gaming Machines

1. What is the problem?

Australians lose over 10 billion dollars a year on gambling (ABS, 1996; Productivity Commission, 1998). Gaming machines are responsible for almost 50% of this loss. During the period 1989 to 1996, the per capita spending on gambling increased from \$266 to \$517 in Australia.

It is recognised that gambling is not necessarily unhealthy. It can provide enjoyment to many people with little negative effects. However, there is increasing evidence that excessive gambling by an increasingly larger proportion of the community is having substantial social and health consequences (Australian Institute for Gambling Research, 1994).

The public health problem being considered here is the adverse social and economic consequences of excessive gambling associated with electronic gaming machines (EGMs).

Western Australia is the only State in Australia where EGMs are not permitted in hotels and clubs. In WA they are confined to the Burswood Casino (and some licensed clubs). A campaign was mounted in 1997 by the Australian Hotels Association and Licensed Clubs' Association for the introduction of EGMs into their premises. They formed the so-called Independent Gaming Corporation specifically to lobby for the EGMs.

Target groups

The groups in Australia that are most relevant with regard to the effects of EGMs are the following:

- | | |
|-------------------------|--|
| Primary target groups | - Potential excessive or compulsive gamblers |
| Secondary target groups | - The gamblers' families and friends |
| | - The community that pays for the negative consequences outlined below |

Epidemiology

About 1% of adults in Australia are afflicted with a mild to severe gambling related problem. This group contributes disproportionately (25%) to gambling revenue (Dickerson, Alcock, Blaszczyński, Nicholls, Williams & Maddern, 1996).

It is estimated that 5000 people in Western Australia are severely affected problem gamblers, with another 10,000 suffering some problem associated directly with gambling (Dickerson, Baron & O'Connor, 1994). However, reports from community based welfare groups indicate that the extent of the problem is grossly under-reported (Independent Gaming Corp, 1997). Reports from the USA suggest that up to 6% of adolescents may have gambling problems (Derevensky, Gupta, Della Cioppa, 1996)

One compulsive gambler affects 10 - 15 other people. Grief, stress, breakdown of family relationship, financial difficulties and loss of household income are problems common to the problem gambler's family. Problem gamblers' spouses often report similar physical and emotional problems of the gambler (Dickerson, Baxter, Boreman, Harley & Williams, 1995; Dickerson, Alcock, Blaszczyński, Nicholls, Williams & Maddern, 1996; Walker & Dickerson, 1996). One report revealed that almost 60% of excessive gamblers contemplated suicide (Foote, 1996).

It is acknowledged that the introduction of EGMs in WA is likely to impact more on the poorest and most vulnerable members of the community (Independent Gaming Corp, 1997).

Cost to the Community

There is relatively little research on the health effects of gambling in Australia. Considering the evidence to date, *The Public Health Association (WA) recommends that there be a moratorium on the installation of EGMs until the extent of the associated harm has been established* (Public Health Association of Australia, 1997). Other authorities support this recommendation until a clearer picture emerges of the consequences of the introduction of EGMs in South Australia and the escalation of EGMs in Victoria. Evidence is emerging of potentially devastating effects in those States (Dickerson, Baxter, Boreman, Harley & Williams, 1995; SACOSS, 1996). By late 1998, considerable anecdotal evidence has emerged in those States, along with NSW and Queensland, of an escalation of problems associated with the expansion of EGMs there.

Many gambling problems are associated with a desperate desire to recoup losses. These problem gamblers can suffer numerous physical and mental health problems including substantially increased risk of suicide (Ladouceur, Boisvert, Pepin, Loranger & Sylvain, 1994).

2. Is it a significant problem?

- yes

3. Is the problem amenable to change?

- yes

The following interventions should be considered as part of the response to reduce the problems associated with EGMs.

- policy
- environmental
- educational
- eg a moratorium on introduction of EGMs in WA (and eventually a possible banning of them Australia wide as a separate and long term policy)
- eg no new EGMs in WA
- eg harm minimisation campaigns re gambling (This should not proceed without the policy and environmental interventions mentioned above)

4. Are intervention benefits greater than costs?

Social impact

Benefits of not having EGMs include intangible savings of grief of family and friends of potential suicide victims, and a reduction in the number of victims of crime committed by gamblers. (Foote, 1996; Schawrtz, 1996). Other potential benefits include less strain on social welfare services.

Ethics

Many of the points above are relevant to the concept of ethics.

More specifically, a ban on EGMs may result in a loss of freedom of a minority of gamblers who may be deprived of their choice of gambling formats. There may be some loss of freedom of members of the Australian Hotels' Association and Licensed Clubs' Association to market a revenue earner (EGMs). On the other hand there may be an increase in the freedom of the community as a whole due to lower crime rates. ie the society as a whole is the beneficiary.

Economic costs

There may be costs to the community such as public revenues required to promote harm minimisation campaigns re gambling.

Additional clients not attracted to licensed premises to play the EGMs may affect employment in the hospitality industry.

Less potential employment may eventuate for social workers, welfare agencies, undertakers, health professionals and hospitals who would be needed to deal with the victims of excessive gambling.

The State Government would be deprived of an additional source of taxes.

Licensed premise owners would not obtain a percentage of profits from the EGMs that might be used to upgrade their facilities and to subsidise meals. However, patrons, especially younger people are likely to be deprived of entertainment such as live bands which are likely to be displaced by EGMs.

Community charities may be deprived of funds from the profits of EGMs.

On the other hand, the introduction of EGMs can lead to a reduction in fund raising from charitable gambling such as bingo (McGregor-Lowndes, et al. 1995). Other reports also provide evidence of a reduction in fundraising income due to the introduction of EGMs (SACOSS, 1996).

Retail outlets in the vicinity of premises with EGMs report the loss of income since the introduction of EGMs (SACOSS, 1996). Reports in 1998 from parts of Australia where there has been an increase in the number of EGMs corroborate that evidence.

Costs of health, welfare and crime prevention services may increase due to the introduction of EGMs.

Efficacy of the intervention

The intervention, a moratorium on the introduction of EGMs in WA, based on current evidence, is likely to have a significant positive effect on the health and welfare of the WA community. The intervention requires little effort and cost to implement and monitor.

The onus should be on the protagonists for the introduction of EGMs to provide the proof that the benefits would significantly outweigh the costs.

5. Is there acceptance for the solutions?

Target group

Increasing numbers of the target group support the intervention.

Community

There is increased readiness of the community to accept the intervention. Increased media coverage of the gambling issue has helped increase awareness of the problems associated with excessive gambling.

Politicians

Many politicians tend to follow the feelings of the community rather than lead when it comes to health-related policy. In WA, the political leaders of the major parties have publicly stated their opposition to the introduction of EGMs.

However, they are vulnerable to the intensive lobbying of the vested interests of the Australian Hoteliers and Licensed Premises Associations (Independent Gaming Corp, 1997).

Industry

The Australian Hotels' Association and Licensed Clubs' Association are the main proponents for the introduction of EGMs into their premises. They believe that EGMs would increase patronage of their facilities, and hence, increase profits. Reports in 1998 indicate that the Independent Gaming Corporation has been successful in gaining the support of some sporting clubs such as bowling and football, to support their campaign for the introduction of EGMs to their premises. It is assumed that the potential negative effects of EGMs has not been adequately communicated to the club members.

Members of the retail industry have expressed concerns about the potential loss of income due to customers spending substantial funds on EGMs (SACOSS, 1996).

6. What actions are recommended?

In conclusion

- a. ***The Public Health Association (WA) recommends that there be a moratorium on the installation of EGMs until the extent of the associated harm has been established***
- b. ***The onus should be on the protagonists for the introduction of EGMs to provide the proof that the benefits would significantly outweigh the costs.***

References

- Australian Bureau of Statistics. 1996. *Gambling Industries, 1994 - 95*. Canberra: ABS.
- Australian Institute for Gambling Research and Labor and Industry Research Unit. 1994. *Report of the first year of study into the social and economic impact of the introduction of gaming machines to Queensland clubs and hotels*. Brisbane: Institute for Gambling Research.
- Derevensky, J, Gupta, R, Della Cioppa, G. 1996. A development perspective of gambling behaviour in children and adolescents. *Journal of Gambling Studies*. 10:363-370.
- Dickerson, M, Baron, E, O'Connor J. 1994. *An assessment of the extent and degree of gambling related problems in the population of Western Australia*. Perth: Western Australian Institute for Gambling Research.
- Dickerson, M, Baxter, P, Boreman, P, Harley, W, & Williams, J. 1995. *Report of the first year of the study into the social impact of the introduction of gaming machines to Queensland clubs and hotels*. Brisbane: The State of Queensland Department of Families, Youth and Community Care.
- Dickerson, M, Alcock, C, Blaszczyński, A, Nicholls, B, Williams, J & Maddern, R. 1996. *Study 2. An examination of the socio-economic effects of gambling on individuals, families and the community, including research into the costs of problem gambling in New South Wales*. Macarthur, Sydney: Australian Institute of Gambling Research, University of Western Sydney..
- Foote, R.J. 1996. *Aboriginal gambling: A pilot study of casino attendance and the introduction of poker machines into community venues in the Northern Territory*. Darwin: Centre for Social Research: Northern Territory University.
- Independent Gaming Corporation. 1997. *Issues paper: Summary of the findings of the community consultation on electronic gaming machines*. Perth: The Independent Gaming Corporation.
- Ladouceur, R, Boisvert, J, Pepin, M, Loranger, M & Sylvain, C. 1994. Social costs of pathological gambling. *Journal of Gambling Studies*. 10(4).
- Logan, E, Howat, P, & O'Connor, J. 1998. *Beliefs of adolescents about gambling in Western Australia*. (Under review).
- McGregor-Lowndes, M, McDonald, C, Dwyer, D. 1995. *Charitable grants and donations from machines gaming sources: Does it all work out in the wash up? In Working Paper Series*. Program of Nonprofit Corporations. Brisbane: Queensland University of Technology.
- Productivity Commission. 1998. *Australia's gambling industries*. Issues paper. Canberra: Productivity Commission.

Public Health Association of Australia. 1997. Gambling with our health. Draft health policy. Canberra: PHA

South Australian Council of Social Services. 1996. Report into the inquiry into the impact of gaming machines in South Australia. Adelaide: South Australian Council of Social Services

Schwartz, B. 1996. Presentation to public hearings on the social impact of gambling, In People project together. Melbourne: SAS General Printing.

Walker, M & Dickerson, M. 1996. The prevalence of problem and pathological gambling: a critical analysis. Journal of Gambling Studies. 12(2).

Western Australian Council of Social Service Inc. 1997. The cost of pokies: A WACOSS discussion paper: An overview of the adverse social and economic impacts of poker machines. Perth: Western Australian Council of Social Service Inc.

Prepared by Peter Howat and Bruce Maycock with contributions from Erica Logan, Centre for Health Promotion Research, School of Public Health, Curtin University, Perth, Western Australia.

GAMB11.98 phowat 1/11/98