



Tasmanian Council of Social Service

submission to the

***Social and Economic Impact Study
into Gambling in Tasmania***

September 2007

Authorised by
Tom Muller
Chief Executive Officer
Tasmanian Council of Social Service
PO Box 1126
Sandy Bay Tas 7006
Phone: 03 62 310755 Fax: 03 62236136
tom@tascoss.org.au

The Tasmanian Council of Social Service (TasCOSS) is the peak body for the community service sector in Tasmania. Its membership comprises individuals and organisations active in the provision of community services to low income, vulnerable and disadvantaged Tasmanians. TasCOSS represents the interests of its members and their clients to government, the public, the private sector and to the media.

TasCOSS welcomes the opportunity to participate in the *Social and Economic Impact Study into Gambling in Tasmania*. TasCOSS, along with other community sector organisations, has long called for a study into the social and economic effects of gambling in Tasmania. Problem gambling is serious public health issue and it is crucial that this study provides an in-depth and comprehensive analysis of the impact of problem gambling in Tasmania. This study must therefore take a broad view of its terms of reference in order to capture the pervasive and wide-ranging effects that gambling has on individuals, families, workplaces and services in the Tasmanian community.

Gambling activity is big business in Tasmania. In 2005-06, the turnover (the total amount of money wagered by gamblers, including recycled winnings) from gaming machines in Tasmania was \$946 million (Tasmanian Gaming Commission 2006:44)

In 2005, it was estimated that over 4,500 Tasmanians may be at risk of experiencing gambling related problems and that approximately 700 people are problem gamblers (Tasmanian Gambling Prevalence Study 2005). It is further estimated that 5 to 10 people are directly affected by 1 person's gambling problem (Productivity Commission 1999). In 2005, this equated to 18,000 – 33,000 people in Tasmania (Law 2005: 20). This places considerable burden on a range of government and non-government health and social services and programs that provide specialised support to people affected by gambling.

Gambling also impacts on community services that do not provide specialist gambling support services but whose clients nonetheless suffer from the adverse effects of problem gambling, for example; poor psychological and physical health, financial hardship, homelessness, alcohol and drug dependency, and relationship and family breakdown.

1. Case Studies

The case studies below were provided by TasCOSS member organisations. As is clearly evident from the stories presented, the personal and social impacts of gambling are significant and serious. The services which provided the case studies do not provide gambling specific support services and are not funded by the Community Support Levy (CSL) but nonetheless find themselves providing support and services to people with gambling related problems.

Case Study 1 (from a multi-purpose health service)

A woman earning enough to pay a mortgage, run a car, meet other living expenses and some extras began gambling at casino. Gambling built up over a number of years (5-8?). Mainly gambled at the casino only going to pubs when she couldn't afford to get into town. Borrowed money to renovate her house and lost it gambling. Lost most of her social contacts as leisure time increasingly spent at casino. When her car broke down she couldn't afford repairs or to replace it. Cadged lifts with others until they became sick of her and then managed to get a loan to replace the car. Her friend stood over her to make sure she did spend the money on a car. Always tried to hide her addiction from people and denied it was a problem if any of her few remaining friends tackled her about it. Became increasingly anxious and depressed. Eventually the bank foreclosed on her mortgage and house was sold to recover their money. Used what was left to pay off car, once again with pressure from her friend. Is now suffering from ill health, renting run down premises on the outer edge of Hobart, is isolated and in danger of homelessness. Continues to gamble whatever money she can, rationalising that everyone needs a little fun in their lives.

Case Study 2 (from a community support organisation)

G was an enthusiastic community person, involved in sporting clubs and his children's activities. He was a part owner of a successful business and admired by his peers and the community where he lived.

G started gambling and unbeknown to his associates he started using business funds to feed his gambling addiction. Bills were not paid and it wasn't until the business car was repossessed that people started asking questions. The business had to be sold to pay debts.

G slipped into depression and never recovered. He committed suicide and left a grieving wife and two young children.

Case Study 3 (from a supported accommodation service)

Client 1 is 45 years of age and in receipt of a Disability Support Benefit. He is a long term resident and has been at the House for approximately 18 months. He has had past unsuccessful attempts at independent living. The client receives ongoing support from Mental Health Services. The client suffers with anxiety and paranoia. On his pay day he will draw out the balance of his money after board and visit a nearby hotel and play the gaming machines. The consequence of this is that he will invariably blow all his spending money in a matter of a couple of hours. He returns to the House in a depressed state knowing that he has no money for the next fortnight to buy his cigarettes. He receives

ongoing support around budgeting from the Case Workers in my service and he has attended gambling counseling with Anglicare. The client has indicated that he does not sleep the night before pay day as he lays awake thinking about playing the machines.

Client 2 is 39 years of age and is in receipt of a Disability Support Benefit. He is a long term client and has been a resident for 3 years. This client previously resided in public housing. He has a diagnosed mental illness and takes prescribed medication. Case Workers have put in many hours with this client in relation to his budget but the urge to gamble over-rides this effort. He also attended many sessions with Anglicare to address his gambling addiction but this has been to no avail. On pay day he will invariably go down to the nearby hotel and blow his money on the gaming machines. He is a smoker and this issue impacts on this capacity to buy his tobacco for the fortnight.

Clients 1 and 2 will approach this service for a cash advance to get them through the fortnight which we will refuse on the ground of not wishing to reward an addiction or they will try to borrow off other clients.

Workers from this service have spent and will continue to spend time working with these clients on diversionary measures but at this point in time, our attempts have failed due to the gambling desire.

Client 3 is 37 years of age and is on a Disability Support Benefit. At the time of writing this letter he is a non-resident of the House. This client has had a number of stays at the House but moves out in the main because he chooses homelessness over having a bed. From talking with him his addiction to gaming machines is so strong that he prefers to sleep out and have the full value of his Benefit. It is common for this man to blow his whole Benefit on pay day. His ongoing gambling addiction has impacted on the efforts of Case Workers to address his accommodation issues. He too has unsuccessfully attempted gambling counseling.

2. Consumer Protection

Tasmanians need better consumer protection in relation to gambling. Current levels of consumer protection and industry regulation of gambling have been inadequate and inconsistent and need improvement.

According to the Gambling Support Bureau (2007), if a person engages in gambling activity they must be **safe** from the potential harms of gambling addiction and they must have a **voice** and be heard, particularly in the case of disadvantaged and low income Tasmanians who may already feel disempowered in their capacity to be heard and affect change. They need **information** about gambling (odds of winning, recognising the signs of addiction, knowledge about the “house edge” that is, how much is retained by the pub/club in the case of electronic gaming machines) and they must have **choice**, particularly when other forms of entertainment and opportunities to socialise are limited by transport, location and income.

Consumers who participated in Anglicare Tasmania's *House of Cards: Problem gambling and low income earners in Tasmania* study into gambling thought that there were too many poker machines, too much advertising, that gambling technology encourages gambling and gambling venues encourage gambling (Law 2005: 57-60). Lack of choice was a serious issue for consumers who participated in the study. One participant said "They should cut out the poker machines because they are everywhere. The advertising is also everywhere. You can't even go out for a meal without being near the machines" (Law 2005: 58).

Financial hardship and debt is one of the most likely problems of gambling addiction. The Hobart Benevolent Society's study titled *The Impact of Gambling on Emergency Relief Services* (Knox 2001) reported that clients with gambling addiction, and their affected families, often asked for assistance to pay for basic items such as food, bus tickets, rent and bills.

While some community services are able to help problem gamblers with some material assistance and small one-off payments, they are of course limited in their capacity and resources to assist someone with larger debts. Tasmanians on low incomes are particularly vulnerable to a range of formal and informal lending practices offering high cost short term loans which can get problem gamblers further into debt. Over the last six months many community organisations in Tasmania have noticed an increase in activity of 'pay-day' lenders. TasCOSS is concerned with the lack of regulation of these lenders and the fact that people on low incomes with gambling related debt may be getting further into financial crisis by using these lenders.

3. The Impact on Community Services

As the case studies presented in this submission demonstrate, the adverse effects of gambling impact not only on individuals and their families but on the wider Tasmanian community and the community and health services they access. The extent of the impact on community services has not yet been measured or evaluated in any systematic or consistent fashion and this is something that needs to be done.

The previously mentioned study by Hobart Benevolent Society is a good example of some of the costs problem gambling can create for a non-government community service that is not necessarily funded, resourced or staffed to deal with the issues of problem gamblers and the family members affected by it.

The study notes the family members (partners and children) who are affected adversely by a loved one's gambling are "double disadvantaged":

Not only are they in need of emergency relief services but they are unable to take personal responsibility for the problem and amend their ways. They are therefore trapped bearing the burden of another's problems but know that if they left it would place the household in jeopardy" (Knox 2001: 9).

Although the study did not cover a large sample of individuals, it demonstrates the costs that gambling may be having on other community services. Hobart Benevolent Society reported that over a nine month period there were 281 services provided directly or indirectly for problem gamblers or people adversely affected by another's gambling. According to the study:

- \$8,000 was spent supporting problem gamblers or people adversely affected by gambling, with 85% of money going towards food vouchers.
- 100% of negotiations with creditors and 67% of advocacy services were directed to clients affected by problem gambling.
- Clients affected by problem gambling received 18% of the services and accounted for 16% of the expenditure of services even though they comprised 11% of the clients who participated in the study (Knox 2001: pp 40-41).

This study revealed that people sought emergency accommodation due to gambling addiction in greater numbers than people with alcohol or drug addictions. Gambling addiction accounted for people losing their accommodation or rent being in arrears, financial difficulties with debtors/creditors, bankruptcy, being unable to pay for food or medical bills, family breakdown and inability to pay for electricity bills.

The effect of problem gambling on community services cannot always be measured in terms of economic impact. Services such as negotiating with creditors and referring clients onto specialised care "can be crucial elements in redressing a client's deteriorating circumstances but cannot be measured in financial terms" (Knox 2001: 23).

We need to be able to better measure the impact that gambling is having on community services. As demonstrated in the study above, the effects of gambling addiction infiltrate into many other areas of a person's life and their ability to function and maintain a reasonable standard of living. Community services are sometimes left to pick up the pieces of the lives that fall apart due to gambling addiction.

According to the Gambling Support Bureau (2007), the number of people accessing Break Even gambling support services (funded through the Problem Gambling category of the CSL) has remained more or less steady over the last 6 years. Approximately 900 people each year have been accessing Break Even services for support or counseling for gambling issues.

While there is currently enough supply for the demand for Break Even services, it is concerning that there are a large number of 'at risk' and problem gamblers who do not access these services.

It is clear that Break Even gambling support services, while providing a valuable service, need to be better funded in order to capture the large percentage of gamblers who do not seek help for gambling addictions and its related problems due to stigma, denial or lack of awareness. Services can be promoted through more effective health promotion,

prevention and education and an increased capacity to work with community organisations which are supporting people with gambling addictions and with the owners/staff of pubs and clubs providing access to electronic gaming machines and ATM facilities.

We also need a better understanding of how much the impact of problem gambling costs the State in its justice systems and prisons, in health and housing systems, in mental health and family support (including child protection) and in the provision of financial and material aid through the community sector's emergency relief programs.

4. Distribution of Gambling Expenditure

The current system of administering funds for gambling support services through the Community Support Levy (CSL) needs to be reassessed in terms of its effectiveness, appropriateness and fairness.

The Government contributes 4% of the revenue it receives from taxes from gaming machines operated in clubs and pubs into the CSL, 50% of which goes back into the community through gambling related education, research and services. According to the Tasmanian Gaming Commission's (TGC) 2005-06 Annual Report:

- In 2005-06 the Government collected \$28 million in taxes from electronic gaming machines in pubs and clubs;
- 2% of this went into the CSL's "Problem Gambling" category;
- \$755 888 was spent specifically on the provision of support services to assist people affected by gambling. Such support services include personal and family counseling, financial counseling, support groups and the 24-hour telephone helpline provided by the Break Even services delivered by non-government organisations such as Anglicare and Relationships Australia.

Government revenue from gambling activities needs to be better distributed towards directly assisting people who have a wide range of financial, health and relationships problems brought about by problem gambling. It is estimated that problem gamblers (who make up approximately 1% of the Tasmanian population) contribute one third of gaming machine turnover in pubs and clubs (Productivity Commission 1999). In 2005-06 total expenditure (total amount wagered less the amount won by people who gamble) on gaming machines in Tasmania was \$108m (Tasmanian Gaming Commission 2006: 44), thus \$36.2m (one third) came out of the pocket of problem gamblers but *less than \$1m* was spent on support services to assist these problem gamblers and their families.

There is a serious and obvious mismatch between the amount that problem gamblers are spending on gaming machines and the amount the State Government puts back in the services to assist them.

5. Better Reporting / Better Monitoring

It is important that changes in the prevalence and nature of problem gambling are able to be measured over time. There are currently gaps in our knowledge of the impact gambling has had in Tasmanian communities since the introduction of poker machines in pubs and clubs. Thus it is crucial that any future measurements of problem gambling are consistent and are able to be compared with previous studies.

It is also important that we do not focus primarily on interstate comparisons as a measure of gambling in Tasmania but that we understand how problem gambling is impacting on Tasmanian communities and services so that we can develop a response at all levels of service delivery and policy development.

We need clearer picture of which Tasmanian communities, demographics and regions are most affected by problem gambling. According to the TGC's Annual Report 2005-06, we know that Glenorchy, Launceston and Devonport had the highest gaming machine turnover in 2005, but how these communities are affected, the impact this had had on community services, needs to be better reported and understood.

The TGC must do more to examine the impact gaming machines are having on smaller communities. In TGC's 2005-06 Annual Report, ten Tasmanian municipalities (including Break O'Day, Brighton, Derwent Valley, Southern Midlands, Circular Head, Latrobe, Kentish, King Island, Meander Valley and Northern Midlands) were reported as a "combined" turnover statistic due to the fact they each municipality had less than three venues and thus turnover figures were of a "highly sensitive commercial nature" (Tasmanian Gaming Commission 2006: 44).

Considering that Tasmania's population is highly dispersed amongst its regional areas, this lack of transparency is problematic. We currently lack information about where gambling is having the most impact on specific Tasmanian communities.

The impact of gambling needs to be better monitored and regularly assessed and evaluated. We need an ongoing independent monitoring and data collection system and this should be funded through the CSL.

While it is important that the Tasmanian community as a whole work to alleviate the adverse effects of gambling, TasCOSS agrees with Anglicare Tasmania's statement that:

responsibility for reducing gambling problems lies with the State Government, who are responsible for policy, regulation and research, including establishing requirements for harm minimisation; the gambling industry, who self-regulate a number of 'harm minimisation' measures; and the individual who gambles (Law 2005: 57)

TasCOSS looks forward to the results of the study and we hope that the study will provide us with a better understanding and improved ways to measure and monitor the impact of gambling has on Tasmanian communities and services so we can implement and develop responses to address the issue now and in the future.

References

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