SUBMISSION

Supplementary Submission to the Joint Select Committee on Future Gaming Markets

June 2017

AnglicareTAS
Choice, support and hope

Social Action & Research Centre

Working for a just Tasmania

Contents

Introduction to Anglicare Tasmania

Anglicare is the largest community service organisation in Tasmania with offices in Hobart, Glenorchy, Sorell, Launceston, St Helens, Devonport, Burnie, and Zeehan, delivering a range of programs across the State. Anglicare's services include accommodation support; mental health services; acquired injury, disability and aged care services; alcohol and other drug services; financial counselling; and family support. In addition, the Social Action and Research Centre (SARC) conducts research, policy and advocacy work with a focus on issues affecting Tasmanians on low incomes.

Anglicare is committed to achieving social justice for all Tasmanians. It is Anglicare's mission to speak out against poverty and injustice and offer decision-makers alternative solutions to help build a more just society. Anglicare provides opportunities for people in need to reach their full potential through our services, staff, research and advocacy.

Anglicare's work is guided by a set of values which includes these beliefs:

- *that each person is valuable and deserves to be treated with respect and dignity;*
- *that each person has the capacity to make and to bear the responsibility for choices and decisions about their life;*
- *that support should be available to all who need it; and*
- *that every person can live life abundantly.*

For further information about this submission please contact:

Rev. Dr Chris Jones
Anglicare Tasmania
GPO Box 1620
HOBART TAS 7001

Phone: (03) 6213 3562
Email: c.jones@anglicare-tas.org.au

Summary of major points

This supplementary submission provides further evidence that supports Anglicare's call for the removal of poker machines from hotels and clubs. The major points we ask the Parliamentary Committee to consider are:

- *Tasmanians lose more money to more dangerous forms of gambling than do Western Australians because Tasmanians have ready access to poker machines.*
- *Tasmania and Australia are not leaders in harm minimisation, with many other jurisdictions having better policies for the protection of consumers.*
- *Poker machines are not ordinary products and should not be seen as entertainment. To understand this, it is important for the Committee to understand how a poker machine works and how a person experiences the return-to-player function.*
- *All publicly released polls have consistently shown the community does not think we have benefitted from having poker machines in hotels and clubs and want them reduced in number or removed. While dismissing the publicly released polling, Federal Hotels have conducted their own polling asking similar questions but without releasing the findings.*
- *Submissions to the Parliamentary Inquiry from the community are overwhelmingly on the side of removing poker machines from hotels and clubs.*
- *If poker machines are not removed from hotels and clubs, the* Gaming Control Act *should be amended so that the Community Interest Test applies to all venue license renewals. This would be the only way the community would then have a say in local impacts. The Committee should also request information from Network Gaming about the "community interest tests" they have conducted for each venue application to date.*
- *Rather than supporting harm minimisation measures, the gambling industry called for a number of changes that would increase harm experienced by consumers. The gambling industry is not independent in this debate: they rely on people harmed by gambling to provide 40 per cent of their gambling profits.*
- *The wealth created by having poker machines in hotels and clubs has benefited a select group of businesses at the expense of individuals and other businesses. The impact on other businesses of existing and potential continued support for poker machines in communities needs to be examined.*
- *The Committee should interrogate the accuracy of all claims made by the gambling industry, such as that gambling is simply the spending of disposable incomes, that sports betting will soon overtake poker machine spending and that without poker machines venues would no longer be able to provide meals or would halve staffing or would close, all of which Anglicare disputes.*

- *Counselling and self-exclusion are important but only reach a small proportion of people harmed by gambling and only after people have suffered significant and often lifelong harm.*
- *The Community Support Levy provides valuable funds but should not be used to promote gambling.*
- *Anglicare supports extending the timing for the Social and Economic Impact Studies to five years as long as the Tasmanian Liquor and Gaming Commission is required to provide a policy response to each study.*
- *The opportunities for transition away from a reliance on poker machines should be investigated.*

Further information about the programming of poker machines and comparison of Tasmania to other states and countries

The Committee requested further information on this issue as a result of Anglicare's description of what effective harm minimisation might look like for poker machines.

Comparison of Tasmania to other states and countries

At the hearing, Anglicare argued that the best harm minimisation would be to limit access to the machines by only having them in casino environments and by requiring the machines in casinos to have strong consumer protections applied to them.

Within Australia, the effectiveness of restricting poker machines to casinos can be assessed by comparing data between Tasmania, where the machines are permitted in casinos, hotels and clubs, and Western Australia, where the machines are only permitted in the casino.

Comparison between Tasmania and Western Australia

Tasmanians and Western Australians spend approximately the same amount of money on gaming per capita, around $600 to $700 annually (Queensland Treasury 2016, p. 5). Both state governments receive approximately the same income from gaming, at around $200 per capita annually (Queensland Treasury 2016, p. 280, 341).

However, about a third of what Western Australians spend is on gambling that "present few direct problems" such as Lotto, Instant Lottery and Minor Gaming (Productivity Commission 1999, p. 6.52). In Tasmania, the majority of money spent on gaming is lost to poker machines, and just ten per cent is spent on these more benign forms.

Comparison of annual per capita spend on gaming

In 2014-15, the annual per capita expenditure in Tasmania and Western Australia on gaming was similar, with Tasmanians spending an average $691 per person and Western Australians spending $617 – see Table One below.

Table One: Annual per capita gaming expenditure 2014-15

Gambling form	Tasmania	Western Australia
Casino	$231.00 (includes up to 40 table games, 1185 poker machines, Keno)	$420.00 (includes 234 table games, 2190 poker machines, Keno)
Poker machines in hotels and clubs	$284.00	-
Instant Lottery	$12.00	$19.00
Keno	$83.00	-
Lotteries	$0.60	-
Lotto	$81.00	$165.00
Minor Gaming	-	$12.00
Pools	$0.20	$0.40
TOTAL	$691.00	$617.00

Source: Queensland Treasury 2016, p. 274, 335; Tasmanian Liquor and Gaming Commission 2016; Gaming and Wagering Commission of Western Australia 2016.

As well as expenditure on gaming in hotels and clubs in Tasmania being dominated by losses to poker machines, expenditure in Tasmania's casinos is also skewed towards poker machines: 86 per cent of money lost in Tasmania's casinos is to the poker machines (Tasmanian Liquor and Gaming Commission 2016) while just 37 per cent of total gross revenue for the Western Australian casino comes from poker machines (Gaming and Wagering Commission of Western Australia 2016).

It is known that the likelihood of developing problems is higher for certain forms of gambling, due to both mode of use (for example, a one-off ticket versus continuously feeding a machine) and frequency of use. The Productivity Commission states that "lotteries and instant scratch tickets present few direct problems" with only 0.3% of people who see lotteries as their most expensive form of gambling and 0.6% of people who see instant scratch tickets as their most expensive form of gambling experiencing problems (Productivity Commission 1999, p. 6.52).

Poker machines, in contrast, "loom much larger as a source of problems" with weekly gambling on gaming machines being "a highly significant indicator of an increased

likelihood of problem gambling": approximately one in five regular poker machine users will develop a gambling problem (Productivity Commission 1999, p. 6.52).

Using a general prevalence rate to cover all forms of gambling therefore "masks severe problems in some forms and slight problems in others" (Productivity Commission 1999, p. 6.51). So, although people may gamble on lotteries and similar products on a weekly basis, "since this is a low risk form of gambling this does not have significance for problem gambling" (Productivity Commission 1999, p 6.53). In contrast, "a relatively large group of people are exposed to high risks" by using poker machines weekly (Productivity Commission 1999, p 6.53); "regular play on a continuous form of gambling, such as gaming machines, is a very significant risk factor" (Productivity Commission 1999, p. 6.55).

What is therefore telling for the comparison between Western Australians and Tasmanians is the higher expenditure (32 per cent) in Western Australia on gambling forms that "present few direct problems" such as Lotto, Instant Lottery and Minor Gaming ($196 of the total per capita spend of $617) compared to only 14 per cent ($94) of the $691 per capita being spent on the more benign forms in Tasmania (see Table One). Tasmanians spend more per capita and are exposed to higher risks because of the accessibility of poker machines throughout the State and the faster spin speed (3.5 seconds in Tasmania compared to 5 seconds in Western Australia).

Comparison of per capita gaming expenditure as a percentage of household disposable income

Per capita spending needs to be seen in the context of per capita income: Tasmanians spend more of their household disposable income (HDI) on gaming and, in particular, on poker machines, than Western Australians.

In 2014-15, Tasmanians spent 1.3 per cent of their household disposable income on gaming, with about two-thirds of this (almost 0.9 per cent of total HDI) being spent on poker machines. 0.5 per cent of HDI was spent on poker machines in hotels and clubs and most of the 0.4 per cent HDI that was spent in the casinos was spent on poker machines (Queensland Treasury 2016, p. 337). In comparison, Western Australians spent less of their HDI on gaming, at just 0.9 per cent[1] (Queensland Treasury 2016, p. 276).

The percentage of household disposable income spent on poker machines mirrors the accessibility of poker machines: in Western Australia, there are 1,029 people per poker machine, while in Tasmania there are 144 people per machine[2] (Gaming Technologies Association 2016, p. 22). Further, Western Australians outside Perth do not have ready access to poker machines whereas poker machines are located within two kilometres of the majority of Tasmania's population.

---

[1] No breakdown was provided of how much of this was spent on the poker machines in the casino.

[2] GTA uses total population, not adult population, for these calculations.

Comparison of government revenue from gaming

While the Tasmanian Government is not reliant on gambling revenue, as indicated by State Budget Papers and confirmed by the Treasurer in 2015 (Baker 2015), more than half its gaming taxation revenue comes from poker machines, which are recognised as a more dangerous form of gambling than the lotteries that form the majority of the Western Australian government gambling income.

The Western Australian Government received $394 million from gaming in 2014-15, most of which (72 per cent, or $283 million) came from lotteries and pools lotto. Just 28 per cent ($110 million) came from casino gaming (which includes table games, Keno and the 2,190 poker machines in the state) (Queensland Treasury 2016, p. 278)

In comparison, the Tasmanian Government received $80 million from gaming taxation in 2014-15, with approximately a third coming from casinos (mostly from poker machines), a third from hotels and clubs (mostly from poker machines) and a third from lotteries (Queensland Treasury 2016, p. 339).

More than half of Tasmanian Government gaming revenue therefore comes from poker machines whereas the Western Australian government receives somewhere less than 30 per cent.

Comparison of prevalence of gambling problems

Due to limitations in data collection relating to the prevalence of gambling problems, we are not able to compare problem gambling prevalence rates between states either at a state-wide level or by gambling mode.

Summary of the comparison between Tasmania and Western Australia

It can be seen from the above discussion that Tasmanians spend more money on a gambling form that is recognised as more likely to cause harm and this is because of our ready access to the machines. In addition, the Tasmanian Government, while not reliant on gambling income, receives a greater percentage of its gambling revenue from this dangerous form of gambling than does Western Australia.

Anglicare believes it is sensible public policy to reform policies and practices that result in the most harm. For Tasmania, it is overwhelmingly the poker machines that should be the focus of public policy reform.

Comparison of Tasmania to other countries

Tasmania is not a world leader (or Australian leader) on harm minimisation as espoused by the gambling industry. We have higher bet limits and maximum payouts and lose more per capita than many other jurisdictions.

Internationally, not all states and countries permit poker machines. For example, in the USA eight states do not permit poker machines anywhere while some permit them only in casinos. In Canada, two of its 13 provinces have banned pokies altogether (Gaming Technologies Association 2016, pp. 22-24).

Other international gambling policy approaches include legislating whether machines are permitted according to their maximum bet limits and jackpots, such as in the United Kingdom: some locations are only permitted machines that have maximum bet limits of 10 pence (AUD$0.17) and payout maximum £8 (AUD$14) while machines permitted in hotels and clubs have a maximum £1 bet (AUD$1.70) and maximum £100 payout (AUD$170) (Gaming Technologies Association 2016, pp. 32-34). These maximum bet limits and maximum payouts are significantly lower than the rates permitted by the Tasmanian Government.

The United Kingdom also requires the number of poker machines in a regional casino operating fewer than 40 gaming tables to be "not more than 5 times the number of gaming tables used in the casino" (*Gambling Act (UK) 2005 (c.19)* Part 8 – Premises Licenses 172 Gaming machines (4) (b) (i), p. 79). If this approach was followed in Tasmania it would mean our casinos would have a maximum 120 poker machines in Wrest Point instead of the 650 it operates and a maximum of 80 in the Country Club Casino instead of 535.

Rather than being a leader in harm minimisation, Australia is a leader in the proliferation of poker machines. Australia ranks 6th in the total number of machines by country, behind Japan, USA, Italy, Germany and Spain, all more populous than Australia (Gaming Technologies Association 2016, p. 7). Per capita, Australia is only outnumbered for poker machines by resort destinations Monaco and Gibraltar in Europe, Macao in Southern China and the Caribbean islands of Sint Maarten, Aruba and Curacao (Gaming Technologies Association 2016, p. 9).

Further, the maximum bets and maximum payouts in Australian hotels and clubs are significantly higher than similar venues in many other countries – see Table Two below. Tasmania's maximum bet limit and maximum payout (which contribute to the volatility of the machine) exceed that in Quebec, Finland, Iceland, Ireland, New Zealand and the United Kingdom.

While this data provides evidence that Tasmania does not lead the world (or other Australian states) in harm minimisation and consumer protection, Anglicare does not wish the Committee to directly compare these bets and payouts, as a greater analysis of household and personal incomes, employment, health factors and other gambling activities for each jurisdiction should also be considered.

Table Two: Maximum bets and maximum payouts in clubs and hotels and similar venues[3]

Australian states	**Maximum bet (AUD$)**	**Maximum payout (AUD$)**
ACT	$10.00	No limit
NSW	$10.00	$10,000.00 (for stand alone machines – not linked jackpots)
Northern Territory	$5.00	$25,000.00
Queensland	$5.00	No limit on linked jackpots
South Australia	$10.00	$10,000.00
Tasmania	$5.00	No limit
Victoria	$5.00	No limit
Western Australia	Not permitted	Not permitted

International jurisdictions				
	Maximum bet (local currency)	**Maximum bet (AUD$)**	**Maximum payout (local currency)**	**Maximum payout (AUD$)**
Belgium	€10	$15.00	€500	$741.00
Canada – Quebec	CAN $2.50	$2.50	CAN $1000	$993.00
Finland	€2	$3.00	€5000	$7,400.00
Iceland	300 ISK	$3.85	100,000 ISK	$1,280.00
Ireland	€0.03	$0.04	€0.63	$0.93
New Zealand	NZ $2.50	$2.35	NZ $1000	$939.00
United Kingdom	£1.00	$1.70	£100.00	$170.00

Source: Gaming Technologies Association 2016.

[3] Information on hotel-like venues is not available for all countries for comparisons.

The fact that Australia is not a world leader in consumer protection is exposed in the losses we incur. In 2014, Australians lost almost double the amount lost by New Zealanders and Americans: more than US$1,100 (AUD$1,498) per capita was lost by Australians on all forms of gaming (most of which was lost to poker machines), compared with less than US$600 (AUD$816) in New Zealand and the US, and less than US$500 (AUD$681) in Canada and Britain (*The Economist* 2015).

The figures for losses to poker machines in non-casino venues are even more startling: Australians lost almost US$600 (AUD$816) per capita compared to US$200 (AUD$272) in New Zealand and Finland and less than US$100 (AUD$136) in US and Britain (*The Economist* 2015). This means Australians lose three times as much as New Zealanders and Finns to the poker machine in community-based venues and six times more than Americans and Brits.

Our high rate of loss to the poker machine is a result of the accessibility and betting configuration of our machines. Australian venues are dominated by the Australian manufacturer Aristocrat: at the 1999 World Gaming Conference and Expo, an Aristocrat representative explained that their machines "give the impression of value for money, but still extract money from people quickly" (Schüll 2012, p. 121).

Despite this evidence that Tasmania does not lead the world in harm minimisation, the main question for Anglicare is not how we compare with other jurisdictions, but what the effects are of Tasmanian policy and Tasmanian laws on people in Tasmania. Anglicare asserts that Tasmanian policy and laws have allowed the proliferation of a dangerous product that has caused harm to many thousands of Tasmanians and many small businesses. We argue they should not be located in hotels and clubs and there should be greater consumer protections imposed on the ones that would remain in the casinos.

The programming of poker machines: "building a better mouse trap"[4]

Poker machines are not ordinary entertainment as claimed by the gambling industry (for example, see *Hansard* 8 February 2017, David Curry, p. 24). Rather than being "just like going to the movies", poker machines are a product deliberately designed with psychological reinforcements to "suck" people in (Gambling Support Program 2006).

As Anglicare sees with clients seeking help through Gamblers Help and other services and through our research, the fact that poker machines are computers programmed to take a set percentage of money and make a profit for the gambling industry is overlooked by the person using the machine.

[4] Len Ainsworth, founder of Aristocrat, the leading Australian poker machine manufacturing company and one of the world-leading suppliers of poker machines, told ABC TV's Four Corners in 2000 that the secret to their success was "building a better mouse trap" (Four Corners 2000).

“I don’t know why I gamble, I can’t win. There’s something that draws me to the machines. There’s always that chance you can get that big jackpot… I know I can’t beat the machines but something keeps drawing me back, I don’t know what it is. The jackpot has to come my way sometime… I can’t stop. I know I am doing the wrong thing every time I go in to the machines. Maybe it is the noise or the hope I will get the big jackpot” (research participant, Law 2005, p. 29).

Machine designers describe two polar opposites in the way people use machines, with many gradations in between. There are “action”, “jackpot” or “play-to-win” people who are willing to lose large amounts of money for the hope of winning the jackpot. For “play-to-win” people, the industry designs machines with dramatic spikes in its payout model to allow occasional large payouts and where the payout reaches zero relatively quickly (that is, the person runs out of money quickly) (Schüll 2012, p. 110).

The industry also designs “drip-feed” machines for what it calls “escape”, “time-on-device” or “play-to-win-to-play” people. These machines are programmed to dispense constant small payouts (known as reinforcements in psychology) that nibble away at a person’s money until it is all gone. As a poker machine game designer explains, the industry thinks “some people want to be bled slowly” (Schüll 2012, p. 110).

It is the drip-feed design that now dominates the market, as the industry has learnt that this “prolongs the persistence of a behaviour” because the “loss period is brief, with little time given over to financial considerations”, which encourage people to immediately re-gamble their “winnings” (Schüll 2012, p. 116). The gambling industry programs these machines to pay out something on approximately 45 per cent of all spins, instead of the 3 percent of times the old one-armed bandits paid: "The sense of risk is completely dampened" (Schüll 2012, p. 115-16).

An independent game designer Nicholas Koenig explains, “Once my mom put $20 in one of my games and it took her money right away. She was pissed and I pretty much lost her as a customer. The best way for me to get all of her money is not to take her first $20 quickly like that; instead, I need to keep giving her back most of what she bets, so she’ll keep playing until it’s all gone” (Schüll 2012, p. 127).

The vast majority of these payouts are in fact net losses that are masked by the industry’s celebratory lights and sounds to keep people at the machine. Again, Koenig explains, “Once you’ve hooked ’em in, you want to keep pulling money out of them until you have it all; the barb is in and you’re yanking the hook… it’s like the player is reclining on a math model and you need to get them comfortable; they’re investing a lot of money into an invisible structure and they need to be made to feel that they can trust it. *The machine needs to communicate that trust through its delivery of rewards*” (Schüll 2012, p. 109, Schüll’s emphasis).

The industry has been successful in “building a better mouse trap”: not only does a person lose their money but they return to lose more. Anglicare therefore argues that the

government has been endorsing a product that has been deliberately programmed to keep people at the machine losing money until they have nothing left. This is why we are calling for the removal of poker machines from local communities.

A breakdown of Anglicare funding to provide the Gamblers Help program

In the 2015/16 financial year, Anglicare received $535,840, excluding GST, for Gamblers Help programs state-wide. This figure includes base funding and the equal remuneration order. Anglicare sub-contracts almost half this base funding to Relationships Australia to deliver Gamblers Help services in the north of the state as well as services additional to Anglicare in the south.

Anglicare's Gamblers Help funding provides about 1.6 fulltime equivalent (FTE) in counselling and 0.4 FTE in community education and community capacity building. Community education includes talking to community groups, attending information days and expos and running activities in the community. Community capacity building includes working with at-risk communities to assist them to identify gambling problems in their communities and to develop appropriate responses.

A total of 301 people sought counselling from the Gamblers Help program in 2015-16: 209 new clients and 92 existing clients. Of the new clients, 130 people registered self-exclusions. See Table Three for the figures for the past four years.

Table Three: Number of Gamblers Help clients and self-exclusions

Year	New clients	Existing clients	Total clients	Self-exclusions registered
2015-16	209	92	301	130
2014-15	169	145	314	132
2013-14	209	135	344	115
2012-13	238	121	359	151

Source: A Lutz 2017, pers. comm., 6 February

A number of Gamblers Help clients expressed interest in speaking to the Committee but either they decided it was too difficult to be exposed publicly or Anglicare was unable to make arrangements for the time available at the hearings. Anglicare would like to offer to the Committee the opportunity to hear from more people directly affected by their own or a family member's gambling, including the opportunity for the Committee to attend a group session, should the Committee wish.

The role of self-exclusion

Anglicare sees self-exclusion as a useful tool for some people to try to reduce the harm caused by gambling and we support clients who wish to self-exclude. We are, however, also aware of limitations of this measure: many people who could benefit from self-exclusion do

not use it (less than one in five people experiencing harm utilise self-exclusion); the effects of self exclusion are not enduring; there are relatively high relapse rates; the process is inflexible; and it is often utilised when it is too late to save relationships, finances and health (Productivity Commission 2010, pp. 10.7-10.9).

Anglicare's Gamblers Help staff would like to share with the Committee their observations of the limitations of self-exclusion.

Self-exclusion isolates people

Most people who want self-exclusions want to be excluded from poker machines. Many of our clients do not consider Keno and UBET a problem[5]. However, self-exclusion requires the person to exclude from the entire gaming area of a venue.

Our clients who continue to frequent a venue for non-gaming activities such as using the dining area are afraid someone at their table may ask them why they are not betting on Keno any more and then their problem with poker machines will be revealed. Anglicare has experience of people choosing not to self-exclude because of the risk of this exposure.

A belief that the self-exclusion scheme does not work well

Gamblers Help staff report that even when they contact venues about particular clients to alert the venue that a client is finding it difficult to stay away, our client has still managed to gamble at that venue.

One counsellor says, "In two particular cases, I have rung venues (more than once) at the clients' request and said, 'Please note these people, they struggle to stay away and yet they do not want to gamble, please don't let them play.' The venues have said positive things like, 'Yes, we'll enlarge their photo, we'll alert our staff.' But still these two in particular have got away with repeatedly going into the same venues and each has won over $1000 which meant the venues had to give them a cheque, so has had to know their name. When people get away with playing in a venue where they are excluded from playing, they are emboldened and then try somewhere else. It is not that they are only pretending to want to stop, but the desire overwhelms their ability to say no."

One of Anglicare's clients wishes the Committee to know there are 14 venues that have permitted his family member to gamble recently despite the family member having a self-exclusion[6]: seven of the nine poker machine venues in Glenorchy LGA, five of the eight poker machine venues in Hobart LGA and both of the poker machine venues in Derwent Valley. Despite gambling at these venues regularly, only four of these venues identified the

---

[5] Anglicare did, however, in our original submission raise a concern about the misleading nature of Keno with its promotion of "hot" and "cold" numbers.

[6] Further information about these breaches of self-exclusion can be provided in-camera to the Committee.

excluded person and asked the excluded person to leave. No intervention occurred before the self-excluded person commenced gambling.

The Tasmanian Liquor and Gaming Commission also acknowledge the limitations of self-exclusion, believing that it is difficult for venues to enforce, especially if they have a high proportion of part-time staff (P. Hoult 2014, pers. comm., 4 March).

The approach by some venues in dealing with a breach of a self exclusion

Our staff tell of clients revoking their self-exclusions because venue staff have revealed their self-exclusion to others nearby. One client described a venue worker saying loudly, "[name], you're not allowed to play. You're self-excluded. Please leave." While Anglicare encourages venue staff to intervene, we counsel them to do so discreetly so as to reduce embarrassment for the self-excluded person.

Summary of issues regarding self-exclusion

Of the 6,000 to 10,000 Tasmanians experiencing harm from gambling ("problem gambling" and "at moderate risk") (Tasmanian Liquor and Gaming Commission 2017, submission 144), only 100 people are self-excluded from gambling in any one year and only a further 200 people seek counselling specifically about their gambling. Anglicare argues this shows the difficulty people face in identifying and taking action about the harm caused by gambling. Further, since self-exclusion is a tool that is usually used only after the affected person has already suffered significant harm, many more resources need to be put in place to provide assistance before people suffer often-lifelong harm. The Productivity Commission made a number of suggestions for improving self-exclusion, with the introduction of pre-commitment being seen as the most effective way to reduce the ability of self-excluded people to continue gambling (Productivity Commission 2010). Anglicare agrees that a card system would greatly enhance the self-exclusion program.

Additional issues for the Committee to consider

Anglicare would now like to raise some additional issues that have arisen during the course of the public hearings.

Community Interest Test

In February 2017, Anglicare provided a submission to the Liquor and Gaming Commission on the Community Interest Test. Anglicare supports the concept of the community contributing to decisions about gambling policy but we argued that the community has already contributed its views on this issue in every poll about the issue with clear community opposition to poker machines, as described in pages 18 to 22 of Anglicare's submission to the Committee. Community interest has also been clear in the submissions to the Inquiry, with about 90 submissions from individuals describing the damage caused by poker machines and calling for their removal from local communities.

Anglicare therefore argued in our submission to the Liquor and Gaming Commission that it is in the community interest to remove poker machines from hotels and clubs. At the hearings on 22 March, the Treasurer clearly stated that it will consider all recommendations from the Committee including, if the Committee so decided, the complete removal of poker machines from hotels and clubs (*Hansard* 22 March 2017, Peter Gutwein, pp. 25-26).

While our clear preference is for Parliament to support the community's attitudes as per these polls and submissions, we further argued that should Parliament choose not to remove poker machines from hotels and clubs, the Act should be amended so the Community Interest Test applies to all renewals of venue poker machine licenses. Otherwise, with the cap for poker machines in venues in the State already being oversubscribed, the good intentions of the test will be lost.

It is clear the gambling industry has a range of views as to the merits and methodology of community involvement, each of which relate to their own vested interests.

For example, the Managing Director and CEO of Federal Hotels claimed their assessment (via Network Gaming) of applications for poker machines by venues has been "its own community interest test, social test and commercial test" (*Hansard* 7 February 2017, Greg Farrell, p. 57). Federal Hotels claimed that Network Gaming assessed whether the venue owners were a "fit and proper person" committed to making their venue a "pleasant environment for patrons"; "they would take into account other things such as competition between that licensed gaming venue and perhaps other licensed gaming venues" and they considered "what the community attitudes were prevailing at that time in that area as to whether it would support the application of a license" (*Hansard* 7 February 2017, Greg Farrell, p. 58).

Given there is no public record of the "community tests" conducted by Network Gaming, it is not possible to evaluate their methodology.

Federal Hotels claims that people in the community do not care about gambling because, "if you push questions at people, you will get silly responses, but when you ask Tasmanians, what are the social and economic issues they are most concerned about, we find gaming is extremely low" (*Hansard* 7 February 2017, Daniel Hanna, pp. 56-57).

Anglicare argues that gambling will never rank higher than issues such as education or employment in an unprompted survey because the number of people who participate in gambling is far less than the number of people undertaking education or engaged in employment. Further, the people most concerned about the impact of gambling, people directly harmed, are unlikely to participate in a phone poll or to talk about gambling (Productivity Commission 2010, p. F.5).

Anglicare urges the Committee to seek documentation of the "community interest test, social test and commercial test" undertaken by Network Gaming for each application it undertook.

If Network Gaming is unable to provide documented evidence or if the "community interest test" undertaken by Network Gaming lacked external and independent advice, Anglicare urges the Committee to dismiss the claims that community interest has already been assessed for current license holders. We further argue that should poker machines not be removed from hotels and clubs, the Gaming Act be amended so that all renewals of licenses be subject to a community interest test, which would be in keeping with the intentions of the Treasurer when he said, "A key policy is that local communities should have a greater voice in determining the future location of electronic gaming machines – EGMs – in their community" (*Hansard* 27 October 2016, Peter Gutwein).

Parliamentary Hearings – submissions and hearings

Submissions to the Parliamentary Inquiry were overwhelmingly consistent with every public survey of community attitudes to poker machines: of the 148 submissions received, 135 submissions (91 per cent) completely opposed having poker machines in hotels and clubs and two additional submissions raised serious concerns over the harm caused by poker machines and suggested initiatives that would reduce supply of and demand for poker machines as well as measures to reduce harm. Only seven submissions called for the ongoing presence of poker machines in hotels, clubs and casinos: every one of these submissions was from a vested interest.

Of the 105 submissions coming from individuals from all parts of the State calling for poker machines to be removed from hotels and clubs, a number of individuals shared their direct personal experiences of the harm caused by the machines. For example, Submission 20 is from a teacher in Glenorchy concerned for the students at her school who come to school "with no food, without having had breakfast". Interestingly, the teacher grew up in Western

Australia and was shocked when she moved here to discover poker machines "in just about every hotel". As a musician, she also expressed concern about the negative impact the machines have on live music in the State. Anglicare thinks the impacts on live music of policies that enable poker machines should be included in the Committee's considerations.

Submitter 26 states, "As a teacher and mental health worker I have seen the effects of gambling on children and families. Children going without food, uniforms and experiencing neglect are some of the results of a gambling addiction. The gambler often has anxiety issues that may lead to trying to escape from the problems. The family are under great pressures and may end up homeless."

A number of submissions came from people who had been directly harmed by their own or a family member's gambling.

For example, submitter 3 talked of her "dear old nana, who had not so much as bet on the Melbourne Cup in her entire life" becoming addicted to poker machines and "at over 80 years of age, she would feed these machines instead of herself. The last years of her life were consumed by her addiction for these things".

In submission 24, a son pleads to the Committee, "My mother has an addiction to them and every time she can she sneaks off to the Elwick Hotel and spends all day there. My mother is in her late 80s has some dementia and is a very stubborn person and when the family speaks to her about poker machines she just goes clean off or try's [*sic*] to change the subject. She just keeps saying I need something to do so I go up town namely Glenorchy… My mother would be just one of the elderly who has an addiction to the machines so please consider this as just one person/family who would like to see the machines removed in venues so the aged person can live off the pension and not put it through the machines."

Anglicare argues there is overwhelming evidence presented to the Committee through the more than 100 individuals and 28 community organisations who provided submissions as well as the now-4,000 people who have signed the Open Letter to the Premier[7] showing the community wants the Parliament to take action to remove poker machines from hotels and clubs.

Anglicare's concerns about industry claims in submissions and hearings

Anglicare is concerned that the gambling industry made numerous unsubstantiated or conflicting claims in their seven submissions and subsequent oral presentations to the Committee. Given the nature of the claims made by the industry, Anglicare urges the Committee to investigate these claims and insist the industry provides evidence, with this evidence to be put on the public record. Some of the issues of concern are as follows.

---

[7] The Open Letter to the Premier can be found at https://sarc.good.do/getthepokiesoutoftasmaniaspubsandclubs/letter/ Note, a further 500 signatures have been collected but are unable to be entered online.

Changes in the gambling market

The industry claims the overall gambling market is declining, that poker machines are particularly affected and that sports betting and online gambling were both increasing and more dangerous than poker machines (see submissions by Australian Leisure and Hospitality Group [submission 5], Dixon Hotel Group [submission 124], Tasmanian Hospitality Association [submission 144] & Federal Hotels [submission 137]). It was also claimed that per capita spending on poker machines in Tasmania is less than half the spend in other states (Dixon Hotel Group [submission 124]).

Anglicare urges the Committee to investigate each of these claims and request evidence for these claims. For example, comparing the per capita spend for Tasmania with other States without comparing per capita incomes is disingenuous: Tasmania has lower average incomes than all other states, with average incomes being 16 per cent below the Australian average and 20 per cent less than NSW (ABS 2017).

Gambling expenditure fluctuates from year to year, but the amount lost to gambling and in particular poker machines remains significant across Australia and in Tasmania. Tasmanians continue to lose almost $200 million every year to poker machines. This is not all 'disposable income' as claimed by the Australian Leisure and Hospitality Group (submission 5) but rather money that could have been spent on essentials such as food, housing and utilities. In contrast, just 7 per cent of Tasmanians do sports betting and the total spend is just $3 million annually. Further, sports betting in Tasmania is increasing at a slower rate than most other states (Queensland Treasury 2016, pp. 4, 6).

Anglicare argues that the Committee and Parliament have a unique opportunity right now to reduce the harm caused by poker machines. The poker machine industry's claims that poker machines will soon be overtaken by sports betting and online gambling are exaggerated and do not address the harm caused by poker machines to thousands of Tasmanians today.

Community attitudes

Tasmanians care about the harm caused by poker machines. This is evident in every survey conducted by the Government and by polling company EMRS (Roy Morgan Research 2001; Anglicare Tasmania 2003; SACES 2008; EMRS 2009; Anglicare Tasmania 2015). The industry's claims during the Parliamentary inquiry that the community doesn't care and that people who don't like the machines can avoid them (for example, see Dixon Hotel Group [submission 124] and Federal Hotels oral presentation) is disingenuous.

It is difficult for people who are harmed by gambling to avoid gambling venues, especially in regional areas because "you can't even go out for a meal without being near the machines" (Law 2005, p. 58). As a resident of the Burnie-Wynyard area explains, "I am a recovering gambling addict. I haven't gambled for around 7 year [*sic*], now, but when I suffer cravings (yes, just like substance addicts) it can be really difficult because pokies are

EVERYWHERE. I can't easily avoid venues. I drive past 2 on my way to and from work. In that 7 years I have not lapsed. But I have come close. I have good coping skills and knowledge – I work in the AOD sector. And I still became an addict and struggled. Please put these machines where they belong and out of the too-easy reach they are when at your local eating and drinking hole" (Community Voice on Pokies Reform 2017, emphasis by original author).

At the hearings the Tasmanian Hospitality Association questioned the validity of the approximately 90 submissions sent in by individuals. Anglicare was pleased the Committee made it clear they did take the 90-odd submissions from individuals seriously, despite the THA's urging that they were "an absolute joke" (*Hansard* 8 February 2017, Steven Old, p. 69). Some of these submissions came from individuals and family members who have been harmed by poker machines.

While every poll conducted by the Government on this issue clearly shows strong community concern, it is, however, difficult to hear directly from people who are harmed by gambling. Our services know that it is difficult for someone harmed by a poker machine or for their family to let other people know because of the stigma they experience.

It is also difficult for people harmed by gambling to participate in surveys about the issue. A survey conducted of people undergoing gambling counselling showed that less than a third of respondents said they would answer questions in a phone survey about gambling honestly (Productivity Commission 2010, p. F.5). The majority of respondents said they would refuse to answer or completely or somewhat conceal the problem.

Federal Hotels conducts its own polls regularly and while they do, as they explained to the committee, ask unprompted questions seeking the main issues of concern for the people polled, they also run polls that ask specific questions about gambling. For example, in December 2015 they asked whether the number of poker machines should be increased, reduced, held as is or removed completely (E Lockett 2015, pers. comm., 10 December). They also asked people their opinions about the renewal of the gaming license. In May 2017, Federal Hotels asked people whether they have a personal objection to dining at a venue that has poker machines (J Van- Achteren 2017, pers. comm., 15 May). Anglicare suggests the Committee asks Federal Hotels for details of these surveys.

Community attitudes to poker machines are clear: every publicly released poll shows overwhelming concern about the harm caused by poker machines. It is the responsibility of Parliament to take action in the best interests of the community.

Poker machines: entertainment or a machine that causes harm?

There are 6,000 to 10,000 people with a gambling problem or at moderate risk of a problem in Tasmania (see Tasmanian Liquor and Gaming Commission submission 144). All these people experience health, social and/or financial problems because of their gambling

and they each directly affect between five and ten other people (Productivity Commission 1999, p 7.1).

People harmed by gambling are much more likely than the general population to suffer depression, with more than half experiencing depression (Productivity Commission 1999, p. 7.15). This escalates to 96 per cent of people who seek help for their gambling suffering depression.

Almost one in ten people harmed by gambling and six out of ten people who seek professional help for their gambling seriously consider suicide due to their gambling. This is far above the population-wide norm (less than half a percent). Significantly, 14 per cent of people in gambling counselling are likely to have attempted suicide at some stage. All people seeking help for their gambling say they would "like to stop [gambling] but can't" (97 per cent) (Productivity Commission 1999, p. 7.15, Table 7).

Despite clear evidence of harm, the industry claimed at the Parliamentary Hearings that poker machines are fair and simply entertainment, that people know that when they use them they will lose money, that it is people with existing life issues who develop problems with gambling and that the prevalence of gambling problems is small. The industry went further in arguing that strong consumer protection would destroy the entertainment value of poker machines.

For example, the Head of Regulatory and Corporate Affairs for the Australian Leisure and Hospitality Group, who operate five hotels with poker machines in Tasmania, told the hearing, "I think people who gamble predominantly understand the odds, be it Lotto, horse racing, sports betting etcetera. I don't think people generally expect to win when they play. They are buying a form of entertainment and enjoying that form of entertainment. It's no different from me going to the cinema and seeing a good movie or a bad movie and buying an ice cream; it's an experience" (*Hansard* 8 February 2017, David Curry, p. 24)

The Federal Hotels Managing Director agreed, saying, "People who play gaming machines, by and large, are investing in it, like investing in time" (*Hansard* 7 February 2017, Greg Farrell, p. 59). Despite the Tasmanian Liquor and Gaming Commission presenting evidence that slowing the spin rate from 3 seconds to 6 seconds would halve losses per hour (see submission 144), Federal Hotels urged against the slowing of spin rates because, "In some respects it comes down to if you're playing an EGM and you have to wait too long, you're obviously not going to be nearly as motivated or interested in playing" (*Hansard* 7 February 2017, Greg Farrell, p. 78).

And yet, not one submission from an individual spoke of the joy they experience using poker machines and research shows that less than four in ten people who are harmed by gambling rate "pleasure and fun" as even sometimes occurring (Productivity Commission 1999, p. 7.68).

Anglicare argues that poker machines are deliberately designed to addict people. According to Community Voice on Pokies Reform (44 Tasmanian organisations), the Alliance for Pokies Reform (66 organisations from around Australia), academics such as Dr Charles Livingstone (School of Public Health and Preventative Medicine at Monash University) and Associate Professor Samantha Thomas (School of Health and Social Development at Deakin University), and the Tasmanian Liquor and Gaming Commission, poker machines are "not just 'any product'" because their "capacity for harm for some people is extremely high" (see submission 144, p. 1). Unlike movies and ice cream, for example, poker machines are carefully and scientifically designed to addict.

Research shows that anyone can be vulnerable to experiencing harm. As Professor Alex Blaszczynski of the University of Sydney explains, it is the machine that causes the problems, not a particular personality: "one question often asked is whether there is a 'gambling prone personality'. The answer is simple and straightforward: there is no such gambling personality type. Furthermore, there is no individual personality trait that is commonly to be found in gamblers. Gamblers include all types of personality, and all kinds of personality traits are found in gamblers" (Productivity Commission 1999, p. 7.5).

Anglicare argues that poker machines are a dangerous product. The 6,000 to 10,000 people harmed by gambling (mostly poker machines) in Tasmania, 2,000 of whom suffer serious and usually life-long impacts, deserve much stronger public policy and consumer protections. Parliament's backing of a dangerous product leaves it in a precarious position, one which could be redressed immediately by removing the machines from hotels and clubs.

Harm minimisation measures

The Committee asked numerous questions of industry about the efficacy of different measures that could be introduced to reduce harm, such as spin rate, $1 bet limit and pre-commitment. In response to these questions, the gambling industry suggested a number of measures that would increase the likelihood of harm, such as the Australian Leisure and Hospitality Group's call for bill note acceptors to be introduced into machines in hotels and clubs (submission 5, p. 9); the Gambling Technology Association's call for a faster spin speed and one that can be interrupted (submission 129; *Hansard* 8 February 2017, Ross Ferrar, pp. 60, 61); and Clubs Australia's call for clubs to be permitted 100 machines per venue (submission 133, p. 11).

As well as failing to provide evidence as to whether a reduced bet limit, slower spin rates or pre-commitment would reduce harm and how these might be introduced in Tasmania, the industry also provided no evidence as to why their own proposed changes would be in the best interests of Tasmanians. Anglicare urges the Committee to seek evidence about the efficacy of harm minimisation from independent experts.

There was also some discussion at the hearings about how to design policy for the whole of the State when the harm is only experienced by some people. However, public policy often

applies across geographical and demographical boundaries where the whole population is offered the same level of protection. Poker machines are believed to cause more harm in lower socio-economic areas due to their higher concentration of machines, and the Treasurer believed the Community Interest Test would help with this. However, the Community Interest Test in its current form will do nothing to reduce harm in the most affected areas as it only applies to new licenses. Removing the machines is the most effective policy for reducing harm and, if they are not removed, the Community Interest Test should apply to all license renewals.

The gambling industry's business model

The gambling industry exists to make profit and, according to Tasmanian Hospitality Association head Steve Old, hotels "deserve to get more of the [profits] pie" (*Hansard* 8 February 2017, p. 76). Hotels with poker machines claim their business models rely on poker machines. According to Peter Dixon, Director Dixon Hotel Group Tasmania, "the vast majority of our places would be broke without poker machines" (*Hansard* 8 February 2017, p. 34). Anglicare argues that venues that rely on poker machines rely on taking money from people who are harmed by the machines as these are their regular customers, providing approximately 40 per cent of the venue's poker machine profits through regular and intensive use.

While on the one hand claiming their venues rely on poker machines, representatives of the gambling industry also claimed their venues are a safe place for people to gamble as staff proactively help people who cannot control their gambling. Darren Brown, licensee of The Shoreline Hotel, claimed his staff "basically follow [self-excluded people] around the venue all day to see where they are… we have a lot of people on the self-exclusion list that fall back into their old habits… the staff become very good at spotting those people… because our staff know our patrons" (*Hansard* 8 February 2017, p. 71). The industry further claimed they were offering a "service" as the venue is safer than letting people stay at home where they may fall prey to internet gambling (for example, *Hansard* 7 February 2017, Greg Farrell, p. 59). Anglicare argues that the industry cannot reap the profits they take from people using their machines without allowing significant numbers of people be harmed.

The industry's claims that no one forces people to gamble and that people are free to make their own decisions on how often and how much to spend (for example, submission 141) ignores the nature of addiction. The DSM-5 states that a person with a gambling disorder (which equates to a "problem gambler" or at "moderate risk" as defined by the Social and Economic Impact Studies) usually has a preoccupation with gambling and "chasing" losses. As the severity of the problem increases, so do the number and severity of symptoms such that a person with a severe disorder often jeopardises their relationships and career and relies on others to provide money for gambling (American Psychiatric Association 2013, p. 586).

Anglicare's experience is that venues are ineffective at intervening to limit gambling harm exactly because they have developed their business models to rely on people who cannot

control their expenditure on poker machines. According to people who have been harmed by gambling, staff do not intervene. This is evidenced by the ability of the thousands of people developing a gambling problem with poker machines, which can only develop through repetitive and persistent attendance at a venue. It is also evidenced by people who initiate self-exclusion being able to return to gambling venues to continue gambling.

Anglicare argues that venue staff know that people who are already harmed by gambling are there gambling; indeed they welcome them: "I've walked into a poker machine with [my ex-wife] and the guy behind the bar's said, 'Oh, we've had three big wins today, three people here won over $2,000, so it's payout day, you'll probably get lucky' and so she's gone in thinking… But the whole thing is a con, a sham" (research participant, Law 2005, p. 61).

Industry representatives claimed at the hearings that hotels create wealth, especially in rural areas: General Manager of the Tasmanian Hospitality Association Steve Old told the hearing "one of the things gaming has brought to the regional areas especially is regional employment and a lot of investment back into our regional areas such as accommodation venues, allowing us to maintain restaurants and food offerings a lot more than we did" (*Hansard* 8 February 2017, p. 69). Gaming Technologies Association's Chief Executive Officer Ross Ferrar concurred, saying "there has definitely been bounty, in my view, to the people of Tasmania" from poker machines (*Hansard* 8 February 2017, p. 66). Anglicare urges the Committee to investigate these claims through an examination of regional employment and investment figures, including an assessment of industries displaced by the growth of the poker machine industry.

Anglicare argues the only people who benefit financially from poker machines are Federal Hotels and the handful of other businesses that own poker machine venues. If a poker machine venue does use its profits to "help" its local community, 40 per cent of this money has come from people in that community who have been seriously harmed by poker machine gambling. Further, any support provided by a venue to its local community must be measured against the harm caused in that local community to individuals and other businesses. As explained in Tasmania's most recent Social and Economic Impact Study and the Productivity Commission, gambling expenditure is spending that "would largely have occurred elsewhere" and "in the absence of gambling those other industries that would have received the consumers' dollar would have grown, invested, employed people, and produced value added in much the same way as the gambling industries have done" (Productivity Commission 1999, pp. 5.26, 5.27).

The Productivity Commission further explained, "Over the last 50 years or more there have been huge changes in Australia's industrial structure. And the aggregate level of unemployment, while it has varied over time has been remarkably robust in the face of these structural changes" (Productivity Commission 1999, p. 5.28). The Commission concluded "the net gain in employment and activity from the policy-induced expansion of the gambling industries are small at the aggregate level when account is taken of the

impact on other industries that lose the consumers' dollar to gambling" (Productivity Commission 1999, p. 5.36).

Anglicare urges the Committee to seek evidence for the claims by industry that a poker machine venue creates wealth in its local community. No doubt there have been some benefits, but it is important that these benefits are balanced against a proper examination of the harms incurred at a local level particularly to both individuals and small businesses.

Gambling venues and employment

The industry made a number of claims about employment but failed to provide evidence. For example, the Australian Leisure and Hospitality Group stated they employed 260 people across their five venues but did not provide a breakdown about employment status or duties.

The industry made claims but did not provide evidence as to how the removal of poker machines would reduce their capacity to provide meals (for example, see *Hansard* 8 February 2017, Steve Old, p. 80). Rather, the industry's responses implied that should poker machines be removed or provide a reduced profit to the venue due to greater consumer protection measures, the business would not replace this business activity with any other initiative and "the service levels that we offer to tourists and other patrons will dramatically decrease" (*Hansard* 8 February 2017, Steve Old, p. 80).

The Mandatory Code requires a trained staff member to be present in the gaming section of a venue, but it does not preclude that person undertaking other tasks. It would be useful for the Committee to seek information on the range of duties a licensed employee would undertake and the percentage of their employed time attending to gaming activities only. It would also be useful to know how many of the 3,241 licensed special employees are currently employed in a gambling venue and for how many hours a week and for what duties, as there is no direct link between having gained a license and being active in the industry.

Anglicare urges the Committee to obtain this data across the industry for an analysis of the claims made. For example, the Tasmanian Hospitality Association claimed that 10 people would lose their jobs in one inner city Hobart hotel and an average of 11 staff would be laid off per venue in Glenorchy if poker machines were removed (*Hansard* 8 February 2017, Steve Old, pp. 80, 69). The THA did not, however, provide financial grounds for these claims.

It is also interesting that while the THA claimed the number of Tasmanians employed in a hotel with gaming is almost double that of one without gaming (21 versus 12), they did not explain why hotel venues in Western Australia, all of which are without poker machines, employ an average of 18 people. Anglicare believes it would be worthwhile for the Committee to investigate the business model of hotels in Western Australia.

What we do know is that from 2013-14 to 2014-15, growth in employment in tourism was led by cafes, restaurants and takeaway food services and accommodation with approximately

50/50 full-time and part-time employment (Tourism Research Australia 2016, p. 5). In contrast, tourism employment in clubs, hotels, casinos and other gambling services grew very little. We also know there were concerns in the hospitality industry when the roll-out of poker machines was first mooted.

In 1993, Federal Hotels warned "the consequential effect of the competition that direct access to gaming machines would have on other businesses that currently do not compete against gaming machines in their immediate area, would be disastrous" (Federal Hotels 1993). Further, "The backbone of the Tasmanian economy is the small businesses which will be required to compete against machines in hotels and clubs for which there is no available response. We believe the proliferation of machine gaming throughout Tasmania offering direct access to the majority of Tasmanians would be disastrous for a large number of businesses which currently fairly compete for their share of discretionary income" (Federal Hotels 1993). Federal Hotels' polling in 1993 through Roy Morgan Research found 74 per cent of respondents "were opposed to the introduction of gaming machines in hotels" (Federal Hotels 1993).

At the time, the Australian Hospitality Association claimed that "employment in hotels will increase by one employee for every five machines", a claim disputed as a 'wild estimate' by Federal Hotels (Federal Hotels 1993).

In 1998, Federal Hotels' concerns were supported by the Retail Traders Association of Tasmania in their submission to the Productivity Commission: "The effect of the increased expenditure on gambling, due to the widespread introduction of gaming machines in hotels and clubs after 1 January 1997, has caused further hardship for rural and regional towns and centres as the life-blood of the towns, the small and independent retailers, are competing for the communities disposable income. It can only get worse after betting limits are removed this January 1999" (Retail Traders Association of Tasmania 1998).

Anglicare believes it would be prudent for the Committee to look at the effects the introduction of the machines had on local employment and diversity of businesses since 1997, including their effects on the ability of new businesses to establish in areas where poker machines operate.

For example, it is relevant to this debate to look at whether Tasmania's racing industry has been negatively affected. Prior to poker machines being rolled out across the State, TAB Tasmania warned their introduction risked "cannibalisation of other gaming products" (Macquarie Corporate Finance Limited 1996, p. 39). The TAB warned that real TAB growth rates were likely to diverge from their 'normal' rate by -5 to -7 per cent, which they predicted would result in a reduction in annual profits for the TAB of $6 million (a 31% reduction in profits).

Further, an analysis of the economic and cultural values of live music in Australia calculates that expenditure on live music results is "at least a 3:1 benefit-to-cost ratio. This means that for every dollar spent on live music in Australia, $3.00 worth of benefits are returned to the

wider Australian community" (UTAS *et al.* 2014, p. 2). Anglicare urges the Committee to also investigate the effects poker machines have had on the live music industry.

Poker machines should not be looked at in isolation. Given that money spent on poker machines is money not spent elsewhere, it is relevant for the Committee to report on whether the poker machine industry has been given an unfair advantage over other businesses and industries at a local and regional level.

Community Support Levy

The Community Support Levy provides important financial assistance for gambling counselling, gambling research and community and sporting groups. However, almost half of the Levy comes from people who have been harmed by gambling.

The Tasmanian Hospitality Association called for greater publicity to allow the Community Support Levy to grow (submission 141). The only way for the Levy to grow is to increase gambling on poker machines in hotels and clubs (THA's model); increase the percentage charged for the Levy (for example, in Victoria the Levy is 8.33% for hotels with clubs required to show they have spent the equivalent as a community benefit; the Legislative Council Select Committee recommended a levy of 8 per cent for hotels and 5 per cent for clubs (Parliament of Tasmania 1993); and/or impose the Levy on other forms of gambling, such as poker machines in casinos.

Anglicare believes it is poor public policy to assist an activity that is proven to cause harm. We have called for the removal of machines from hotels and clubs and for the Levy that would be lost to be applied to machines that would remain in the casinos. Rather than growing the Levy, Anglicare's approach is to reduce the problem.

Hotels versus casinos?

It was clear in the submissions and at the hearings that each industry player is focussed on maximising their own profits. Various industry players called for a venue-owner model, in-perpetuity licenses, reduced license fees and taxation, and a relaxation of harm minimisation measures in hotels (see for example submissions by Australian Leisure and Hospitality Group, Dixon Hotel Group and Tasmanian Hospitality Association). The result would largely pit hotels against the casinos in a bid to claim 'ownership' of the gambling industry.

Anglicare believes these propositions are not in the community interest and do not reflect community sentiment. The industry provided no evidence as to how any of these claims would benefit the community other than through the benefits derived for their own business.

Unless the Committee commissions its own survey, it should be guided by the surveys conducted by the government and EMRS to date which clearly show the community is concerned about the harm caused by poker machines and want fewer poker machines.

Currently the only people deciding where poker machines are placed are the gambling industry. With venue-owner models and in-perpetuity licenses, the gambling industry would receive even more power over communities.

Federal Hotels also called for a lowering of their taxation rate and license fees if they were to lose their monopoly license for poker machines (*Hansard* 7 February 2017, Greg Farrell, p. 55). Again, Anglicare calls on the taxation rate not to be lowered.

Clubs

Tasmanian clubs, represented by Clubs Australia, also called for protection and expansion of their turf at the expense of other businesses and their local community. For example, they also called for a venue-operator model with in-perpetuity licenses but asked for lower taxation rates than hotels and for the removal of the Community Support Levy from clubs (submission 133).

At the same time, Clubs Australia does not support mandatory pre-commitment or a $1 bet limit as they claim these will have negative impacts on the viability of their venues (submission 133). They also claim these measures would reduce enjoyment and people would reallocate their spending to other forms of gambling[8]. However, the Productivity Commission warns that for harm minimisation to be effective, expenditure (and therefore venue income) must decrease (Productivity Commission 2010, p. 3) and the 2013 Tasmanian Prevalence Study found that only 20 per cent of people who currently gamble predominantly on poker machines would consider reallocating their money to other forms of gambling if poker machines were not available (or, presumably, if they no longer enjoyed them) (ACIL Allen Consulting *et al.* 2015).

Clubs Australia also argued for clubs to be permitted to have 100 machines per venue, an increase of 150% from the current maximum of 40 machines. They claimed that poker machines in clubs bring in a higher percentage return to the government than those in hotels and that their "new improved" self-exclusion program would offset any problems; however, the system described in their submission is no different to what is already in place in Tasmania. While Anglicare does not believe their request to increase the number of machines in clubs is likely to be implemented, given the small number of clubs currently with machines, that no club in Tasmania has reached their permissible venue cap and that the state-wide cap on poker machine numbers has already been oversubscribed, if the Committee has not ruled this out, we urge the Committee to explore community attitudes on this issue.

Clubs Australia also quoted a study that claimed casino gamblers were more than three times more likely to be problem gamblers than those gambling at a club or hotel. The figure Clubs Australia use to claim casinos create more harm is for South Australia. The

[8] Our case that this would not occur is presented in an earlier section.

study actually found there was "no significant difference" in prevalence of harm for people gambling at casinos as opposed to other venues in Tasmania (Gambling Research Australia 2015, pp. 67-69). However, Anglicare does not dispute that people are harmed from gambling at the casinos and that current consumer protections at our casinos are more relaxed than at our hotels and clubs: that is why we are calling for tighter consumer protections for the machines that would remain in the casinos once machines are removed from hotels and clubs.

Clubs Australia also claimed that Tasmanian clubs could not survive without poker machines (submission 133). And yet, of the 196 clubs in Tasmania only seven have poker machines (Department of Treasury and Finance 2017). While this does not speak to the financial health of the clubs without poker machines, it does imply that the vast majority (96%) of Tasmanian clubs have chosen not to rely on poker machines for their business. Further, while Clubs Australia made particular reference to bowls and golf courses in Tasmania needing financial support, no bowls or golf course in Tasmania currently relies on poker machines and, rather, Tasmanian golf and bowls clubs appear to enjoy healthy memberships (p. 6).

Return to player

Anglicare is eager for the Committee to understand the way the return-to-player works for a person using a poker machine, as this illuminates the mismatch between the goals of industry and the beliefs of the consumer.

As Schüll explains, "Although machines present paytables detailing how much will be awarded for a particular combination of symbols or cards, they do not post the *odds* of hitting that combination, as table games do" (Schüll 2012, p. 268). She explains that what this means for the person using the machine is "that when you bet *over and over again*, you have no chance": people do not easily grasp the *cumulative* nature of a machine's hold or 'house edge' (Schüll 2012, p. 268).

"A '90% payback percentage' does not mean that a player who starts off with $100 is likely to lose only $10 by the end of a given session; it means that she is likely to lose 10% of her funds every time she makes a bet, resulting in the 'churn effect'… whereby her funds are gradually reduced to zero" (Schüll 2012, p. 268).

Transition to poker machine-free communities

Anglicare and others have called for the removal of poker machines from hotels and clubs and for there to be a transition plan to assist venues move to different business models. We urge the Committee to investigate options for transition so that the removal of machines can be properly considered by the Committee and subsequently by Parliament.

Social and Economic Impact Studies (SEIS)

The purpose of the Social and Economic Impact studies (SEIS) is to "quantify and assess the broad social impacts of gambling in Tasmania", analyse economic impacts and identify incidence of problem gambling (Department of Health and Human Services 2008).

It seemed all parties contributing to the Parliamentary Inquiry are supportive of the SEIS and open to the idea of reducing their frequency in order to, and – as far as Anglicare is concerned – as long as, they are used to inform policy. Anglicare recommends that Tasmanian Parliament requires the Liquor and Gaming Commission to provide a policy analysis to inform Parliament following each SEIS.

Recommendations of the Committee

Anglicare was pleased the Premier and Treasurer assured the Committee that the Committee is free to seek all evidence it requires and to make recommendations across all areas of the issue, including the removal of machines from hotels and clubs (*Hansard* 22 March 2017, Will Hodgman, p. 8, Peter Gutwein, pp. 25-26). On the basis of the more than 100 submissions from concerned members of the community as well as the 28 submissions from community service organisations, Anglicare argues that the evidence before the Committee is overwhelmingly in favour of removing poker machines from community venues.

Conclusions

Poker machines are a dangerous product: they addict about one in five regular users and for every person who is addicted there are an average of seven other people harmed (Productivity Commission 1999, p. 6.1). The harm experienced by those considered to be "at moderate risk" is also significant (Tasmanian Liquor and Gaming Commission [submission 144]). No submission and no direct evidence to the Parliamentary hearings refuted the fact that poker machines cause significant harm. Experts such as Deakin's Associate Professor Samantha Thomas and Dr Charles Livingstone of Monash University explained to the Committee how the machines are designed to addict people.

The majority of Tasmanian families do not have spare money – every cent will be spent somewhere. This means that if money is not put into a poker machine it will be put elsewhere. Research shows that there is no direct transferability from poker machines to other forms of gambling (ACIL Allen *et al.* 2014, pp. 99-100).

Like other major public policy such as tobacco and alcohol, when industries also fought hard against initiatives to significantly reduce harm claiming great economic harms would result from strong public policy, the gambling industry is doing all it can to protect its territory, claiming catastrophe if the government takes strong action. However, as Professor Mike Daube of Curtin University says "the sky never does fall in" (*Hansard* 14 February 2017, Mike Daube, p 4). Rather, Professor Daube says, "There is a great deal of interest around the nation as every new inquiry develops (*Hansard* 14 February 2017, Mike Daube, p 12).

Anglicare argues that we are in a unique position right now: with one license holder for all poker machines in Tasmania, that license due to expire and an open and transparent inquiry into the future of gaming in Tasmania, this is the first time since the 1968 referendum that the Tasmanian community has been able to influence decisions about gambling policy. With guidance from this Committee, the Government is in a strong position to give notice to the license holder that the license will not be renewed so that poker machines can be removed from hotels and clubs.

This is the moment for Tasmania to decide, because, as the Chair of the Committee put it to the Premier and Treasurer: "if we linked onto this [poker machines] for the next 20 years, it will be [part of the social fabric of Tasmania]" (Hansard 22 March 2017, Mike Gaffney, p. 25).

Through the submissions and presentations to the hearings, through surveys and through signing the Open Letter to the Premier, Tasmanians have made it clear they want this to be the moment when we remove poker machines from hotels and clubs. Academic research supports the community position. The only opposition to the removal of poker machines comes from vested interests who have failed to provide evidence for their claims they would suffer irreparable damage. Anglicare urges the Parliamentary Committee to support the community aspirations and academic research.

References

ABS 2017, *Data by region*, ABS, Canberra.

ACIL Allen Consulting, The Social Research Centre & the Problem Gambling Research and Treatment Centre 2014 *Third social and economic impact study of gambling in Tasmania*, volume 1 and 2, report prepared for the Tasmanian Department of Treasury and Finance, ACIL Allen Consulting.

American Psychiatric Association 2013, *Diagnostic and Statistical Manual of Mental Disorders*, 5th edn, American Psychiatric Association, Arlington, VA, USA.

Anglicare Tasmania 2003, *Anglicare questions on poker machines*, preliminary results, Anglicare Tasmania, Hobart.

— 2015, *Community views on poker machines 2015*, poll conducted by EMRS, Anglicare Tasmania, Hobart.

Baker, E 2015, 'Treasurer says state does not rely on pokies', *Examiner*, 3 November, http://www.examiner.com.au/story/3468229/treasurer-says-state-does-not-rely-on-pokies/, viewed 29 May 2017.

Community Voice on Pokies Reform, *Submission to the Joint Select Committee on Future Gaming Markets: the Open Letter to the Premier*, Hobart.

Department of Health and Human Services 2008, *Social and Economic Impact Study into Gambling in Tasmania 2008 Fact Sheets*, Hobart.

Department of Treasury and Finance 2017, *Gaming and Wagering Activities in Tasmanian Premises*, http://www.treasury.tas.gov.au/liquor-and-gaming/legislation-and-data/gambling-industry-data/gaming-and-wagering-activities-in-tasmanian-premises, viewed 9 June 2017.

The Economist 2015, 'Betting the house', 2 September, http://www.economist.com/blogs/graphicdetail/2015/09/daily-chart-0, viewed 29 May 2017.

EMRS 2009, *Our island, our voices: State issues*, EMRS, Moonah.

Federal Hotels 1993, *Submission to the Legislative Council Joint Select Committee into the Extension of Video Gaming Machines Beyond the two Casinos,* Federal Hotels.

Four Corners 2000, 'Winner takes all: Behind the glitz of the gaming industry', TV program, ABC, 24 April.

Gambling Research Australia 2015, *Responsible Gambling and Casinos*, prepared by South Australian Centre for Economic Studies & OCR International Pty Ltd, Department of Justice (Vic), Melbourne.

Gaming Technologies Association 2016, *The World Count of Gaming Machines 2015*, prepared by S. Ziolkowski for the Gaming Technologies Association, GTA.

Gaming and Wagering Commission of Western Australia 2016, *Annual Report 2015-16*, Department of Racing, Gaming and Liquor, Perth.

Law, M 2005, *House of cards: problem gambling and low income earners in Tasmania*, Social Action and Research Centre, Anglicare Tasmania.

Macquarie Corporate Finance Limited 1996, *The Introduction of Keno and Gaming Machines: Financial Issues for the TAB*, prepared by Macquarie Corporate Finance for the TAB Tasmania, Hobart.

Productivity Commission 1999, *Gambling*, issues paper, Productivity Commission, Canberra.

— 2010, *Gambling*, report no. 50, Productivity Commission, Canberra.

Queensland Treasury 2016, *Australian Gambling Statistics 1989-90 to 2014-15*, 32nd edn, prepared by Queensland Government's Statistician's Office, Queensland Treasury, Brisbane.

Retail Traders Association of Tasmania 1998, *The Effect of Gambling, Particularly Gaming on the Retail Industry & Small Business in Tasmania: A submission to the Productivity Commission*, prepared by G. Barnett on behalf of the Retail Traders Association of Tasmania, Hobart.

Roy Morgan Research 2001, *The third study into the extent and impact of gambling in Tasmania with particular reference to problem gambling: follow up to the baseline studies conducted in 1994 and 1996*, Roy Morgan Research, Melbourne.

Schüll, N 2012, *Addiction by design: Machine gambling in Las Vegas*, Princeton University Press, Princeton, New Jersey.

South Australian Centre for Economic Studies 2008, *Social and economic study into gambling in Tasmania*, SACES, Adelaide.

Tasmania, House of Assembly 2016, *Hansard*, 27 October.

Tasmania, Joint Select Committee on Future Gaming Markets 2017, *Hansard*, 7 February, 8 February, 22 March.

Tasmanian Liquor and Gaming Commission 2016, *Annual Report 2015-16*, Department of Treasury and Finance, Hobart.

— 2017, *Submission to the Joint Select Committee on Future Gaming Markets* (submission 144), Department of Treasury and Finance, Hobart.

Tourism Research Australia 2016, *Tourism Satellite Account 2014-15*, Australian Government, Canberra.

University of Tasmania, Live Music Office, City of Sydney, City of Melbourne & Arts SA 2014, *The Economic & Cultural Value of Live Music in Australia*, APRA AMCOS, Ultimo, NSW.