



**Submission to the House of Assembly Select Committee
Inquiry into The Gaming Control Amendment Bill 2010 (no. 5)
(The \$1 bet limit Bill)**

September 2010

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About Anglicare

Anglicare Tasmania welcomes the opportunity to provide a submission to the Select Committee Inquiry into the \$1 bet limit Bill. Anglicare would welcome an opportunity to speak to this submission in person if required.

Anglicare Tasmania is the largest community service organisation in Tasmania, with offices in Hobart, Glenorchy, Launceston, St Helens, Devonport and Burnie and a range of outreach programs in rural areas. Anglicare's services include emergency relief and crisis services, counselling and family support, accommodation support, employment services, mental health services, acquired injury, disability and aged care services and alcohol and other drug services. In addition, Anglicare's Social Action and Research Centre conducts research, policy and advocacy work with a focus on the needs and concerns of Tasmanians on low incomes.

Our counselling and family support program runs Break Even services that are funded by the Department of Health and Human Services through the Community Support Levy to provide personal and financial counselling to people with a gambling problem and their families. Our workers frequently report their frustration in trying to provide support to people in a regulatory environment that fails to provide adequate protection to their clients.

In addition, most of our services experience the impacts of gambling problems. We see families fall apart, individuals in crisis and people unable to afford to eat or heat their homes because of a gambling problem in the family. This is not something that can be easily quantified or costed as the costs go much deeper than an economic analysis.

Anglicare's recent research work on gambling includes *House of Cards* (Law 2005), which looked at the impacts on low income Tasmanians who have a gambling problem in the family

and *Nothing Left to Lose* (Law 2010), which looked at cases in the Supreme Court where the defendant had a gambling problem.

Introduction to the issue

The majority of Tasmanians think that poker machines are a serious social problem (Department of Treasury and Finance 2008a, page 53). The majority of people who experience problems with gambling are using poker machines: poker machines are designed for high intensity play at a high hourly cost (Productivity Commission 2010, page 11.1). This is a clear call to Parliament to do all it can to reduce the harm caused by poker machines.

The majority of Tasmanians do not use poker machines: in the Social and Economic Impact Study (SEIS) only 29% of respondents had gambled on poker machines in the past year; nearly all respondents gambled less than once a month; and 28% of respondents usually gambled for less than 10 minutes (Department of Treasury and Finance 2008a). This shows that, despite much attention being paid to the rights of recreational gamblers, the majority of Tasmanians are not spending much time gambling on poker machines. There is a clear opportunity for Parliament to enact effective harm minimisation measures without having a large impact on recreational gamblers.

People with a gambling problem are likely to be those people who gamble on poker machines more than once a month, gamble for long periods of time and lose significant amounts of money. This is borne out in the figures in the SEIS, which found that 1.4% of the respondents were problem gamblers or at risk of developing a problem. This correlates to the 1.5% of respondents who said they gamble more than once a week on poker machines; 5% who gambled for more than 2 hours on poker machines; and 3% of respondents who were losing more than \$100 on poker machines each time (Department of Treasury and Finance 2008a). There are clear messages here for Parliament when considering how to reduce harm: frequent gambling on poker machines can cause harm.

The \$1 bet limit is a key recommendation of the recently released Productivity Commission report on gambling (Productivity Commission 2010). If brought in with slower reel spin speeds and reduced volatility of the return to player there is an opportunity for Parliament to have a positive impact on the lives of those people with a gambling problem.

Tasmania currently has the best harm minimisation measures in Australia for some initiatives but falls short on others. However, the issue should not be whether or not we are the best in Australia; the issue should be whether or not we are providing adequate protection for those people who are vulnerable to developing a gambling problem. Further, Tasmania is more disadvantaged than other states in some economic and social indicators, including income and education. Studies show that people on lower incomes and lower educational attainment are more likely to gamble on poker machines and that regular using of poker machines is more likely to lead to gambling problems than any other form of gambling (Department of Treasury and Finance 2008a, Productivity Commission 2010). Gambling problems are a public health issue and should be treated in the same way as other public health issues.

Anglicare's submission argues that the current proposal to reduce the bet limit to \$1 will reduce harm while having minimal impact on recreational gamblers. There will be impacts on the gambling industry, which falls outside of Anglicare's expertise, but which should not override the public interest and public health. Anglicare believes that the negative impact on the State's revenue will be largely offset by cost savings due to reduced incidence of harm.

ToR (a) Effects on venues

Reducing harm to people with a gambling problem must result in a reduction in revenue to venues. Approximately 40% of the money that is lost in gambling on poker machines is lost by people with a problem: to reduce the harm caused to them they must lose less money and this will reduce venue income.

The industry claims that a \$1 bet limit would reduce hotel revenue by 39% (AHA circa 2009). This is equivalent to venues no longer receiving as income all of the losses that come from people with a gambling problem. It is very unlikely that the impact of the \$1 bet limit would eradicate problem gambling entirely and we therefore believe the industry has overstated the impact.

The SEIS stated there was no evidence that the introduction of poker machines resulted in increased employment in the clubs and hotel sector and that the recent increase (to 2007) in employment figures was a result of buoyant economic conditions including expanding meals and catering (Department of Treasury and Finance 2008b). The SEIS stated that “gaming machine gambling has a relatively low labour intensity” (Department of Treasury and Finance 2008b, page 142). The SEIS also stated that any economic growth at venues with gambling facilities was likely to be at a cost to venues without gambling venues, that in fact gambling “is best characterised as representing a transfer of activity between sectors of the economy rather than an increase in total output” (Department of Treasury and Finance 2008b). Thus, when the Australian Hotels Association represents its members and claims that the \$1 bet limit would “have a devastating impact on the hotel industry and result in falls in local employment and community support” (AHA circa 2009) it is worth thinking about those venues and other retail activities that do not have poker machines that may well benefit from a change in economic activity.

Recommendation 1: That the Committee consider the impacts on local economic activity rather than just the economic activity for those venues with poker machines.

ToR (b) Implementation plan for venues

Anglicare acknowledges that there are costs involved for venues in changing from \$5 bet limits to \$1 bet limits¹. If the \$1 bet limit is introduced with a similar transition period as the \$5 bet limit (3 years) these costs should be approximately the same as currently experienced for the \$5 bet limit. Venues that have not yet transitioned to the \$5 could go straight to \$1 when they choose to upgrade their poker machine equipment. We therefore do not see that this is a major issue for venue viability.

Recommendation 2: That the Committee recommends a similar transition period to be introduced for the \$1 bet limit as there was for the \$5 bet limit.

ToR (c) Effect on State revenues

For similar reasons as explained earlier, reducing harm to people with a gambling problem must result in a reduction in revenue to the government. Approximately 40% of the money that is lost in gambling on poker machines is lost by people with a problem: to reduce the harm caused to them they must lose less money and this will reduce State revenue. The Tasmanian Gaming Commission states, “In fact, such revenue reductions must be seen as perhaps the primary indicator that any further interventions have worked” (Tasmanian Gaming Commission 2008, page 6).

The State is already expecting a reduced income from the \$5 bet limit, which indicates they expect the measure to have some effect in reducing harm. It is a natural extension, then, to follow the advice of the Productivity Commission and further reduce the betting limit.

Revenue to the Government is in the realm of \$90 million a year. The SEIS estimates the social cost of problem gambling to be between \$42 and \$132 million (Department of Treasury and Finance 2008b). Thus the costs of gambling problems approximately equal the revenue from gambling activity for Tasmania.

If this Bill is implemented the revenue would be reduced and the costs borne by the State in mitigating the harm would also be reduced. We would expect less gambling-related crime,

¹ Many poker machines in hotels and clubs and nearly all in the 2 casinos are still set at \$10 (Liquor and Gaming Branch 2010, pers. comm. 26 May)

less gambling-related bankruptcy, less gambling-related loss of work time, less gambling-related health problems, and so on. In particular, we would hope to see a reduction in problems for families.

Recommendation 3: That since the costs of gambling problems approximately equal Government revenue from gambling the Committee recommends that the Government monitor the situation but takes no amelioration measures.

ToR (d) Other matters

The intention of the Productivity Commission's recommendation for a \$1 bet limit was to reduce harm and to do this by restricting the amount that could be lost to \$120 per hour. This cannot be done by introducing a \$1 bet limit alone. It requires an interplay of the bet limit, the reel spin of the poker machines and the volatility of the return to player.

The current reel spin speed for machines in Tasmania is a minimum of 3 seconds as mandated under the Tasmanian appendix to the Australian and New Zealand National Standards v 10.02. No games operate in Tasmania with a spin rate exceeding 3.5 seconds (Liquor and Gaming Branch, 2010 pers. comm. 26 May). Slowing the reel spin speed down means the button cannot be pushed as often in an hour and therefore less money can be lost in the hour. For example, the difference between a 3 second reel spin and a 5 second reel spin is 8 button pushes per minute. That is, at 3 seconds, a person can push the button 20 times while at 5 seconds the button can only be pushed 12 times and this leads to great differences in the amount that can be lost per minute and per hour.

The volatility of the return to player is the amount the return can vary for each button push. Return to player is set for the lifetime of the entire spin cycle, which is tens of millions of button pushes. The lower the volatility, the closer to the return to player that is achieved, which results in less money that can be lost in any one hour. Volatility is linked to the size of the jackpot – lowering the volatility would require smaller jackpots but more smaller wins for people using the machine.

Andrew Wilkie, the newly elected member for Denison, recently secured an agreement with the Prime Minister on a range of issues, including poker machines. This agreement focussed on precommitment measures and did not cover the issue of the \$1 bet limit (Gillard and Wilkie 2010). Precommitment was another very important recommendation of the Productivity Commission and Anglicare also supports this.

There are other significant initiatives that the State could implement to reduce harm including: reducing the opening hours, increasing the forced breaks in play, introducing effective harm minimisation messages on machines, changing the type of poker machine so that it requires the person to make an informed decision for each button push and making all regulations for casinos the same as for hotels and clubs. These are key recommendations of the Tasmanian Gaming Commission in their policy response to the SEIS and Anglicare believes they should be implemented.

Recommendation 4: That the Committee urges Parliament to introduce a \$1 bet limit along with slowing the reel spin speed and adjusting the volatility of return to player so that the maximum that can be lost per hour on any poker machine in Tasmania is \$120.

Recommendation 5: That the Committee recommends to Parliament that it considers the full report of the Tasmanian Gaming Commission (2008) along with the report of the Productivity Commission (2010) for introducing further harm minimisation measures and, further, that the Tasmanian Parliament works with Federal Parliamentarians to develop a national approach where appropriate.

Recommendation 6: That the Committee seek expert input from the Liquor and Gaming Branch regarding the technical makeup of existing poker machines in Tasmania.

References

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