

Tackling poker machines head on

Social Issues briefing #091, 29/04/2011.

“Ilona Roberts, 67 was furious when she discovered her 95-year-old mother, Mandy, had been withdrawing \$200 a day at the local club and spending it on poker machines. How could staff not have noticed the frail woman with dementia sitting at the poker machine daily and losing her life savings? How could they have let it happen?”

... Piles of AFM receipts were the first clue that her mother, a self-funded retiree, had emptied her small bank accounts, and was now draining her term deposits to fund daily visits to the nearby club. “Mum used to say ‘I’d never put in more than \$20 or \$30’, but then I’d see \$200 going each day. She lost track”, Ms Roberts said. When it came time to move into an aged care facility, her previously ‘well off’ mother didn’t have the funds. “She’d done over \$100,000...”

Compare this story with the story of Tweed Heads Twin Town Services Club. Last year, they received \$36.7 million in revenue from poker machines, whilst donating only \$946,000 in cash gifts or service. And all this despite being a ‘not-for-profit’ club. Further, thanks to a legal loophole, the services they ‘donated’ or claimed as ‘community contributions’ can include services for the exclusive use of club members. Things like buildings, and bars, and beer taps – hardly what we would expect when we think of ‘charitable gifts’.

This contradiction is jarring. These stories sound like a re-written version of David vs Goliath, where Goliath wins.

But now, a unique political opportunity for Federal independent MPs has presented an opportunity to reform a small but extremely damaging section of the gambling industry – poker machines.

What is the current situation?

Gambling is a big industry in Australia. The most recent report released by the Australasian Gambling Council, *A Database on Australia’s Gambling Industry 2009-10*, estimated that during 2008-09 there were just under 200,000 gaming machines in Australia, with 96,000 of them in NSW. Australia ranks eighth on a global index of poker machines per country. If NSW were listed in this index as a country, it would rank ninth, just behind Australia, Germany and Italy, and above Canada. In 2008, over \$10 billion was spent on gaming machines alone in Australia.

Given the saturation of gambling (and particularly poker machines) in Australian society, it is no surprise to learn from the recent report on gambling by the Productivity Commission that there are between 80,000 and 160,000 problem gamblers in Australia, and between 230,000 and

350,000 people at moderate risk. These people at moderate risk still experience harm resulting from their gambling, and are at risk of progressing to problem gambling. One of the findings from the Productivity Commission report was that 'gambling can have adverse health, emotional and financial impacts on many more people than those categorised as 'problem gamblers''. This shows the wide network of people affected by gambling.

These problem gamblers contribute around 40% of total gaming machine losses (and the Productivity Commission suggested that the real figure contributed by problem gamblers could be as high as 60% of total poker spending). This means that a small percentage of poker machine users are possibly losing up to half or even more of the total revenue being collected by poker machines. A submission by Clubs Australia to the Productivity Commission admitted that clubs are reaping \$800 million each year from problem gamblers. The Productivity Commission suggested that the real figure is probably double this.

The gambling industry tells us that poker machines are simply for recreation, and that they provide responsible Australians with harmless fun. A 'night on the pokies' has even been compared with a 'night out' at the movies with dinner. But this line is hard to sustain when you consider the facts about poker machines. These facts tell us that:

- in NSW, you can load a machine with up to \$10,000 at a time;
- Australian law permits poker machines to consume \$1200 each hour, and each spin can have up to \$10 bet on it (with 20 spins or more possible each minute); and
- poker machines are carefully designed to be as seductive and addictive as possible. The common feeling of 'I know I'm losing, but I'm sure that I'll hit the big one if I just play one more time' is no coincidence – the machines are designed to break a user's resolve and keep the gaming machine user pressing the button until there is nothing left to put in.

When you consider these things, it's hard to compare playing poker machines with a dinner for two, movie tickets and popcorn for \$100.

The other side of the current situation is the revenue that gambling brings to governments through various taxes. Our governments are now too dependent on tax revenue. In NSW and Victoria, gambling revenue provided \$1.6 billion in 2008-9, approximately 9% of total state revenue in NSW and 13% in Victoria. A very large percentage of this \$1.6 billion comes from losses made by poker machine users. Any reform of the gambling industry that reduces tax revenue for cash-strapped state governments will not be popular with those governments, despite the savings that will slowly come through as the negative and costly flow on effects from gambling addiction start to ease.

What is being proposed?

The government's proposal (or more specifically, the proposal initiated by MP Andrew Wilkie) is to require poker machine users to set their maximum loss as a limit before they start playing gaming machines. Once this limit has been reached, the user would be locked out of playing any poker machines in Australia until the specified time period has ended. This 'precommitment' gives control back to poker machine users by forcing them to consider how much they are willing to lose before sitting in front of machines in environments where both machine and environment has been carefully designed to be seductive and addictive.

These changes are not going to stop people from using poker machines, and they won't even stop people from losing a lot of money on poker machines. But they will mean that people can't deceive themselves over the amounts of money they are losing on poker machines.

The gaming and clubs industry are vehemently opposing these changes, because they know that 40% (and possibly up to 60%) of their revenue from poker machines comes from problem gamblers. Clubs Australia and the gaming industry is a very powerful force in Australia, and they have launched a \$20 million campaign to stop the proposed reforms. Australian Greens leader Bob Brown has recently been quoted accusing the industry of trying to buy opinions in the debate over the proposed reforms. 'Democracy is on trial here by powerful lobby groups.' A smear campaign against Mr Wilkie has also been started virally, coincidentally at the same time as the advertising campaign by Clubs Australia.

Introducing any reforms to an industry that is such a river of gold for the few will always be difficult. But technical experts say that the reforms can be fairly easily implemented. They are also hugely desirable from a social perspective. The proposed changes need to be implemented: every year that these reforms are delayed will mean more of those casual gamblers 'at moderate risk' will move into being problem gamblers, causing possibly irreversible damage to themselves, their spouses, children, families and jobs. The Productivity Commission conservatively suggests they be implemented before 2016. Andrew Wilkie wants to see them mandated well before that.

Some people (maybe even you) argue that it's pointless to regulate gambling in such a way. 'If people want to throw away their money, it's not the Government's role to stop them'. Or, 'the Government has no right to make it difficult for me to responsibly enjoy a flutter on the pokies every once in a while'. These arguments would be fair, if it wasn't for the huge numbers of innocent victims that suffer due to uncontrolled use of poker machines. We can't ignore the hurt and misery that gambling addiction spreads in communities – to spouses, children, wider family and friends, employers and employees.

Mr Wilkie's intransigent resolve to lessen the damage that poker machines cause is a significant opportunity for Australians to stand alongside him and say 'no' to the destructiveness of addiction to gambling on poker machines,

and ‘yes’ to new ways forward for local clubs to become places of fun and friendly community networks to develop and grow.

How can we have better dreams for our community?

In this area, Christians are often cast as ‘naysayers’, ‘wowsers’ and ‘prohibitionists’. But we have so much to offer our society about how to care well for each other, and what it looks like to create safe communities of families and friends. So let’s also think about how we can dream bigger, and say ‘yes’ to healthier and happier communities. For example, wouldn’t it be an achievement if local clubs could become family-friendly places for friends to meet together, share a meal, and become more involved in a network of community relationships and events? As Christians, we have much to offer those around us about what it looks like to create spaces that meet our needs for friendship, social activities and support. If clubs fear losing relevance when poker machine usage drops, let’s suggest other possibilities about how they could better use their premises.

What else can we do?

In the face of a powerful lobby group like Clubs Australia and the wider gambling industry, we need to make the most of what we have: thousands of people who care deeply about people and want to stop unnecessary harm caused by gambling addiction. For ANGLICARE Sydney’s CEO [Peter Kell](#), ‘Now more than ever it seems that the Prime Minister is trying to engage the Church. Imagine if tens of thousands of Christian people wrote to the PM, offering their support for the pre-commitment gaming reforms. Imagine if thousands of churches prayed for better care for those addicted to poker machines. There is real power and influence to wield. And all of Australia will benefit.’

These are wonderful things to imagine, and do.

- **Rebecca Belzer and Andrew Cameron**
(for the Social Issues Executive, Anglican Diocese of Sydney)

Sources and Further Reading

Australasian Gaming Council, *Database on Australia's Gambling Industries 09/10*, available at www.austgamingcouncil.org.au

Australian Government Productivity Commission, *Gambling Inquiry Report*, available at <http://www.pc.gov.au/projects/inquiry/gambling-2009/report>

Joint Select Committee on Gambling Reform – Inquiry into Pre-Commitment, http://www.aph.gov.au/Senate/committee/gamblingreform_ctte/precommitment_sc_heme/index/htm

Poker Machine Reform fact sheet by Senator Nick Xenophon, <http://www.nickxenophon.com.au/itsabigfatlie/>

Costello, Tim, 'Clubs are addicted to a jackpot they refuse to relinquish', SMH April 14, 2011.

Kell, Peter, 'Dirty Rotten Lies', available on Sydneyanglicans.net at http://www.sydneyanglicans.net/news/stories/dirty_rotten_lies/

Needham, Kirsty, 'Frail mother, 95, with dementia allowed to whittle away life savings', SMH April 12, 2011.

O'Malley, Nick, 'Clubs hitting the jackpot and keeping most of the booty', SMH April 16, 2011.

Note: This paper is intended to assist discussion and may be corrected or revised in future. Short responses to social.issues@moore.edu.au are very welcome, but the SIE cannot guarantee a reply. To access this occasional free briefing, use RSS at www.sie.org.au; or to receive it by email, ask us at social.issues@moore.edu.au or do it yourself at: <http://lists.moore.edu.au/mailman/listinfo/social-issues>.

Conditions of use

1. You may forward this paper to others, as long as you forward it *in full*.
2. You may freely publish it (e.g. in a church newspaper) as long as it is published in full, not for profit, and including the 'Note' paragraph. (You don't have to include these 'conditions'.)
3. Media and academic publishers should cite this paper according to their professional standards. We would appreciate audiences being directed to www.sie.org.au.
4. Not-for-profit publishers may use the ideas in this paper without acknowledgement; **but** if quoting it directly, please cite title, author(s), and the web link www.sie.org.au.
5. Permission may be given for use in publications for profit. Please send details of your proposal to social.issues@moore.edu.au.