

# The Australian

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## National Affairs

### We're happy to lead the world in gambling

- by: Mike Steketee
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**WE like to rank ourselves against the rest of the world but we could do without our status as the biggest losers.**

According to international gaming industry consultants H2 Gambling Capital, Australians last year lost close to \$US1300 on gambling for every resident (not including tourists) aged 17 and over. Singapore, which recently built two mega casinos, was next on about \$US1150. Those famously lucky Irish came in third, but were hardly in the race with less than \$US600, while the Americans and British averaged losses of less than \$US400.

It would be one thing if Australians' willingness to bet on anything was no more than an endearing national characteristic. Instead, we have a problem on a uniquely Australian scale. This was brought home by a report last year from the Productivity Commission.

Pardon the following heavy diet of data but the statistics are staggering. The commission calculated total gambling losses at more than \$19 billion in 2008-09, a tripling over 20 years and an average of \$1500 per gambling adult. Considering the report estimated 70 per cent of Australians participate in some sort of gambling, that is in the same ball park as the H2 figures.

The expansion of gambling in the 1990s saw the share taken by casinos and electronic gaming machines, which we used to call pokies, rise from 40 per cent to 75 per cent in the 20 years to 2006-07. In 2009, there were 198,300 gaming machines in Australia, including 97,065 in NSW (but only 1750 in Western Australia).

In Victoria, average losses per pokie player rose from \$1750 in 1999 to nearly \$3100 in 2008, while in NSW they went from \$2645 to \$3700. The commission said that gaming machines accounted for 75-80 per cent of problem gamblers, who it said numbered about 115,000. Estimates of these gamblers' share of machine losses range from 22 per cent to 60 per cent, with the commission settling on 40 per cent. That goes a long way to explaining the virulent campaign the industry has mounted against reform proposals.

This is a situation that has crept up on Australia while few people were looking. The days of the one-armed bandits have long gone, replaced by ever more clever ways to make people lose money quickly. Players are able to lay bets of up to \$12,000 an hour, which means average losses of \$1200 an hour. The commission found one player who lost more than \$210,000 over six months.

Tasmanian independent MP Andrew Wilkie has made tackling this problem the price of his support for the Gillard government. From the time he started putting the case for poker machine reform, he tells Inquirer, "I became a lightning rod for people who told me their stories. I have heard countless stories now and some of them bring you to tears. I received an email a few weeks ago from a fellow whose brother had committed suicide at [Melbourne's] Crown Casino. Problem gamblers routinely lose everything, including their jobs, family and friends, homes, minds and sometimes even their lives." According to a 2008 survey, gambling was the most common motive for fraud and the average loss was \$1.1 million per incident.

The remarkable growth of gambling also makes it a powerful industry, with clubs, hotels and casinos

employing about 160,000 people, though many are not involved directly in gambling. The states regulate the industry but they have an obvious conflict of interest because it makes them a lot of money: Victoria earned \$1.6bn from gambling in 2008-09, 13 per cent of its own state revenue (not including commonwealth payments). In Queensland and South Australia, it was 11 per cent, Tasmania, 10 per cent, NSW 9 per cent and WA 4 per cent. Then there are the generous donations from clubs and hotels to the main political parties.

Clubs receive tax concessions from the states based on the role they fulfil in local communities. Barry O'Farrell has promised to increase them, even though they already are greater in NSW than other states and despite the new government crying poor over a claimed budget blow-out. The commission acknowledges many people place a high value on the social contributions of clubs but adds they tend to be focused on sport and subsidised benefits for members. By contrast, contributions to the broader community are a small proportion of the value of tax concessions.

Opinion polling shows strong support for reform but that does not mean it will come easily. Wilkie's deal with the government requires an agreement with the states by next Tuesday on so-called mandatory pre-commitment or, in its absence, for the commonwealth to legislate to override the states. The Wilkie plan involves players on high-intensity machines committing beforehand to a maximum they are prepared to lose over a period and being locked out if they exceed it. Alternatively, players could agree to restrict themselves to using machines with maximum \$1 bets and \$500 prizes.

Only Tasmania has so far agreed to co-operate with the commonwealth and there must be some doubt about even that promise, given that the state government bowed to industry pressure not to hold a trial in Tasmania on mandatory pre-commitment. Victoria is going ahead with a voluntary pre-commitment scheme and removing ATMs from gambling venues, arguing this is a tougher policy. But trials of voluntary pre-commitment suggest it is ineffective, with 1 per cent or fewer of the gamblers with loyalty cards targeted in a trial in South Australia signing up, although the numbers were higher in Queensland when its trial was heavily promoted.

With no prospect of meeting the May 31 deadline, Community Services Minister Jenny Macklin intends adopting a two-track approach, continuing to negotiate with the states but going ahead with preparations for overriding commonwealth legislation. That would have to run the gauntlet of the independents, including NSW country members Tony Windsor and Rob Oakeshott, who are coming under pressure from their local clubs, and a foreshadowed High Court challenge by the states.

Still, Wilkie remains confident he has the numbers in the lower house. The report of the parliamentary committee he chaired offered a concession aimed at Windsor and Oakeshott: allowing small venues with 15 machines or fewer until 2018 to implement mandatory pre-commitment, compared with 2014 for bigger establishments, a recommendation accepted this week by Macklin.

While mandatory pre-commitment would include safeguards to stop gamblers changing machines or venues, Wilkie readily admits that his plan is not foolproof.

"Some people will beat the system -- that is inevitable -- but the overwhelming majority of problem gamblers will be helped by these reforms because the overwhelming majority want help," he says.

He adds that 88 per cent of poker machine players bet \$1 or less but about half of the remaining 12 per cent are problem gamblers.

Wilkie's confidence is challenged by the opposition and the clubs industry. But it is backed by what problem gamblers say. According to Productivity Commission chairman Gary Banks, "clinical and research evidence shows that people with impulse control difficulties do have periods of lucidity and experience regret and guilt over past gambling behaviour". As well, he points to the lengths some are willing to go to, such as wearing thongs when they go out, knowing that this will bar them from gaming venues, and persuading managers to exclude them permanently.

It is hard to argue seriously against allowing people to set limits on their gambling, however inconvenient or costly it may be to the industry. It is no more "un-Australian", to use the industry's claim, than refusing drunks another drink. Or, as the commission argues, "it would be hard to justify allowing the large social costs from current arrangements to continue just because some people benefit from them. History is replete with instances in which industry interests have suffered from regulated increases in safety standards; tobacco, coal mining and asbestos, to name a few."

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