



# *The Salvation Army*

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Australia Southern Territorial Headquarters

30 March 2007  
Mr Richard Willis  
Secretary  
Select Committee on Gaming Licensing  
Parliament House  
East Melbourne 3002

Dear Mr Willis

## **Re SALVATION ARMY SUBMISSION TO SELECT COMMITTEE**

The Salvation Army thanks the Legislative Council for its invitation to submit our comments and concerns in relation to the Council's Select Committee on Gaming Licensing.

We continue to have very serious concerns about the damage which the Pokie Industry, in particular, is having upon the Victorian community. As such, we welcome the opportunity to provide input to the Committee.

Our attached submission is deliberately brief as we are aware that you will receive large numbers of submissions. We make two comments in relation to the format of this submission.

Firstly, we have only sought to make particular comment in relation to items d. and e. of your terms of reference. Secondly, as with our TSA submission to last year's Review process, we see our views being complementary to those presented by the Inter-Church Gambling Taskforce, in which we play a major role, and the Council of Gamblers Help Services, of which our City Gamblers Help Service is a significant service deliverer. Thirdly, we hope that we can further expand on our written submission in due course by a personal presentation.

If you have any queries, please do not hesitate to contact me on 03 98956203.

Yours sincerely

Brad Halse, Major  
Communications Director

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**Submission to the Legislative Council  
Select Committee  
On Gaming Licensing**

**30 March 2007**

**Prepared by:  
The Salvation Army  
Australian Southern Territory**

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## **1. Background**

This submission addresses, in particular, points d. and e. of the Terms of Reference of the Select Committee on Gaming Licensing.

### **1.1 The Salvation Army**

The Salvation Army (TSA) acknowledges that its mission and constituency are to assist and meet the needs of the most disadvantaged and marginalised men, women and children in our community.

This acknowledgment has two dimensions. First, we willingly accept the need to enable, empower and support these folk to live and work as contributing community members, and to lead meaningful and self-fulfilling lives.

Second, and perhaps more importantly, we recognize that we need to strengthen and work towards a preventative approach to the social ills that afflict our community. Early intervention activities and programs that have the aims and outcomes of diverting people from falling into despair and distress and harm and marginalisation will be the continued aim of our social program activities.

We see these activities together with our successful partnerships with government and community, as bringing about an investment in social capital and the achievement of a fairer and more egalitarian society.

It needs to be emphasized, that whilst TSA accepts for itself and its members a total non-gambling position, we do not seek to impose this upon wider society. We accept that for many in the community, recreational gambling in one form or another is something that they choose to do. We do not seek to demean these people, or their choices.

We believe that the recommendations contained in this submission will enable us to better assist and to meet the needs of our constituency.

A former leader of TSA in Australia has stated we are committed to 'acknowledging the past, meeting the needs of today and preparing for the opportunity the future will bring'.

### **1.2 The Salvation Army supports people affected by gambling**

TSA is working at the coalface, supporting people whose lives have been ruined by gambling. TSA assists these individuals through its wide network of social programs, and most notably, through its city based Gambler's Help program.

More than 80% of clients at 'Gambler's Help City' are suffering because of harm caused to themselves or a family member by poker machines. The nature of this harm is varied. Apart from the obvious financial impacts such as bankruptcy, many clients present in response to acute or chronic emotional distress. Many present after their family relationships and friendships have been destroyed, and many find themselves in court, or jail, following gambling related crime. A large number of clients present with suicidal ideation, and sadly, some of these people do ultimately commit suicide.

These are 'normal' people. They include teachers, professionals, sportspeople, business owners, public servants, and retirees. Many of these people have led otherwise healthy lives, have offered significant contributions to the community, and have never previously been in any serious 'trouble'. Nevertheless, they unwittingly stumble into harmful gambling activity

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and are impacted in the most serious of ways.

Unlike the recent publicity given to high profile people suffering depression, very few people impacted by gambling are prepared to 'go public'. Harm from gambling is still regarded as shameful. People go to great lengths to disguise the fact that their problems are gambling related. Consequently, the community at large is not fully aware of the extent of the harmful impacts of poker machines. TSA is in a unique position to view the harmful impacts of poker machines, due to its frequent contact with problem gamblers.

Nearly 75% of Victorians want fewer poker machines<sup>1</sup>. This Select Committee provides the opportunity for Parliament to hear the views of all Victorians about the nature or continuance of the poker machine industry beyond 2012.

The positions stated in this submission are offered on behalf of our many clients who would expect nothing less from us in advocating for significant change. The following is a brief description of the experiences of one such client who attended TSA in relation to gambling problems. This case study is generously offered by a client who is concerned about the impacts of problem gambling within our community.

## **Case Study**

*At the age of 61, Mark referred himself to a gambling treatment service, for the second time, in relation to a resurgence of problems related to poker machine gambling. Mark, who was currently working as a consultant following a career in politics, reported a relatively fast shift from social to problematic gambling several years prior. It was his feeling that these problems had emerged in response to significant loss and change within his work role. On accessing the treatment service, Mark reported that he normally gambled approximately 4 or 5 times per week, and that he spent approximately \$1000 per week. Mark reported that he normally gambled as an escape from life pressures and the expectations of himself and others. He described feeling a sense of emotional numbness when playing.*

*Mark estimated that he had spent approximately \$20,000 on gambling. He reported lying to family and friends in order to keep the gambling problem hidden. In an attempt to control his gambling, he and his wife had arranged for her to manage the household finances, and for him to receive a small allowance per fortnight. Mark and his wife had frequent arguments about gambling. His wife had threatened separation due to her diminishing trust in him. On accessing the treatment service, Mark reported feelings of depression, guilt, and self-loathing in relation to his gambling behaviour. Many activities that he had previously found enjoyable had been replaced by gambling. He reported having trouble sleeping and that he was experiencing thoughts of suicide.*

*After extended counselling, Mark has achieved periods of abstinence, with the exception of several 'lapses'. He remains concerned about his ability to maintain abstinence. Many of the consequences resulting from the gambling still persist.*

## **2. Term of Reference d. 'the adequacy or otherwise of the legislative and regulatory framework'**

### **2.1 The new licensing regime needs to be based on broad principles of good government and consumer protection**

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Over the last 15 years corporate communities have become increasingly committed to the concept of social responsibility. In years gone by many businesses were more strongly motivated by business opportunity and profit, and less concerned with the impacts of their activities upon the welfare of communities, individuals or the environment.

Today's society demands higher levels of accountability and more stringent enforcements around corporate responsibility. Companies and governments must now offer paramount attention to these responsibilities. They must take all reasonable steps not to cause harm to communities and constituents. As was the case, for example, with James Hardie Industries, companies are increasingly being forced to account for harmful practice and harmful product distribution.

In the past, gambling industry representatives and the State Government have suggested that problem gambling is the responsibility of the individual, and that problem gambling arises where individual gamblers fail to maintain responsibility for setting and observing responsible limits. This view frames problem gambling as a matter of individual pathology.

In contrast to this view, TSA suggests that problem gambling needs to be understood as simultaneously being an individual issue, a family issue, and a whole of community issue. Harm arising from poker machine play cannot be solely attributed to individual pathology.

TSA believes that a significant proportion of harm is attributable to the nature of the poker machine product. The poker machine product is flawed, and only survives in the market place because it generates massive profit. This situation persists, despite massively harmful impacts upon consumers.

With this context in mind, TSA believes that regulators and providers should be driven by the more fundamental objectives of 'consumer protection', and the amelioration of social costs rather than revenue raising and profit.

Governments have a duty of care not to exploit vulnerable members of the community. Government financial health should not be dependent on some people suffering harm. This 'consumer protection' view is gathering increasing momentum within the broader community. More and more people are now asking one central question, 'why doesn't anybody do anything?'. As was the case for James Hardie Industries, in time there will be a call for somebody to bear the weight of responsibility for the licencing and provision of this harmful product.

TSA believes that Government and the gambling industry sector are now fully cognizant and informed regarding the harmful impacts of poker machines. As such, the current review of licences provides a vital opportunity to remedy this situation.

The Government's gambling policy principles <sup>2</sup> need to be interpreted in the light of broader principles of good government, including consumer protection. Governments bear the responsibility of building the type of society that its constituents want.

## **2.2 New licences must produce a safer product**

The current regulatory approach by the Government is based on the assumption that poker machines are a gambling product that is not essentially different from other (legal) gambling products, such as lotteries or betting on sporting events. Gambling (including poker machines) is seen as an acceptable recreational activity so long as measures are put in place to reduce the adverse effects that the activity may have on a 'small' percentage of players.

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This approach assumes that the issue to be addressed by policy makers is 'the problem gambler'. The resulting approach has resulted in many initiatives by the government and industry in an effort to reduce the incidence of problem gambling arising from poker machines.

It is now time to accept that despite these initiatives over a number of years, there has not been a significant reduction in problem gambling. The amount of money lost on poker machines increased last financial year, and the Government's Budget estimates for 2006-07 forecast a further increase in player losses (and therefore increase in Government revenue).

It is our proposition that poker machines are a gambling product that is essentially different from other gambling products, because playing them results in harm to some 20% of regular players<sup>2</sup>. The issue to be addressed by policy makers is the poker machine product itself, not 'the problem gambler'.

It follows then that this product needs to be substantially modified or taken out of the market. Any product offered for sale at a supermarket or pharmacy that resulted in significant harm to 20% of regular users would cause a public outcry and the product would be taken off the shelves.

### **2.3 An independent regulatory body is required**

The Government, as a major beneficiary of poker machine taxes has a clear conflict of interest as policy maker and regulator of the poker machine industry. There is a need in Victoria to reform regulatory governance arrangements, so as to ensure that the regulation of the poker machine industry is truly independent. Product safety is a matter that should be referred to an independent regulatory body established by the Government to ensure that the industry is provided in a way that furthers public interest and ensures an acceptable level of public safety<sup>3</sup>.

If this requirement is not met, TSA is of the view that poker machines should not be re-licenced after 2012.

### **2.4 New licence/industry structure should provide for the government to maximise the tax it collects from the industry**

To date, one of the critical obstacles to harm minimisation initiatives has been the implication for taxation revenue. Currently, approximately 42% of poker machine revenue comes from problem gamblers<sup>3</sup>. Clearly, a reduction in problem gambling would impact government revenue. If a new licensing regime were to result in a less harmful product, government revenue would be appreciably diminished.

It is clear then, that any future plan to minimise problem gambling needs to incorporate a mechanism by which revenue losses can be offset. In light of this, TSA believes that the State government should maximise taxation profits that are collected through poker machines. Currently the State government only collects approximately one third of player losses<sup>2</sup>. Where poker machine licensees (providers) also reap an equal one-third share, it would seem that there is ample margin for a new licensing structure to re-allocate a significant proportion of licensee profits so as to maximise government revenue.

TSA believes that the re-licensing process offers a golden and rare opportunity to create a safer product, while simultaneously minimising impacts upon Government revenue by maximising taxation profits.

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## **2.5 The new licences should be reviewed regularly**

Poker machine licences should be reviewed on a regular basis, so as to transparently demonstrate that harm reduction targets (reduction of player losses from 'problem gamblers') are being achieved.

### **3. Term of Reference e. 'the effectiveness or otherwise of current measures to minimise ... problem gambling'**

#### **3.1 Current levels of harm are unacceptable**

TSA is committed to the creation of a society where problem gambling and the associated costs to individuals, families and the community are significantly reduced, if not eliminated.

The existing structure of the poker machine industry, operating under Government licence, has resulted in unacceptably high levels of harm to members of the community. A further 20-year licence period with no change to the industry will lead to approximately:

- 12,000 attempted suicides and 200 deaths<sup>4</sup>, and
- 12,000 divorces and separations<sup>4</sup>

Harm is not limited to a small percentage of poker machine users. Around 20% of regular pokie users are problem gamblers<sup>3</sup>. About 42% of revenue comes from problem gamblers<sup>2</sup>. Without problem gamblers the current industry would not be sustainable, and yet, despite the Government's 'responsible gambling' initiatives, there is no indication that the Government is seriously contemplating a significant reduction in revenue from the industry.

TSA is aware of many options that might make poker machines safer, such as a reduction in the number of machines, fewer venues with more machines, slower spin rates on machines, and many other possibilities.

TSA has chosen not to focus on the methodology by which poker machines are made safer. Rather, our fundamental position is simply that any poker machines licensed after 2012 must demonstrably be significantly safer than the current product. It is up to government to establish the most effective mechanisms for achieving this aim.

If this cannot be achieved, TSA is of the view that poker machines should not be re-licensed after 2012, outside of Crown casino.

## **4. Summary**

In summary, the position of The Salvation Army is as follows:

We accept that for many in the community recreational gambling in one form or another is something that they choose to do. We do not seek to demean these people, or their choices.

Nevertheless, we continually witness first hand, the devastating impact that problem gambling has upon peoples lives. TSA assists these individuals through its wide network of social programs, and most notably, through its city based Gambler's Help program.

It is our proposition that poker machines are a gambling product that is essentially different from other gambling products, because playing them results in harm to some 20% of regular

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players.

TSA is committed to the creation of a society where problem gambling and the associated costs to individuals, families and the community are significantly reduced, if not eliminated.

TSA is firmly of the view that any poker machines licensed after 2012 must be demonstrably much safer than the current product. If this cannot be achieved then TSA is of the view that pokies should not be re-licensed after 2012 outside Crown casino.

If poker machine licenses are to be granted beyond 2012, they should be structured in such a manner that maximises taxation revenue, thereby providing a realistic opportunity to offset revenue losses that will be incurred through the reduction in problem gambling.

The Government's gambling policy principles need to be interpreted in the light of broader principles of good government, including consumer protection.

Product safety is a matter that should be referred to an independent regulatory body established by the Government to ensure that the industry is provided in a way that furthers public interest and ensures an acceptable level of public safety. If this requirement is not met, TSA is of the view that poker machines should not be re-licensed after 2012.

Poker machine licences should be reviewed on a periodic basis, to demonstrate that harm reduction targets are being achieved.

## **References**

- (1) Gambling Research Panel Report No.6 (2004). *2003 Victorian Longitudinal Community Attitudes Survey*, Melbourne: GRP Secretariat.
- (2) Office of Gaming and Racing (2006), *Gaming Machine Licence Arrangements Post-2012 Issues Paper*, Melbourne.
- (3) Productivity Commission (1999), *Australia's Gambling Industries*, Report No. 10. Canberra: Ausinfo.
- (4) Hartnett, J. (2005), *The Application of Gambling Research to Policy Decisions*, Paper presented to NAGS Conference, Alice Springs.

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