

Our ref: Gambling
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16 October 2020

Fifth Tasmanian Gambling Study
SA Centre for Economic Studies
University of Adelaide SA 5005

Dear Sir/Madam,

GLENORCHY CITY COUNCIL – FIFTH SOCIAL AND ECONOMIC IMPACT STUDY OF GAMBLING IN TASMANIA SUBMISSION

Thank you for the opportunity for Glenorchy City Council to provide a submission to the fifth Social and Economic Impact Study of Gambling in Tasmania.

Council advocates for the removal of electronic gaming machines from hotels and clubs in the City of Glenorchy through a managed reduction over time, as well as for increased harm minimisation and consumer protection measures.

In our submission, key areas of concern are identified including:

- The high number of electronic gaming machines in the City of Glenorchy and the deliberate strategy of locating these machines in low socio-economic areas
- The high expenditure on electronic gaming machines in our City and the impact this is causing on families
- The social and health impacts caused by electronic gaming machines
- The need for increased harm minimisation in relation to gambling

Please find attached our submission.

Yours sincerely



Tony McMullen
General Manager

Fifth Social and Economic Impact Study of Gambling in Tasmania

Glenorchy City Council Submission October 2020



About Glenorchy Local Government Area

The City of Glenorchy is a Local Government Area of Tasmania located in the Greater Hobart metropolitan area in Southern Tasmania. It is located approximately 7km north of Tasmania's capital city, Hobart and is bounded by the Derwent River in the north and east, with Wellington Park to the south-west. As Tasmania's fourth largest city, the City of Glenorchy's Estimated Resident Population for 2019 is 47,969 distributed over an area of 121km².

The table below is a snapshot of the City of Glenorchy's key population characteristics compared with the Greater Hobart region, Tasmania and Australia¹.

	Glenorchy LGA	Greater Hobart	Tasmania	Australia
Median Age	39	40	42	38
Median weekly household income	\$1016	\$1232	\$1098	\$1431
University attendance	3%	5%	4%	5%
Bachelor or higher degree	10%	21%	16%	22%
Vocational education	23%	20%	21%	19%
Unemployment ²	7.8%	6.4%	7%	6.9%
SEIFA index of disadvantage (2016) ³	906	980	957	1001.9

Glenorchy City Council (Council) Community Plan and Priority Goals

The City of Glenorchy Community Plan 2016 – 2040 was developed through extensive consultation. Nearly 2000 people of all ages, cultural backgrounds and locations in Glenorchy provided over 7,500 ideas and thoughts about the future of our city. Our City's vision statement is: We are a proud city; a city of arts; of opportunities; of partnerships; a city that makes exciting things happen.

Council has set five goals for achieving our vision:

- Open for business
- Making lives better
- Valuing our environment
- Building image and pride
- Leading our community.

1

² As at 2019 September quarter, the unemployment rate in Glenorchy City was 10.4% (unemployment rate is derived from the ABS labour force survey and Centrelink data and compiled by the Department of Employment).

³ At suburb level, SEIFA index of disadvantage for some areas are significantly lower than the Glenorchy LGA. For example, Glenorchy, Chigwell and Goodwood-Dowsing Point suburbs have SEIFA indices of 886.7, 841 and 826.22, respectively. Only 4% of Australian suburbs have SEIFA indices lower than Chigwell and Goodwood, i.e. are more disadvantaged.

Glenorchy City Council's Position on Gambling

The *Local Government Act 1993* (section 20) provides that it is a function of councils to provide for the health, safety and welfare of the community, and to represent and promote the interests of the community. Council has a role in advocating on behalf of its residents to other levels of Government if it believes there is a significant issue that impacts the community.

Based on the research regarding the addictive nature of electronic gaming machines and the harm that they cause in the community, it is clear that Council has a role to play in advocating on behalf of the community in relation to gambling, specifically electronic gaming machines.

Council has previously made statements expressing concerns around gaming in Tasmania and its impact on the local community. Council is also a member of the Community Voice Against Pokies Coalition.

In 2016, Council made a submission to the Joint Select Committee on future gaming markets in Tasmania. The submission focussed on:

- The community aspirations of City of Glenorchy citizens, and how electronic gaming machines are contrary to the community's vision for our City;
- The context of poker machines in the City of Glenorchy in terms of the local economy and community preferences relating to social and economic activities; and
- Council's views on the effectiveness of harm minimisation measures from the City of Glenorchy perspective

The aim of providing the abovementioned submission was to demonstrate to the Joint Select Committee that one of the local government areas most impacted by electronic gaming machines strongly desired change; and urged the Committee to investigate and recommend concrete measures where electronic gaming machine licences for community venues were not renewed post-2023.

At the Council meeting of 28 September 2020, Council reaffirmed its position on gambling, and endorsed the following statement of commitment:

Recognising that gambling, and specifically electronic gaming machines, can cause significant harm to individuals, families and the broader community, and that the strongest risk factor for gambling harm is electronic gaming machine play, Glenorchy City Council will work closely with our residents, government, community organisations and businesses to implement the following commitment:

Glenorchy City Council will

1. **Advocate** for the removal of electronic gaming machines from hotels and clubs in the City through a managed reduction over time.
2. **Partner** with organisations and/or service providers to advocate for increased harm minimisation and consumer protection measures, including reducing hours of operation, reducing the maximum bet to \$1 and greater targeting of social programs for the community.
3. **Engage** with community, community organisations, service providers, businesses, government and social researchers to gather and share information about the use and impact of electronic gaming machines.

Council believes that the commitment aligns with our community goals and the vision for the City as identified by the community.

Electronic Gaming Machines in the City of Glenorchy – Economic Impacts

Key issues that submissions to the fifth Social and Economic Impact Study of Gambling in Tasmania have been asked to consider are economic impacts and any notable changes in gambling behavior. As noted in Council's Statement of Commitment on Gambling, Council has a particular concern regarding the economic and social impacts of electronic gaming machines.

With 240 electronic gaming machines across eight venues (approximately one machine for every 156 adults) the City of Glenorchy has the unenviable distinction of being known as the "pokies golden mile".

Unfortunately, the City also leads the way in expenditure on electronic gaming machines, with figures from the Department of Treasury and Finance showing that a considerable amount of money is lost each month.

In both 2017/18 and 2018/19 expenditure on electronic gaming machines in the City was just under \$20M, with an average spend per machine of almost \$71,000. This figure dropped in 2019/20 to \$14,714,510.35, noting that venues were closed for nearly three months due to COVID 19. In the first two months of the current financial year the City of Glenorchy had the highest expenditure on electronic gaming machines across the state, with over \$2M lost each month.⁴

The ABC quotes the Mayor of Glenorchy Kristie Johnston: "For the last three months we have seen \$5 million in the Glenorchy community saved from going down the throats of pokie machines," she said. "Instead, that \$5 million has been spent putting food on the tables of Glenorchy families, it's been spent on rent, it's been spent on local businesses supporting local families."⁵

In an article from 2018, Charles Livingstone, Senior Lecturer, School of Public Health and Preventative Medicine, Monash University noted that electronic gaming machines in Glenorchy make 1.6 times the state average, translating to \$560 per adult per year, compared to a Tasmanian average of \$272. He also said "Glenorchy and some other local government areas have previously been described as "low income", and are reported as having a problem gambling rate of 1.1 per cent, compared to the state average of 0.6 per cent. It's little wonder, then, that the rate of losses is also more than twice the state average."⁶

26.2% of households in the City of Glenorchy are low income households, earning less than \$650 per week. 10.2% of households earn between \$400-\$499 per week. Since COVID 19, there has been a significant increase in JobSeeker and youth allowance recipients. The City of Glenorchy had 4,134 people receiving these benefits in August 2020 (13.4% of the population aged between 15-64), an increase of 1574 people since September 2019.⁷ Council is concerned that a large amount of money is being lost to electronic gaming machines in an area that can least afford it.

Much research has been done on the prevalence of electronic gaming machines in low socio-economic areas such as the City of Glenorchy, as well as the fact that electronic gaming machines are a significant risk factor for problem gamblers.

The *Fourth Social and Economic Impact Study of Gambling in Tasmania* released in 2017 notes that: "The observed relationships between demographics, mode of play, and consumption and gambling related harm are in line with expectations and previous findings regarding predictors of risk of gambling problems.

⁴ Department of Treasury and Finance website, Electronic Gaming Machine Expenditure by Municipality

⁵ ABC News 13 June 2020

⁶ The Conversation – Charles Livingstone, Senior Lecturer, School of Public Health and Preventative Medicine, Monash University 17/1/2018

⁷ Department of Social Services - JobSeeker and Youth Allowance recipients - monthly profile via data.gov.au. Compiled and presented by .id - the population experts

Regarding mode of play, the strongest risk factor for gambling harm is EGM play, which is also consistent with prior research (Dowling, Smith & Thomas, 2009).⁸

The *Third Social and Economic Impact Study of Gambling in Tasmania* in 2014 carried out a comparative study between four low socio-economic status (SES) local government areas (including Glenorchy) and four comparison LGAs. This study found that residents of the four low SES LGAs had a higher rate of participation in gambling than the Tasmanian adult population, including higher rates of participation in gambling on electronic gaming machines and keno. The report states:

“For all four SES LGAs it is evident that EGMs are the most likely cause of harm for those with a gambling problem seeking assistance. Further, these clients are far more likely to have an issue with EGMs in their local hotel/club than EGMs in a casino. These findings were consistent with findings from the 2013 Gambling Prevalence Survey, which found that people in low SES LGAs exhibit significantly higher rates of participation in gambling on EGMs. The findings also mirrored feedback from consultations within each LGA and in particular Glenorchy and Devonport.”⁹

Charles Livingstone also notes: “It’s no accident that pokies in Tasmania are located in areas of significant social and economic stress. People who get hooked on them are likely to be seeking relief from life’s stresses – whether that’s caused by poverty, social exclusion, or difficult personal circumstances.”¹⁰

Whilst concern is often raised regarding the economic impacts for businesses if electronic gaming machines are removed from hotels and clubs, independent research from Professor John Mangan shows that expenditure on electronic gaming machines does not bring new economic activity to Tasmania but simply replaces existing activity and actually takes away from other potential spending in the domestic economy. The Mangan report also suggests that any short-term job impacts on hotels and clubs as a result of the removal of electronic gaming machines would be absorbed into other service industries.¹¹

Other research shows that gambling expenditure of \$1 million creates approximately 3.2 jobs. The same expenditure on sales of liquor and other beverages equates to 8.3 jobs. Spending \$1 million on sales of food and meals generates 20 jobs.¹²

The Community Support Levy (CSL) was established in 1993 to counter the negative social consequences of extending electronic gaming machines into clubs and hotels. There was a recommendation that the CSL be set at 8% of electronic gaming machine revenue from hotels and 5% of revenue from clubs. This was eventually set at 4%¹³. When looking at the allocation of funds from the CSL however, community organisations and services in the City of Glenorchy receive a comparatively low amount from the CSL compared to the funds raised for the CSL from electronic gaming machine gross profits in Glenorchy. As Council stated in its submission to the Joint Select Committee in 2016: “...the City’s socio-economically challenged residents are cross-subsidising undeniably good community services and one-off activities in other communities at the expense of their own high losses to poker machines.”¹⁴

⁸ Fourth Social and Economic Impact Study of Gambling in Tasmania, ACIL Allen Consulting, Deakin University, Central Queensland University and the Social Research

⁹ Third Social and Economic Impact Study of Gambling in Tasmania, ACIL Allen Consulting, the Problem Gambling Research and Treatment Centre (PGRTC) and the Social Research Centre (SRC)

¹⁰ The Conversation – Charles Livingstone, Senior Lecturer, School of Public Health and Preventative Medicine, Monash University 17/1/2018

¹¹ John Mangan, Removing poker machines from hotels and clubs in Tasmania: Economic considerations July 2017

¹² The Conversation – Charles Livingstone, Senior Lecturer, School of Public Health and Preventative Medicine, Monash University 17/1/2018

¹³ Report of the Auditor General – Gambling revenue and managing harm from gambling 2017, p14

¹⁴ City of Glenorchy submission to the Joint Select Committee, 2016

Taking all the above into consideration, it would seem that the City of Glenorchy is worse off economically from having electronic gaming machines in clubs and hotels. The research shows:

- Electronic gaming machines as the highest risk factor for problem gambling
- A deliberate strategy of locating electronic gaming machines in low socio-economic areas
- A comparatively small allocation of CSL funds to the City of Glenorchy
- No new economic activity from electronic gaming machines – takes away from spending in other areas

Council once again advocates for the removal of electronic gaming machines from hotels and clubs in the City through a managed reduction over time and asks for this to be considered in the fifth Social and Economic Impact Study.

Social Impacts

The *Tasmanian Audit Office Report to the Auditor-General – Gambling revenue and managing harm from gambling* used information from the Australian Government Productivity Commission to determine that the social cost of problem gambling in Tasmania is estimated to be at least \$100M – this includes the impact of problem gambling on families, employers and the community¹⁵. Given the noted high spend on electronic gaming machines, as well as the high number of machines, in the City of Glenorchy, it would be logical to assume that the social cost of gambling in the Glenorchy community is significant.

In addition to financial losses, problem gamblers are also more likely to have problems with alcohol and smoke daily than non-problem gamblers. Other impacts for problem gamblers include difficulties in maintaining jobs and relationships, and they are more likely to suffer mental and physical health issues than non-gamblers¹⁶. As well as costs to individuals and families, this also increases demands on social services.

Council is in regular contact with service providers who work with problem gamblers who report that there is a long history of issues caused from electronic gaming machine addiction. Recently, a local gambling support program has advised that there has been an increase recently in younger men taking up gambling and that anecdotally they can see a direct correlation with on-line games that set young people up to prepare for 'real' gambling. The service noted that men in their 30's to 50's are most commonly gambling and most don't seek support until they have lost everything.

In their policy position, for the 2018 Tasmanian State election, Anglicare Tasmania, who in collaboration with Relationship Australia were funded to provide the Gamblers Help program, note that their workers are frustrated with trying to provide support to people in a gambling regulatory environment that fails to provide adequate protection to its consumers. Workers report seeing family relationships suffer and people unable to afford to eat or heat their homes because their family is harmed by gambling.¹⁷

A recent study from Australia's National Research Organisation for Women's Safety Limited (ANROWS) found that while gambling does not directly cause intimate partner violence it does exacerbate it. Many of the women interviewed for the study described having an already abusive male partner whose gambling then greatly increased his violent behavior. When it was the woman who had the gambling problem, men frequently used this as an excuse for verbal and physical violence. The study also found that some women

¹⁵ Report of the Auditor General – Gambling revenue and managing harm from gambling 2017, p9

¹⁶ Ibid, p 9. Originally sourced from Thomas, S, and Jackson, A, *Risk and protective factors, depression and comorbidities in problem gambling*, Report to behoyndblue, Monash University and the University of Melbourne, 2008.

¹⁷ Anglicare Tasmania, *Policy Position for the 2018 Tasmanian State Election – Removing poker machines from our communities*

seek out gambling venues as safe spaces which feeds a cycle that reinforces both their gambling and the violence they are experiencing.¹⁸

Again, Council's position is that the removal of electronic gaming machines in hotels and clubs would be conducive to improved social health within the community and urges this consideration in the fifth Social and Economic Impact Study.

Harm Minimisation

The fifth Social and Economic Impact Study of Gambling in Tasmania discussion paper also asks for information regarding support services for problem gambling, and whether existing policies and strategies in place to minimise harm from gambling are effective. Council believes that much more could be done in relation to harm minimisation and consumer protection.

Council's position is that the best form of harm minimisation is for the removal of electronic gaming machines from hotels and clubs in the City through a managed reduction over time.

Failing this, there are also other measures that could be implemented such as reducing the maximum bet limit, reducing operating hours, slowing spin speeds, reducing jackpot amounts and prohibited losses disguised as wins. As electronic gaming machines remain in clubs and hotels, Council also supports increased funding through the CSL to be used to support gambling harm prevention/reduction activities.

The *Report of the Auditor General – Gambling revenue and managing harm from gambling* in 2017 notes that in 2015-16 that the largest portion of government revenue from gambling was from taxation and fees associated with electronic gaming machines and TASkeno in hotels and clubs (\$31.8M of which 93% related to electronic gaming machines). This resulted in \$4.6M going to the CSL, of which \$2.3M was specifically for the purpose of funding activities to reduce the harm from gambling – only 0.7% of the total gambling industry revenue.¹⁹

The Auditor General's report also recommended that: "DHHS reviews the Neighbourhood House (NH) model, as it relates to helping people affected by gambling:

- To allow it to better cater for gamblers' need for a 'third place' (an alternative to home or by place of employment) in the evening
- In relation to the proximity of support facilities to gambling venues."²⁰

Council supports the provision of additional gambling support/services to work with communities such as the City of Glenorchy whose exposure to electronic gaming machines is increased, along with increased training and information available to relevant services.

Council is also concerned that self-exclusion from electronic gaming machine venues is not working. ABC Investigations recently asked each state and territory gambling regulator how many times there had been fines or prosecutions for allowing self-excluded gamblers into venues since these laws were first introduced. There was not a single example provided of a hotel or club being punished for allowing self-excluded gamblers to play.²¹

18 Hing, N., O'Mullan, C., Nuske, E., Breen, H., Mainey, L., Taylor, A., ... Rawat, V. (2020). *The relationship between gambling and intimate partner violence against women* (Research report, 21/2020). Sydney: ANROWS.

¹⁹ Report of the Auditor General – Gambling revenue and managing harm from gambling 2017, p8

²⁰ Ibid, p4

²¹ ABC News 9 October 2020

If the Future of Gaming in Tasmania recommended changes are implemented, venue operators will take over several functions that the Gaming Operator currently performs. Council is interested in what training will be provided/required, how their new responsibilities will be monitored and what penalties will be in place for breaches. Council also advocates for a requirement for an accompanying implementation plan that sets out clear and funded harm minimisation and strengthened regulatory measures.

Conclusion

From a multitude of studies and the State Government's own Social and Economic Impact studies, the social and economic impacts of electronic gaming machines can be clearly evidenced. Whilst the *Gaming Control Act 1993* requires an independent review of the social and economic impacts of gambling in Tasmania to be conducted every three years, it is unclear as to how the information in the reports translates into action to address the harm caused by gambling and in particular electronic gaming machines. From the fifth Social and Economic Impact study of Gambling in Tasmania, Council seeks a clear plan of how any recommendations will be implemented.

Council has long advocated for the removal of electronic gaming machines from hotels and clubs in the City of Glenorchy through a managed reduction over time and continues to promote this as the most effective way to reduce gambling harm in our community. If this does not occur, there are a range of other harm minimisation measures that could be undertaken. If the situation remains, Council believes that there will continue to be unnecessary social and economic damage in our community that will affect future generations.

