

# Gambling harm in the ACT

This factsheet provides an overview of the extent of gambling harm in Australia and the ACT, outlines statistics on the prevalence of harm, and outlines ACTCOSS' advocacy asks.

## What is gambling harm?

Gambling harm can be experienced in several ways: 'Financial harm, relationship disruption, emotional or psychological distress, decrements to health, cultural harm, reduced work or study performance and criminal activity'. These harms can be experienced as 'general harms (which occur at any time), crisis harms, which are associated with attempts to seek help, and legacy harms, which occur long after gambling has ceased'.<sup>1</sup>

## Key facts

The data indicates that gambling is a high cost, low return activity for the ACT community and across Australia more broadly:

- The total gaming losses in ACT in 2016-17 amounted to around \$242 million. The vast majority of losses (93%) came from gaming. This equated to gambling losses of \$764 per person over the year.<sup>2</sup>
- The estimated total gaming tax revenue in the ACT for 2017-18 was \$34.2 million.<sup>3</sup>
- The social cost of problem gambling in Australia over one year has been estimated to be between \$4.7 and \$8.4 billion. The social (non-financial) costs per problem gambler were estimated to be between \$10,000 and \$30,000.<sup>4</sup>

## What needs to change?

The ACT has a relatively high number of Electronic Gaming Machines (EGMs, known colloquially as pokies). EGMs are spread across the ACT in multiple venues, gambling takings are high, the maximum amounts you can bet are relatively high, the regulatory settings are relaxed, and the level of community benefit from venues is limited and unclear.

The Canberra Gambling Reform Alliance has made recommendations towards a harm minimisation approach including: mandatory pre-commitment for all poker machine venues; \$1 bet limits on all machines; aligning the rules on EFTPOS machines with ATMs; reducing the number of poker machines operating in the ACT by half; and calling for an overhaul of the community contributions scheme.

**Quote us ►:** “While we don't often think that we are impacted by gambling harm, once we start talking to the people we know and the services which help we realise this is a much bigger issue which touches us all. Recent research has found that, on average, the harm experienced by a high-risk gambler affects six other people, for a moderate-risk gambler it is three others, and a low-risk gambler affects one other person. These ‘others’ who are adversely affected include children, other family, friends and employers.<sup>5</sup>

The gambling industry's claims of community benefit do not stand up to reasoned analysis. Only a small proportion of clubs' funds are returned via community contributions and much of this is opaque – through in-kind contributions and benefits related to the business model of clubs. A smaller proportion still is set aside for the purpose of managing the consequences of gambling harm.

Lived experience advocates have pointed out that the gambling industry's messaging which attempts to place personal responsibility with gamblers themselves fails to acknowledge the addictive nature of gambling products or adequate safeguards needed to prevent people from harmful gambling. Personal responsibility has to be matched by the responsibility of industry to be open about the intentional addictive design of their machines.

There are things that governments and the community can and should do to address gambling harm. That is why it's time we saw positive action such as mandatory pre-commitment for all poker machine venues, \$1 bet limits on all machines, aligning the rules on EFTPOS machines with ATMs, reducing the number of poker machines operating in the ACT by half, and an overhaul of the community contributions scheme”.

Susan Helyar, Director, ACTCOSS

## Pokies in the ACT – crunching the numbers

- In 2016-17, Gross Gaming Machine Revenue (**user gaming losses**) at ACT clubs was **\$168.4 million** (i.e. revenue after players' winnings have been paid).<sup>6</sup>
- In 2016-17, Net Gaming Machine Revenue (**venue gaming profits**) was **\$94.6 million** (i.e. gross gaming revenue less gaming machine taxes and a 24% deduction for costs to manage the gaming machines).<sup>7</sup>
- In 2015-16, per capita EGM expenditure (**user gaming losses**) in the ACT was **\$537 per adult** and **\$36,352 per gaming machine**.<sup>8</sup>
- In 2016-17, ACT Clubs reported total **community contributions** of **\$11.9 million** which was **12.6%** of their net gaming machine revenue.<sup>9</sup>
- The **total losses on pokies by Canberrans reporting harm in the ACT is more than twice their losses on any other form of gambling**.<sup>10</sup> This is not surprising, given the ready availability and density of EGMs in the ACT, 98.7% of which are located in clubs.<sup>11</sup>
- There are **16.8 EGMs per 1,000 adults in the ACT** compared to 16.3 in NSW and 5.6 in Victoria.<sup>12</sup>
- **Maximum bets on EGMs in the ACT and NSW are higher** than all other jurisdictions.<sup>13</sup>
- In 2014, there were around **14,988 adults** in the ACT who reported symptoms of **problem gambling** with **1,110** of these experiencing **severe risks**.<sup>14</sup>
- Recent research highlights that **average EGM gambling tax rates in the ACT (19.8%) are the lowest in Australia**, well below the national average (29.9%).<sup>15</sup>
- It is estimated that 1.1% of the ACT population (**3,285 people**) could be **spending as much as \$32,177 per person annually** (equivalent to 62% of EGM revenue).<sup>16</sup>
- The ACT Government aims to reduce the number of EGMs operating in the ACT to 4,000 by 1 May 2020.<sup>17</sup> As at 31 August 2018 there were **4,377 gaming machines in operation in the ACT**.<sup>18</sup>

## Counting the costs

In Australia, **people who play machines at high intensity can easily lose \$1,500 or more in an hour**.<sup>19</sup> It has been estimated that those who experience significant gambling harm spend an average of \$21,000 annually.<sup>20</sup>

There is a similar trend in Canberra. In the ACT in 2015, those who used EGMs spent (or lost) an average of \$2,869.<sup>21</sup> It has been estimated that **around 1.1% of the ACT population (3,285 people) could be spending as much as \$32,177 per person annually, around \$617 per week** (equivalent to 62% of EGM revenue).<sup>22</sup>

Gambling harm can include suicide, depression, relationship breakdown, crime, lowered work productivity, job loss and bankruptcy.<sup>23</sup> Results from a 2015 survey show that **over a quarter (26.7%) of households containing a person experiencing significant harm from gambling were unable to pay the mortgage or rent on time, and over one in five (21.4%) went without meals.**<sup>24</sup> People experiencing gambling harm who are living on the lowest incomes spend a much higher proportion of their household disposable income on gambling (26.5%) than those in the highest income bracket (3.4%).<sup>25</sup>

The harmful impacts of gambling are not just financial and extend beyond the person gambling.

The harms associated with problem gambling extend beyond the individual. They include health problems, including significant comorbidities with substance-use disorder, depression and anxiety disorders, and social problems, including housing instability, criminality, relationship difficulties, family violence, and suicide.<sup>26</sup>

These problems are far reaching. Recent research found that, on average, high-risk gamblers affect around six others.<sup>27</sup> On this basis it has been estimated that 'over 47,000 people in the ACT are affected by gambling harms at any one time. This is equivalent to 11.8% of the total ACT population'.<sup>28</sup>

## Electronic gaming machines: who's playing who?

There is evidence that electronic gaming machines (EGMs) are particularly harmful because of intentional features which cause people to lose track of time and spending on the machines. Key findings from a recent study were:

- Electronic gaming machines (EGMs) are computers utilising sophisticated techniques, designed to maximise spending and 'time on device' per user.
- EGM designs very successfully employ psychological principals to maximise users' bet sizes and machine usage. These characteristics have the effect of increasing the addictive potential of EGMs.
- Users of EGMs, and policy makers as well, are mostly not well informed about the way the machines work, or the complex 'game maths' behind them.

- Internationally, Australian EGMs are known for their ability to maximise users' spending and 'time on device', yet Australia has been slow to develop adequate policy responses to reduce harms.<sup>29</sup>

## EGM parameters in the ACT and Australasia

All Australasian jurisdictions (including the ACT) refer to the Australia/New Zealand Gaming Machine Standards in their regulatory arrangements. EGM parameters refer to certain characteristics of EGMs and considerable variation is permitted between Australasian jurisdictions.

A comparison table of the bet limit, design and settings for EGMs across Australasian jurisdictions shows that the ACT has:

- No regulated settings for the amounts that can be loaded as credits on a machine at any one time
- No requirements for a time display to show people the time of day – unlike ALL other jurisdictions surveyed
- Allows losses to be disguised as wins – i.e. sounds, lights and cues for a win are also used for losses
- Higher maximum bets (\$10) than Victoria, Queensland, Tasmania, South Australia and New Zealand
- No settings for the maximum amount that can be won on a machine.<sup>30</sup>

### EGM parameter settings – clubs & hotels, Australasia<sup>31</sup>

Parameter	ACT	NSW	Vic	Qld	SA	Tas	NZ
Max Bet	\$10	\$10	\$5	\$5	\$5	\$5	\$2.50
Load Up	NS	\$7,500	\$1,000	\$100	Coin	Coin	\$5,979
Max Win	NS	\$10,000	\$10,000	NS	\$10,000	\$10,000	\$500
Time Display	N	Y	Y	Y	Y	Y	Y
Min RTP	87%	85%	85%	85%	87.5%	85%	78%
LDW permitted	Y	Y	Y	N	Y	N	Y
Uneven reels	NS	NS	NS	NS	NS	NS	NS

**Max Bet** = The maximum amount that can be bet per spin on an EGM; **Load Up** = The maximum amount of money that can be loaded as credits at any one time on an EGM; **Max Win** = The maximum amount that can be won on an EGM; **Time Display** = Time of day; **Min RTP** = The minimum percentage of money an EGM will return (pay back) to players over the game cycle, including 'wins' re-wagered; **LDW** = Losses disguised as wins e.g. losses with celebratory sounds and visual cues of a 'win'; **NS** = No standard.

## Further reading

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## Connect

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ACTCOSS is committed to reconciliation, acknowledges the traditional custodians of the land and pays respect to elders past and present.

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