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Problem gamblers can't judge cost of pokies - others have no excuse

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Most of us underestimate what we spend, but not by much. For every \$100 we say we spend on transport, we actually spend \$104, according to the Productivity Commission, which compared Bureau of Statistics household surveys with reliable industry data. For rent and communications, that rises to \$111. For clothing and homeware, we actually spend about \$132. For alcohol, \$158.

But for gambling, if we say we have spent \$100, on average we have really spent \$735. Then there are the pokies. On average, if pokie players say they have spent \$100, they have actually spent \$3448. That's not a misprint: they are apparently aware of just 2.9 per cent of what they are losing.

Poker machines are not just another form of recreation. Last year's report on gambling by the commission paints a clear picture of the damage pokies do. About 10 per cent of Australian adults gamble regularly (excluding sharemarket speculation). Of that 10 per cent, between 5 and 10 per cent are problem gamblers - that's about 120,000 people. A further 230,000 to 350,000 are taking risks that make them vulnerable to problem gambling.

The clubs industry's campaign against restrictions on poker machines says pokie players who are problem gamblers are a tiny minority. This does not stack up against the commission's figures. Pokie players make up 40 per cent of Australian gamblers, but deliver 55 per cent of gambling revenue, and account for 80 per cent of problem gamblers. These 95,000 people account for 41 per cent of the \$10.45 billion in pokie revenue. That's \$4.3 billion a year, or an astounding \$45,100 each.

The inevitable consequences are large debts, liquidated assets and misappropriated money. Problem gamblers suffer from "depression, stress, anxiety, lethargy, insomnia, poor nutrition, suicidal thoughts, increased caffeine and nicotine consumption, sweats, confusion, panic and ulcers".

Since the annual loss is more than they can afford, our 95,000 problem pokie gamblers are not the same ones each year. Once they are broke, they are broke. But more take their place. And being a problem gambler is also a problem for the gambler's family. One in eight Australians cites gambling as a problem in their near family.

How do we keep a lid on it? Taxing gambling is easy, so it makes up 9 per cent of state tax revenue. It could be more, as it's a perfect market to tax. The Henry Tax Review (a sadly ignored read on this as with many other issues) makes the point well. Because state governments restrict the supply of gambling services, the licence holders "make more profit than they would in a competitive market - that is, they earn economic rent".

Hypothetically, the government could tax 100 per cent of that rent, and gambling companies could still make normal profits and offer investors an adequate rate of return.

However good they are for state coffers, taxes are not the answer to containing gambling. Gamblers on a run will not reason that a 4-1 bet should be 4.3-1, and so think twice before punting. They will still bet as much. Since problem gamblers make up a third of all gambling losses, they already account for 3 per cent of state tax revenue, which is predatory enough, surely. Gambling taxes are also highly regressive, falling disproportionately on lower income groups.

Henry cites better options such as banning advertising, limiting the size of bets, restricting opening hours, providing clocks and lighting, limiting credit, using low-wager machines and using e-card technology to track and remind gamblers of their losses.

The independent MP Andrew Wilkie and Senator Nick Xenophon are working with welfare organisations, which see the impact of problem gambling, to get governments to enact some of these restrictions. Pokie revenue rose fivefold in the 15 years to 2005, leaving Australia with a unique dependence on high-turnover pokies. Britain limits its machines to a 50p bet (75c) and a maximum payout of £50.

But getting those restrictions through, against the opposition of state governments, licensed clubs and listed gambling companies, is a tall order. Their claim that pokies support grassroots sport does not hold water - a true Australian furphy. Western Australia has no pokies outside casinos, and its clubs and communities are as healthy as anywhere. The NRL chief executive, David Gallop, has made a name for himself as a man of integrity. But the notion he is supporting, that children's sport depends on the misery of problem gambling, shames him.

Meanwhile, the commercial parties who would have the most to gain from gambling reform are silent. Banks and retailers would benefit directly from gamblers spending less on the pokies, and more on paying debts and buying what their families need.

Governments should make decisions for the public good, not for the loudest minority, no matter how well-funded it is. Especially when the advertising funds come from pokies.

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Read more: <http://www.smh.com.au/opinion/society-and-culture/problem-gamblers-cant-judge-cost-of-pokies--others-have-no-excuse-20110705-1h0o1.html#ixzz1RKhVR0JH>