

Gaming Machine Arrangements Review
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To Whom It May Concern

Gaming Machine Arrangements Review: Consultation Paper

The Australian Psychological Society (APS) welcomes the opportunity to provide feedback on the Gaming Machine Arrangements Review Consultation Paper.

A key goal of the APS is to actively contribute psychological knowledge for the promotion and enhancement of community wellbeing. Psychology in the Public Interest is the section of the APS dedicated to the communication and application of psychological knowledge to enhance community wellbeing and promote equitable and just treatment of all segments of society.

Gambling-related harm is an area in which the APS takes a keen interest. There is an urgent need to look at the impact of gambling on society as a whole, and what can be done to reduce the potential for gambling-related harm. The APS has consequently developed a number of resources, including a Position Statement (2012) and Review Paper (2010), based on major developments in understanding gambling from a psychological perspective.

In summary, the APS endorses a public health framework which includes strong consumer protection measures. This takes into account how gambling technologies, venue behaviours and settings, and other aspects of the gambling environment and regulatory system can lead to harmful outcomes for gamblers (Dickerson, 2003).

The APS cannot comment on the legal aspects of the Paper, but this submission does draw on the available evidence to provide recommendations with the aim of enhancing individual and community-wide mental health and wellbeing and reducing gambling-related harm.

The aspect of most interest to the APS is the arrangement relating to 'community benefits' (5.3 Club and hotel tax differential). To receive a tax concession, gaming venues are obliged to put 8.3% of their gaming profits back into the community, which is demonstrated via the annual submission of a community benefit statement (CBS). However, through current regulatory loopholes, items such as salaries for gaming venue staff and operating costs (or "normal business costs", as described by Livingstone, 2005) can be written off as "indirect" community benefits (Class B items). This is most likely rationalised by arguing that the broader club (which houses the gaming machines) is providing a service to the community (by way of leisure opportunities, hospitality and entertainment).

The APS recognises that gambling forms part of an entertainment and tourism industry, and is a significant source of revenue to government and private enterprise. However, the APS also considers gambling to be a significant public health concern, due to the considerable harm it can cause to individuals, families and communities. In particular, the APS acknowledges the overwhelming evidence indicating that most harm is associated with Electronic Gaming Machines (EGMs) (APS, 2012). Therefore, feeding back EGM-generated resources to support the ongoing operation of clubs, not to mention claiming it to be a benefit to the community, is highly problematic. Furthermore, these funds could also be said to be giving gaming venues a competitive advantage over potential non-gaming competitors in the hospitality industry - like subsidised meals, transport to venues, or offsetting any of their own costs.

There is a range of alternative activities that clubs might legitimately claim as community benefits. For example, "direct" community benefits include donations, sponsorships, provision of sporting facilities and volunteer services (Class A items). While there is no research to our knowledge that demonstrates the impact of these direct benefits for the community, there is plentiful evidence for the beneficial impact of community activities (such as sport and volunteering) for health and wellbeing. Nor is there evidence that any claimable community benefits outweigh the demonstrable individual and community harms from gaming machines.

The issue is that the majority of CBS items are not Class A items. Pickernell et al. (2013) estimate that only one sixth of the items in CBS statements can be categorised as "non-normal business costs" (i.e. Class A items).

While the APS supports the Government's intentions in introducing a scheme to benefit local communities (by channelling a proportion of the locally-generated gaming revenue back into the community), it appears that the original intent is not being realised.

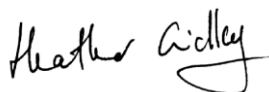
The APS therefore recommends a thorough review of what constitutes a 'community benefit'. This could mean that Class B items (indirect community benefits such as capital expenditure, financing, provision of buildings, plant and equipment, and operating costs such as overheads and staff wages), which are essentially normal business costs, can no longer be claimed as a community benefit. It may also be pertinent to fund research to examine what items have resulted in the most benefits for the community to date, and how they have done so.

Pickernell et al. (2013) also found a positive relationship between strong social capital building and keeping a larger proportion of gaming-generated resources within a community (whether for community purposes or attracted back to it from government programmes). This indicates that the Victorian Government also needs to address the net outflow of EGM-related resources particularly in lower socioeconomic status (SES) areas (Pickernell et al.).

In summary, the APS is yet to be convinced that measures to return some of the profits from EGMs to the Victorian community, especially in those lower SES areas where losses 'on the pokies' are highest and hit hardest, are sufficient to counterbalance the aggregated harms that the introduction of EGMs has been shown to inflict on these communities – or indeed that such a balance would ever be achievable.

For further information please contact me on 03 8662 3327.

Yours sincerely,

A handwritten signature in black ink, reading "Heather Gridley". The signature is written in a cursive, flowing style.

Ms Heather Gridley FAPS
Manager, Public Interest
Australian Psychological Society

References

Australian Psychological Society (2012). Gambling-related harm: A Position Statement prepared for the Australian Psychological Society. Melbourne, Australia. <http://www.psychology.org.au/Assets/Files/APS-Gambling-Related-Harm-Position-Statement.pdf>

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About the Australian Psychological Society

The APS is the premier professional association for psychologists in Australia, representing more than 22,000 members. Psychology is a discipline that systematically addresses the many facets of human experience and functioning at individual, family and societal levels. Psychology covers many highly specialised areas, but all psychologists share foundational training in human development and the constructs of healthy functioning. A key goal of the APS is to actively contribute psychological knowledge for the promotion and enhancement of community wellbeing. Psychologists apply their skills and knowledge to enhance understandings of the individual, family and systemic issues that contribute to social problems, and to find better ways of addressing such problems.

APS Gambling-related Harm Resources

Resources and information about gambling-related harm can be accessed at the APS webpage: <http://www.psychology.org.au/Content.aspx?ID=5218>

Publications

- 2012 [Position Statement on Gambling-related Harm](#)
- 2010 Review Paper - [The Psychology of Gambling](#)

InPsych (bimonthly bulletin)

- [APS cites psychological science at climate, marriage equality and gambling inquiries](#) (June 2012)
- [Special report: The psychology of gambling](#) (December 2010)
- [How psychologists are helping problem gamblers](#) (October 2003)

Submissions

- [Interactive Gambling Amendment \(Virtual Credits\) Bill](#) (May 2013)
- [Inquiry into Advertising and Promotion of Gambling in Sport](#) (March 2013)
- [National Gambling Reform Bill 2012 and other related Bills](#) (November 2012)
- [Submission to the Australian Government, Department of Broadband, Communications and the Digital Economy's Interim Report of the Review of the Interactive Gambling Act 2001](#) (2012)
- [Inquiry into the prevention and treatment of problem gambling](#) (April 2012)