

Gambling and the Dilemma of Government Responsibility

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Gaming Instinct ...

The gaming instinct is born in all normal persons: it is, in itself, right and indispensable, but we discriminate between its applications. It is valued in war and business; it is approved of in such expressions as sport and recreation; ... but society justly condemns the exercise of the instinct aside from activities which create wealth.

W.I. Thomas, *The Gaming Instinct*, (1901)

Social Setting of Gambling ...

“In reality very little was known about the proles. It was not necessary to know much Heavy physical work, the care of home and children, petty quarrels with neighbours, films, football, beer, and above all, *gambling filled up the horizon of their minds*. To keep them in control was not difficult.”

George Orwell, *1984* (p. 74)

Public Economic Benefits

“The public economic benefits which come from legalising gambling should benefit the least advantaged and the flow of taxation should ensure redistribution from richer to poorer not vice versa.”

Professor P. Collins, EASG, 2005

Source of Revenue

Highlighting the sources of revenue is essential to understanding whether revenue derives disproportionately from vulnerable communities and/or from problem gamblers or from some combination of the two.

Legitimacy of Government Sponsored Gambling

“... The very legitimacy of government sponsored gambling and its continued expansion hinges on the assumption that a large portion of the revenue does not come from people [and vulnerable communities] who are negatively impacted by their involvement in gambling”.

(Ontario Problem Gambling Research Centre)

Leads to a focus on ...

- Individualise or “pathologise the problem”.
- The machine, the venue, lights, clocks.
- Use dangerously benign, ‘manipulative spin’ such as harm minimisation and responsible gambling.
- Good causes – e.g., Children’s Hospitals.
- Construct an understanding and limit policy choices.

Reality is

- Less well off (poor) *vs* affluent communities.
- High tax revenue from vulnerable communities.
- Reversing progressivity of the tax system.
- As (percentage) of average income, greater the loss, greater the harm.

Regional Impacts – Victoria

	Machines per 1,000 adults	Cumulative Losses per Adult 1992-93 (2005 dollars)
Victoria	7.2	7,263
Boroondra	2.0	1,920
Maribyrnong	13.3	15,184
Greater Dandenong	10.5	12,248
La Trobe City	11.4	10,555
Darebin City	9.4	10,209

Machine Numbers, Venues and Revenue (2004)

Local Government	Machine Numbers	Venues (Number)	NGR (\$ million)	Average Per Machine (\$)
Region A	229	8	20.963	91,545
Region B	229	12	6.875	30,022
Region C	80	2	8.968	112,072
Region D	80	2	4.195	52,443
Region E	120	3	11.766	98,052
Region F	122	4	2.509	20,568

Disadvantage: The Highs and Lows

	SEIFA Index (Average = 1,000)	Families/ Children <16 (%)	Lowest F/T Sec. School Participation Rates (%)	LF Part. Rate (%)	U/E Rate (%)
High Scores					
Burnside	1,122		91.1	80+	3.1
Adelaide Hills	1,120	< 30	90.2	80+	3.0
Mitcham	1,116		91.1	80+	2.8
Low Scores					
Playford – West Central	762	73.6	62.1	60.0	17.3
Pt Adelaide-Enfield (Port)	799	73.4		61.6	14.3
Playford-Elizabeth	807	77.2	60.6	60.4	21.1
Salisbury (Inner North)	891	-	71.6		20.1

The Highs and Lows (continued)

Statistical Local Area	Mean Taxable Income (\$)	Low Income Families (Per cent)	Children Living in Low Income Families (Per cent)	Dwellings Without a Motor Vehicle (Per cent)	Households Receiving Rent Assistance (Per cent)
High Scores					
Average for High Regions	49,210	13.2	28.4	6.4	8.2
Low Scores					
Average for Low Regions	32,325	33.6	69.7	14.8	14.6
Low relative to High	65.7	2.6	2.5	2.3	1.8

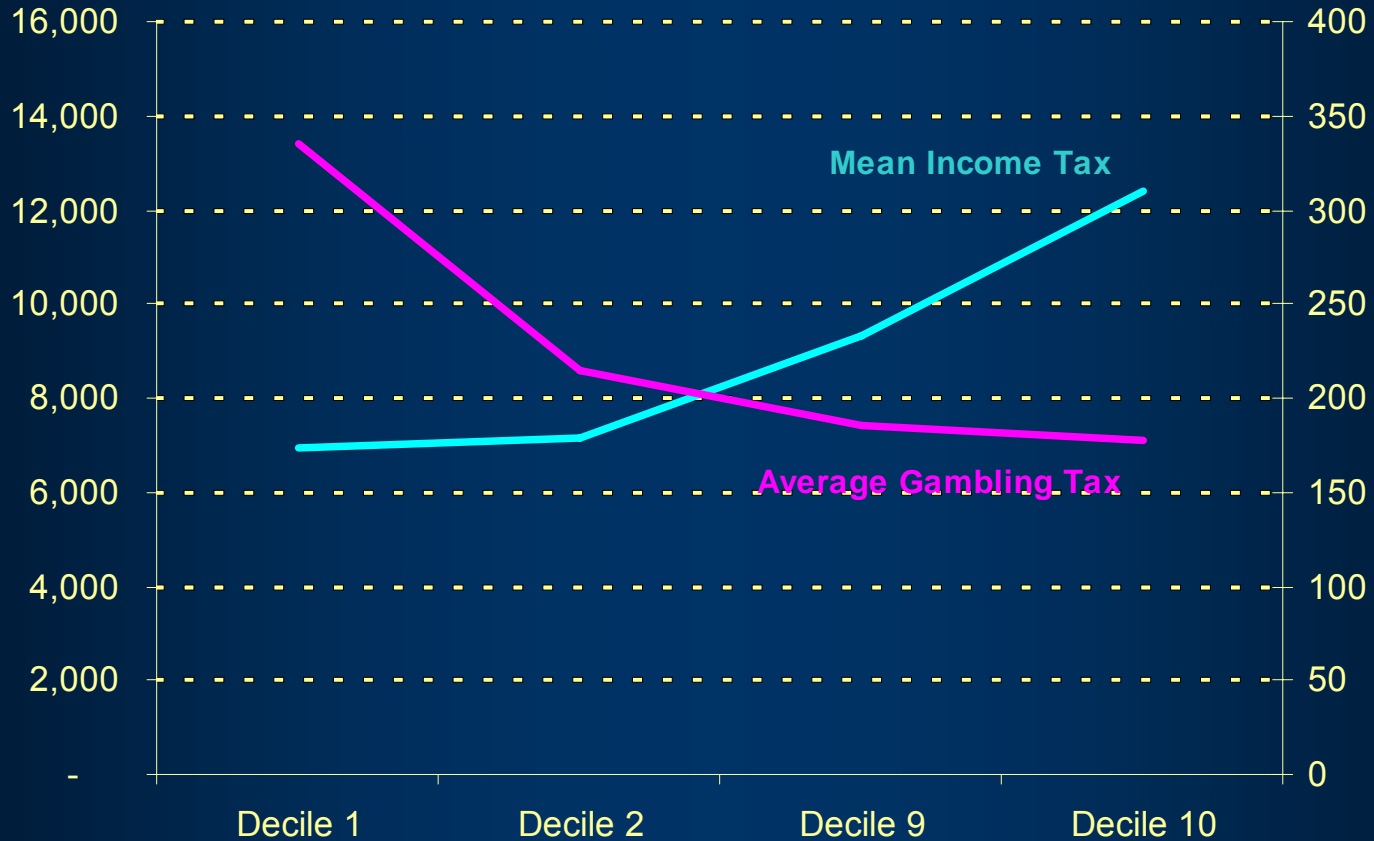
Disadvantage – Who has got what

	Venues	Machine Numbers	NGR (\$ million)	Tax (\$ million)
High Scores				
Total (4)	6	190	8.0	3.0
Low Scores				
Total (4)	34	982	45.0	20.1

Incidence of the Tax, 2005

Local Government	Tax Per Adult, 2005 (\$)	Cumulative Tax, 1994-2005 (\$ million)	Cumulative NGR 1994-2005 (\$ million)
High Scores			
Cumulative Total		38.0	74.3
Average Tax	78		
Low Scores			
Cumulative Total		482.9	1,206.5
Average Tax 2005	320		
Low Relative to High	4.1	12.7	16.2

Personal Tax and Gambling Tax



LGAs Grouped by Index of Relative Socio-economic Advantage and Disadvantage

SEIFA Index	Median weekly income (\$)	Venues number	EGMs number	NGR \$ million	NGR/ per machine (\$)	NGR/ capita (\$)	NGR/ income (%)
decile 1	n/a	n/a	n/a	n/a	n/a	n/a	n/a
decile 2	368	32	666	35.1	52,702	297	1.6
decile 3	363	19	500	24.9	49,800	397	2.1
decile 4	371	11	222	9.7	43,693	191	1.0
decile 5 & 6	395	21	518	23.0	44,401	220	1.1
decile 7	n/a	n/a	n/a	n/a	n/a	n/a	n/a
decile 8	445	10	245	10.1	41,224	140	0.6
decile 9	476	3	60	1.8	30,000	57	0.2
decile 10	526	8	189	7.4	39,153	150	0.5
Average All	408	104	2,400	112.0	46,666	229	1.1

Source: Calculations SACES. Ranked by National Decile, Gaming Machines and Revenue

LGAs Grouped by Index of Relative Socio-economic Advantage and Disadvantage

SEIFA Index	Median weekly income (\$)	Venues number	EGMs number	NGR \$ million	NGR/capita (\$)	NGR/income (%)
Decile 1-4	367	62	1,388	69.7	295	1.56
Decile 7-10	482	21	494	19.3	115	0.43

Source: Calculations SACES. Ranked by National Decile, Gaming Machines and Revenue

Statistical Analysis of Problem Gambler Numbers by Region

Variables Correlated with the Helpline Callers – Gamblers

	Coefficients	Standard Error	t Stat	P-value
Intercept*	21.90	7.194	3.04	0.006
Travel time to the nearest casino	-0.021	0.0147	-1.45	0.161
Population density*	0.028	0.004	7.10	0.000
Net gaming revenue (\$ million)*	1.798	0.094	19.07	0.000
Per cent of population employed in 'blue collar' occupations*	-0.496	0.163	-3.04	0.006
Total licensed premises other than clubs*	0.415	0.027	15.36	0.000

* Significant at the 5 per cent level Adjusted R²:0.980, F-statistic:1994.58, Prob. F:0.0000

Impact on Tax System

- More regressive because it is high and because more vulnerable groups have highest expenditure.
- Regressive against income levels.
- Reduce taxes from other sources (reverses progressivity).
- Leads to revenue substitution, not additionality.

Distribution of Taxes

- Cost of public works is allocated to the poor.

“Instead of the rich paying for the poor, the poor are paying for their own government spending, alleviating the burden on the rich.”

(Puckernell).

Shifting Debate

TO vulnerable communities FROM problem gamblers.

Conclusion

“The most important policy question is what is the appropriate presence of, and structure for, permitted gambling in society” (Eadington).

Government has abrogated responsibility

- to protect the most vulnerable,
- maintain progressivity of the tax system,
- to restrict the most dangerous form of gambling,
- slow to address visible harm to public while accepting fiscal benefit.