Long Term Study into the Social Impact of Gaming Machines in Queensland

An Issues Paper: The Social and Economic Impact of Gaming Machines on Aboriginal and Torres Strait Islander Communities in Queensland

A Report Prepared by the Australian Institute for Gambling Research, University of Western Sydney, and the Labour and Industry Research Unit, University of Queensland, for the Queensland Department of Families, Youth and Community Care

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Part 1: Background

On the 18th May, 1991, the Queensland Machine Gaming Act was passed, authorising the operation of gaming machines in licensed clubs and hotels. Gaming machines began operation in Queensland clubs on 11th February 1992 and in hotels on 30th April of the same year. In August 1995, the number of gaming machines throughout the state had risen to just over 18,000 with the state total player spend/losses per day of $1.3 million.

In May 1993, the Minister for Family Services and Aboriginal and Islander Affairs (now the Department of Families, Youth and Community Care) announced that the Australian Institute for Gambling Research had been commissioned to conduct a three-year project into the social impact of the introduction of gaming machines to Queensland.

In January 1994, the Department provided an enhancement of this social-impact study specifically to address the question of the impact of gaming machines on Aboriginal and Torres Strait Islander communities in Queensland.

A. Scope of the Project

Within the framework of the broader social-impact study, this project aimed to identify, examine and describe options with regard to:

- expenditure on gaming machines within Aboriginal and Torres Strait Islander communities - levels of expenditure and areas that this expenditure has been diverted from;
- community perceptions with regard to gaming machines;
- impact of gaming machines on community lifestyle;
- application of revenue derived from gaming machines by clubs and hotels in centres where there are high Aboriginal and Torres Strait Islander populations;
- impact of gaming machines on economic development within Aboriginal and Torres Strait Islander communities; and
- problem gambling and general social welfare issues.

The study concentrated mainly on the northern Queensland region.
B. Terms of Reference

The consultant adopted the approach that the terms of reference for the research should be developed from the scope given above in the Department’s original brief in consultation with the Cairns Consultative Committee with a view to ensuring that the interests and needs of Aboriginal and Torres Strait Islander people were met.

Thus, in addition to the six points listed above under ‘Scope of the Project’, a further nineteen items were endorsed and a further four specifically for the Yarrabah study (see part 4 for a full description).

It was apparent from these initial meetings between the consultant and the Committee that the topic:
• was of significant interest and concern to Aboriginal and Torres Strait Islander people;
• involved all gambling rather than just gaming machines; and
• was larger than could be adequately studied by the existing research resources.

The project team nonetheless decided that there were substantial benefits in developing an overview of the present situation, in collecting preliminary data from players and communities and in presenting this work as an issues paper to initiate discussion and the development of policy.

The paper comprises four sections:
• background;
• a summary of the present findings;
• issues arising from the study; and
• implications and areas for future research.

C. Methodology

Aboriginal and Islander people in Queensland are likely to reside in one of three community types: Deed of Grant in Trust (DOGIT) communities; communities located in urban, metropolitan areas; or communities in country centres and rural areas. Roughly one half of Queensland’s Aborigines and Islanders reside in DOGIT communities. A significant number of Aborigines and Islanders live in urban areas. There is a large Torres Strait Islander population in each of Cairns, Townsville and Brisbane, while there are many Aboriginal people residing in remote and rural regions of Queensland.

People have varying access to poker machines, depending upon where they live. They are incorporated into the broader economy in different ways and, to differing extents, maintain varying degrees of traditional practices, values, attitudes and beliefs. They have greater or less access to employment and alternative leisure pursuits. Thus there is an enormous variety in the range of
variables which might influence the nature and extent of economic and social impacts of poker machines on various communities of Aboriginal and Torres Strait Islander people across Queensland. The study has, by necessity, limited itself to considering two prime groups of Aboriginal and Torres Strait Islander communities. Cairns was selected as an example of a regional centre with a large Aboriginal and Torres Strait Islander population and nearby Yarrabah was selected as a sample DOGIT community.

There were four elements of the research methodology:

- a survey of 128 Aboriginal and Torres Strait Islander people living in Cairns was completed by two research assistants engaged through the Cape York Land Council. The sample was recruited by approaching players in registered clubs and hotels and snowballing through relatives and friends. This has had the effect of concentrating on regular machine-gaming players (which may have been balanced by also contacting the relatives of regular players). This methodology is different from the telephone survey conducted in 1995, where the criteria was that a person had played poker machines in the previous 12 months;
- an in-depth social and economic appraisal of the introduction of PubTAB to the DOGIT community at Yarrabah;
- a three-day visit to Thursday Island for consultations and a public meeting; and
- consultations: a Consultative Committee was established in Cairns and a range of Aboriginal and Torres Strait Islander government and non-government organisations with an interest in the issue was invited to join. The Aborigines' and Islanders' Alcohol Relief Service, the Aboriginal Co-ordinating Council, the Aboriginal and Torres Strait Islander unit of the Cairns Department of Social Security, and the Cairns Regional Office of Aboriginal and Torres Strait Islander Affairs of the Department of Families, Youth and Community Care participated. The Committee met three times during 1994 and reviewed, contributed to and endorsed the terms of reference.

A series of interviews was conducted with members of organisations with an interest in the management of impacts arising from the introduction of poker machines. These consultations served to identify the key issues of concern and to provide useful anecdotal evidence of the impact in Cairns. Interviews were also held with ATSIC in Brisbane and Townsville.

D. A Review of Contemporary Social Impact Studies of Gaming and Wagering

While card games and other forms of gambling that were incorporated into Aboriginal culture and communities over the last ten years in Australia may have been increasingly in competition with legalised forms of gaming and wagering, so too the research concern has broadened to embrace the possible impacts of these readily accessible commercial forms of gambling.

In the context of the established research literature that documents the very high rates of negative impacts on indigenous people of the availability of alcohol and other addictive substances, Volberg and Stuefen (1994) pose the question of whether the introduction of legalised forms of gambling is likely to expose indigenous populations to similar concurrent, negative social and economic impacts.

Research projects have been carried out on the prevalence of problem gambling amongst
indigenous people in the USA (Volberg & Silver 1993) and New Zealand (Abbott & Volberg 1991, 1992). Abbott and Volberg (1994) attempt to draw conclusions from the data and conservatively suggest that the level of negative impacts of legalised gaming and wagering on indigenous populations may be at least three or four times greater than that experienced by non-indigenous populations within the same jurisdiction.

These results cannot be generalised to Australia where prevalence studies of problem gambling have been derived from random samples of the general population, nationally, in Tasmania, Western Australia, New South Wales and Queensland but with never more than one or two Aboriginal or Torres Strait Islander respondents in any one sample.

Estimates derived from these studies have suggested that 0.5% of the general adult population in Australia may be considered to evidence severe gambling-related problems and a further 0.6% were significantly at risk of experiencing problems. In states such as Tasmania and Western Australia where gaming machines were restricted to casinos, lower prevalence levels were estimated.

The present study completed in Queensland and a yet-to-be-released survey report in New South Wales represent the first research in Australia of the social and economic impact of gaming and wagering on Aboriginal and Torres Strait Islander people.

**PART 2: FINDINGS OF THE STUDY**

**A. Gaming Machine and Player Survey**

48% of the 128 respondents interviewed were women, 47% were born in Cairns, 14% in the Torres Strait Islands, 6% in Cape York and the remaining respondents elsewhere in Queensland.

Age ranged from 20–73 years, 51% were aged 20–30 years and 37% 31–45 years (In the main 1995 telephone survey of the general population in Brisbane, Cairns and Rockhampton the age distribution was approximately 23%, 20–30 years and 30%, 31–45 years.

65% of the 128 respondents were in live-in relationships.

Income averaged $318 per week. 32% earned less than $10 000 p.a., 45% $10 000–$20,000 p.a., 16% $20 000–$25 000 and 6.5% over $25 000 p.a. These statistics compare favourably to the average income of the general Aboriginal and Torres Strait Islander population of Cairns reported in the 1991 census, where 37.9% earned $8 000 or less p.a., 35.5% earned between $8 0001 and $20 000 p.a., 12.3% earned between $20 001 and $40 000 p.a., and 0.5% earned over $40 000 p.a. In the general population sample of gaming machine players in Queensland 25.6% earned less than $20 000, 21% $20 000–$29 000, 15% $30 000–$39 000, 18% $40 000–$59 000 and 12% over $60 000.

21% of respondents were employed in clerical positions, 13% managerial, 9% in skilled para-
professional or trades.

**Gaming and wagering**

78% preferred gaming machines, 11% Lotto/lottery, 7% TAB and 4% other forms such as cards and bingo. 1 in 5 who preferred TAB gambling were women, whereas an equal proportion of men and women preferred gaming machines.

The average weekly expenditure by respondents on gaming and wagering was $60 (range $10–$340). In the general population surveys of gaming machine players in Queensland, 64% of players spent $10 or less and the modal weekly spend was between $10–$20. In the present survey average weekly expenditure on gaming machines was $30 and the total expenditure on all forms of gaming and wagering was 20% of average income. The discrepancy between average weekly expenditure on gaming and wagering for this survey compared to the general population surveys might be due to the fact that this survey focused on regular players, while the general surveys included anyone who had gambled in the past year (and thus also included less regular players).

29% said they had not gambled at all prior to the introduction of gaming machines.

Respondents reported a range of gambling-related problems including family financial assistance to pay gambling debts (8%) and putting important relationships at risk because of gambling (6%).

**B. Impacts of PubTAB in a DOGIT Community**

The Yarrabah Council introduced PubTAB in March 1993 as an additional facility at the local canteen. The objective was to improve leisure opportunities available to the community and to earn the Council additional revenue. In February 1994, it was temporarily closed following a theft, reopening in March 1994 only to be closed permanently by the Yarrabah Council in May 1994 following a second theft.

Interviews and observations in the community indicated that about half of the community were heavy or weekly players; 20% did not gamble. (General population mainstream study group surveys in all states in Australia indicate that 4–6% of respondents weekly or more frequently use the TAB/PubTAB.)

The introduction of PubTAB was associated with a significant reduction in local card games. Several community members who had previously travelled regularly to a TAB ($140 round trip taxi fare) switched to using the PubTAB.

A survey of regular players at the PubTAB (six women and eleven men) found that their average income was $423 per fortnight and about $70 per week was spent on PubTAB, card games, or gaming machines. In other words on average the players were spending more than 25% of their income on gambling: general population surveys in Victoria and New South Wales in 1995 showed that 5% of the population spent more than 25% of income on gambling.

The introduction of PubTAB was associated with a marked reduction in canteen sales of alcohol and reports from players that they were drinking less alcohol.

Interviews and data on combined Community Police and State Police arrests suggested that the introduction of PubTAB was associated not only with a reduction of alcohol sales but also alcohol-related community violence.

Despite broad community support for the advantages of having PubTAB in the canteen the associated fall in alcohol sales resulted in a very significant reduction in the Council’s revenue base which is used in a variety of community programs.
C. Torres Strait Islanders

A visit to Thursday Island included a public meeting, interviews with representatives of key organisations and visits to gaming venues.

Gaming and wagering for pleasure and entertainment are culturally very accepted and 30–40% of the population gamble weekly and more often using gaming machines and/or PubTAB in particular. The average weekly expenditure was estimated to be of the order of $60.

Negative impacts of excessive gaming and wagering featured in some reporting of various welfare agencies on Thursday Island including difficulties in rent payment, and purchase of food for the family. It was not possible to develop any estimate of the extent of these impacts as no data on gambling-related problems are collected by any of the agencies.

The introduction of gaming machines to one hotel had resulted in consistently high, per machine returns that had enabled the hotel facilities, guest rooms and bar to be extended and upgraded. One hotel had experienced a reduction in alcohol sales, and thereby a reduction in profits, associated with the introduction of PubTAB, a result paralleling the experience reported in the DOGIT community canteen above.

Community opinion strongly endorsed the view that the newly established services for problem gamblers and their families, Break Even, should be extended to the Torres Strait. It was felt that given the very strong positive acceptance of gambling by Torres Strait Islanders, harm reduction and educational strategies paralleling recent alcohol programs might be the most effective way of heightening community awareness of the potential problems associated with regular gambling.

PART 3: ISSUES ARISING FROM THE STUDY

A. Expenditure on Gaming Machines

Compared with non-indigenous respondents to recent surveys in Queensland, Aboriginal and Torres Strait Islander players spend significantly more on gaming machines and all forms of gambling.

On average 20% of income of the sample of gaming machine players was spent on gambling and similar high levels by regular players at the Yarrabah PubTAB. There is thus the combination of low income and high expenditure on gambling.

Larger expenditure is linked to the much stronger preference of indigenous respondents to the more time-consuming pleasurable forms of continuous gambling such as gaming machines, TAB and casino gaming rather than Lotto/lotteries which are the main preference of non-indigenous respondents.

When gambling expenditure averages 20% of income there is likely to be considerable diversion of expenditure from all other household budgets, leisure, travel, clothing and, for some, food and rent. As almost a third of the gaming-machine players had never gambled prior to the introduction of gaming machines there is no doubt that this diversion of moneys from other household budgets can, to some extent, be attributable to the accessibility of the machines.

Patterns of gambling amongst Aboriginal and Torres Strait Islander people will vary from urban to
rural to remote settings and research to establish such a database would be complex and costly. For example, the extent to which people travel from their home communities to other places to gamble is presently unknown. Only in this way can the relationship between patterns of gaming and wagering and other key variables such as age, marital status, employment and income be clarified. There is some evidence that commercial forms of gambling have reduced the expenditure on the traditional card games played within communities. The impact of this has been a flow of moneys out of the community to the operators and in taxation revenue.

**B. Community Perceptions with Regard to Gaming Machines**

Within communities there can arise disagreements between councils who may prefer a gaming or wagering outlet to close because of the loss of discretionary revenues and the community who wish the facility to remain available to them as a leisure option. Except when resulting in harmful excess, all forms of gaming and wagering are perceived as pleasurable leisure and entertainment activities enjoyed by both men and women. When harmful effects arising from gaming and wagering are recognised in communities then the tendency is for both the individual and the gambling, whether TAB or gaming machines, to be viewed negatively.

**C. Impact of Gaming Machines on Community Lifestyles**

Within some communities where either gaming machines or the TAB are readily accessible community-based card games occur less frequently. Whereas the card games were in the community with children in or around the group playing, commercial gaming and wagering venues are for adults only. For some players on a fixed income it seems likely that expenditure on gaming and wagering in hotels in particular may have reduced individual expenditure on alcohol. Within a community setting the availability of gambling as a leisure activity as well as drinking alcohol may have been associated with reductions in alcohol-related disturbances although this may be a short-term effect as studies have suggested that alcohol and gambling problems are correlated. Given the strong preference for continuous forms of gambling regular players will spend many hours per week gambling. The impact of such a time-occupying activity on the family and community is not known for either indigenous or non-indigenous gamblers except in the context of problem players’ retrospective descriptions.

**D. Application of Revenue Derived From Gaming Machines by Clubs and Hotels in Centres Where There are High Aboriginal and Islander Populations**

The Yarrabah community experienced a significant reduction in their canteen profits, and hence discretionary community monies, as a result of introducing PubTAB. Observations in Cairns and Thursday Island suggest that revenues are usually reinvested in club and hotel capital works to improve facilities and extend existing gaming areas. A concern of Cairns
clubs has been to invest in strategies that will prevent the erosion of their player base by the
opening of the casino.

Documentation of financial support for Aboriginal and Torres Strait Islander community projects
from the Sport and Recreation Levy and from the Charities and Rehabilitation Levy would provide
one relevant aspect of the use of taxation revenues arising from the gaming machines in clubs and
hotels.

E. Impact of Gaming Machines on Economic Development within Aboriginal and
Islander Communities

In general indigenous people seem not to have benefited from the employment growth in the hotel
and club industry that has been generated by the introduction of gaming machines. Statistics to
corroborate this perception are unavailable. However, a study on the employment impacts of the
Cairns Casino does shed some light on the issue. Of the 81 long-term unemployed people
surveyed who were being trained as casino croupiers, only two were of Aboriginal or Torres Strait
Islander descent.

Where an alcohol outlet/hotel or canteen serves a community where the majority of people are in
receipt of pensions or working for employment benefit schemes and therefore have fixed
discretionary income, then for that outlet to diversify its patron services to include gaming machines
and/or the TAB, a net loss of profitability results. This is because the profit margin for alcohol is
20%, while the profit margin for gaming machines is 10%.

F. Problem Gambling and General Social-Welfare Issues

In general-population surveys about 10% of adults have a weekly or more frequent habit of gambling
on continuous forms such as gaming and wagering. One in six such regular players is significantly
at risk of gambling-related problems. Despite the limitations of self-report information these results
have been fairly consistently replicated in studies in different states in Australia.

Given the much greater preference of Aboriginal and Torres Strait Islanders for continuous forms of
 gambling and their significantly higher expenditure pattern, then it is inevitable that their experience
of the negative impacts of gambling will be much greater than that found in non-indigenous
populations.

If higher income levels and full employment ‘buffer’ individual gamblers from the range of family,
financial and legal impacts that may arise during excessive expenditure on gambling, then the high
unemployment rates and lower incomes found amongst indigenous people will render them more
vulnerable to the whole range of gambling-related problems.

There is anecdotal evidence of a rise in demand for welfare and financial crisis services coincident
with the increased availability of gaming machines.

Given that recent research has shown that gambling-related problems cluster, i.e. the presence of
one predicting the likelihood of another, then early intervention and ready access to the information,
advice and counselling services similar to Break Even are essential in preventing high levels of
 gambling-related problems amongst Aboriginal and Torres Strait Islander people. There is a need to
develop culturally specific service models that give emphasis to preventative strategies.

At present in northern Queensland the nearest available resource centre for the provision of
services for problem gamblers and their families is Break Even in Townsville. The availability of
culturally appropriate or specific problem gambling services is such that there is little access to the majority of the indigenous population of northern Queensland.

**PART 4: IMPLICATIONS AND AREAS FOR FURTHER RESEARCH**

The following concerns were not addressed and remain as potential terms of reference to guide future research.

Measure and put cost estimates on the additional load on Cairns welfare and support agencies since the introduction of poker machines. Make projections about additional demands on these agencies as the availability of poker machines increases, e.g. when the casino starts up.

Comment upon specific impacts on the elderly, both as patrons and as dependants of patrons.

Establish the relationship between alcohol consumption and gambling.

Identify any positive or negative health implications of increased incidence of gambling, in particular the relationship between stress and problem gambling.

Evaluate the extent to which the efficacy of ATSI organisations has been undermined due to the existence of ‘problem gambling’ amongst ATSI staff.

Assess the impact in the Cairns region of DOGIT community members developing ‘problem gambling’ on visits to Cairns and remaining in Cairns as a result.

Advise on experiences and general practices in relation to taxation and regulation of gaming activities on aboriginal land in other countries including Canada, the United States and New Zealand.

Assess, in broad terms, the potential fit between the introduction of poker machines on DOGIT communities and community aspirations in relation to tourism.

**Conclusion**

Preliminary research suggests that the introduction of gaming machines to clubs and hotels in Queensland (and the availability of other legalised forms of gaming and wagering) has resulted in opportunities for Aboriginal and Torres Strait Islander people to enjoy an additional form of leisure/entertainment but without sharing in the economic benefits and disproportionately incurring gambling-related social and economic negative impacts.
REFERENCES


Aboriginal Family Environmental Health Survey. Tharawal Aboriginal Corporation. Campbelltown, NSW.


APPENDIX I: CONSULTATIONS

Consultations between Dr Annie Holden and the following were held during the project.
Ms Narelle Nicol, Cairns Region ATSIC Regional Councillor
Mr Tom Popp, ATSIC Regional Manager, Cairns area
Mr Bill White, Project Officer, ATSIC Cairns
Mr Nigel Underwood, Yarrabah Deputy Council Clerk
Mr Noel Pearson, Director, Cape York Land Council
Mr Robert Patterson, Chairman, Aboriginal Co-ordinating Council
Mr John Boatman, Lifeline, Cairns
Ms Maureen Nui, A/Manager, Aboriginal and Islander Unit, Department of Social Security
Mr Kevin Keating, Aborigines’ and Islanders’ Alcohol Relief Service
Mr Phil Connors, Regional Manager, Cairns, Department of Family Services, Aboriginal and Islander Affairs
Mr Phil Donnelly, State Manager, ATSIC
Ms Tony Malimoo, Regional Manager, Brisbane, ATSIC
Mr Andrew Chalk, Solicitor, Horowitz and Berlinski, Sydney
Ms Barbara Sheffield, Executive Manager, Retail Sales, Totalisator Agency Board
Mr Rod Wooley, Casino Manager, Breakwater, Townsville
Ms Alana Ross, Project Officer, ATSIC, Townsville
Mr David Gella, Project Officer, ATSIC, Townsville
### APPENDIX II: THURSDAY ISLAND VISIT

Name and affiliation of people interviewed/attending public meeting during visit by Associate Professor Mark Dickerson

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<thead>
<tr>
<th>Organization</th>
<th>Name</th>
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<tr>
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<td>Glen Maitland</td>
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<tr>
<td>Wangai Hotel</td>
<td>Barry Whitfield</td>
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<tr>
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<td>Ellie Gaffney</td>
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