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Problem gambling as a cause of energy poverty among Australian households

What this research is about

Energy is necessary to support daily functioning. For example, energy is required for basic needs such as heating and cooling the home. The costs of household energy bills have risen over the past decade. In Australia, electricity prices have risen by 8% per year. Poorer families have to spend a higher proportion of their income on energy bills than wealthier families. This is made worse by the fact that poorer families live in homes that are less energy efficient. They are also less able to improve their housing quality.

Gambling is widespread in Australia, but can lead to harm when people gamble more than what they can afford to lose. People with problem gambling often report financial hardship as the first harm from gambling. Financial hardship can spill over to other family members. Energy poverty describes when people struggle to pay their energy bills for basic needs. This study is the first to investigate if problem gambling is a cause of energy poverty.

What you need to know

Energy poverty describes when people struggle to pay their energy bills for basic needs, such as heating and cooling their home. This study is the first to investigate whether problem gambling is a cause of energy poverty. The researchers analyzed data from the Household, Income and Labour Dynamics in Australia (HILDA). The Problem Gambling Severity Index (PGSI) was used to assess gambling behaviours. The results suggested a causal pathway from problem gambling to energy poverty. Concerns about being able to heat one's home and paying energy bills on time increased with more severe gambling behaviours. Household budget share for energy use fell with moderate-risk and problem gambling, suggesting that people were cutting down on their energy use to gamble.

What the researchers did

The researchers used data from Household, Income and Labour Dynamics in Australia (HILDA). HILDA is a large national study that has been ongoing for 20 years since 2001. It recently started to collect data on gambling behaviours in 2015 (wave 15) and 2018 (wave 18). Approximately 15,000 Australian adults participated in these two waves.

The researchers used the Problem Gambling Severity Index (PGSI) to assess gambling behaviours. For energy poverty, they used a mix of objective and subjective measures. The two objective measures were: (1) budget share for energy use as a percentage of household income; and (2) whether the budget share was more than 10% of household income. Past research had considered spending more than 10% of household income as a sign of energy poverty. Subjective measures were based on participants' responses of their situation. These two measures included: (1) whether participants were unable to heat their home; and (2) whether participants could not pay electricity, gas, or telephone bills on time.

The researchers took into account socio-demographic factors when examining the relationship between gambling and energy poverty. These factors included age, gender, marital status, household size, number of dependants, employment status, income, education, urban/rural location, disability, and alcohol use.

To check that there actually was a causal pathway from gambling to energy poverty, the researchers looked at the possible impact of state-level gambling spending and number of electronic gaming machines (EGMs). Different states in Australia vary in the total amount of money that residents have spent on gambling. States also vary in the number of EGMs, which is a proxy of gambling opportunities. These factors might affect gambling behaviours.

What the researchers found

Around 2.1% of participants spent more than 10% of household income on energy. The average budget share was 3%, and the maximum was 25%. Around 60 to 65% of participants reported that they did not gamble. Around 1% experienced problem gambling (score 8 or above on the PGSI). The rest fell into the categories of non-problem gambling (score 0 on the PGSI), low-risk gambling (score 1 or 2), and moderate-risk gambling (score 3 to 7). A higher percentage of women reported not gambling compared to men. The percentage of men increased with higher gambling risk categories. Most people's gambling risk categories did not change over the three years.

People who gambled without a problem did not differ from people who did not gamble on the objective and subjective measures of energy poverty. People with low-risk gambling had more concerns about being able to pay their bills on time than people who did not gamble. But there were no differences on the objective measures.

For people with moderate-risk gambling, their budget share for energy use started to fall. This suggested that people who experienced more gambling harm were cutting down on energy use for gambling. People with moderate-risk gambling had more concerns about heating their home and paying bills on time than people with low-risk gambling. For people with problem gambling, there was no further effect on energy budget share. But the effects of gambling on the subjective measures were even larger.

State-level gambling spending and number of EGMs did not change the results. Thus, there appears to be a causal pathway from excessive gambling to energy poverty. Scoring higher than 2 on the PGSI may be the threshold when gambling behaviours start to have an impact. Subjective measures of energy poverty are important to consider as objective measures may not fully show the impact of gambling behaviours.

How you can use this research

This study can inform problem gambling intervention and energy industry responses. It suggests a need to offer financial management support that are targeted to people's gambling behaviours. Energy suppliers have the social responsibility to support people who experience gambling harm and their families.

About the researchers

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About Gambling Research Exchange (GREO)

Gambling Research Exchange (GREO) has partnered with the Knowledge Mobilization Unit at York University to produce Research Snapshots. GREO is an independent knowledge translation and exchange organization that aims to eliminate harm from gambling. Our goal is to support evidence-informed decision making in safer gambling policies, standards, and practices. The work we do is intended for researchers, policy makers, gambling regulators and operators, and treatment and prevention service providers.

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