

30 March 2009

Gambling Inquiry
Productivity Commission
GPO Box 1428
Canberra City ACT 2601
Email: gambling@pc.gov.au

Dear *Staff for the Gambling Inquiry*

**Re Productivity Commission Gambling Issues paper – Submission by
Maribyrnong City Council**

Please find attached Maribyrnong City Councils submission in response to the Productivity Commission Gambling Issues Paper.

When the draft report is released in September 2009 we will consider providing feedback with a focus on our community.

Yours Sincerely,

Jan Consedine
General Manager (Acting)
Community Wellbeing

Encl.

INTRODUCTION

Maribyrnong City Council has a significant interest in the findings of the Productivity Commission Report due to its unenviable position as;

- One of the most disadvantaged communities in Victoria, ranked 3rd in the State on the SEIFA Index
- A municipality with the 2nd highest electronic gaming machine (egm) expenditure per adult population in Victoria and egm expenditure per adult population almost 70% above the metropolitan average.

The amount spent on gaming per adult per annum in City of Maribyrnong was \$1148 – totalling \$59.5 million in 2007.

With such high levels of gambling in the City of Maribyrnong, we are particularly concerned about the social impact on members of the community, including housing stress, family breakdown, food insecurity, and health concerns.

As an arm of government, Maribyrnong City Council is interested in the outcomes of the Productivity Commission inquiry to inform future Local Government policy. We have a particular interest based on recent experience at the Victorian Commission for Gambling regulation (VCGR) that Council's capacity to reduce harm under the current VCGR arrangements is diminished. Under the current arrangements, we are unable to develop policies to protect our community from harms associated with high levels of gaming.

SCOPE OF THE INQUIRY

PROBLEM GAMBLING

We note that a commonly understood definition of problem gambling is not available. We recommend that the Commission should give some significant effort and consideration to formulating a clear definition of who is considered to be a 'problem gambler', and further, should clarify who is being targeted by Harm Minimisation measures and the effectiveness of these measures.

We believe further work is required to analyse the measures specifically targeting those strategies aimed at problem gamblers (especially self help and self exclusionary measures) and their effectiveness in preventing problem gambling.

SOCIAL IMPACT

With annual adult expenditure of \$1148 per adult per annum, Maribyrnong City Council has a significant interest in the social impacts of gambling, including issues of;

- food security
- financial security
- housing stress
- family breakdown
- health
- suicide

- provision and use of community infrastructure, (in particular gaming venues replacing alternative social settings such as band venues, restaurants etc.)

We believe the Commission should devote significant attention to these issues and the impacts of gambling, which have not been sufficiently addressed to date.

We believe further analysis of the placement of gaming venues should also be undertaken to identify the methodology used to determine venue locations, and to explore whether the relative disadvantage of the area plays a role in the selection of sites.

While the VCGR, in recent 'reasons for decisions', have expressed concern about increases in gaming expenditure within an area, decisions have not taken into consideration the current expenditure within those areas. The City of Maribyrnong has the 2nd highest egm expenditure per adult population of any municipality within Victoria. As such, we believe decisions need to consider the already high expenditure, and not simply increases in expenditure when considering applications.

It is unclear, based on current information, what consideration is given to the impact on the community when decisions on the allocation of egms are made. Recent decisions of the VCGR have seemed inconsistent with regard to the weighting they give to number of egms compared to gaming expenditure by population. Clear criteria guiding decision making is required, and would assist to inform local planning

Maribyrnong City Council requests the Commission examine the level of discretion and interpretation provided under the VCGR's Terms of Reference, provide comparison with the Terms of Reference for regulatory bodies within other jurisdictions and explore the benefits of a uniform assessment process, covering all jurisdictions.

DESTINATION GAMBLING

Current State/National Policy refers to a preference for 'destination gambling'. A comprehensive definition is not available and should be provided to guide current policy thinking and to allow for informed planning.

RESEARCH AND DEVELOPMENT OF EGMS

There is currently limited publicly available knowledge on the psychology used in the technology of gaming machines. This information should be made publicly available, and regulations to mitigate the detrimental impact of these technologies explored.

COST BENEFIT ANALYSIS

We believe there is insufficient evidence to provide a true indication of the costs and benefits of gambling to the community. Current quantifications of the impact of the gaming industry have been so variable as to be meaningless, with a variation of -\$1.2billion to \$4.3billion. We believe it would be in the public interest for The Commission to undertake a more

comprehensive investigation, to develop a robust method of measurement, examine the proposed costs and benefits and provide a detailed analysis of each.

REGIONAL CAPS

The regional capping of egms has not diminished gambling expenditure, nor reduced the impacts of problem gambling on local communities (or the financial impacts on local government in addressing these impacts). Maribyrnong City Council requests an expansion of the Terms of Reference of this Inquiry to include investigation into the effectiveness of current demand management strategies and provide recommendations in relation to demand management strategies for egm operators.

ECONOMIC MODELING FOR EGM OPERATORS

The Commissions Terms of Reference for this Inquiry outline consideration of 'the contribution of gambling revenue on community development activity and employment'. Maribyrnong City Council is encouraged by the inclusion of this aspect in the inquiry. This has never been appropriately addressed and requires significant attention which includes robust research and modeling to provide a more useful indication.

COMMUNITY BENEFIT REGULATIONS

It is Councils view that there is a disproportionate reallocation of egm tax revenue generated from poorer areas (with high egm numbers) to other areas. This doubly disadvantages some areas already under stress. The expenditure of revenue legislated to be returned to the community through various Community Benefit funds also requires further examination. These contributions have been poorly monitored to date. Community Benefit Statements provide little detail of the expenditure of Gaming Venues for the benefit of the community. Further, they are not adequately scrutinized. We call for a review of expenditure of Community Benefit Funds, with a view to examining the actual benefit to the community. We believe the current arrangements in which operational expenses are claimed as a community benefit is inappropriate and requires review. We request the Commission further considers transparency in the expenditure of funds and publication of detailed accounts to demonstrate the allocation of gaming revenue towards genuine community benefit.

We request the Commission review the contribution from all sources of gaming revenue into problem gambling assistance funds and examine the rationale behind the varying amounts contributed according to venue type and location, which currently includes exemptions for certain gaming venues (Casinos for example).

The Victorian Community Support Fund (CSF) was designed to focus on 3 main areas:

Promoting Responsible Gambling: Providing funds for research, community education, prevention and problem gambling services;

Community Building: Projects that will promote social and economic development in areas most affected by gaming; and

Broader Community Benefit: Sport, tourism, recreation and arts projects as well as state-wide programs

We request the Commission considers a review of recent expenditure of CSF funds; to identify the contribution of the CSF towards each area and the basis for this allocation and assess if there is a commensurate investment of CSF funds in those areas of disadvantage. In particular, we call on the Commission to examine the investment in programs and research directed at Harm Minimization, and the effectiveness of current practices.

HARM MINIMISATION

The Commission identifies the issue of Harm Minimisation measures and refers to the 'National Snapshot of Harm Minimisation Strategies' as a point of reference. A quick review of the Harm Minimisation Strategies here clearly demonstrates inconsistencies of practice across the jurisdictions. Consistency should be sought to ensure best practice across Australia.

More research is required to clarify the effectiveness of the various measures, and strategies implemented should be based on evidence that demonstrates their effectiveness. Measures based on robust evidence based would allow for consistent practice across jurisdiction and appropriate (jurisdictionally consistent) legislation to enforce their application. The basis for the application, or non-application, of harm minimization measures should be made clear.

In particular, Maribyrnong City Council has concerns about the inconsistencies in application of the following harm minimization practices;

- Code of Conduct and their application vary throughout jurisdictions
- Gambling related inducements are permitted in Victoria despite bans in NSW, NT and SA.
- Several States and territories have no designated minimum spin-rate; Victoria has a spin-rate of no less than 2.14 seconds, while other States and territories have spin-rates of no less than 3, or 3.5 seconds
- Venue specific quantity restrictions vary considerably between jurisdictions
- Enforced player breaks are not implemented in any jurisdiction – further investigation is required, building on the work of IPART in NSW, which recommended pop-up messages every 60 minutes.
- Display of return to player odds is currently available only by selection of the player. We believe the Commission should further investigate the display of player odds as an integral part of the game, rather than by selection of the player.
- Use of Note Acceptors is variable across jurisdictions, and further research is required to understand the implications of the effectiveness of each approach in terms of harm minimization.
- Access to ATM's in gaming venues is inconsistent across jurisdictions
- The availability of Card-based gaming is inconsistent across jurisdictions

Voluntary codes of conduct were identified as ineffective by 1999 Productivity Commissions Report on Gambling. There has been nothing to suggest these codes have been more effective in the last 10 years. We dispute the effectiveness of Voluntary Codes of Practice due to the inherent conflict of interest for venue operators seeking to maximize profits and call on the Commission to consider the existing information, and to undertake research if necessary, to determine the prevalence of use and the effectiveness or otherwise of such Codes.

Gaming is often defended as being a 'legitimate recreation activity'. If gaming is accepted as a legitimate recreation activity, rather than a business for the purpose of profit making, we recommend the Commission explore a change to the return to player rate to bring this form of 'recreation' in line with the financial cost of other forms of recreation offered in the community. Victoria's return to player rate of 87% could reasonable be increased to 98 or 99% and would still provide profit margins well above those of other forms of recreation.

In relation to all Harm Minimisation measures, we believe independent evidence-based research is required to provide direction for legislation and will allow for consistent practice across jurisdictions.

LOCAL PLANNING AND INFORMATION AVAILABILITY

As an arm of government, Councils plan for and service the community. In order to do this effectively, we require accurate information. Much of the knowledge around gaming is withheld from Local Government, making this role more difficult. We request the Commission consider this issue and provide recommendations that allow for greater transparency of knowledge surrounding gaming to allow us to better plan for and support the community.

PERCEPTIONS OF POSITIVE PREDISPOSITION TOWARDS AFL FOOTBALL CLUBS

A recent emerging issue in Victoria is the increasing reliance of EGM revenue by AFL football clubs. This is being mainly manifested by the development of social clubs in areas of high disadvantage that are quite distant from their 'traditional' community of interest.

Further even a cursory examination of VCGR decisions in Victoria seems to indicate that there may be emerging a positive predisposition towards AFL football clubs.

Council and the community would find it most beneficial if the Productivity Commission could give some consideration to this issue in Victoria and nationally.

CONCLUSION

Maribyrnong City Council, like all local governments seeks to govern for all by balancing a range of elements in the public interest. Based on Council's recent experience it seems that prima facie the currently regulatory environment in Victoria does not provide a jurisdiction where the high level of

probity and governance for local government is equally applied to private sector organizations. While local government operates in a transparent public policy environment, private operators withhold information and hide behind 'commercial in confidence' provisions.

The ability of local governments to protect its community from harm depends on its ability to access, analyze and contextualize all relevant information, and to be clear about the parameters within which it must work. It is our hope that the Productivity Commission Inquiry will consider the issue of establishing a 'level playing field' provide these parameters and make recommendations that allow local governments to govern in the interests of their community.

Maribyrnong City Council appreciates the opportunity to participate in this inquiry, and is happy to elaborate further on the above or to participate in any discussion with the Productivity Commission during its deliberations.