

18 December 2009

The Productivity Commission
Locked Bag 2, Collins St East
Melbourne VIC 8003



ABN 86 517 839 961

Dear Commissioners,

Re: Productivity Commission Draft Report – Gambling October 2009

As identified in our original submission to this inquiry, Maribyrnong City Council has a significant interest in the Productivity Commission Report into Gambling 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 gambling machine (egm) expenditure per adult population in Victoria and egm expenditure per adult population almost 70% above the metropolitan average.

The amount spent on gambling (egms alone) 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.

Report Findings

Maribyrnong City Council welcomes the draft recommendations in the Productivity Commission Report on Gambling released in September 2009. Council was particularly pleased to see a range of recommendations addressing harm minimisation. There are however, aspects where Council believes the Commission has been too conservative and where more can be done.

Council's response to the draft report will focus on egms, as these cause the most significant harm to our community. Council's response identifies recommendations which Council supports, and outline concerns where Council believes more can be done.

MUNICIPAL OFFICES

Napier Street
Footscray

POSTAL ADDRESS

PO Box 58
Footscray
Victoria 3011

DX

DX 81112

Footscray

TELEPHONE

(03) 9688 0200

FACSIMILE

(03) 9687 7793

INTERNET ADDRESS

www.maribyrnong.vic.gov.au

Benefits of Gambling

Council is concerned that this inquiry has proceeded on the premise that gambling provides significant benefits to the community, and that the Commission has largely relied on the findings from the 1999 Productivity Commission Inquiry to inform its view on this matter. It is of concern to Council that no significant independent work has been undertaken to substantiate the significant benefits claimed from gambling. In Council's view, the Productivity Commission has an obligation to further investigate the claimed benefits of gambling in order to assess whether the benefits of gambling to the community are as great as they are claimed to be in the 2009 Report.

In relation to the benefits of gambling, the report suggests that abolishing gambling machines would 'probably' reduce overall community wellbeing (p. 3.6) due to loss of entertainment value, however it goes on to acknowledge that 80 percent of Victorians (gamblers and non-gamblers) consider that gambling does more harm than good (p 3.8). On this basis, Council believes the Commission should take the opportunity to undertake further analysis of the claimed benefits of gambling.

Harm Minimisation measures

Council strongly support measures designed to minimise harms to players. Council welcomes the suggested measures which provide an 'up-stream' harm minimisation approach that deals with the gambling industry as the focus rather than the individual. In principle, Council supports the implementation of the recommendations:

- Reducing/regulating player inducements and prohibiting inducements likely to contribute to problem gambling
- Earlier commencement and extended venue shut down periods
- Maximum bet limit of \$1
- Maximum amount that can be fed into a machine of \$20 at any one time
- Disclosure of expected hourly expenditure
- Reduction in daily withdrawal limits from ATM/EFTPOS
- Winnings over \$250 paid by cheque or direct credit
- Prohibiting the use of credit cards for gambling
- Introducing a national minimum standard of training for problem gambling counselors
- Implementing pre-commitment systems
- Providing opportunities for gamblers to self-exclude from gambling venues
- Self-exclusion database be expanded to Nationwide

While Council recognises that a management response has proven to be largely ineffective in addressing problem gambling, and supports the recommendation to implement pre-commitment systems, it is Council's firm position that such a system can and should be implemented prior to 2016. The estimated 125,000 problem gamblers and the 290,000 people at risk of problem gambling, their families and the communities that suffer as a result of their gambling, can ill afford to wait another 7 years for the implementation of such systems. The technology to introduce such a

system is available, and with the political will, could be implemented in a fraction of the time recommended.

Council is similarly concerned about the effectiveness of self-exclusion measures in which problem gamblers can revoke such commitments. Allowing the revocation of such measures will significantly reduce their effectiveness for those most vulnerable to problem gambling.

The Commission requested feedback on the proposal that 'past some sufficiently high expenditure level, the expected loss rate on gambling machines could be set to zero'. While Council supports such lateral thinking, and commends the intent of this measure, it is Council view that a better result for all players could be achieved by improving the base return to player rate.

Should the Commission reject this suggestion however, it is Councils view that expected loss rates could be reduced after an expenditure level that is consistent with other forms of recreation is reached. That is, some assessment should be made as to the reasonable costs for recreation pursuits that might be undertaken as an alternative to gambling to determine the expenditure level at which the expected loss rate could be set.

The Commission acknowledged in the Report, the role alcohol can play in impairing judgment and thus contributing to harm for gamblers. Councils view is that the Commission should further consider this relationship and consider whether measures could be introduced to minimize the harm as a result of gamblers playing while impaired as a result of alcohol consumption.

Council is concerned that the Commission received submissions as part of the initial inquiry process that suggested gambling machines incorporate iconography and sounds to put players in a trance as part of the strategy to increase length of play and player expenditure, yet the Commission failed to address this in the draft report. Council suggests the Commission consider further investigation and consideration of this issue in the Final report.

Funding of harm minimization measures

Council notes the Terms of Reference set a task for the Inquiry to provide additional research into (4) the 'the social impacts of gambling industries, the incidence of gambling abuse, the cost and nature of welfare support services of government and non-government organizations necessary to address it'. Councils view is that the Inquiry should also consider the source of funding for these services and the relationship between where this money is collected (as taxes) and how it is redistributed. In particular, the report should provide an analysis on the expenditure of the taxes collected through gambling and how this is redistributed to support the community.

As per Council's submission in March 2009, Council requests the Commission consider a review of recent expenditure of Community Support Funds (CSF) to identify the distribution of this funding and the basis for this allocation. We request the Commission provide an

assessment to determine if there is a commensurate investment of CSF funds in those areas of disadvantage which invariably contribute the most through losses on gambling machines.

Council supports the recommendation that help-services be funded by gambling forms contributing most harm, but is concerned at the suggestion that harm minimization measures such as pre-commitment technology should ultimately be funded through a change to the rate of return to players. In Council's view, these costs should be borne by the multi-billion dollar industry benefiting from problem gambling, rather than by potentially increasing the harm to players through a change of return to payer rates, particularly given the acknowledged potential saving to the industry through 'lowering some compliance burdens for gaming venues and vendors'.

In relation to accessibility, the Report suggests that caps should not be relaxed, '...at least not until an effective pre-commitment regime is in place.' Council believes Caps should remain in place irrespective of the implementation of pre-commitment system, as accessibility to gambling increases expenditure and thus if Caps were removed, there is a risk of a whole new cohort of people that may be exposed to gambling, ultimately placing more people at risk of becoming problem gamblers. While pre-commitment systems may be effective at reducing harms for problem gamblers, they do not prevent people developing problem gambling habits, and the likelihood of people developing problems with the gambling is increased by improved access to gambling opportunities.

Breaches of mandatory harm minimization measures

The Commission invited participants to comment on penalties or disciplines that gambling regulators could impose on venues for breaches of mandatory harm minimisation measures. It is Council's view that this system should function like that of many other Licensing systems, whereby a Breach of the License condition incurs fines for minor breaches, and where serious breaches are incurred, the License is suspended or for repeated breaches, revoked. Council also suggests the Commission might explore a demerit system similar to that used for vehicle license breaches. In this way, operators failing to comply with the mandatory harm minimization measures would also risk license suspension for repeated breaches.

Council suggests such a system should not be restricted to breaches of mandatory harm minimization measures and may be used as a penalty for all breaches of license conditions.

Publicly available research information

Council supports the recommendations that would make available information and data to inform Policy and Planning responses. In particular, the free availability of gambling information and data will assist Local Government perform its planning role, and allow for the development of policies to protect our community from harms associated with high levels of gambling.

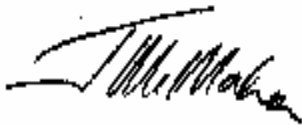
Council supports the implementation of the recommendations;

- Establishment of a national centre for gambling policy research and evaluation
- Governments provision of publicly available, timely data on gambling machine numbers, expenditure and revenue by type of venue, and self- exclusion information
- Making de-confidentialised unit records of gambling surveys available in a public domain data archive at no cost to users

Council is encouraged by the draft report and recommendations, and urges the Commission to be bold in its recommendation in the final Report, to ensure that the harms caused to the community by gambling are minimized to the greatest extent possible.

Maribyrnong City Council appreciates the opportunity to participate in the Inquiry process and look forward to reading the final Report.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Jenny McMahon', is written over a large, stylized yellow arrow graphic that points towards the signature.

Jenny McMahon
General Manager Community Wellbeing