



**SUBMISSION TO**

**THE PRODUCTIVITY COMMISSION**

**DRAFT REPORT:**

***AUSTRALIA'S GAMBLING  
INDUSTRIES***

**SEPTEMBER 1999**

# **SUBMISSION TO PRODUCTIVITY COMMISSION'S INQUIRY INTO AUSTRALIA'S GAMBLING INDUSTRIES**

## **INTRODUCTION**

Yarra City Council welcomes the opportunity to comment on the Draft Report of the Inquiry into Australia's Gambling Industries (July, 1999). Council believes that this report is particularly important and timely in the evaluation of the effects of the huge growth in gaming activities in Victoria. Along with other Victorian municipalities, Yarra City Council is concerned about the social and economic effects of the increase in gaming particularly as recent research evidence indicates that it impacts most negatively on vulnerable groups in our City. Councils are in a key position to monitor these effects both through formal research methods and also through anecdotal evidence gathered through community networks and contacts. Local community services are often a "barometer" of social problem growth. In its provision of services, and its community leadership role, local authorities have an important role in local impact analysis.

## **KEY COMMUNITY CHARACTERISTICS IN YARRA**

Yarra City is a small, Melbourne inner-city municipality with a population of 65,000. It has particular demographic characteristics which are significant in the analysis of the likely effects of both electronic gaming and casino gambling in the City.

Socio-economically, the city is becoming increasingly polarised with a high percentage of very low income earners (36.2% have a weekly gross income of less than \$500) and growing percentage of high-income earners (14.3% have a weekly gross income of \$1,500). Consequently, Yarra has a smaller than metropolitan-average of "middle income" households.

In regard to ethnic diversity, approximately 32% of Yarra residents come from Non-English speaking backgrounds. Many of these residents come from a refugee background and some groups are amongst the most disadvantaged of any refugee settlers in Victoria. The largest groups of recently arrived residents are from Vietnamese, Chinese and East Timorese backgrounds.

Yarra has the highest number of public housing units of any municipality in Victoria, and most of these residents live in concentrated high rise areas. The City has three large high rise estates, in Fitzroy, Collingwood and Richmond. Demographic analysis of the residents of these areas indicates that they are predominantly low-income families, with a high percentage of single parent families and residents from Non-English speaking backgrounds.

In the Richmond High rise area for example, birthplace of residents indicates that almost one third has a Vietnamese background. Major languages spoken at home are Vietnamese (34.5%), Chinese languages including Hakka (34%) and Turkish (3.7%). Only 13.6% speak English only, at home. The average individual weekly income of these residents is also very low with two thirds of the tenants receiving less than \$200 per week. Household incomes are correspondingly very low.

## **GAMBLING DISTRIBUTION IN YARRA**

### **Number of Machines**

Yarra City currently has 13 venues with 426 EGMS (average 32 per venue). The largest venue has 100 machines and the smallest, 5 machines. This gives an average of 8 per 1000 head of population.

### **Potential for Expansion**

Yarra has 52 registered Hotels and 17 Bars. Should Gaming companies be seeking to relocate machines (which is possible within the existing cap), this availability of licensed floor space currently unoccupied by EGMS, means that Yarra has considerable capacity to accommodate more EGMs. The Tower Hotel in Alphington has indicated that it intends to install 100 machines in existing floor space.

### **Current Distribution and Location**

Fig 1 *Distribution of EGMS*, shows a clustering of the existing machines around the largest density public housing estate in the city, the Richmond, Elizabeth Street high rise, walkups and low-rise areas. Five of Yarra's venues are within easy walking distance of this predominantly low-income district, generating a total of 53% of the city's machines.

Within the city's precincts, the distribution of machines is:

53%	Richmond
21%	Abbotsford
17%	Fitzroy
5%	Alphington
4%	Collingwood

Three other venues, the Tankerville Arms Hotel in Fitzroy. (40 machines), the Albion Inn (20 machines) and the Collingwood Football Club (54 machines) are also in close walking distance to large public housing estates.

## **SOCIAL AND ECONOMIC IMPACTS**

Yarra City Council has not, to date carried out formal research on the local social and economic impacts of gambling in the City. However, there are reasons for concern both from the findings of recent research and from local service usage data.

### **Vulnerability of low income residents**

Research carried out by Maribyrnong City Council and others has demonstrated a clear relationship between the location of EGMS and areas of low income. Although Yarra does not rate amongst the 10 municipalities with the highest rate of EGMS per 1000 adult head of population, it is clustered with the eight other metropolitan councils which have low SEIFA rates (Socio Economic Index for Areas) and high concentrations of EGMS per 1,000adults. Low SEIFA scores indicate low socio economic advantage.

Yarra has significant pockets of low-income housing. As has been demonstrated there is a clustering of EGM venues around at least one of these areas.

## **Vulnerability of particular ethnic community groups**

As has been pointed out, Yarra has a significant numbers of residents with Non-English speaking backgrounds and a large number of Asian-background residents. Whilst Council is aware of the dangers of stereotyping community groups, particularly in the absence of “hard evidence” of participation rates, other data suggests that Asian people may be particularly attracted to gambling. The City of Boroondara’s Gambling Impact Study (June, 1999), gives an analysis of the factors which are likely to make this form of recreation particularly attractive to newly arrived residents whose low level of English and broader social contacts, makes it difficult for them to negotiate other forms of recreation.

Local anecdotal evidence indicates that many local people gamble in the Casino. Indeed community workers have expressed concern at periodic activity by the Casino to target this market by supplying free buses and food vouchers.

Of particular concern are the likely effects of increased participation rates in this group, as demographic analysis indicates that many NESB residents have a very low income and therefore low discretionary household expenditure reserves.

## **Demand for local financial counselling services**

Very recent research commissioned by four Melbourne metropolitan councils and being carried out by the Workplace Studies Centre of Victoria University, indicates that under-reporting of one’s participation, expenditure and “problem gambling” rates may be endemic to general community survey research in this field. In this regard, evidence from relevant local support services such as financial counselling and family counselling services is particularly important in impact analyses.

Yarra City Council’s community support services report an increase in demand relating to gambling debt. Much of this demand comes not from the gambler him/herself but from family members often severely affected by gambling related financial hardship. The following case vignettes provided by Council’s Financial and Crisis Counselling Service, give some individual examples of the level of impact on local families.

### **Case study 1:**

*R is a 36-year-old single mother of 2 young children, aged 2 ½ and 4 years. She and her husband came to Australia as refugees from an Asian trouble spot 3 years ago. Her English skills are very limited. She was referred to the financial counselling service by an ethno-specific community worker and was seen with an interpreter.*

*Two years ago R was persuaded, by her husband, to purchase a \$500 household item on credit from a major retail store. Although the couple was on unemployment benefits, set up to pay both parties, the husband controlled the household funds. After making a couple of payments on this purchase the husband refused any more money because he was now using almost all the family’s financial resources for gambling. The couple broke up and went their separate ways but the debt, now over \$800, remained with R. This matter has led to legal action and enormous stress for R and her children.*

### **Case study 2:**

*T, a young man whose family has a refugee background, approached the crisis service for advice in relation to his younger, 22-year-old single sister. She had been gambling for several years without the family’s knowledge. When the matter was finally revealed it turned out that she had borrowed from all the family members, from a number of financial institutions and a number of ‘shady’ loan sources. Her debts totalled in excess of \$100,000. T sought advice on whether the family could assist his sister in gaining another loan, perhaps by going*

guarantor, in order to satisfy her creditors. The family members were prepared to write off her debts to them. When questioned as to whether his sister had sought gambling counselling, T said she had not, but she had assured the family that she would not gamble again. Since the sister had only a part-time job, it was probable that she had lied to obtain her loans, at least those from legitimate sources, as she had to her family. T was shocked to hear that this is obtaining money under false pretences and that his sister could be prosecuted. He and the family displayed a dangerous, and very common, 'innocence' of the consequences of trusting the statements of reform made by gamblers.

**Case study 3:**

L, a 57-year-old single man, on a Benefit, had a number of outstanding credit card debts and a personal loan; the debts totalled in excess of \$15,000. He had been made redundant from his 16 year Government job 4 years before and had not been employed since that time. Before seeing the financial counsellor, L had gambled away his entire redundancy payment and still had the debts that he had before leaving his job. L, advised by 'a friend', applied for release of superannuation funds and came to the financial counselling service for assistance in negotiating the time-frame for payment, to ensure that pending court actions were stopped. He agreed to attend gambling counselling and an appointment was made. When the first stage of funds arrived, L paid the first creditor as arranged. However, when the second stage of funds arrived L gambled the money. The remaining creditors re-instituted court actions.

**Case study 4:**

S, a 47-year-old single woman, in full-time employment on a modest salary, approached the crisis service in relation to her elderly mother's situation. S lived in an adjoining municipality but her mother was a resident of the City of Yarra. S was "at her wits' end" about her mother's gambling. S was living a 'hand-to-mouth' existence because she was paying her mother's utility bills, supplying her with food and meeting other essential expenses while her mother gambled her pension at the 'pokies'. S had been given a small redundancy when a previous job ended and all that money was gone. The funds she had saved to purchase an investment property for her own retirement was completely gone. S said that her mother used to go on the pokies trips but this had never been a problem until the machines were put in 'just around the corner'. S said her mother referred to it as "social outing" with her friends. S disagreed, of course, but her mother continued in the same way, relying on S to keep getting her out of trouble. S believed that if she did not help her mother financially she would not survive.

**Case study 5:**

A, a 34 year old man, with wife and 6 year old son, approached the crisis service following dismissal from employment for defrauding his company of money. Gambling had never been much of a problem until A was transferred to a Melbourne office within easy reach of the casino. It was at this time that he began stealing from his employer to meet increasing gambling debts. His debt to his former employer is in excess of \$130,000. Additional debts total approximately \$10,000. A's former employer is deciding whether to press charges and will probably do so.

**Case study 6:**

G, a 31 year old, man was a 'recreational' gambler for 10 years, always within his means (though to excess). He came to Melbourne and got caught up in the 'glamorous' casino scene. He had a reasonably high paying job and, as he increased his gambling, was able to access credit cards and loans to cover his losses. As time passed he found he could no longer service all his debt while gambling so much of his income. He sold and pawned assets but continued to fall further behind and began borrowing from family members interstate. Finally, he passed bad cheques. G is in debt for more than \$150,000 and facing legal action.

**Note:** These are case studies of residents of Yarra city. They were chosen to represent a range of ages, family types and backgrounds.

## **DISTRIBUTION OF GAMBLING TAXATION REVENUE**

As discussed in the Victorian Local Governance Association's (VLGA) response, the Community Support Fund in Victoria, (funded by gambling taxation), provides one mechanism by which gambling proceeds could be returned to those communities which have contributed most. Yarra City Council notes that it is a difficult process to establish the level of annual returns to the City. In the absence of clear data on the distribution, it appears that Yarra municipality has had to date, very minimal return. In the financial year 1999/2000, Council received only \$37,000 from this fund. Yarra would support further exploration of a range of mechanisms by which some return to local communities could be achieved.

## **FURTHER COUNCIL ACTIONS**

Yarra City Council is currently developing a gambling policy for the City. In developing this policy, consideration will be given to:

- the need for a Town Planning Code to guide responses to planning applications;
- holding local consultations on the development of a Charter of Responsible Gambling to reduce harmful impacts of existing gambling activities in the City;
- the instigation of mechanisms for monitoring local impacts of gambling;
- partnership approaches with local stakeholders and other councils; and
- the promotion of healthy recreation and leisure activities to increase choice.

## **SUMMARY AND CONCLUSION**

This submission presents material to the Commission which indicates the grounds on which Yarra City Council is concerned about the level of social and economic impacts of the increase in electronic gaming in the City. Although no formal research has been carried out, there is data to suggest that there are serious impacts on certain sectors of the community particularly public tenant residents who are likely to be have both low-income and an Asian background. These are both factors which have been identified elsewhere as possible risk factors for gambling expenditure which affects individuals and their families negatively.

Yarra City Council supports the position presented to the Productivity Commission by the Victorian Local Governance Association. This position advocates for an increased role for local governments in:

- contributing to a *Community Consultative Committee* to advise national control and regulatory bodies;
- contributing to research on local community issues and needs;
- developing locally based *Responsible Gambling Charters*;
- contributing to any state or national review of the gambling industry;
- regulating gambling expansion via its planning processes (this necessitates an amendment to Victorian legislation).

Yarra City Council endorses the conclusion in the Commission's Draft Report which calls for a greater role for local government in facilitating local consultations and advocating for local community issues. Council submits to the Commission that, as the site of local planning, it has a clear responsibility to monitor and ensure community wellbeing and protect the interests of vulnerable groups in its local area.