

**MORELAND CITY COUNCIL'S**  
**Response to**  
**AUSTRALIA'S GAMBLING INDUSTRIES**  
**DRAFT REPORT**  
**of the**  
**PRODUCTIVITY COMMISSION**

<p><b>PART A:</b></p> <p><b>COUNCIL'S INTEREST IN RESPONDING TO THE COMMISSION'S FINDINGS</b></p>
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**Introduction:**

Moreland City Council welcomes the opportunity to comment on the release of the Draft Report, Inquiry into Australia's Gambling Industries.

The Report identifies the need for government and community involvement in the industry at all levels.

Moreland City Council has a key interest in the impact of the gambling industry on its community. Council has statutory planning authority in Moreland and governance responsibilities which require that it advocate on behalf of its residents on issues of community concern and interest.

Council outlined its concern about the limited control it is able to exert over the increase in gaming venues and the rapid expansion of electronic gambling in its initial submission to the Productivity Commission.

Council reiterates its concern about the large number of gaming machines located in its municipality, particularly in relation to the high proportion of low income families within the community who are at greatest risk of social and economic disadvantage from gambling.

Moreland's population is considered to be at greater risk of exposure to problem gambling than other areas. Key demographic factors contributing to the level of risk include<sup>1</sup>:

- the population is ageing – 15.5 % of residents are 65 +, approximately 4% higher than the Melbourne Statistical Division (MSD) average;
- there is a high proportion of residents who do not speak English (27%);

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<sup>1</sup> Source: Moreland Responsible Gambling Strategy

- median personal income is very low, and has dropped between 1991 and 1996, while the average for the MSD has increased;
- over 41% of residents have incomes less than \$200 per week, compared with 35% for the MSD; and
- unemployment is generally high, but particularly so amongst young people.<sup>2</sup>

As at February 1998, the City of Moreland had 18 approved gaming venues with a total of 876 electronic gaming machines (EGMs).

Council is particularly concerned that Moreland (along with the Cities of Greater Dandenong and Maribyrnong) has an excessively high level of gaming machines and venues per head of population (documented in the initial VLGA submission which included participation by Moreland City Council (p 9.35).

The Moreland community is amongst Victoria's most disadvantaged in terms of income distribution, and has very high levels of recent settlers, many having suffered from traumatic events in their home countries.

The Commission states that 'the potential for disadvantaged communities to suffer more adverse social problems from expansions in gambling has important implications for government policy' (p 9.41). It is Moreland City Councils' experience that this statement is true for many disadvantaged people in its community.

**Council's response:**

Moreland City Council is in agreement with the Victorian Local Government Association (VLGA) which has stated publicly that *Australia's Gambling Industries Draft Report of the Productivity Commission*

'has confirmed much of what local governments in Victoria have been saying and it has picked up most of the points the VLGA submission made to the PC' (VLGA Bulletin No 7, August 1999).

Moreland City Council is not opposed to the operation of the gaming industry. However, Council is concerned with responsible local management of gambling to ensure that its community is not adversely affected by undertaking gaming activities.

Council believes there is an oversupply of gaming facilities in the City of Moreland which are highly accessible and widely promoted in the local community. It is Council's view that local governments should have greater planning powers/control over the placement/number of electronic gaming machines in its municipality. There are only two EGM operators in Victoria. Current legislation means that the operators can place and remove EGM's in venues eg. if EGM's not doing well/profitably they are moved to another venue. (In reality to disadvantaged areas for greater turnover).

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<sup>2</sup> Statistics based on the 1996 Census, unless stated otherwise.

Current research sponsored by a consortium of Councils in Melbourne (Moreland, Maribyrnong, Brimbank and Greater Dandenong) to develop a methodology to assess the local area economic impact of gambling indicates that:

‘by contrasting expenditure on gaming machines with the alternatives (e.g. retail) we find (on most reasonable assumptions) that local production is lower and income flows outwards. Pokie expenditures are individually and socio-geographically regressive; they fall heaviest on low-income households and they leak heavily from low income areas...[reinforcing]...what many have been concerned about all along: the negative impact that gaming machine gambling can have on local economies’ (p.p. 61, 62) *The Impact of Poker Machine Gambling on Low-Income Municipalities. - A Critical Survey of Key Issues.* (Interim Report) Dr James Doughney and Tony Kelleher, Workplace Studies Centre Victoria University.

A key mechanism used for the responsible local management of gambling in Moreland is Council's Responsible Gambling Strategy discussed in Part C of this document. A central objective of this strategy is that of stronger local community control and locally responsible planning powers.

## **PART B:**

### **COUNCIL'S RESPONSE TO THE FINDINGS OF THE REPORT**

**Moreland City Council supports many of the findings outlined in *Australia's Gambling Industries Draft Report of the Productivity Commission* (referred to hereafter as 'the Commission's Draft Report' or 'the Report').**

Significantly, the Report focuses on the rights of the gambling consumer and draws attention to the need for increased local control over the distribution and operation of electronic gambling machines (EGMs). Council supports increased roles for Federal and local governments in the management of the gambling industry.

The Report states ‘that the prevalence of problem gambling is directly related to the degree of accessibility of gambling, particularly [poker] machines’ (px11).

The Report confirms and reflects Council's views about the:

- growing evidence that local communities are experiencing substantial adverse social impacts in relation to the proliferation and accessibility of EGMs
- importance of protecting the more vulnerable members of the community from these effects through the provision of more accurate information to consumers and appropriate support services
- need for a substantial and influential role for local governments and their communities in managing gambling and its effects at the local level
- need for independent regulation and coordination by national government

- legitimate role of capping the number of machines as one of a range of strategies to reduce the accessibility of EGM's in communities.

### **Concerns About the Social Impact of Gambling on Local Communities**

The problems associated with the gambling industry in Victoria outlined in the Commission's Draft Report are of particular concern given the Victorian Government currently appears to be heavily reliant on the economic benefit it gains from the gambling industry as a significant strategy for dealing with the structural economic crisis faced by the state during the mid to late 1990's.

#### **Council's response**

Council supports the view expressed in the report that there is a need to reduce the cost of gambling to the community without impacting markedly on the 'benefits' to the community.

'Policy approaches for the gambling industries therefore need to be directed at reducing the costs of problem gambling – through harm minimisation and prevention measures – while retaining much of the benefit to recreational gamblers as possible (p x111).

The Report highlights the cost to the community in social terms citing that:

- 2.3 per cent of adult gamblers are considered to be problem gamblers, with debt and suicide included in the range of problems exacerbated by gambling
- the flow on impact of problem gambling can affect another five to ten people as well as creating additional demands on community resources (Summary pxxx).

This is particularly concerning as the Commission also found that only a small proportion of problem gamblers are prepared to seek help. In addition gambling activity is significantly under-reported. As Doughney and Kelleher note in their research "The ABS submission to the Productivity Commission inquiry concludes with a warning that "HES data on gambling is significantly under-reported and hence any analysis based on, for example income distribution, may be questionable"(1998,p.10)<sup>3</sup>.

#### **Council's response:**

Council notes the Commission's finding that 'there appear to be few socio-economic factors that significantly affect the likelihood of someone being a problem gambler' (Summary, pxxx) and that the profile of gaming machine players has no gender bias [being relatively popular with women] (pxx11).

However, Council's discussions with service providers in Moreland held in June and July 1999 indicated that:

- women are gambling in increasing numbers and

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<sup>3</sup> The Impact of Poker Machine Gambling on Low-Income Municipalities. – A Critical Survey of Key Issues. (Interim Report) Dr James Doughney and Tony Kelleher, Workplace Studies Centre Victoria University.

- for many of them it is becoming a significant problem negatively affecting their own well being and that of their families.
- Financial counsellors represented at the Moreland Gambling Service Providers Network meetings have reported that it is not uncommon for women who have felt the need to gamble when already struggling to manage financially will often gamble knowing that money is low (so they may as well try to win, or at least take some time out for themselves, but then end up with even less money) often reduce their own and their children's food expenditure to seek out remaining funds. Several women indicated that their gambling commenced as a casual activity, which quickly became an addiction. These women cited ease of accessibility as a concern.

This observation about women's involvement in gambling has been noted more broadly in the metropolitan press.

'Women did not figure among the statistics on problem gamblers 10 years ago. Now with the explosion of gaming machines they now constitute 50 per cent'. (Tony Wright "The Age", 20th July 1999).

### **The Balance of Costs and Benefits**

The findings of the Commission highlight many of the adverse social impacts of gambling on the community on which local government and community organisations have been providing powerful commentary for some time.

Many of the findings outlined in the Report provide a basis for challenging the assertion that gambling brings significant economic benefits to our communities. In fact they illustrate a range of problems which may confront consumers of products and services provided by gambling industry.

#### **Council's response**

Moreland City Council acknowledges that the analysis of the social and economic benefits and costs of gambling is complex and that methodologies required to undertake reliable and valid research are still being developed.

Council is in agreement with the VLGA in strongly supporting the findings of the Productivity Commission Draft Report highlighting the need for a 'national independent control commission to provide nationally coordinated and totally independent research on gambling.' (VLGA Media Release – 19 July 1999).

It is Council's view that this research should:

- consider the Australian experience in the context of international literature on gambling
- use comparative methodology, i.e., compare gambling in Victoria with a state which has not introduced EGMs on a large scale as a 'control group' for measuring causal relationships between gambling and the social and economic costs and benefits

- be funded and undertaken independently of the gaming industry and the VCGA.

It is important that in seeking solutions to effective management and regulation of the gaming industry that measures, which have been successfully implemented in other countries, are researched and that their application in the Australian gambling context be considered. This will be particularly important if the Internet gambling industry is to be effectively regulated.

## **Consumer Protection**

### **• Information and Education**

The Commission states that gambling consumers have only limited information about “the expected ‘price’ of their purchase. (p. XLV) and that this lack of information is potentially problematic to consumers (poker machine gamblers) (p. 15.12).

#### **Council’s response**

Council supports the views of the Commission expressed in the Draft Report that: increased measures for protection of more vulnerable communities are needed

In particular Moreland City Council supports:

- the provision of more accurate and honest information to consumers is essential.
- provision of regular (not periodic) records to consumers regarding their spending on gaming (15:24)
- availability of better information about the price of playing poker machines (15:17)
- information about the risks of gambling disseminated at venues in ways that are *as visible as signs promoting gambling* (15:27)
- provision by government of clear information about the nature of problem gambling to the public (15:26)
- tighter controls on gambling advertising (15:34).
- reduced access to cash and credit

The Report noted that ‘Problem gamblers surveyed by the Commission ranked ATM (Automatic Teller Machines) location as one of the most important issues for effective harm minimisation’. (Summary pXLIX). The provision of ATMs within gaming venues gives ready accessibility to cash for gambling consumers, compounding the ease with which they can spend. Council is of the strong view that there should be restrictions on their location and on withdrawal limits, where they are located in gambling venues.

- **Self-exclusion**

The Commission explores self-exclusion as a possible strategy for dealing with problem gambling. Self-exclusion is a serious measure which relies on the gambler to implement themselves, but can be an important step in addressing their own gambling issues. The process has limitations as the person may nominate to be excluded from any or all gaming venues, but it is an important measure to have in place. The availability of locations where people may self-exclude is limited – potentially compounding the often difficult decision to self-exclude from nominated venues.

**Council’s response:**

Moreland City Council is of the view that whilst self exclusion is a possible and effective option for some individuals, it raises the issue of the degree to which this can actually be effectively applied (or enforced) by both the individual who has chosen to be excluded and the venue operators, given the limitations outlined above.

If self-exclusion is to be made more readily available, it is suggested that the locations where people may self-exclude be extended from its current location in Malvern. It is proposed that processes for self-exclusion be established in areas such as Moreland where there is a high level of electronic gaming machines.

Council believes that information and education about the negative impacts of gambling and the provision of accessible and effective preventative and support programs/services are preferable strategies to self-exclusion.

- **The adequacy of support services for people experiencing difficulties with gambling**

The Commission notes that counselling services for problem gamblers serve an essential role, but that there is a lack of monitoring and evaluation of different approaches, and funding arrangements in some jurisdictions are too short.

**Council’s response:**

Council supports strategies aimed to enhance the appropriateness, quality, and accessibility of services for people whose lives are adversely affected by gambling.

In addition to the Commission’s call for monitoring and evaluation of counselling services and for greater stability in funding, Moreland City Council notes that the following challenges raised by local service providers and residents also need to be addressed, to ensure adequate support mechanism are available to consumers:

- In Victoria, problem gambling services have been exposed to competitive tendering processes. This process has introduced an element of uncertainty as to what services will be provided and by whom. The outcome of the recent tendering process was expected in July 1999, however, this is still unknown.

Local agencies continue to work cooperatively in this competitive environment and in the face of the uncertainties surrounding funding of their service.

- Members of the local community report that the level of service available is limited and does not fully meet their needs, and that there are waiting periods to access some counselling services.

Limited funding can also mean that agencies are not able to provide these services in high quality facilities and surroundings. This aspect of services may exacerbate the stigma many people, especially women, face in making the decision to seek help and to entering the premises of a support service to access much needed support.

- Problem gambling service providers in Moreland report that young people do not access their services.
- Council is concerned that \$43 million is spent on electronic gaming machines in Moreland with very little return through the Community Support Fund (CSF).

### **Control of Funds for Problem Gambling Services**

Moreland City Council shares the concerns expressed in the Commission's Draft Report regarding the potential for the gambling industry to influence funding decisions.

#### **Council's response:**

Council supports the Commission's suggestion that funding of problem gambling programs be placed under the control of an independent board, established under the auspices of an independent gaming control authority (16.21).

Council is supportive of the establishment of a national independent control authority and a national regulatory body (along the New Jersey lines) by national government as outlined in the Report . (p21.9 – Box 21.8).<sup>4</sup>

### **Regulation of Gambling**

The Commission's Draft Report highlights that there is a strong community view that there should be no increase in the number and availability of EGMs,

#### **Council's response**

Council is of the clear view that the gambling industry must be well regulated and that Federal, and local governments have a key role in mediating the impact of the gambling industry for the benefit of the local economy and the local community.

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<sup>4</sup> The Draft Report notes that the 'so- called New Jersey Model of Gambling regulation...(is)...reputed to be the strictest gaming regulatory structure in the world'. (p21.9)



- **Government Control of Gaming Venues**

In its initial submission to the Commission's Inquiry, Council stated its concern about the limited control it is able to exert over the increase in gaming venues and the rapid expansion of electronic gambling in the City of Moreland.

This limited control stems from there being no planning permit required for electronic gambling machines that take up less than 25% of the floor area of an existing social club or hotel. There is the potential for considerable growth in the number of machines in Moreland without any opportunity for consideration by local government. While there are 17 gambling venues in Moreland there are 26 hotels in Brunswick alone and even more social clubs.

Significantly, the Commission's Draft Report focuses on the rights of the gambling consumer and draws attention to the need for increased *local* control over the distribution and operation of electronic gambling machines (EGMs).

**Council's response:**

Council supports increased roles for Federal and local governments in the management of the gambling industry, including the ability to restrict further increases in the number of EGMs.

**An Independent Regulatory Model**

The Commission presents in its key findings a regulatory model for gambling which clearly separates the policy-making, control and enforcement functions of state regulatory bodies and provides them with:

- statutory independence
- a central role in providing information and policy advice
- responsibility for administering legislation
- consumer protection and the public interest as its principal operating criteria.

**Council's response:**

Moreland City Council supports the model described above.

In addition Council supports the:

- finding of the Commission's Draft Report regarding the need for a national independent control commission to coordinate and consider key independent research and information on gambling; and an independent national regulatory body for the gaming industry
- Victorian Local Government Association in its call for 'the Minister for Gaming and Minister for Finance to bring forward the projected Inquiry into Victoria's Gambling Industries and that this Victorian Inquiry be open and public with terms of reference approved by local governments and communities' (VLGA Media Release – 19 July 1999).

## **Internet Gambling**

The Commission's Draft Report notes that Internet gambling is expected to grow strongly.

### **Council's response:**

Moreland City Council is of the view that:

- there should be Federal government regulation of Internet gambling including regular auditing of operators, checks on their financial security, and that there should not be acceptance of credit over the Internet.
- information and warnings should be provided to consumers for Internet gambling and other forms of gaming
- strong checks must be in place to prevent children from gambling via the Internet.

## **Conclusion**

Moreland City Council would like to see the following recommendations adopted as a result of the findings of the Productivity Commission's Draft Report on Australia's Gambling Industries:

1. That the Federal Government establish a national independent control commission to regulate the gambling industry and to provide national independent research to investigate the ongoing social and economic impact of gambling in Australia
2. That local government is given greater capacity to manage gambling through local and state planning codes.

### **PART C:**

#### **AN EXAMPLE OF LOCAL INITIATIVES: THE CITY OF MORELAND**

### **Council's response to impact of the rapid growth of gambling activities in Moreland**

Moreland City Council has developed a Responsible Gambling Strategy, which was forwarded to the Productivity Commission with its initial submission to the Inquiry.

The findings of the Commission's Draft Report support the overall direction of the Moreland Responsible Gambling Strategy which:

1. Set the framework for Moreland City Council's activity in relation to the gambling industry; including social and recreation policy, urban planning policy, community development initiatives, intergovernmental relations and research.

A key tenet of the Moreland Responsible Gambling Strategy is the desirability of stronger local community control and planning in relation to the electronic gambling industry.

2. Identified that a wide and broad community planning view of the electronic gambling industry would hold the greatest potential for positive impact. The strategy recommends Council undertake activity on a range of matters including social and recreation policy, urban planning policy, community development initiatives, intergovernmental relations and research.
3. Adopted the Moreland Town Planning Code for Gaming Venues to apply to:
  - The establishment of a gaming venue.
  - The installation and use of electronic gaming machines.
  - Intensification of an existing gaming venue.

The code requires assessment of social and economic impacts, seeks to discourage the concentration of gambling venues in any given area, addresses amenity items within gaming venues, seeks a commitment from venue operators to minimise the negative effects of gambling and to contribute to maximising the positive effects of gambling, and regulates car parking and hours of operation.

4. Developed the Charter for Responsible Gambling

Local venue operators in Moreland identified potential value in adopting a local charter for responsible gambling. Whilst recognising provisions at a state level for regulating the industry through codes of practice, the Moreland Charter for Responsible Gambling is intended to operate as an elaboration of those codes of practice. Supported by local venue operators, this concept is one of self-regulation which involves cooperation by local venues in furthering best practice and quality service with support from Council.

The Charter therefore goes further than the industry codes and seeks to build a level of good will, mutual obligations and understanding about the impact of gambling and the efforts of venue operators to address these impacts.

**Moreland City Council is currently implementing the recommendations of its Responsible Gambling Strategy (attached as Appendix 1).**

**The Desired Impact of the Moreland Responsible Gambling Strategy**

The key objective of the Moreland Responsible Gambling Strategy is to have stronger local community control and planning in relation to the electronic gambling industry. The interests of local communities in the industry encompass the following:

- The location of venues and the local community planning context.
- The size and nature of venues particularly their association with ancillary or related activities on the same or nearby premises.
- The availability of local information about the social and economic impact of gambling.
- Sufficient support services for people with ‘problem gambling’
- The extent to which proceeds from gambling, particularly the taxes and revenues available for public purposes, are put to local benefits in some recognition of the negative aspects of electronic gambling.
- The role of gambling as a social and leisure pursuit within a range of local recreation and or social programs and facilities.

These issues demonstrate the very real need for locally responsible planning powers, controls and community development initiatives.