



**Submission from City of Greater Dandenong to:**

**Inquiry into Australia's Gambling Industries  
conducted by the Productivity Commission**

**November 1998**

**Prepared by Frances Grindlay,  
Senior Officer, Research, Planning and Development Unit  
City of Greater Dandenong  
PO Box 200 Springvale 3171**

**Tel: 03 92395357      Fax: 03 9239 5304      E-mail: [fgrind@cgd.vic.gov.au](mailto:fgrind@cgd.vic.gov.au)**

## CONTENTS

<i>AIM OF THIS SUBMISSION</i>	3
<i>GAMING IN VICTORIA</i>	3
<i>GAMING IN GREATER DANDENONG</i>	4
<i>ISSUES</i>	6 - 11
<i>APPENDICES</i>	
APPENDIX 1	EGM Density in Suburban LGAs 13
APPENDIX 2	Low Income Areas and EGM density 14
APPENDIX 3	High Unemployment and EGM density 15
APPENDIX 4	Distribution of the 'Take' from players for selected local Government areas in Victoria 16
Attachment	Greater Dandenong Strategy Plan for Responsible Gaming and Gambling

## AIM OF THIS SUBMISSION

- To provide information to the Productivity Commission about gambling issues
- Related to the impacts of gaming following the legalisation of electronic gaming machines (EGMs) in Victoria in 1992.
- Related to economic and social issues in Greater Dandenong identified by Council and the community;
- To assist understanding of the extent of Council's role as a local government authority in dealing with gaming issues
- To assist understanding of future needs Council has identified.

## GAMING IN VICTORIA

At the end of September 1998, total numbers of EGMs in Victorian clubs and hotels stand at 27,211. The Victorian Minister for Gaming has established a statewide cap of 27,500 until the year 2000. Legislation requires that EGMs are placed in equal numbers in clubs and hotels ('50/50 rule'), and that 20% of machines are located in regional Victoria ('80/20 rule')

An additional 2,500 EGMs are located at Crown Casino in central Melbourne.

People on low incomes spend a far higher proportion of income than those earning larger incomes. The introduction of casino gambling and EGMs since 1992 has been accompanied by a 28% increase (to 1995-6) in the proportion of household expenditure devoted to gambling. Research indicates that gambling is being funded through a rundown in household savings.

The annual per capita spend on gaming machines in Victoria has increased from \$466 in 1997 to \$554 in 1998

Densities of EGMs in suburban Melbourne range from a high of 17.3 EGMs per thousand adults in the City of Maribymong to a low of 2.8 EGMs per thousand adults in the City of Boroondara. The average density across suburban LGAs is 7.8 machines per thousand adults. See Appendix 1

Analysis of income, unemployment level and density of EGMs across all suburban Melbourne local government areas reveals a very strong correlation between high EGM density in low income and high unemployment areas. See Appendix 2 and 3

Average daily revenue from TABCORP machines is \$160 per machine per day although some busy venues take more than \$400 and some machines in non-metropolitan areas take \$40. Crown casino machines average daily revenue is \$247.

Based on an average daily 'take' from players of \$160 per day per machine the annual 'take' from EGMs in Victorian clubs and hotels (i.e. excluding the Casino) is estimated at \$1.6 billion annually.

The redistribution of 'take' from players is provided in Appendix 4.

The Victorian Gaming Machine Control (Community Support Fund) Act 1996 requires that 8.33% of the take from players of hotel-based EGMs is directed to the Community Support Fund (CSF) which attracts more than one and a half million dollars each week. To end August 1998, \$361,813,823 had been allocated to programs and facilities from the fund.

The CSF is administered by the Department of Premier and Cabinet to be used primarily for the Research and Development Fund established and maintained by the Victorian Casino and Gaming Authority (VCGA) and secondly for programs related to compulsive gambling, drug abuse, financial counselling, youth, community support and advancement, sport, recreation, arts and tourism.

## GAMING IN GREATER DANDENONG

The introduction of gaming into Victoria in 1992, brought about a rapid rise in the numbers of gaming venues and machines in Greater Dandenong to the present level of 1154 located in six hotels and nine clubs.

Greater Dandenong has the second highest density of EGMs in suburban Melbourne currently at 12.3 EGMs per thousand adults.

Greater Dandenong has a high proportion of low income earners (52%), very high unemployment level (12.7%) and high density of EGMs (12.3 EGMs per thousand adults).

'Take' is the sums not returned to players. Analysis by Bob Wooten based on the 1996/7 VCGA Annual Report estimated an annual take from EGM players in Greater Dandenong venues in excess of \$60 million. Based on the recent TABCORP estimate of State average of \$160 per day per machine, 'take' from players in Greater Dandenong is estimated at \$68 million annually.

Bob Wooten estimates the 'take' from local Greater Dandenong gaming machines based on 1996/7 State averages across gaming operators and venues is redistributed as follows:

Take from players and distributed to local club management:	\$11.3 million
Take from players and distributed to local hotels management:	\$6.2 million
Take from players and distributed to the Community Support Fund	\$2.5 million
Take from players and distributed to Tatts or TABCORP	\$20.1 million
Take from players and distributed to Victorian Government	\$20.1 million
Total take from players in local Gr. Dandenong venues over 1996/7:	\$60.3 million

Local welfare and community agencies have expressed concern over the last two to three years to Council about the increased pressure for assistance for individuals and families, which the agencies attribute to gaming and gambling. Local traders have also provided anecdotal reports of decreased consumer demand, which they attribute to household expenditure redirection to gaming.

In response to the growth in gaming, Council has prepared several Council reports and three documents for community information and discussion:

- *Gaming, Gambling and Greater Dandenong, April 1997*
- *Greater Dandenong Strategy Plan for Responsible Gaming and Gambling, October 1998 (See attachment included with this submission)*
- *Submission to Productivity Commission Inquiry into Australia's Gambling Industries (This document)*
- *Community Gaming Forum will be held on 2<sup>nd</sup> December 1998*

The City of Greater Dandenong is located to the south east of the Melbourne metropolitan area and is the principal service centre for the south eastern growth corridor. The population of the city is approximately 134,000 but serves a regional catchment area expected to grow to more than 600,000 people by 2002/03.

As the Local Government authority Greater Dandenong Council has a responsibility to identify and respond to community trends, issues and concerns. In the Greater Dandenong Corporate Plan Council identifies in its vision, mission and values statements the importance of Council's role in the economic and social development of the community through promotion of commerce, industry, entertainment, community pride, safety, health, well-being, community decision-making and appropriate matching of services to local needs.

Councils has a range of statutory responsibilities related to gaming and gaming venues as local planning authority identified in the Municipal Strategic Statement and Planning Scheme, and under the Municipal Public Health Plan. Council's planning role and policies and strategies such as the Culture and Leisure Services Strategy are also impacted by gaming activity.

Council recognises that gaming is an industry which provides:

- entertainment and recreation;
- revenue streams for local clubs and hotels which funds facilities and services in clubs and hotels;
- revenue for the State government;
- revenue to the Community Support Fund;
- revenue to Tatts and TABCORP; and
- employment.

Council is not opposed to gaming but also recognises that gaming is an industry which contributes to:

- the re-distribution of substantial sums in and from the Greater Dandenong community;
- additional pressure on already vulnerable individuals, families and groups in Greater Dandenong,
- gambling addiction and problem gambling for 1%-7% of the population;
- pressure for services on problem gambling and other welfare and support services and agencies

## ISSUES

### **1. Availability of Information – Inadequate Local Area Economic and Social Impact Research**

Local government and local communities need to make informed decisions about gaming based on reliable data about the economic and social benefits and adverse effects of gaming.

The rapid growth of the gaming industry has outstripped abilities of communities to keep pace with change or develop effective data collection and research models to measure the impact of the gaming and gambling industry growth.

Limited knowledge about the social and economic impacts of gaming frustrate the Greater Dandenong community's genuine concern to achieve positive economic and social development and to care for local business, individuals and groups.

Generally, gaming research has focused on Australia wide and State wide analysis and little work has been undertaken on developing appropriate research models to effectively evaluate the social and economic effects at the local level.

The Victorian Casino and Gaming Authority (VCGA) which operates the Research and Development Fund funded through the Community Support Fund through taxes on EGMs in hotels in Victoria, is charged with undertaking research, and has funding to access expertise in areas of gaming research. However much of the Authority's research program has focused on statewide area analysis and on community perceptions of gaming. The social and economic studies undertaken by the Authority have been designed to assist the Minister for Gaming make judgements about total numbers of gaming machines in the State.

The Victorian Casino and Gaming Authority (VCGA) could develop research models to effectively measure the impact of gaming at the local level to inform decisions which affect the individuals, businesses and communities directly impacted by the gaming industry.

Local research studies should cover comparative and time series, quantitative and qualitative analysis and measure employment benefits, job creation, revenue redistribution, consumer and spending patterns and impact on clubs, hotels retailers and other local traders.

### **2. Disproportionate Density of EGMs in Greater Dandenong**

#### **2.1 Trend to Disproportionate High Density of EGMs in Local Government Areas in Victoria with a) Low Income and b) High Unemployment**

Although the number of EGMs in Victorian hotels and clubs is currently capped at 27,500, some areas of the State, including Greater Dandenong, have high density of gaming machines currently at 12.3 EGMs per thousand adults. Average density for suburban Melbourne is 7.8 machines per thousand adults.

Council is concerned that Greater Dandenong is being negatively affected by the growth in the gaming industry as gaming machines are being placed in disproportionately high numbers in local Government areas in Victoria with:

- low incomes (Appendix 2 demonstrates this trend) ; and
- high unemployment (Appendix 3 demonstrates this trend)

### **3. *Impact of Cap of 27,500***

The number of EGMs in Victoria is close to the present cap of 27,500.

Council is concerned that as a State limit is reached on EGMs, the industry operators may shift EGMs to areas of higher daily returns. (According to TABCORP, daily revenue per EGM varies from \$40- \$400 with an average daily take of \$160.) On present indications this is likely to be areas of low income and high unemployment such as Greater Dandenong.

The viability of a more even distribution of EGMs, and establishment of municipal or smaller area caps should be explored.

### **4. *Economic Impacts from Redistribution of Revenue from Gaming Activity***

Due to the high density of gaming machines in Greater Dandenong, the community is contributing a substantial and disproportionately high level of taxes and charges via gaming to ;

- Victorian State Government
- Tatts and TABCORP ; and the
- Community Support Fund.

Council is concerned that Greater Dandenong should receive an appropriate level of benefit and return for these taxes and charges.

Council is concerned that more than \$60m annually is taken from players of local gaming machines, and less than \$17 million of this is identifiable as likely to be returned to local clubs and hotels as profit, or for development of local facilities and services.

Council will be undertaking further analysis on this issue. In conjunction with other similarly affected local authorities, Council is requesting the Victorian Casino and Gaming Authority initiate effective local area research on economic and social impacts.

### **5. *Financial and Program Return to the Greater Dandenong community via Community Support Fund (CSF)***

Contribution to the Community Support Fund from gaming activities in the six hotels in Greater Dandenong is conservatively estimated at \$2.5 million annually.

The regulatory framework allows for the CSF to support:

- research and development by the Victorian Casino and Gaming Authority
- other programs related to prevention, treatment and rehabilitation of compulsive gamblers, drug abuse, financial counselling, young people, sport and recreation, arts, tourism, and support and advancement of the community.

The Greater Dandenong community benefits from statewide projects such as the Turning the Tide Drug Initiatives program, gambling and financial support programs, and the various family support and youth homelessness programs funded through the CSF. However information about the proportion of these statewide programs allocated to the Greater Dandenong community is not available or very difficult to obtain from the Departments which administer them. Improved reporting systems need to be developed and such information incorporated into local economic and social analysis of gaming.

In addition, the only identifiable local allocation from the reports supplied by the CSF from total State allocations for projects so far, is \$100,000 for the construction of a Community Hydrotherapy Centre at the Dandenong Valley School.

A better process for identifying and returning the Community Support Fund revenue to the Greater Dandenong community could be developed.

Council is also disappointed at a recent report which identified the Community Support Fund as being underspent by \$28 million while there is need for improved research and demand by BreakEven and other agencies for program funding to address the negative social and economic impacts of gaming.

## **6. *Municipal Rates and Charges for Gaming Venues***

Clubs in Greater Dandenong are either rate exempt (most RSL clubs), under the provision of the Local Government Act, or rated at 90% under the Cultural and Recreational Lands Act largely due to long standing historical arrangements and, to an extent, the tacit principle that clubs provided community benefit through opportunities for social interaction, a sense of community and common purpose and care for members.

Council believes it is now timely to investigate the extent to which clubs should continue to be rate exempt. Local clubs now have a new and substantial revenue stream from gaming (estimated as a state wide average in excess of \$19,000 per machine annually) not available to them when the rate exemption practices were established.

In addition, gaming benefits to some clubs are now being diverted to private businesses managing gaming operations on behalf of clubs. It has been suggested this can allow for avoidance of Community Support Fund contributions.

It may also be arguable to what extent gaming activity as offered by clubs contributes to the principles of community benefit regarding social interaction, common purpose and care for members given the risks associated with gaming.

Greater Dandenong Council is currently in dispute with the Springvale RSL Club over some of these issues and has challenged the club for payment of rates on building extensions provided solely for gaming purposes. Other local government authorities in Victoria are also considering these issues.

Local venues categorised as either a club or hotel by Council under the Local Government Act for rating purposes, do not correlate in all cases with those identified by the Victorian Casino and Gaming Authority for licensing purposes. This anomaly should be addressed.



## **7. Statutory Planning Decision-making and Dispute Resolution**

- **Role of Local Authorities**
- **Role of Victorian Civil Administration Tribunal**

Council aims to make its decisions to achieve economic and social development in Greater Dandenong based on comprehensive information reflecting statutory, economic and social considerations and policies.

However, local authorities have limited authority over establishment or expansion of gaming venues.

Council planning permission is only required under the Planning and Environment Act 1991 in cases where gaming machines will take up more than 25% of the total public space area where liquor is consumed. Several gaming venues in Greater Dandenong were established or have expanded the number of gaming machines and required no Council permit to do so.

As owner of some local sporting facilities, Council has authority to make decisions related to gaming activity at these venues.

In cases where planning permission applies, Council can request social and economic impact information under Section 53 of the Planning and Environment Act 1991, the Municipal Strategic Statement, and Council resolutions related to the operations of gaming venues on Council owned properties or in Council-owned facilities.

However, the ability of Council to influence the gaming industry for positive economic and social development within the City is hindered by the limitations to Council authority and the limited knowledge of social and economic impacts of gaming at particular venues.

Some individuals and Victorian Councils have sought to address economic and social issues in relation to gaming through the Victorian Civil Administration Tribunal.

The Tribunal addresses each planning dispute on a case-by-case basis. To date the tribunal has based its decisions affecting gaming venues on local information put before the panel rather than consider broad-based research findings.

As previously stated, local information is difficult to access and substantiate in the absence of effective research model development by the VCGA or other industry authority.

Greater Dandenong Council and other local authorities are seeking to influence VCAT to consider development of a set of guidelines or principles related to gaming machine numbers, social considerations and operations of venues which could be applied in all cases.

## 8. Vulnerable Groups and Gaming

Research by the Victorian and Casino and Gaming Authority identified the following groups as being vulnerable to adverse effects of gaming:

- unemployed
- low income earners
- people born outside Australia or from non-English speaking backgrounds
- financially dependent women
- young people
- recently retrenched and
- sole parents.

Council is concerned that Greater Dandenong is being negatively affected by the growth in the gaming industry as the City has a high proportion of these groups relative to the population in Melbourne generally:

	Greater Dandenong	Melbourne	Source
<b>Population</b>	<b>134,000</b>		
% born overseas	52%	25%	1996 Census
% born in NESB countries	45%	23%	1996 Census
% who speak a language other than English at home	50%	27%	1996 Census
% recently arrived migrants	3.3%	1.4%	Settlement data DIMA
% unemployed	12.7%	8.1%	DEETYA
% low income	52.1%	45.7%	ABS
% sole parents	20%	14%	ABS

The employed local community is also vulnerable and under pressure from retrenchment. Greater Dandenong has a high proportion of low and semi skilled workforce and generally less well educated population.

Paid employment in Greater Dandenong is more concentrated in the labouring, semi-skilled and trades occupations and in the manufacturing industry sector than Melbourne generally. The Survey of Australian Manufacturing identifies this sector as continuing with difficult and patchy business conditions, severe competitive pressures and increasing labour shedding.

While statistical data on other vulnerable groups including intellectually disabled and financially dependent women is not yet available, as a large regional centre Dandenong attracts many individuals and families in need of support due to the availability of appropriate accommodation, existing welfare services, support networks and transport.

The City of Greater Dandenong is located to the south east of the Melbourne metropolitan area and is the principal service centre for the south eastern growth corridor. The population of the city is approximately 134,000 but serves a regional catchment area expected to grow to more than 600,000 people by 2002/03.

140 nationalities reside in the City of Greater Dandenong, which has been a significant settlement area for overseas born people since the 1950s. Greater Dandenong accommodates more recently arrived immigrants than any other locality in Victoria and accommodates more than twice the Melbourne average of 'refugee' status arrivals and less than half the Melbourne average of 'skill' status arrivals.

Re-settled individuals and families have special pressures which may include adjustment to relocation, accommodation, health issues, family separation, inter-generational conflict, torture and trauma, employment, breaks in education, language difficulties, limited social interaction options and limited recreational and leisure options.

There is some indication that resettled individuals and people from non-English speaking backgrounds may have developed increased propensity to risk taking behaviours which may also make them especially vulnerable to gambling difficulties.

#### **9. *Prevention, Early Intervention and Treatment Services - BreakEven***

The Community Support Fund has a responsibility to develop and fund community and industry education, and prevention, intervention and problem gambling services.

Local agencies, including BreakEven, support increased funding for community education and services, particularly for improved high exposure advertising about risks of gambling.

\$28 million underspent by the CSF in the last year could be allocated to this purpose.

Local agencies report underuse by NESB communities of gambling related services. Given the cultural and linguistic diversity of the Greater Dandenong population, (46% speak a language other than English at home) culturally appropriate prevention, early intervention and treatment services need to be researched and developed which effectively reduce risk and damage to individuals and families caused by gaming.

#### **10. *Electronic Early Intervention and Prevention of Gambling Problems and Addiction***

Awareness of the passage of time, self exclusion programs and commitment by players to pre-set gaming stake limits mediate against gambling addiction.

In addition, in lengthy sessions of play, 'hesitations' in play to review actual time and money expenditure may facilitate cessation of play for those players who are genuinely finding it difficult to stop.

Prof. Mark Dickerson from the University of Western Sydney suggests that harm minimisation and early intervention for EGM players may be better addressed through electronic interventions at the interface between player and machine.

The technology is available to provide a whole range of information to players about session expenditure, the passage of time, whether their preset limits have been reached, and whether they understand the machine they are playing which the player could read and consider at leisure and in privacy. Most 'at risk' or problem players play alone rather than in company. Such a process would engage the attention of players better, could ensure that the information was actually read compared to the likelihood of players reading leaflets and displayed notices, all of which can detract from the leisure decor and ambience of venues.

The Victoria Casino and Gaming Authority and gaming industry generally needs to explore these and any other options which will improve prevention and early intervention of gaming and gambling addiction.

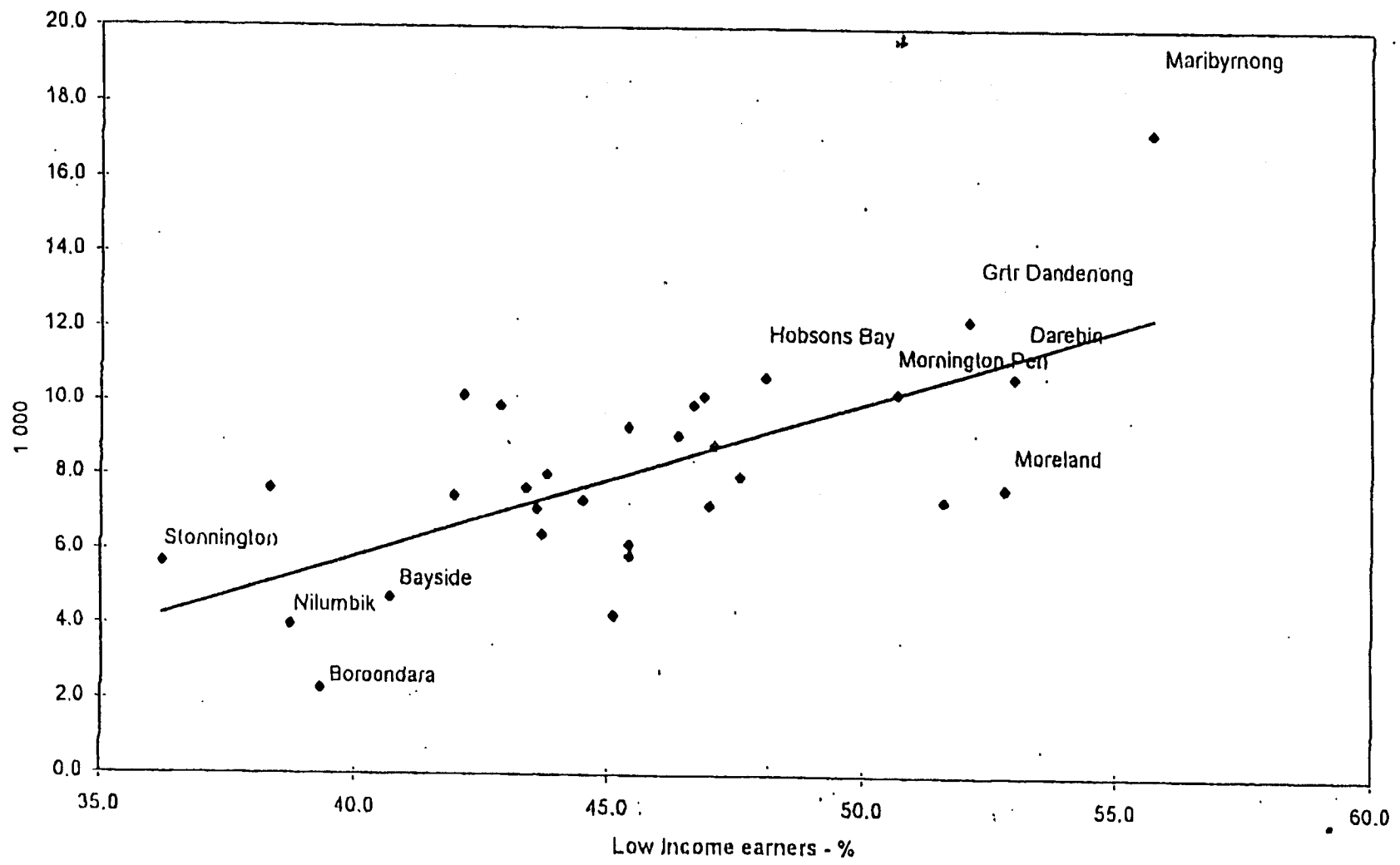
## **APPENDICES**

# APPENDIX 1 EGM Density in Suburban LGAs

City	Adult Population	Number of EGMs	EGMs per thousand adults
Melbourne	39896	1129	28.3
Maribyrnong	46540	804	17.3
Greater Dandenong	94112	1156	12.3
Darebin	97482	1054	10.8
Morn Penin	80803	838	10.4
Moonee V	82475	848	10.3
Wyndham	50203	511	10.2
Kingston	94276	938	9.9
Knox	92011	911	9.9
Hobsons Bay	55934	529	9.5
Hume	79051	699	8.8
Monash	120597	1027	8.5
Yarra	54912	442	8
Whittlesea	72285	580	8
Moreland	103588	800	7.7
Port Phillip	63176	482	7.6
Melton	25929	197	7.6
Glen Eira	90036	681	7.6
Casey	97186	726	7.5
Brimbank	106738	787	7.4
Banyule	85356	628	7.4
Frankston	75285	545	7.2
Maroondah	66909	477	7.1
Manningham	79403	511	6.4
Cardinia	27808	172	6.2
Whitehorse	106224	624	5.9
Stonnington	70149	391	5.6
Bayside	62238	294	4.7
Yarra Ranges	90923	388	4.3
Nilumbik	36843	147	4
Boroondara	112575	261	2.3
Source VCGA at Sept 1998			

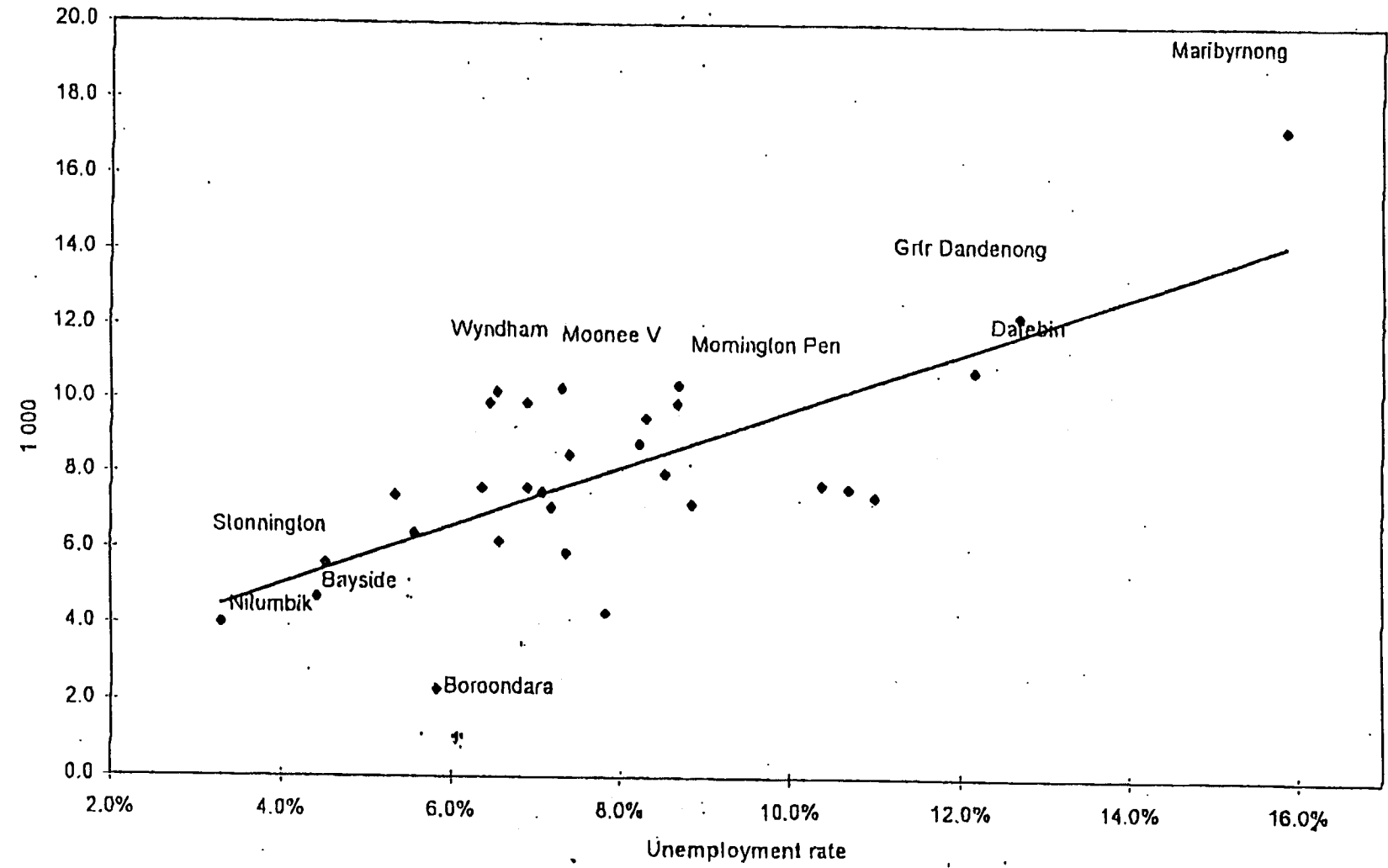
APPENDIX 2 Low Income Areas and EGM density

Chart 1 - Low Income Earners vs Adult EGM density - suburban Melbourne - Sep 1998



APPENDIX 3 High Unemployment and EGM density

Chart 2 - Unemployment Rate vs Adult EGM density - suburban Melbourne - June 1998



# APPENDIX 4

*Distribution of the 'Take' from players for selected local Government Areas in Victoria  
(Based on 1996/7 data analysis by Bob Wootten from VCGA Annual Report)*

LGA	Club EGMs	Club Take \$000s	Pub EGMs	Pub Take \$000s	CSF \$000s	Tatts/TAB Take \$000s	Victorian Govt \$000s	Total Expend \$000s
Greater Dandenong	735	\$11,321	435	\$6,211	\$2,559	\$20,091	\$20,091	\$60,274
Melbourne	551	\$8,487	610	\$8,710	\$3,588	\$20,785	\$20,785	\$62,356
Maribymong	350	\$5,391	467	\$6,525	\$2,688	\$14,606	\$14,606	\$43,814
Moreland	363	\$5,591	433	\$6,183	\$2,547	\$14,321	\$14,321	\$42,963
Kingston	464	\$7,147	474	\$6,768	\$2,798	\$16,703	\$16,703	\$50,110
Monash	479	\$7,378	485	\$6,925	\$2,853	\$17,156	\$17,168	\$51,468
Frankston	165	\$2,541	379	\$5,412	\$2,230	\$10,183	\$10,183	\$30,548
Casey	190	\$2,927	547	\$7,810	\$3,218	\$13,955	\$13,955	\$41,864
Stonnington	161	\$2,480	230	\$3,284	\$1,363	\$7,117	\$7,117	\$21,351
Boroondara	108	\$1,664	158	\$2,256	\$929	\$4,849	\$4,849	\$14,547
Total Victoria	12,837	\$197,728	13,793	\$196,942	\$81,139	\$475,808	\$475,808	\$1,427,424

CSF : Community Support Fund



**ACKNOWLEDGEMENTS:**

Charles Livingstone, Maribyrnong City Council : Charts in Appendix 1, 2 and 3

Moreland City Council, Responsible Gaming Strategy 1998

Greater Dandenong Statistical Profile Series, Hayden Brown

No 1 : A Statistical Overview

No 2 : A City of Diversity

No : 3 A statistical Profile of Young People

No : 4 A Statistical Profile of Older People