

Problem Gambling and Financial Hardship in the City of Whittlesea

Whittlesea Community Futures calls on the State Government to take action on problem gambling in the City of Whittlesea by:

- Moving Electronic Gaming Machines (EGMs or pokies) out of shopping precincts
- Reducing the maximum allowable bet on EGMs to \$1 per spin with maximum \$120 losses per hour
- Preventing EGM licenses from being introduced into growth areas such as Epping North, South Morang, Mernda and Doreen.

What is happening now?

Whittlesea Community Futures (WCF) has prioritised financial hardship as a major problem for the people of the City of Whittlesea, with research showing that problem gambling is a significant drain on local wealth.

Emergency food relief services that provide charity food vouchers are reporting a very high demand in requests for support. Many people are sleeping rough outside community services to queue up for food vouchers. Whittlesea Community Connections and Salvation Army Crossroads have both documented this increase in demand with other services that are also reporting the same phenomenon.

The City of Whittlesea is experiencing **higher than average mortgage and rental stress** with Lalor and Thomastown households in particular spending 39% of income on their mortgage compared to 31% in Metropolitan Melbourneⁱ.

EGMs are a very significant drain on wealth in the City of Whittlesea. Losses are much higher than the State average despite having fewer machines per person (Appendix 1). This low density average is no justification for the State Government to continue to approve more EGMs in the municipality.

Despite the lower number of EGMs per adult, the net expenditure per adult of \$798 places the City of Whittlesea 7th in EGM expenditure in Victoria.ⁱⁱ Other problems are associated with problem gambling. The City of Whittlesea is experiencing a rapid increase in reports of **Family Violence**. The rate of family violence in the City of Whittlesea is at a critical new high at 1249 incidents per 100,000 people, compared to 1071 for Victoria. Recent research demonstrates gambling and gambling losses in particular as a contributing factor.ⁱⁱⁱ

How can we build a better future?

1. **WCF requests that the State Government develop a plan to relocate EGM licenses currently located in shopping precincts to areas with lower profile and less accessibility.** WCF endorses the recommendations of the Whittlesea Interagency Taskforce on Gambling (WITOG) and the Productivity Commission Recommendations (VCEC). WITOG has identified that the accessibility of EGMs in shopping precincts is a major issue for vulnerable people. The three highest loss venues in the City of Whittlesea are all located in shopping precincts: Epping Plaza Hotel, Plough Hotel, and Bundoora Taverner (Appendix 2). These venues are also in the top five venues in the state for EGM net expenditure (Appendix 3). New evidence suggests that larger venues are also more harmful for gambling related issues.^{iv}
2. WCF supports WITOG's proposal to **reduce the maximum allowable bet on poker machines to \$1 per spin with maximum \$120 losses per hour.** WCF believes that this measure would significantly reduce the impact that poker machines are having in our community whilst impacting very minimally on recreational gamblers.
3. **The future number of EGMs around the growth areas needs to be legislatively capped** alongside the regional capped areas to prevent the EGM licenses being introduced into new suburbs such as Epping North, South Morang, Mernda and Doreen.

The City of Whittlesea is one of the major growth corridors of Melbourne with substantial development. This rapidity of growth and change is occurring in the northern part of the municipality. This is of importance as there is serious concern that this means a direct net increase in the number of EGMs in the municipality

How much will it cost?

New research demonstrates that reducing problem gambling can save an enormous amount of money for the Government. The Victorian Competition and Efficiency Commission (VCEC) Inquiry into problem gambling estimates that the total economic cost of problem gambling in the community was between **\$1.5 and \$2.7 billion in 2010-11.**

Most of the quantifiable costs come from two sources:

1. Costs associated with financial losses to problem gamblers - **\$1 billion to \$1.4 billion**
2. The intangible costs associated with impacts on mental wellbeing for problem gamblers and their families **\$400 million to \$1.2 billion**

These figures do not fully consider the cost to community groups and small businesses of reduced resources available for other spending in the local economy.

WCF acknowledges there is some cost to the State Government in reduced earnings from taxes, but believes that problem gambling, essentially a large tax on the poor and vulnerable, is not in the interests of the people of the City of Whittlesea.^v

How does the community benefit?

WCF believes that the economic savings for the local community will be dramatic, along with increased wellbeing and productivity. Other social problems associated with problem gambling, including family violence, financial hardship, crime and the added burden on community services are expected to be reduced.

What objectives does this help achieve?

State Government

- The State Government's Public Health and Wellbeing Plan 2011-2015 priority: *Promoting Mental Health in local communities and environments*
- The *Victorian Public Health and Wellbeing Act 2008*
 - State Government has a significant role to protect, improve and promote public health and wellbeing.^{vi} This Act states that the *precautionary principle* should be applied to decision making to prevent or control public health risk.
- The Victorian Responsible Gambling Foundation initiated under the *Victorian Responsible Gambling Foundation Act 2011* aims to reduce the prevalence and harms of problem gambling.^{vii}
- The Australian Government **Department of Social Services** vision is for 'a strong and fair society for all Australians.' Communities and Vulnerable People is one of the Department's responsibility areas in which it sits gambling portfolio. The Australian Government is committed to amending the National Gambling Reform Act 2012.^{viii}

Key messages

- Relocate EGMs in shopping precincts to less prominent locations
- Reduce the maximum allowable bet on poker machines to \$1 per spin with maximum \$120 losses per hour
- Cap the future number of EGMs in Whittlesea's growth areas
- Stop taxing the most vulnerable in our community through EGM revenue in shopping precincts
- The EGM licences issued in the past for shopping precincts of Epping Plaza, The Stables Mill Park, and Bundoora Square is haunting the City of Whittlesea. Revoking licenses in these circumstances is what the community needs to put the health and wealth back into the City of Whittlesea.

Appendix 1: TOTAL AND NET EXPENDITURE ON EGMS FOR WHITTLESEA AND OTHER VICTORIAN LOCAL GOVERNMENT AREAS

| City / Shire | 2012 Population (18+) Projection | VENUE NO. | EGM NO. | TOTAL EXPENDITURE 2011-12 | NET | Population (18+) per venue | <u>Net EGM expenditure per adult</u> | EGM per 1000 (18+) |
|-----------------------------|----------------------------------|-----------|------------|---------------------------|-----|----------------------------|--------------------------------------|--------------------|
| City of Greater Dandenong | 109,714 | 15 | 952 | \$117,556,980.98 | | 7,314 | \$1,071 | 8.68 |
| City of Brimbank | 150,047 | 15 | 948 | \$145,619,089.80 | | 10,003 | \$970 | 6.32 |
| City of Maribyrnong | 61,540 | 10 | 439 | \$56,099,418.11 | | 6,154 | \$912 | 7.13 |
| City of Moonee Valley | 92,532 | 11 | 746 | \$77,910,935.20 | | 8,412 | \$842 | 8.06 |
| City of Monash | 147,732 | 15 | 990 | \$122,352,426.15 | | 9,849 | \$828 | 6.7 |
| City of Latrobe | 59,105 | 13 | 522 | \$47,329,538.50 | | 4,547 | \$801 | 8.83 |
| City of Whittlesea | 128,233 | 9 | 621 | \$102,280,343.43 | | 14,248 | \$798 | 4.84 |
| City of Hume | 130,851 | 14 | 762 | \$103,993,534.43 | | 9,346 | \$795 | 5.82 |
| City of Maroondah | 84,958 | 10 | 770 | \$66,782,903.16 | | 8,496 | \$786 | 9.06 |
| Shire of Central Goldfields | 10,211 | 2 | 96 | \$7,931,347.19 | | 5,106 | \$777 | 9.4 |

(Source: Victorian Commission for Gambling and Liquor Regulation, 2012)

Appendix 2: POKER MACHINES (EGM) EXPENDITURE CITY OF WHITTLESEA BY VENUE 2012-13 –NET

(HIGHLIGHTED VENUES IN SHOPPING PRECINCTS)

| Address | Attached Entitlements | Licensed EGM's | Expenditure (July 2012- June 2013) |
|------------------------------|---|----------------|------------------------------------|
| EPPING PLAZA HOTEL | EPPING PLAZA SHOPPING CENTRE EPPING | 100 | \$21,033,163.42 |
| PLOUGH HOTEL | STABLES S.C., CHILDS ROAD MILL PARK | 85 | \$18,570,386.17 |
| BUNDOORA TAVERNER | BUNDOORA SQUARE, PLENTY RD BUNDOORA | 90 | \$17,937,769.98 |
| EXCELSIOR HOTEL | MAHONEY'S ROAD THOMASTOWN | 87 | \$14,720,594.98 |
| EPPING HOTEL | HIGH STREET EPPING VIC | 40 | \$7,674,718.01 |
| CASA D'ABRUZZO CLUB | O'HERNS ROAD EPPING VIC | 75 | \$5,359,977.00 |
| EPPING RSL | HARVEST HOME ROAD EPPING | 45 | \$2,856,608.21 |
| WHITTLESEA BOWLS CLUB | CHURCH STREET WHITTLESEA | 50 | \$2,666,559.07 |
| LALOR BOWLING CLUB | LALOR | 36 | \$2,419,148.04 |
| Total | | 608 | \$93,238,924.88 |

Appendix 3: TOP 10 VENUES BY EXPENDITURE 2012-13 / 2011-12 IN VICTORIA

(Highlighted Venues in Whittlesea)

| | Venues | 2012/2013 | 2011/2012 |
|----|-----------------------|-----------------|-----------------|
| 1 | EPPING PLAZA HOTEL | \$21,033,163.42 | \$21,408,493.63 |
| 2 | PLOUGH HOTEL | \$18,570,386.17 | \$20,844,475.23 |
| 3 | WERRIBEE PLAZA TAVERN | \$18,457,485.59 | \$21,004,310.07 |
| 4 | GLADSTONE PARK HOTEL | \$18,362,339.67 | \$18,564,839.38 |
| 5 | BUNDOORA TAVERNER | \$17,937,769.98 | \$19,201,821.61 |
| 6 | KEALBA HOTEL | \$17,466,945.22 | \$18,309,012.39 |
| 7 | KEYSBOROUGH HOTEL | \$17,023,021.71 | \$19,306,118.41 |
| 8 | HIGHWAYS SANDOWN | \$16,866,246.98 | \$16,973,271.88 |
| 9 | SKYWAYS TAVERNER | \$16,545,176.90 | \$18,238,708.69 |
| 10 | ROSSTOWN HOTEL | \$15,835,642.85 | \$14,128,059.97 |

ⁱ ABS Census of Population and Housing 2011.

ⁱⁱ Victorian Commission for Gambling and Liquor Regulation , 2012)

ⁱⁱⁱ Suomi et al. *Asian Journal of Gambling Issues and Public Health* 2013, 3:13 <http://www.ajgiph.com/content/3/1/13>)

^{iv} *Placing Bets: gambling venues and the distribution of harm, Australian Geographer*, Volume 43, Issue 4, 2012

^v *Counting the Cost, Inquiry into the Costs of Problem Gambling*, VCEC 2012 State of Victoria

^{vi} P. 32

[http://www.legislation.vic.gov.au/Domino/Web_Notes/LDMS/PubStatbook.nsf/f932b66241ecf1b7ca256e92000e23be/8B1B293B576FE6B1CA2574B8001FDEB7/\\$FILE/08-46a.pdf](http://www.legislation.vic.gov.au/Domino/Web_Notes/LDMS/PubStatbook.nsf/f932b66241ecf1b7ca256e92000e23be/8B1B293B576FE6B1CA2574B8001FDEB7/$FILE/08-46a.pdf)

^{vii} Victorian Responsible Gambling Foundation. <http://www.responsiblegambling.vic.gov.au/about-us>

^{viii} <https://www.fahcsia.gov.au/our-responsibilities/communities-and-vulnerable-people/programs-services/gambling>