

**Submission  
No 16**

## **INQUIRY INTO IMPACT OF GAMBLING**

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**Submission**  
**by**  
**Fairfield City Council**  
**to the**  
**NSW Legislative Council Inquiry**  
**into**  
***The Impact of Gambling***  
***on***  
***Individuals and Families***

**March 2014**

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## INQUIRY INTO THE IMPACT OF GAMBLING ON INDIVIDUALS AND FAMILIES

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### 1 Context of Fairfield Local Government Area

Fairfield Local Government Area (LGA) is located in south west Sydney between Parramatta, Liverpool and Penrith LGAs. Fairfield LGA is the third most populated local government area of Sydney with a residential population of 187,768 in the 2011 census. The City is rich in culture with one of the most culturally diverse communities in Australia. Fairfield is the most popular place for settlement by humanitarian entrants to NSW and is home to a high number of refugees.

Fairfield City is also the location of the largest industrial estates in the southern hemisphere. Despite this, there is a relatively high level of unemployment and under employment leading to low levels of household income. Employment opportunities are also impacted by the level of English language proficiency and education levels of the residents.

In 2006, Fairfield City was the fourth most disadvantaged LGA in NSW. In 2011 Fairfield City's relative disadvantage worsened so the area became the third most disadvantaged area in NSW. Fairfield City remains the most disadvantaged LGA in the Sydney Metropolitan area.

### 2 Overview and Scope of Gambling in Fairfield

Like the rest of NSW, there are many forms of gambling in Fairfield City ranging from lotteries, racing, internet betting through to informal gambling in social settings. The most obvious and accessible form of gambling in the LGA is Electronic Gaming Machines (EGMs).

In 2012, there were 3,789 gaming machine entitlements in 39 venues in the Fairfield LGA. EGMs in Fairfield City resulted in a net profit of approximately \$389.5 million in this period. In summary, Fairfield City is home to approximately 4% of the NSW EGMs that made 7.6% of the total gaming machine profit in NSW during 2012. This disproportionate level of profit is achieved in an area which experiences high levels of disadvantage, refugees, poverty, disability, unemployment, housing stress and poor health outcomes.

In 2012, the EGMs in Fairfield City contributed \$102.5million to the NSW government in tax.

As an indication of comparison, in 2012, the average profit derived from EGMs in hotels in Fairfield City was **\$188,140**, while the average profit per EGM in hotels in neighbouring LGA, Holroyd, was **\$73,349**. The average profit per EGM in hotels across New South Wales was **\$71,957**.

The estimated amount of funds available through Category 1 ClubGRANTS in 2012-13 in Fairfield City is \$2.1million. This is the largest pool of funds available in any LGA. Canterbury has the second largest pool of funds available through Category 1 ClubGRANTS with \$1million available. While these funds are returned to the

community, it demonstrates the relative level of gambling in this area compared to other areas of NSW.

### **3 Migration History, Emerging Languages and Effectiveness of Harm Minimisation Material**

The cultural background and migration history means that many residents do not have experience with EGMs and are unfamiliar with the harms and detriment that can result from gambling. Unfamiliarity with EGMs also means that individuals can be unaware of the speed and scale of losses that can result. They may also be unaware of the elements of design used to attract players to machines and entice play beyond affordable limits.

The diversity of language and low level of English language proficiency within the community has a direct relationship to the effectiveness of many harm minimisation strategies. Signage and information on odds of winning and details of counselling and support services is available in English and some community languages, however, these are not often in languages of newly arrived and emerging communities.

The Independent Liquor and Gaming Authority, as part of the 2013 determination of the application for additional EGMs by Mounties, identified Mounties as a club with a high level of harm minimisation programs. This is despite the fact that harm minimisation information and signage was not available in several of the top 10 community languages. Information and signage was not available in any of the languages of emerging or newly arrived communities.

Newly arrived communities are often particularly vulnerable to harm from gambling and should be considered separately to culturally and linguistically diverse communities. Vulnerabilities to problem gambling include lack of familiarisation with gaming, torture and trauma, boredom, immersion in a culture that views gambling as 'normal' and need for money (chasing the dream).

Research that considers gambling in CALD communities should separate established CALD communities without significant disadvantage from newly arrived, humanitarian entrants in settlement and post settlement phases. The categorisation of a group simply on the basis of CALD will not provide an accurate picture of vulnerability to gambling or the effect of gambling on these individuals, families and communities.

### **4 Financial Impact on Community**

The gap in incomes between Fairfield LGA and the rest of NSW and Australia has continued to grow over many years. In 2011 the median individual income in Fairfield City was \$369 while it was \$619 in the Sydney Metropolitan area, \$561 in NSW and \$577 in Australia.

In Fairfield City, there were 140,666 people aged 18 years and over in the 2011 census. Using the 2012 net profit data from the NSW Office of Liquor, Gaming and Racing, the average expenditure on EGMs in Fairfield City was \$2,769.40 or \$53.25 per week per adult. While this is an estimate due to the fact that the year of data is

not consistent, it provides a good indication of the level of losses on EGMs in the Fairfield LGA.

This analysis shows that when expenditure is averaged across all adults, the weekly expenditure of \$53.25 represents a significant proportion of the weekly median individual income of \$369. In 2007, Judith Stubbs calculated that residents of Fairfield spent 78% of disposable household income on EGM expenditure. The level of EGM expenditure in 2012 is similar to that in 2007. This indicates that the level of gambling on EGMs is a very high proportion of disposable income and it is probable that, in some households, expenditure on gambling prevents expenditure on other household requirements.

Estimation of detriment from problem gambling using Productivity Commission formulae also results in an exceptional high number of problem gamblers and a high level of expenditure from problem gambling. It must be noted that the Productivity Commission and the Independent Liquor and Gaming Authority both identify that harm is not only caused by problem gambling but also results from casual and moderate level gambling. This monetary estimation of quantifiable detriment does not include non quantifiable detriment. The 2010 Productivity Commission report lists the items which are included in the quantifiable detriment formulae and the list of unquantifiable detriments.

Using the Productivity Commission formulae, quantifiable detriment from problem gambling alone would range between \$19,590,000 (22%) to \$53,400,000 (60%) in Fairfield in 2012. The top of this range is more than 50% of the amount of tax that EGMs contribute to the NSW State Government from EGMs.

While the amount lost to gambling per adult per week may not be excessive for some individuals, the low level of incomes and level of disadvantage can only mean that the impact of gambling on the community of Fairfield LGA is likely to be very high overall.

## **5 Non Financial Impact of Gambling**

The 2010 Productivity Commission report provides a list of unquantifiable detriment that can be caused by gambling. The Select Committee Inquiry should refer to this report.

In Fairfield City, anecdotal evidence suggests that the unquantifiable costs of gambling are significant. Expenditure on gambling often means that money for essential household expenditure is not available. This has an impact on education, children, food and housing security. Non-government organisations (NGOs) suggest that many people seeking financial support do so as a result of problem gambling.

By definition, unquantifiable impacts of gambling are very hard to identify and quantify. This difficulty should not be reason to discount or disregard these impacts.

## **6 Crime and Gambling**

While money laundering is addressed in gambling regulations, there are several issues related to crime and gambling that are currently not addressed.

Currently, statistics are not kept by police to record crimes which are caused, or influenced, by gambling. Police and court records show that crimes such as international drug trafficking, drug houses, illegal sale and supply of drugs, domestic violence, fraud, embezzlement, property crime and theft are all related to varying degrees to gambling.

Until police are required to document gambling as a cause or influence to particular crimes, the extent of gambling on crime will not be known.

Crime related to gambling costs the broader community in terms of the justice system, correction system as well as costs to business, families and individuals.

## **7 Accessibility of Machines**

Fairfield LGA has a very high number of EGMs and a high density of EGMs. Coupled with this, registered Clubs provide a proportionately high level of recreational and leisure activities in the area. The development of post war western Sydney resulted in registered clubs emerging as the main focal points for communities. The liberalisation of EGMs in the 1990s enhanced the income of these clubs through a rapid increase in the number of EGMs. This has resulted in significant community meeting places also being the location of EGMs. This normalisation of EGMs has created a gambling culture.

EGMs are highly accessible in Fairfield in 39 venues.

Accessibility of EGMs is acknowledged as a key driver of problem gambling.

In addition to EGMs, some venues in Fairfield City have effectively established electronic casinos. The availability of casino games such as roulette and blackjack is attractive to particular cultural groups. The concept of a casino environment has further been developed through the provision of 'high roller' or VIP rooms within Clubs. These rooms have restricted entry and support an 'elite' or VIP group of gamblers and provide them with private facilities in which to gamble. It could be argued that selection into this elite group can encourage and support problem gambling through the membership criteria, private facilities and the status of being perceived as wealthy.

The strategy and provision of casino style games and facilities make casinos accessible to the population of Fairfield City without having to travel to the Star Casino.

Clubs and pubs are frequently applying to enable children to access increasing large sections of venues. While EGMs are separately licensed areas, these machines are often visible from other areas of the venue. In this way, children are being exposed to gambling, the culture of gambling and gambling as a normal leisure activity from an early age.

Free raffles and 'draws' are often held in non gambling areas of clubs. Often these are held in areas also frequented by children. Raffles and draws, particularly those with cash prizes function as 'soft entry' points to gambling behaviour. Cash prizes

can be used to prolong or encourage gambling by individuals. The fact that these activities are held in non gambling areas with children present also function to 'train' or acculturate children into gambling.

## **8 Regulation and Licensing**

The current legislation and system to approve additional EGMs is weighted in favour of the gambling industry. In the majority of cases, only Class 1 Local Impact Assessment (LIA) is required. These only require a 'positive contribution to the community' to be provided as a result of the additional EGMs. In Class 2 LIAs, an overall positive impact to the community must be proven. The legislative test for Class 2 LIAs provides a clearer and more easily definable test than Class 1 LIAs. The requirement for only a positive benefit to be made as a result of additional EGMs makes it very difficult to argue against an increase and the small donations being made to community organisations or projects demonstrate that the Class 1 legislative test needs review.

It appears that the assessment of 'benefit' and 'detriment' is largely driven by community or Council submissions rather than proposals being routinely assessed by experienced and independent social impact assessors.

Preparation of submissions and assessment of the local impact, including an assessment of detriment and benefit, is complex and relatively specialised. This is quite difficult as evidence of the local benefit and detriment must be provided rather than opinion or global evidence. Most communities do not have the capacity, time, resources or knowledge necessary to undertake the assessment and develop submissions with sufficient weight. Local government rarely has the resources to devote to this task. Local government can also be placed in a conflicting role if they are also identified as the recipient of a donation or project needed by the community.

Independent assessment of the social and local impact of proposals for additional EGMs should be reinstated. These independent assessments should be commissioned by The Independent Liquor and Gaming Authority rather than commissioned by applicants to ensure independence.

## **9 Research Required**

There is a need for research into the impact of gambling in disadvantaged communities and communities with high levels of newly arrived communities. This is an area which is of particular interest to south western Sydney and western Sydney due to the levels of expenditure on gambling and the high levels of migrant communities and the level of disadvantage. Research which explores these issues would prove a stronger foundation of evidence on which decisions can be made.

## **10 Conclusion**

Fairfield LGA is an area with a high level of disadvantage and also has an exceptionally high number and density of machines. The impact of gambling is significant on the community of Fairfield City and this is demonstrated in the simplest form through an analysis of median incomes compared to the level of money lost on EGMs.



Fairfield City Council has a policy to address gambling in acknowledgement of the impact that gambling has on our residents. This policy does not support any additional EGMs and encourages leisure activities in gambling free venues, particularly for young people.

Resources and alternate sources of revenue for community activities, facilities and support services is needed to provide opportunities for young people and the community that are not embedded in a culture of gambling.

Fairfield City Council welcomes the opportunity to provide information and an insight into gambling in the Fairfield LGA.