

Gambling Policy 2018

**BACKGROUND PAPER**

**Background Discussion Paper**

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# INTRODUCTION

# 1.1 Purpose

The purpose of this discussion paper is to provide a background from which to explore Banyule City Council’s strategic policy positions in relation to Electronic Gaming within the municipality and surrounding areas, where the Council has a direct decision-making responsibility; is acting as a referral authority; or has an advisory role. It is also to enable Council to consider the extent to which it wishes to be engaged in other gambling issues, such as on-line gambling and sports betting.

More specifically, this report provides background information in respect to the following areas for consideration:

* The context, role and function of Electronic Gaming Machines (EGMs) within Banyule and surrounding municipalities;
* Explores appropriate Council directed responses and supported activities aimed at understanding and addressing the potential harms created by EGMs; and
* Explores the potential of increased awareness, community education and minimisation activities aimed at minimising potential community harms arising from gambling.

This discussion paper follows the same format of the 1996, 2008 and 2014 EGM Policies, and has been prepared as part of the Policy Development Framework and forms an important part of the community consultation information pack.

# 1.2 Definitions

***Electronic Gaming Machine (EGM)****.* Commonly known as a “poker machine” or “pokie”, an EGM is a computerised, continuous staking, rapid play gaming machine that maps the selections of a random number generator to a visual output on a video screen. It has a predetermined rate of return and a reward system that is based on computerised logarithmic programming.

***Gambling.*** Gambling is wagering of money or something of value on an uncertain event that is dependent on chance, or partly on chance and partly on skill.

***Problem gambling****.* Problem gambling refers to a situation when a person’s gambling activity gives rise to harm to the individual player and/or to his or her family and may extend to the community.

# 1.3 Relationships to Council documents

The Banyule Electronic Gaming Machine (EGM) Policy Statement 2018 supports the achievement of Council People key direction 1— Strong, Healthy and Inclusive Communities – Support and strengthen the health and wellbeing of the Banyule community, along with key direction 4 - Engagement and Advocacy – Engage meaningfully and advocate for the broader interest of the community.

The Banyule Electronic Gaming Policy was adopted by Banyule City Council in June 2014. It is due to be reviewed by May 2018, and this discussion paper commences that review.

# POLICY CONTEXT

# 2.1 Gambling in Australia

Australians spend more on gambling per head than any other country in the world - $23.64 billion in total gambling losses in 2015-2016. This equates to $1100 per annum per person. The next highest losses are in Singapore ($800 per person) and then Ireland ($600 per person). Australia has 20% of the world’s poker machines as compared with 0.3% of the world’s population. Poker machines are the source of over two thirds of total gambling losses. Poker machines in hotels and clubs are the source of almost half of these total losses.

The various governments across Australia receive $5.5 billion in taxes each year from the gambling industry.

Poker machine losses in Victoria are now running at $2.6 billion per annum. Council recognises that gambling is a lawful activity that can provide entertainment, recreation and socialising opportunities. The majority of people who gamble do so without experiencing adverse effects, however, as with tobacco, pokies are addictive, legal, and a serious health issue.

There are an estimated over 500,000 Australians living with the financial stress, relationship breakdown and mental illness that comes with poker machine addiction. Gambling causes twice as much harm to the health of Australians as diabetes, bipolar disorder and cannabis dependence combined. In Victoria the biggest losses come from some of the State’s most disadvantaged areas.

Since the proliferation of electronic gaming machines (EGMs) in the early 1990s, Council has been aware of the community's concern about the detrimental impact that EGMs can have on some members of the community. This awareness has been reflected in the Council’s Electronic Gaming Machine Policies and Plans (1996, 2008 and 2014 respectively).

EGM gambling is the primary focus of this policy discussion, but it will also consider other contemporary gambling issues. Council acknowledges that EGM gambling poses significant risks compared to other types of gambling and is differentiated from other enjoyable recreational activities. Council is responsible for the approval of planning permits for EGMs, and is also able to make submissions to the Victorian Commission for Gambling and Liquor Regulation (VCGLR) on gaming licence applications.

# 2.2 Problem Gambling

A small proportion of gamblers become problem gamblers. Nevertheless, the social and economic cost of problem gambling is of ongoing concern to governments and the community, and has been the impetus for the range of policy initiatives by the Victorian State Government to combat the effects of problem gambling.

The 2010 Productivity Commission report into Gambling made the following key points in relation to problem gambling[[1]](#footnote-1):

* Based on available survey data, between 80,000 and 160,000 Australian adults experience significant problems from their gambling (0.5 to 1.0 % of adults), with a further 230,000 to 350,000 experiencing moderate risks that may make them vulnerable to problem gambling (1.4 to 2.1 % of adults).
* Although there are substantial difficulties in calculating gambling expenditure, it is estimated that problem gamblers account for 22 to 60% of total gaming machine spending (average of 41). The likely range for moderate risk and problem gamblers together is 42 to 75%.
* Most policy interest centres on people playing regularly on gaming machines. While the results vary by surveys, it is estimated that around:
	+ 600,000 Australian adults (just under 4%) play the pokies weekly or more.
	+ 15% (or 95,000) of this group are ‘problem gamblers’. A further 15% of pokie players face ‘moderate risks’.

Problem gambling can affect people in a number of different ways:

* Personal – stress, depression, anxiety, suicide, poor health;
* Financial – financial hardship, debt, asset loss, bankruptcy;
* Legal – bankruptcy, theft, imprisonment, domestic or other violence;
* Interpersonal – domestic violence, relationship breakdown, family breakdown, family neglect; and
* Work and Study – job loss, absenteeism, poor performance.

In Australia problem gamblers lose on average $12,000 each per year, compared to just under $650 for other gamblers.

The rough count of people directly affected ignores the ‘ripple effects’ of problem gambling. For each problem gambler, several others are affected — including family members, friends, employers and colleagues.

More recent research has drawn attention to the gambling harm arising from what has been previously considered as low or medium risk gambling.

Until recently attitudes towards gambling – both from non-gamblers and gamblers themselves – tended to place gamblers in one of two very distinct camps: you were either in control and “gambling responsibly”, or you had a problem – there was nothing in between.

In July 2017 the Victorian Responsible Gambling Foundation drew together the research on low-risk and moderate-risk gambling in a Background Paper titled “Hidden harm: Low-risk and moderate-risk gambling”, which paints a more complicated and sophisticated picture.

According to the paper, low-risk gamblers experience financial impacts like less spending on recreation, and a reduction in savings and available spending money. Family and friends of moderate risk gamblers reported feelings of anger, hopelessness and distress. Affected others were more likely than gamblers to report conflict or tension in the relationship as a harm from gambling.

There appear to be higher rates of mental health conditions such as depression and anxiety among low-risk and moderate-risk gamblers. Research indicates that low-risk and moderate-risk gamblers are more likely to smoke and drink more alcohol than non-problem gamblers. Moderate-risk gamblers had lower overall health and lower scores in physical and psychological health than non-problem gamblers.

The Paper found that in Victoria, close to 9 per cent or 400,000 Victorian adults are low-risk gamblers, and over 100,000, or 2.8%, are moderate-risk gamblers. The incidence of low-risk gambling increased from 5.7% to 8.9% from 2008 to 2014, an increase of 56%.

# 2.3 Significance of EGM machines

The number and distribution of EGMs in Victoria is particularly significant for the following reasons:

* EGMs are the major form of gambling expenditure in Victoria;
* Whilst other forms of gambling are growing rapidly, in particular on-line gambling and sports betting, the expenditure on these is dwarfed by losses on EGMs;
* The economic impact of EGMs is local. There is a direct relationship between the density of EGMs in an LGA and EGM expenditure per adult. The more EGMs there are in a particular area, the higher the average expenditure per adult will be for that area;
* The most disadvantaged communities tend to incur the highest gambling losses. In 2015/16 EGM losses in Greater Dandenong, the least affluent locality in metropolitan Melbourne, were $976 per adult, nearly 7 times more than the $142 per adult in Boroondara, among the most advantaged municipalities in Victoria.
* EGMs are a major source of problem gambling. The use of gaming machines is associated with approximately 80% of problem gamblers who receive counselling; and
* EGMs are increasingly available across the Banyule community and in significant proportions at Banyule hotels.

# 2.4 EGMs in Victoria

Victoria has established a ‘cap’ of 30,000 EGMs, of which 2,500 are situated at Crown Casino, and the remaining 27,500 evenly split between clubs and hotels across the State. The Victorian Government’s 2017 Gambling Regulation Amendment (Gaming Machine Arrangements) Act has opened the door to the 50/50 split being changed, with the Minister now having a power to give unallocated club licences to hotels. Apart from the Casino, there is a maximum of 105 machines per venue and a minimum of 20% of machines have to be located outside the Melbourne metropolitan area.

In 2012, gaming licensing arrangements came into operation in Victoria ending Tabcorp's and Tattersalls' duopoly as Victorian gaming operators. Previously they had held 50% each of non-casino gaming licences. These arrangements enabled venue operators to purchase 10-year EGM entitlements, which authorised them to own and operate EGMs at approved gaming venues.

The Gambling Regulation Amendment (Gaming Machine Arrangements) Bill 2017 extended the licences for poker machines in Victoria to operate until 2042. Clubs and pubs are now being offered a 20 year extension, from August 2022, to their present 10 year entitlements.

Another noteworthy change in the Act is the introduction of a $200 daily limit on EFTPOS withdrawals at venues. It has been considered that EFTPOS was increasingly being used to get around the Government’s ban on ATMs at poker machine venues.

At the same time as it introduced the new legislation, the Victorian Government made significant changes to the regional caps, which were gazetted on 20 September 2017. In relation to Banyule, the previous cap was extended and now covers Bellfield, Bundoora, Eaglemont, Heidelberg, Heidelberg Heights, Heidelberg West, Ivanhoe, Ivanhoe East, Rosanna, Watsonia and Watsonia North. The maximum number of EGMs within this area is now 392. We have been advised that this effectively reduces the number of machines in Banyule from 882 to 788.

# 2.5 EGMs in Banyule

As of January 2018, there are 9 licenced EGM venues in Banyule, with losses totalling $55.8 million in 2016/17.[[2]](#footnote-2)

There are 635 poker machines in the City of Banyule. The number of EGMs per resident adult in Banyule is now at 6.25 per 1000 adults. This remains above the State average of 5.5 per 1000 adults. Expenditure per adult in Banyule was $549 and on average $152,934 was lost on poker machines each day in Banyule. Banyule is ranked 20th of 70 Local Government Areas for poker machine losses in Victoria.

Losses per machine in Banyule were $87,906 in 2016/17. EGMs in Hotels continue to make more than twice as much as EGMs in Clubs.

This is a significant consideration within the current context of policy formation, as at January 2017, 373 EGMs are currently located within Banyule Hotels, while 262 EGMs are operated by Clubs. 74.5% (or $41.5 million) of the $56 million expended on electronic gaming in Banyule in 2016/17 was at hotels.

# Table One—EGM Venues in Banyule, by Allocation & Reported Losses

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Venue** | **Address** | **Attached Entitlements** | **Licensed EGM's** | **Venue Type** | **Expenditure(July 2016 - Jun 2017)** |
| 1 | [BUNDOORA BOWLING CLUB](https://www.vcgr.vic.gov.au/Website/maps.nsf/65fe80f4aa4416f5ca2566890006e0fc/3bdb45b4da3538aeca25816d0082ce23?OpenDocument) | YULONG RESERVE, CAMERON PARADE BUNDOORA | 0 | 20 | Club | $ 259,563.66 |
| 2 | [GREENSBOROUGH HOTEL](https://www.vcgr.vic.gov.au/Website/maps.nsf/65fe80f4aa4416f5ca2566890006e0fc/a2b99e332304eba6ca25816d0082ce26?OpenDocument) | 75 MAIN STREETGREENSBOROUGH VIC | 30 | 30 | Hotel | $ 3,125,578.03 |
| 3 | [GREENSBOROUGH RSL](https://www.vcgr.vic.gov.au/Website/maps.nsf/65fe80f4aa4416f5ca2566890006e0fc/0d6c873c432149f3ca25816d0082cf73?OpenDocument) | 111 MAIN STREETGREENSBOROUGH VIC | 78 | 78 | Club | $ 4,312,241.43 |
| 4 | [IVANHOE HOTEL](https://www.vcgr.vic.gov.au/Website/maps.nsf/65fe80f4aa4416f5ca2566890006e0fc/9b24287bb3927983ca25816d0082cead?OpenDocument) | 120 UPPER HEIDELBERG ROADIVANHOE VIC | 100 | 100 | Hotel | $ 9,807,254.50 |
| 5 | [LOWER PLENTY HOTEL](https://www.vcgr.vic.gov.au/Website/maps.nsf/65fe80f4aa4416f5ca2566890006e0fc/e5bbd0d189a0e233ca25816d0082ce50?OpenDocument) | 2-8 MAIN ROADLOWER PLENTY VIC | 85 | 85 | Hotel | $ 9,462,992.85 |
| 6 | [MONTMORENCY RSL](https://www.vcgr.vic.gov.au/Website/maps.nsf/65fe80f4aa4416f5ca2566890006e0fc/e410692bb1c04f8dca25816d0082cedc?OpenDocument) | PETRIE PARK, 16 MOUNTAIN VIEW ROAD MONTMORENCY VIC | 50 | 50 | Club | $ 1,640,503.92 |
| 7 | [OLD ENGLAND HOTEL](https://www.vcgr.vic.gov.au/Website/maps.nsf/65fe80f4aa4416f5ca2566890006e0fc/1b359b92bbfa1abcca25816d0082cf76?OpenDocument) | 459 LOWER HEIDELBERG ROADHEIDELBERG | 93 | 105 | Hotel | $ 11,664,363.06 |
| 8 | [SIR HENRY BARKLY HOTEL](https://www.vcgr.vic.gov.au/Website/maps.nsf/65fe80f4aa4416f5ca2566890006e0fc/73c7225c4bda7c79ca25816d0082cfd4?OpenDocument) | 92 BURGUNDY STREETHEIDELBERG VIC | 65 | 65 | Hotel | $ 7,521,055.04 |
| 9 | [WATSONIA RSL](https://www.vcgr.vic.gov.au/Website/maps.nsf/65fe80f4aa4416f5ca2566890006e0fc/e662b7a05321462cca25816d0082ce5e?OpenDocument) | 6 MORWELL AVENUEWATSONIA VIC | 103 | 103 | Club | $ 6,844,910.59 |
| 10 | [WEST HEIDELBERG RSL](https://www.vcgr.vic.gov.au/Website/maps.nsf/65fe80f4aa4416f5ca2566890006e0fc/dfed79b63b1346b5ca25816d0082cf7f?OpenDocument) | 180 BELL STREETWEST HEIDELBERG VIC | 31 | 31 | Club | $ 1,182,390.99 |
|  |  |  | 635 | 667 |  | $ 55,820,854.07 |

*NOTE: Bundoora Bowling Club has rescinded their entitlements which have been absorbed by the Watsonia RSL*

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**Figure 1: Physical Locations of EGM Venues in Banyule**

# Table Two: EGM Statistics for Banyule and State comparisons

|  |
| --- |
| EGM Stats - City of Banyule |
|  | **Banyule** | **Victoria** |
| Adult population | 101,603 | 4,815,889 |
|  | **Banyule Average** | **Victorian Average** |
| EGMs Per 1000 Adults | 6.25 | 5.00 |
| Adults Per Venue | 11,289 | 9,690 |
| EXP Per Adult | $549 | $542 |

Table Two shows that Banyule currently has: a higher number of EGMs than the Victorian Average; a higher number of adults per EGM; and a slightly higher amount of losses per adult than the Victorian average.

# Table Three: Expenditure by Year

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2014/15 | 2015/16 | 2016/17 |
| EXP per EGM in City of Banyule | $92,551.18 | $88,296.44 | $87,906.43 |
| Average Victorian EXP per EGM | $97,925.91 | $99,381.07 | $98,977.05 |
| Average EXP per EGM for Hotels in City of Banyule | $110,245.10 | $112,863.37 | $111,477.86 |
| Average EXP per EGM for Clubs in City of Banyule | $61,996.40 | $53,187.39 | $54,349.66 |
| Total EXP in Banyule Per Year | $54,512,649 | $55,979,947 | $55,820,854 |
| Number of Machines in Banyule Per Year | 589 | 634 | 635 |

Table Three highlights that Banyule expenditure on EGMs is lower than the Victorian State average: people lose substantially more in hotels as compared to clubs.

# 2.6 Distribution of EGM Revenue

The financial arrangements in relation to the proceeds from EGMs shifted significantly with the cessation of the Tatts/Tabcorp duopoly. Revenue is now divided between the State government and venue directly and is based on average losses per EGM losses at each venue.

Historically, the State government’s share of EGM revenue has been between 36 and 38%. The table below shows the taxation rates for machines / venues.

The increases to tax revenue raised by EGMs illustrates the significance of this revenue base to the Victorian Government. Whilst hotels generate higher rates of revenue per EGM (i.e. higher losses per machine), they also pay higher rates of taxation to the State Government.

# Table Four Part A

# State Government Revenue and Legislated Rate of Return by Venue Type

|  |  |
| --- | --- |
| Current EGM tax rates |  |
| Club venue operatorsTax is a function of monthly average-per-EGM player loss. For that part of the monthly average player loss which:* Does not exceed $2,666, the tax rate is 0.00%.
* Exceeds $2,666 but does not exceed $12,500, the tax rate is 46.7%.
* Exceeds $12,500, the tax rate is 54.20%.
 |  |

# Table Four Part B

# State Government Revenue and Legislated Rate of Return by Venue Type

|  |  |
| --- | --- |
| Current EGM tax rates |  |
| Hotel venue operatorsTax is a function of monthly average-per-EGM player loss. For that part of the monthly average player loss which:* Does not exceed $2,666, the tax rate is 8.33%.
* Exceeds $2,666 but does not exceed $12,500, the tax rate is 55.03%.
* Exceeds $12,500, the tax rate is 62.53%.
 |  |

**EGM Revenue Allocation**

*The way in which the tax is applied to the average revenue for each machine may provide a perverse incentive for venues to increase the number of machines they operate.* This is because the same losses spread over a larger number of machines will result in a lower taxation bill. In relation to clubs in particular, each machine can make $2666 per month on a tax free threshold. However, it should be noted that any taxation bill may be offset by licencing fees and purchasing or hire cost for each machine and other running and associated operating costs.

**Hotels**

Hotels pay higher rates of tax with the difference being contributed to the State Government **Community Support Fund** (CSF). The higher tax rates are effectively a reconfiguration of the additional 8.33% tax that hotels used to pay to the CSF. *While some of the CSF money eventually flows back to the community, there is no direct correlation between the funds provided to the CSF and the return of funds to the local community from which they were derived.*

**Clubs**

Clubs are exempt from the compulsory **Community Support Fund** contribution. Instead they are required to submit to the VCGLR an annual Community Benefit Statement to demonstrate the community purposes to which the revenue earned from EGMs is applied. The Clubs are expected to show that this contribution meets or exceeds the 8.33%.

The definition of ‘*community benefit’* applied by the State Government is exceedingly broad and includes such things as staff employment costs, subsidised meals, beverages and venue hire, and facility (fixed asset) upgrades.

A review of community benefit statements submitted by Clubs in 2016/17 for Banyule shows that a majority of funds continues to be spent on “operating costs” which return little benefit to the broader community. However, there is significant variation in the manner of allocation of community benefit between clubs, which the Council may consider acknowledging in some way.

Some clubs do make a significant contribution to the community through the provision of formal and informal support services, social activities, and sporting activities. This contribution is reflected in the attributed value of the volunteer hours provided by these organisations. While this contribution is substantial, it is an imputed expenditure and does not constitute a direct return of gaming revenue to the community.

# 2.7 The Evolution of Grants and Trusts Funds

The Watsonia, Montmorency Eltham and Greensborough RSL’s have established Trust Fund’s via a Deed Agreement which contribute to the community each year through a grant program.

In the 2016-2017 financial year the grant pools were

* Watsonia RSL $100,000
* Montmorency Eltham $35,000
* Greensborough $56,000

The plan was for the clubs to contribute $1000 per EGM but this is not currently reflected in the clubs contribution.

The Clubs recently approached Council to review the contribution required and the funding rounds for 2017-2018 have been put on hold whilst financial audits are undertaken. Once Council understands the financial situation for each RSL through the audit material, expected in late January, it will be in a position to make a decision on contributions moving forward.

RSL on Bell does not currently contribute to this fund but as they now have EGM’s this should be reviewed to bring them in line with other RSL’s in Banyule.

# 2.8 The Rise of Online and Sports Betting

A wager on approved sporting events can be made online or using interactive television. In Victoria, sports betting providers, ie Sportsbet and Centrebet, may not offer bets on Victorian sporting events without a written agreement from the relevant sports controlling body, eg. Cricket Australia, or a determination by the VCGLR. In Victoria, sports betting is legal on any event where approval has been given by the VCGLR.

 Australian Gambling Statistics figures indicate that sports betting has increased by 30 per cent between 2013 and 2015, making this the fastest-growing gambling product in Australia. The 2017 Household, Income and Labour Dynamics in Australia (HILDA) survey indicates that this comes with genuine dangers. About one in 20 sports betters are problem gamblers, and almost half experience some level of harm. The Federal Communications Minister Senator Mitch Fifield said in 2017 that online gambling has three times the rate of problem gambling than other forms and is growing the fastest.

In 2015 the Federal Government commissioned a review of the impact of offshore wagering by former New South Wales Premier Barry O’Farrell. According to the O’Farrell Review, since 2012 online gambling has grown significantly, consistent with an economy-wide migration to online service delivery and significant investment in brand awareness by online operators. The total amount spent on interactive gambling in Australia (including both onshore and illegal offshore activities) was US $2 billion in 2013 and US $2.2 billion in 2014.

Furthermore, the latest research indicates that children aged 8 to 16 now consider gambling ads and sponsorship a normal part of sport. Over two-thirds of the children recalled the name of at least one sports betting brand, and around one in five could identify three or more sports betting brands. (Thomas, SL, Pitt, H, Bestman, A, Randle, M, Daube, M and Pettigrew, S, 2016, Child and parent recall of gambling sponsorship in Australian sport, Victorian Responsible Gambling Foundation, Melbourne).

A Victorian Responsible Gambling Foundation Discussion Paper in March 2017 “Gen Bet: Has Gambling Gatecrashed Our Teens?” sets out a clear picture of a generation of digital natives for whom social media is practically lifeblood. This is the first generation to be exposed to saturation marketing of online betting products. In 2015 the gambling industry spent $236 million nationally on advertising, up from $91 million in 2011. This was mostly spent on online betting products. (Hickman, A and Bennett, L, 2016, “Gambling ads: place your bets”, AdNews, online 1 July, www.adnews.com.au).

The Discussion Paper notes that teenagers are four times more likely to develop gambling problems than adults, and that 1 in 5 adults with gambling problems started gambling before they were 18.

A 2010 study found that up to 20 per cent of young Australians aged 15 to 17 had bet on sports in the past 12 months – quite striking given that this age group is not legally allowed to bet on sports.

The Victorian Responsible Gambling Foundation Discussion Paper observed that while the long-term effects of early exposure to gambling are unknown, evidence from other areas of public health, such as alcohol and tobacco, indicate that it is likely to be harmful for young people and create long-term problems.

They concluded that our community, including policymakers, parents, teachers and coaches, needs to be vigilant to the risks posed to young people by this pushier, more pervasive gambling environment. They said we must educate our children to develop healthy and informed attitudes towards gambling, and help them understand that picking winners is not what sport is all about.

# 2.9 Risk Factors and Local Government

Over time, a number of risk factors have been identified to be associated with problem gambling. Typically risk factors are grouped under three main themes, which are:

***Personal***– individual factors that predispose a person to problem gambling such as erroneous and irrational beliefs about gambling, mental health problems, loneliness and life stresses.

***Environmental***– access to gaming products, product and venue design.

***Structural*** – problem gambling has a far greater impact on low income people due to lower disposable incomes. This effect is compounded by the withdrawal of income from disadvantaged communities through the relatively high taxes on gaming machine expenditures, contributing to a net increase in social inequality.

While local government has only limited ability to influence personal risk factors, it has a capacity to influence the environmental and structural factors associated with problem gambling as a consequence of its planning powers as the responsible authority.

# 2.10 Responsible Gambling and the role of Venue Codes of Conduct

**Code of Conduct**

A condition of the Gaming Licence is for the venue to have an approved Responsible Gambling Code of Conduct. The Victorian Commission for Gambling and Liquor Regulation (VCGLR) approves codes of conduct.

A code of conduct must be written in a manner that will enable it to be readily understood by customers. As a minimum requirement, a code of conduct must be written in plain English and be presented in such a way as to be reasonably accessible to customers, including customers from culturally and linguistically diverse backgrounds. More thorough detail in relation to the contents and criteria of the Code of Practice is detailed in the table provided at Appendix 1.[[3]](#footnote-3)

Codes of Conduct for all EGM venues in Victoria are available from the VCGLR website at [www.vcglr.vic.gov.au](http://www.vcglr.vic.gov.au)

**Venue Support Workers**

In 2011, the Victorian Government introduced a Venue Support Worker (VSW) Program which operates in each Region via the Gamblers Help Service. This program was designed to support venues to deliver more responsible gambling environments and has improved the delivery of training to venue managers and staff. In 2017 the VSW role also took on responsibility for delivering Responsible Service of Gaming (RSG) module 2 training. All venue staff must complete this RSG training to be able to work in Victorian Gaming venues. There are currently two Gaming VSW’s who service the Northern Metropolitan Region who would typically visit each venue at least twice a year.

**Responsible Service of Gaming**

In 2012, new training requirements for gaming venue employees took effect. All gaming venue employees working in the gaming machine area while it is open to the public are now required to complete an approved Responsible Service of Gaming (RSG) training course within six months of starting work. Gaming venue employees must also complete a refresher course every three years thereafter. Previously, these training requirements only applied to employees with a gaming industry employee’s licence (VCGLR Website).

**A Cautionary Note**

Despite this range of controls, there is a number of issues that surround the operation of EGMs in Victoria which suggest it would be prudent of Council to adopt a cautious approach when considering future EGM applications. Codes of Conduct are mandatory and often represent a minimum legislated standard rather than best practice benchmark. There is significant variation in the implementation of responsible gambling practices. Therefore, Council should be wary of treating a Code of Conduct alone as evidence of commitment to responsible gambling practices at existing or proposed future gaming venues.

# 2.11 Other Considerations

Several factors are known to be peculiar to the gaming industry since the 1990’s, and these remain important today. In considering Council’s response to EGM gambling in the local community, there are a number of additional issues that should be canvassed. These include:

* Recent research indicates that modern electronic gaming machines are deliberately designed to addict players, with built in addictive features such as losses disguised as wins, near misses, and free spins. New knowledge about how poker machines are designed demonstrates that industry-based self-exclusion measures to enable “responsible gambling” are only window-dressing solutions to a wider problem. It is becoming increasingly clear that it is the machine, rather than the gambler, that is the problem. EGM gambling is being increasingly seen as a public health issue, with organisations such as the Alliance for Gambling Reform advocating measures to reduce gambling harm.
* There is an **asymmetry of information** in which most of the information on gaming behaviour is held by the gaming industry. While some of this information is reported to the VCGLR, very little is available to either the general public or authorities such as Councils who are charged with some of the responsibility for determining applications for additional machines or venues.
* There is an emerging view that EGMs are an **unsafe consumer product**. Implicit in this view is that the owners and operators of EGMs have a duty of care to provide a safe environment for gaming and to provide adequate consumer information and protection. Research in recent years has shown links between gambling and homelessness, gambling and mental health problems, and gambling and family violence.
* The Victorian Government as both Regulator and Beneficiary of the Gaming Industry has an inherent **conflict of interest**. A significant proportion of gaming revenues come from problem gamblers, and gaming revenues are a significant source of income to the State Government. There is a need for a watching brief on the State Government’s performance in respect to Policy and Regulation of the Gaming Industry from the viewpoint of accountability, transparency, sustainability and fairness.

In this environment it is prudent for Banyule City Council to adopt an independent position on Electronic Gaming which reflects its own assessment on how the interests on the community are best served in relation to the operation of EGMs within the municipality.

Aligned with this is an interest in promoting and supporting recreational, cultural and leisure activities that provide gaming free alternatives, particularly to vulnerable groups. To its credit the Victorian Responsible Gambling Foundation has shown itself willing to fund such activities, for example, the 2017 Libraries After Dark Program of the Moreland, Hume, Darebin and Whittlesea Councils.

# 2.12 Legislative Context

The operation of EGMs in Victoria is governed by the provisions of the Gaming Regulation Act 2003 (*The Act*).

In October 2006, the Victorian Government introduced a number of changes to ‘*The Act’,* designed to increase local government planning powers in respect to the placement of EGM machines and to provide improved levels of consumer protection. These changes removed the “as of right” provisions in respect to gaming floor areas. Planning permits are now required for all applications to increase the number of machines in existing premises or to introduce machines to new gaming premises. Previously, planning permits were not required where the floor space used for Gaming purposes represented less than 25% of the building floor space. The changes also introduced consumer protection initiatives such as restrictions on access to automated teller machines (ATMs) and a decrease in the size of the maximum gaming machine bet.

The Victorian Government has sought to increase local government involvement in the hearing of applications before the VCGLR in the form of submitting a Social and Economic Impact Statement. However this process has often produced disappointment for local governments and it is important to remember that local government powers in respect to control over the operation of gaming machines within the municipality are severely limited by State Government legislation. Providing land use requirements are satisfied, local government’s powers are largely restricted to acting as an advocate for its community before the VCGLR. Policy positions that lie outside the regulatory framework are largely ignored. For obvious reasons, this is a significant consideration in the formulation of new social policy.

**Victorian Gaming Reform**

Since 2008, there have been a number of further changes to the EGM gambling environment in Victoria including:

* The creation of a regulatory body that combined the former Victorian Commission for Gambling Regulation, and Liquor Licensing Victoria. The Commission, which is the Victorian Commission for Gambling and Liquor Regulation (VCGLR) commenced operation in 2012;
* New gaming licensing arrangements from 2012, which enable venue operators to purchase 10-year EGM entitlements that authorise them to own and operate EGMs at approved gaming venues; from 2022 this will change to a 20 year lease;
* The removal of ATMs from EGM venues, with an exemption allowed for venues in rural locations, where there are limited cash facilities; this was followed up last year with a daily $200 EFTPOS cashout limit;
* Stricter timelines for responding to gaming licence applications at the VCGLR. Currently a Council must notify the VCGLR if it is putting in a submission 37 days after receiving notification of the application, with the submission due on day 60. Extensions of time will now only be granted for exceptional circumstances such as natural disaster. The stricter timelines place considerable constraints on Councils to respond effectively to gaming licence applications, particularly in regard to Council meeting cycles, undertaking community consultation and analysis of relevant data.
* In 2012, the establishment of a single, independent monitoring licensee, Intralot Gaming Services Pty Ltd, to provide an electronic monitoring system that all EGMs in Victoria must be connected to.
* The Gambling Regulation Amendment (Gaming Machine Arrangements) Act 2017, which extends the licences for poker machines from 2022 to 2042, introduces a $200 daily limit on EFTPOS withdrawals at venues, and opens the door to cashless gambling.
* A ban on all static betting advertising on public transport, roads and within 150 metres of all schools.
* Late in 2017 the Victorian Government also flagged possible changes to the planning rules concerning gambling venues. It released for comment a paper on the Victorian Planning Provisions, which proposed at paras 52.27 and 52.28 that the role and function of the planning system in licensed premises and gambling venues be reviewed, with a view to minimising what it described as conflict and overlap with the Victorian Commission for Gambling and Liquor Regulation licencing process.

**Federal Reform**

There have been changes at the federal level since the 2014 gambling policy was adopted.

In 2017 the Federal Parliament passed the Interactive Gambling Amendment Act, particularly targeted at offshore gambling operators. It

1. Requires anyone providing a regulated interactive gambling service to hold a licence under Australian State or Territory laws
2. Introduces a civil penalty regime to be enforced by the Australian Communications and Media Authority (ACMA).
3. Prohibits “click-to-call” in-play betting services
4. Prohibits wagering operators from providing lines of credit, either directly, or via a third party, to persons present in Australia.

The Federal Government has also announced a sports gambling advertising ban from 5 minutes before the start of a live broadcast, to 5 minutes after it finishes, or 8.30pm, whichever comes first. The ban applies to TV, radio and internet broadcasts of sport. The ban will be implemented for TV and radio through the free to air broadcast code, enforced by ACMA, and is expected to be implemented in March this year. The Alliance for Gambling Reform has expressed concern that the draft Industry Code contains exemptions for “long form” sporting events, such as golf and tennis, and has described these as loopholes. There is also the question of whether 8.30pm is late enough to stop children and adolescents being exposed to extensive gambling advertising associating sport with gambling.

It is highly likely that legislative responsibility for EGM gambling and further measures to reduce harm from gambling will remain firmly within the realm of State governments, with local government continuing to be involved in both the licensing and planning approvals.

# 2.13 Policy Context

The Local Government Act (1989) states that the primary objective of a Council is to endeavour to achieve the best outcomes for the local community having regard to the long term and cumulative effects of decisions.

Banyule City Council adopted a Gaming Machine Policy in 1996 that was designed to provide a consistent approach to decision making about applications for planning permits for the installation and use of EGMs and their location within the municipality. This policy was updated in 2008 and again in 2014. As previously indicated, this background discussion aims to support the formulation of a new Banyule Electronic Gaming Policy Framework.

Over the past ten years the level of knowledge and understanding of the impact of EGMs on the community and local economy has increased significantly, and the new Policy statement seeks to incorporate and apply this learning in the local context.

One of the key directions of the Banyule City Plan (2013-17) is Community Wellbeing. A key influencing factor in Council’s attitude towards EGM use is the extent to which EGMs contribute to or detract from community wellbeing. Venue operators argue that gaming provides significant community benefits in the form of employment, funding community projects and providing taxation revenue to governments. Counselling agencies dispute official estimates about the extent of problem gaming, arguing that it is a largely hidden problem affecting a much higher percentage of gaming patrons than the government or venue operators are prepared to recognise.

Since Council developed its current policy in 2014 a number of Victorian Councils have worked with Churches and community groups to establish the Alliance for Gambling Reform, which Banyule joined as a Partner Council last year. The Alliance seeks to reduce gambling harm and to have gambling treated as a public health issue, somewhat analogous to tobacco, alcohol, and road safety. The Alliance has been campaigning for specific gambling reforms to reduce gambling harm in Victoria, such as re-designing poker machines to remove their more addictive features, a maximum bet limit of $1 per spin, giving Councils more say in the number and location of machines, and reducing the present 20 hours per day that venues can operate for.

# 2.14 Policy Development Process

This background paper has been prepared with reference to a range of information sources, which have been cited where relevant.

Please contact the Council’s Community and Social Planning Team on 9490 4365 for further information or to discuss this Policy Framework further.

# 2.15 Conclusions

Banyule City Council performs various roles and functions and engages in numerous spheres of influence in relation to the area of electronic gaming.

Banyule City Council is a Statutory Authority, a Policy Advisor and at times a Community Advocate. In performing its role, the Council and its various operational areas need to be clear about its position in the following areas:

* **Stewardship v Statutory functions:** Defining the elected Council’s Policy Position/s versus the process and procedures involved in determining planning applications and assessing enquiries in accordance with relevant legislation and planning scheme considerations.
* **Trusts and Grants:** The Grants Pool which is funded directly by proceeds from local electronic gaming continues to grow. A working understanding of the potential impact of proposed regulatory and licensing changes and an anticipation of the likely positions and arguments to be advanced by Clubs, will aid discussion in relation to the role and future of grant pools. As the administration is managed by Council, on behalf of the Club, what might represent responsible, accountable and appropriate fiscal management of these Grants needs to be defined and the implementation of best practice management assured;
* **Council Owned or managed land**: Implications of gaming venues operated from Council owned or managed land. The contract management and leasehold arrangements in place and to be negotiated into the future need to be done in an open and transparent manner according to the stated Policy arrangements; and
* **Direction Setting and Future applications:** Dealing with applications for the growth of the electronic gaming industry, proposed changes to legislation and arguments for gaming as a source of revenue for recreation and sporting clubs.

The 2018 Banyule Electronic Gaming Policy Framework will consider all Council’s areas of influence, and provide clear Policy Statements in line with the City Plan Objectives to support a robust implementation framework.

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# Appendix 1

**Contents and Criteria of Responsible Gaming Code of Practice for Electronic Gaming Venues**

|  |  |  |  |
| --- | --- | --- | --- |
|   | **Legislative requirements for Code of Conduct** | **Criteria for approval** | **Benchmark** |
| 1. | Be of a satisfactory standard - s10.1.4(2)(fd) | Code of conduct fulfils criteria below for legislative requirements 2-5 | All criteria for requirements 2-5 are met |
| 2. | Comply with Responsible Gambling Code of Conduct Ministerial  Direction – s10.1.4(2)(fd) and s10.6.6 | The code of conduct includes all elements of the ministerial direction, which apply to the type of gambling. | The code of conduct shows that in its practice the relevant person will meet or exceed the guidelines set out in Part A for each relevant aspect of the directions. |
| 3. | Demonstrate a commitment by the relevant person to foster responsible gambling section 10.6.7(a) | Suitable processes and structures are in place to support the implementation and ongoing operation of the code of conduct.The code of conduct is accompanied by or includes a statement stating the relevant person’s commitment to the promotion of best practice through the ongoing review of the effectiveness of these processes and structures. | This could cover:* Management and staff roles and responsibilities for implementing and evaluating the code of conduct (e.g. standing management meeting agenda item, nominated staff person to interact with customers)
* Induction and training processes
* Ways of raising and addressing implementation issues within the venues/outlets/other places of business (as applicable)
* Ways of recording effective strategies and staff conduct (e.g. could become part of performance or salary arrangements, rewards and recognition program) and for publicising and rewarding these.
 |
| 4. | Be appropriate for, and relevant to, the nature and type of gambling the relevant person is authorised to provide section 10.6.7 (b) | The code of conduct includes all elements of the ministerial direction, which apply to the type of gambling. | The code of conduct should show that in its practice the relevant person will meet or exceed the Minister’s standards and requirements set out in Part A for each relevant aspect of the directions. |
| 5. | Set out a review process by which the relevant person will assess the operation and effectiveness of the code of conduct – section 10.6.7(c) | The code of conduct is accompanied by or includes a statement outlining the relevant person’s process and timeline for review of the code of conduct’s operation and effectiveness. | Review of the operation of the code of conduct should occur annually, and wherever possible follow industry review guidelines for responsible gambling codes of conduct suggested by the Commission and published on its website. |

1. Productivity Commission (2010) Gambling, Report No. 50, Canberra. p.5.1 [↑](#footnote-ref-1)
2. Responsible Gambling Foundation, Gambling Information Resource Office, Local Government Area Data, viewed January 2018. [↑](#footnote-ref-2)
3. Victorian Commission for Gaming and Liquor Regulation, [www.vcglr.vic.gov.au](http://www.vcglr.vic.gov.au) [↑](#footnote-ref-3)