



Public Accounts and Estimates Committee

Follow-up of Victorian Auditor General's reports into the regulation of gambling and liquor

Submission

July 2023

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While this paper aims to broadly reflect the views of local government in Victoria, it does not purport to reflect the exact views of individual councils.

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Executive Summary

Thank you for inviting the Municipal Association of Victoria (MAV) to present to the Victorian Parliament's Public Accounts and Estimates Committee's Inquiry into two reports prepared by the Victorian Auditor General regarding the regulation of gambling and liquor and reducing gambling harm. We appreciate the opportunity to contribute to this important discussion.

Victorian councils have long advocated for legislative and regulatory changes to reduce the harm caused by electronic gaming machine gambling. In recent years councils have also advocated for measures to reduce the prevalence and harm of on-line gambling sites and advertising. Councils have made submissions to the licence application process for both gambling and liquor applications with limited resources. They have often been frustrated that the regulatory body default position was to put the onus on local government to 'prove' detriment and harm.

This submission draws on the work of councils and previous representations by the MAV in recommending legislative and regulatory changes which require political will to reduce harm.

Introduction

As the legislated peak body for local government in Victoria, the MAV is pleased to be able to provide input into the Parliamentary Inquiry into the Regulation of Gambling and Liquor and Harm Caused by Gambling. Gambling harm has long been raised as a matter of significant concern requiring regulatory change. Resolutions from the MAV State Council, comprising representatives from all 79 Victorian councils, are outlined in Attachment 1.

This submission outlines our comments to questions raised by the Committee. They mainly focus on poker machine gambling harm as this has been the subject of most concern to councils with large numbers of machines in their municipalities. Councils also have increasing concern about the growth of the on-line gambling industry and the prevalence and ubiquitousness of gambling advertising.

Although this submission does not go into detail, councils are concerned about the increasing level of alcohol related harm and the limited tools in both planning and licensing arenas to limit alcohol accessibility and availability.

The MAV has for a long period advocated for more to be done to reduce harm from gambling. We supported the establishment of the Alliance for Gambling Reform. We have previously commissioned research to recommend key changes that would assist in reducing harm. These changes include those recommend by the Productivity Commission Inquiry into Gambling in 2010, which called for reduced opening hours and changes to machine design features that contribute to addiction and losses.

The MAV has also participated in advisory committees established to reduce alcohol related harm.

Committee questions – MAV response

The Committee has provided a list of questions to consider. These include:

1. Key concerns of local government regarding harm caused by gambling and liquor consumption in their local communities
2. Key concerns regarding regulation and harm minimisation of gambling and liquor
3. Gambling and liquor licensing and application assessment processes and the impact of any changes following implementation of audit recommendations in 2017
4. Local's government's perspective on best practice risk-based criterion and models regarding liquor and gambling at different venues, or by mode of drinking and gambling
5. Essential data for effective decision making around gambling and liquor licensing and any existing data gaps
6. MAV's perspectives on best practice gambling and liquor licensing performance measurement and reporting
7. Further action required by the Victorian Government to optimise gambling and liquor licensing regulation and compliance, including payment of community benefit fund contributions.

The MAV's submission focusses on Questions 1, 2, 4, 5 and 7.

Question 1 - Local government concerns regarding harm caused by gambling and liquor consumption in their local communities.

Councils have significant concerns regarding the harm caused by gambling. Prevalence of poker machine gambling in their communities is a key cause of concern, as is the increasing normalization of gambling activity through the growth in on-line options.

Key concerns of councils include:

Social and economic impacts

Large numbers of electronic gambling machines are located in venues in communities that can least afford to lose. Councils representing these communities are dismayed at the negative social and health consequences posed by machines that are designed to encourage addiction. Gambling losses in Victoria are likely to exceed \$3 billion for the first time this financial year.

The harm is not limited to an individual gambling at excessive levels – it also affects the family or friends of those who gamble, and the wider community. The stigma, shame and complex issues surrounding excessive gambling means those experiencing the most harm are not easily identified, leading councils to enumerate losses as indicators of the level and extent of harm.

Councils recognise the power of the stories of people with lived experience of gambling harm. Contemporary research provides insights into the ‘craters of misery’ in neighbourhoods with ‘pokies’ in easy access. Research funded by the Victorian Responsible Gambling Foundation identified seven types of gambling harm:

- relationship difficulties
- health problems
- emotional or psychological distress
- financial problems
- issues with work or study
- cultural problems
- criminal activity.

This research found that **most** gambling harm (50.2%) is related to **low-risk gambling behaviour**, rather than problem gambling (15.2%). Relationship harm is the most common type of harm from gambling. It makes up a quarter of all gambling harm experienced by Victorians (VAGO report Reducing the Harm caused by Gambling March 2021 p.19).

Community well-being

The well-being of local communities is adversely affected by gambling-related harm. These issues can erode the fabric of communities, impacting community cohesion, safety, and overall quality of life. Smartphones, online games, gambling ads on TV and the normalisation of sports betting have changed the gambling landscape. Newer forms of gambling and simulated gambling are penetrating the landscape and have recently emerged alongside the continued availability of traditional forms of gambling.

Case-study from Monash City Council:

Community consultations conducted in 2022 found there is growing concern regarding the impact this emergence is having on the community, in particular young people. While its community research found that there is lower uptake of traditional forms of gambling amongst young people, the concern is that higher uptake of emerging forms may sustain or even increase gambling harm in the future.

“We’re really seeing the normalisation of gambling, particularly for young people. It’s concerning for the future when those young people are older”

Of particular interest to local government is the impact of proposed and existing gaming venues on local businesses. As the Productivity Commission noted in its 2010 [inquiry](#) into gambling, the availability of legalised gambling does not of itself constitute any additional economic activity - "...the gambling industries do not create net employment benefits, because they divert employment from one part of the economy to another"" (PC 2010: 6.1).

All other things being equal, gambling expenditure relies on the diversion of other consumption expenditure (or, in the case of many of those with gambling problems, capital investment or expenditure) to gambling expenditure. This does not constitute additional consumption expenditure - it does not contribute to economic growth over and above the alternative uses to which gambling expenditure could be put, and it does not create new employment opportunities.

In fact, it is likely that the diversion of consumption expenditure from other entertainment purposes (particularly restaurant or like consumption) may reduce employment opportunities at the local level.

Vulnerable populations

Councils are particularly concerned about the impact on vulnerable populations, including those newly establishing in communities, low-income individuals, young people and those with little social or familial contacts or connection to place. This concern relates to both venues providing poker machine gambling and big box liquor outlets.

Case study from Whittlesea City Council:

Between 2021 and 2041, the population for the City of Whittlesea is forecast to increase by 128,883 persons (55.60% growth), at an average annual change of 2.24%.¹ The Victorian Government previously moved to permit a 25%t increase in poker machines to reflect population growth in the northern growth areas of the municipality. This increase did not consider the circumstances of residents in new communities who are often geographically isolated and have severely limited access to local leisure and recreation facilities. This leaves new and rapidly growing communities vulnerable to risk factors associated with gambling. It remains a key area of concern for the City of Whittlesea in the planning and delivery of new communities. Should EGM machine numbers continue to be increased according to population growth, it is expecting to see an explosion of gambling related harm beyond existing levels.

¹ *City of Whittlesea* (no date) *Population summary* | *City of Whittlesea* | *Population forecast*. Available at: <https://forecast.id.com.au/whittlesea/population-summary> (Accessed: 06 June 2023).

Question 2 - Regulation and harm minimisation of gambling and liquor

The establishment of the Victorian Gambling and Casino Control Commission (VGCCC), Liquor Control Victoria and the Victorian Liquor Commission to replace the former Victorian Commission for Gambling and Liquor Control (VCGLR) in July 2022 is welcomed. The MAV encourages these new entities to fully consider council submissions and take their concerns into consideration through the stronger public health approach to harm.

Victorian councils have identified several key concerns regarding the regulation and harm minimisation of gambling and alcohol consumption. These are set out below.

Legislative reform

The MAV recommends further legislative reform to prevent gambling harm. These include:

Mandatory pre-commitment of cashless cards – for the Victorian Government to expand the mandatory pre-commitment system (to be implemented at Crown Casino) to all gaming venues across Victoria.

Gambling ads - for the Victorian Government to support advocacy efforts to introduce a phased ban on gambling ads, as recommended by the [Commonwealth Standing Committee on Social Policy and Legal Affairs](#).

Number of EGMs – that the Victorian Government work towards lowering the number of EGMs in Victoria, including by broadening the assessment for municipal caps beyond population to include socio-economic disadvantage and other key factors such as social housing, housing stress, rates of family violence.

EGM design features – for the Victorian Government to introduce long-standing evidence-based reforms (dating back to the 2010 Productivity Commission Report) around EGM design features, including \$1 maximum bets, removal of losses disguised as wins.

Reduction in the operating hours of venues from the current level of 20 hours a day.

Specific provisions regarding gambling venues in greenfield areas and in the preparation of Precinct Structure Plans to ensure that gaming venues are not the first and /or only recreational/ entertainment venue in a newly developed estate.

A review of the **criteria for the distribution of EGMs** to minimise harm from gambling in growth areas with the intention of ‘sinking caps’ to protect communities that are most vulnerable to the harmful effects of gambling. This would mean that if machines are removed from one venue, they cannot be re-installed into another venue in the same area.

Change the definition of what is classified as **community benefit**, under the Gambling Regulation Act 2003, to genuine philanthropic organisations or charities as defined by tax deductible status or grass roots activities.

Regulatory reform to embed a public health approach

Enabling regulatory bodies to institute the public health approach and commit to risk-based assessments for applications including monitoring compliance and research into outcomes of existing products and services is essential. An example of the changes that councils seek is the area of social and economic impacts assessments, putting the onus onto the applicant and the regulator rather than under resourced councils.

Although councils have the opportunity to lodge a submission to the Victorian Gambling and Casino Control Commission highlighting their concerns about the social and economic impacts on local communities of a proposed new EGM gambling venue or additional EGMs in an existing venue, experience in the past has shown that these submissions rarely lead to an application being refused. Given the substantial amounts of time, money and resources councils must commit to prepare a submission in a very short timeframe, there can be no doubt that the very poor success rate of councils provides a significant disincentive from engaging in the process.

In determining whether to approve an application for a new EGM gambling venue or additional EGMs in an existing venue, the regulator must be satisfied that the net economic and social impact of approval will not be detrimental to the well-being of the community of the municipal district in which the premises are located.

Taking into account the many harms associated with gambling, particularly EGM gambling, the question instead should be whether the new or increased availability of EGMs will bring a net economic and social benefit to the municipal district and surrounding communities. The current test that is applied, regarding net detriment, does not prioritise the best interests of the community. Applicants should be the ones required to provide a detailed and evidence-based response to this question and the regulator assessing the evidence of benefit.

Question 4 - Local government's perspective on best practice risk-based criterion and models regarding liquor and gambling at different venues, or by mode of drinking and gambling

Communities characterised by socio-economic disadvantage have been shown to often be more vulnerable to gambling harm and the negative impacts of gambling.² This principle is illustrated in Brimbank City Council, where highly disadvantaged communities are located in areas where losses from EGMs are high. This relationship between disadvantage, vulnerability and gambling harm should be considered in any risk-based criterion regarding gambling.

Risk based criterion for EGMs should consider (at a minimum) accessibility of EGMs, notably venue opening hours and location of venues.

In line with the risk-based criterion and models which currently apply to liquor regulation, consideration should also be given to EGM venue opening hours.

Question 5 - Essential data for effective decision making around gambling and liquor licensing and any existing data gaps

To make informed decisions about gambling and liquor licensing, access to essential data is crucial. Local governments highlight the following data needs:

Comprehensive prevalence data: Accurate and up-to-date data on gambling-related harms and prevalence rates are essential for understanding the scope of the problem, identifying trends, and evaluating the effectiveness of harm minimisation measures.

Socioeconomic and demographic data: Data on the socioeconomic and demographic characteristics of affected communities can help in targeting resources, identifying vulnerable populations, and tailoring interventions accordingly.

Evaluation data: Long-term evaluation data on the impact of regulatory measures and harm minimisation strategies are necessary to assess their effectiveness and guide evidence-based policy development.

A focus on **transparency of data collected by the industry** to target vulnerable population groups and increase profits would better enable effective decision making. Councils would benefit from understanding the demographics of who is gambling in venues and at what level of harm. There should be greater emphasis on industry disclosure and how EGMs are designed to

² Rintoul, AC, Livingstone, C, Mellor, AP & Jolley, D 2012, 'Modelling vulnerability to gambling related harm: how disadvantage predicts gambling losses', *Addiction Research & Theory*, vol. 21, no. 4, pp. 329–38

addict users. Concentrating on the lack of self-control of ‘delinquent’ users deflects attention away from harmful products, diminishing scrutiny of industry failure to appropriately address gambling harms.

Question 7 - Further action required by the Victorian Government to optimise gambling and liquor licensing regulation and compliance, including payment of community benefit fund contributions

Community benefit program

Class A community benefits provided by gambling venues should be provided as gifts or donations to community groups and clubs, not as sponsorship. The gambling industry often seeks to portray its relationship with community and charitable recipients as altruistic, and regularly asserts that community activities supported by gambling revenues add to social and community resources. The narrative of charitable giving assists in normalising gambling, giving credibility to the notion that the costs of related harm may be countered.

Additionally, as the EGM venues can choose to sponsor, not donate funds to local groups, sponsorship arrangements often weight heavily in the EGM venue gaining even more than the tax deduction. Councils have reported that local sporting groups are required to advertise the ‘venue’ with logo placement, distribution of EGM venue ‘loyalty cards’, key club functions to be held at EGM venues and social media posts encouraging members to ‘support our sponsor’ - the EGM venue.

Case study - mandatory contribution benefit schemes:

Analysis of mandatory community benefit schemes operating in Monash City Council has shown that claims for operating costs including staff wages, superannuation or business expenses, commonly exceed contributions to actual community purposes. For example, in Monash in 2020/21, club licensed venues declared \$2.2 million in ‘Class A’ contributions including gifts/donations to sporting clubs and local groups, and \$5 million in ‘Class B’ contributions including operating costs and capital improvements.³

³ . VGCCC website, Gaming expenditure by venue. Gaming expenditure by venue | Victorian Commission for Gambling and Liquor Regulation

Greater guidance and regulation are required, to establish a clear articulation of community benefits and transparency in the distribution of funds. This is critical to ensure the community benefit fund is equitable and brings direct community benefit.

An approach that focusses on individuals and ‘problem gamblers’ fails to recognise that gaming machines as a product are harmful and misleading and need reform – along with the legal framework around which they operate. The biggest impact that can be made on reducing the harm from gambling is legislative reform – not more programs aimed at ‘problem gamblers.’

Conclusion

Thank you for considering the perspectives of the MAV. We remain committed to working collaboratively with all stakeholders to achieve effective regulation and harm minimisation in the areas of gambling and liquor.

APPENDIX 1

MAV State Council Gambling and Liquor Related Resolutions 2018-2023

Date	Resolution
May 2023	<p>Reducing Harm from Electronic Gaming Machines Resolution:</p> <p>The MAV calls on the Victorian Government to introduce regulatory reforms to prevent and reduce gambling harm, including:</p> <ol style="list-style-type: none"> 1. A mandatory cashless pre-commitment scheme for all electronic gaming machines (EGMs) in Victoria, in line with the system being introduced in Tasmania. This should be a universal system with binding limits. 2. All Victorian gaming venues to be closed between 2am and 6am daily, with a phased reduction to be introduced over time. 3. Change the definition of what is classified as community benefit, under the Gambling Regulation Act 2003, to genuine philanthropic organisations or charities as defined by tax deductible status or grass roots activities. 4. Introduce a State Government fund to support gaming venues that wish to transition away from EGMs.
Oct 2022	<p>Extension of pre commitment laws to all gaming venues across the state Resolution:</p> <p>That the MAV advocate to the Victorian Government to consider, informed by appropriate stakeholder consultation, extending the introduction of the new pre-commitment laws arising out of the 2021 Royal Commission into the Casino Operator and Licence to all gaming venues across the state. Pre-commitment is a harm-reduction measure requiring gamblers to set a limit on the time / money they intend to spend playing the pokies.</p>

Date	Resolution
June 2022	<p>Prohibition of gaming premises in close proximity to supermarkets under the Victorian planning provisions</p> <p>Resolution:</p> <p>That the MAV advocate for changes to the Victorian Planning Provisions that would prohibit the use of land for a Supermarket under the Commercial 2 Zone in situations it is seeking to establish in close proximity to an established Gaming premises.</p>
May 2021	<p>That the MAV State Council advocates to the Victorian Government to implement evidence-based harm reduction measures to address the concerning losses on Electronic Gambling Machines since gaming venues reopened in November 2020 including:</p> <ul style="list-style-type: none"> • immediately reducing gaming venue operating hours • introduction of \$1 maximum bets • \$200 EFTPOS daily withdrawal limits and a ‘sinking cap’ on the number of electronic gaming machines in Victoria • requiring venues to include sufficient detail in their publicly available community benefit statements to allow a reasonable person to understand the specific nature of each community contribution (e.g. prevent venues from using categories such as “donations/gifts/sponsorships”). <p>Key Partnerships for Mental Health Services in the Community</p> <p>The MAV alert the Victorian Government to:</p> <ul style="list-style-type: none"> • Acknowledge the impact the COVID-19 Pandemic, and associated lockdown directives, have had on people experiencing gambling harm and disadvantaged communities • Express concern at the surge in losses recorded through Electronic Gaming Machines (EGMs) that have been experienced since gaming venues re-opened in November 2020 • Call on the Victorian Government to implement evidence-based harm reduction measures to address these concerning losses; including immediately reducing gaming venue operating hours; as well as the introduction of \$1 maximum bets, \$200 EFTPOS daily withdrawal limits, and a ‘sinking cap’ on the number of electronic gaming machines in Victoria.

Date	Resolution
May 2019	<p>Gambling Reform</p> <p>That the MAV call on the State Government to implement an evidenced based public health approach to reduce gambling harm associated with electronic gaming machines through:</p> <ul style="list-style-type: none"> (a) introducing a stronger Responsible Gambling Code of Conduct to include” (b) stronger focus on venue and staff responsibility to reduce levels of gambling harm by offering assistance to people displaying signs they are being harmed by gambling, as is the case under laws in New Zealand and Switzerland (c) mandatory breaks and maximum daily limits on gambling time; (d) prohibition on inducements to gamble such as gifts or offering free food and drink (excluding water) and instead encourage gamblers to take a break going to other parts of the venue for food and drink (e) requiring venues to assist research projects approved by the Office of Liquor, Gaming and Racing (OLGR) (f) no service of food or drinks at the machines (g) reducing opening hours for pokies venues to include mandatory 2am - 9am shutdown (h) banning losses disguised as wins as recommended by the Victorian Commission for Gambling and Liquor Regulation (VCGLR), noting this feature is already banned in Queensland and Tasmania (i) mandating the display of signage on all electronic gaming machines with a product health and safety warning – ‘stating the machine is designed to keep you playing and programmed for you to lose money’, emulating the approach taken with the tobacco industry.

Date	Resolution
October 2018	<p>Gambling Harm</p> <p>That the MAV:</p> <ol style="list-style-type: none"> 1. Calls upon State Government to commit to strategies to reduce gambling losses, adopts a public health approach and implements increased allocation of support funds to more extensive harm measures and communities experiencing large gambling losses. 2. Specifically, calls on the State Government to reduce the number of electronic gaming (EGM) machines from all licensed premises by 2032, and lower EGM caps 3. Engages with the Vision Super Board to advocate for full divestment of investments held in companies where more than 10% of earnings before interest and tax (EBIT) are derived from gambling including Woolworths, Crown Resorts, Aristocrat, Tatts Group, Tabcorp Holdings and Star Entertainment Group.
May 2018	<p>Greater liquor and gambling controls for local government</p> <p>That the MAV proposes to the Victorian Parliament for greater powers and instruments to enable local government, as opposed to unelected bureaucrats and bodies, to make local decisions on local liquor and gambling licences. This is to also include the ability for local governments to propose moratoriums on liquor and gambling permits in 'high risk' areas where there is demonstrated economic and social disadvantage.</p> <p>Electronic Gaming Machines</p> <p>The MAV advocates to the State Government to adopt a public health approach to reduce the harms caused by Electronic Gaming Machines (EGMs) by legislating to:</p> <ol style="list-style-type: none"> 1. Reduce the maximum cash withdrawal limit from EFTPOS facilities at gaming venues from \$500 to \$200 in a 24-hour period 2. Strengthen the regulatory framework governing the enforcement of the Victorian Responsible Gambling Code of Conduct.

Date	Resolution
	<p>Packaged Liquor</p> <p>That the MAV advocate to the Minister for Planning under Section 9 of the Planning and Environment Act 1987 to prepare a Group of Councils amendment to introduce a Local Planning Policy into the Planning Schemes for Frankston, Casey, Cardinia, Mornington Peninsula, Monash, Kingston, Knox, Maroondah and Greater Dandenong.</p> <p>The South-East Melbourne Council Group (SEMCG) have recently completed a research project which aims to better understand the relationships between packaged liquor outlet density and increases in alcohol related harms taking place, particularly focusing on family violence.</p> <p>The research has aided the group in developing a suite of responses to address the increasing impacts which range from advocacy strategies and office reference toolkits to amendments to the planning scheme through the implementation of planning policies</p>