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| **Review of decisions of the Victorian Commission for Gambling & Liquor Regulation: Electronic Gambling Machine Applications** |
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Livingstone C. and Francis L. (2014) Review of decisions of the Victorian Commission for Gambling and Liquor Regulation: Electronic Gambling Machine Applications MAV & Monash University Melbourne

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# Summary

This report was prepared for the Municipal Association of Victoria (MAV) in order to inform MAV’s work with local government in seeking a more transparent and fair system of EGM licence regulation and decision-making in Victoria.

The research undertaken to inform this report utilised a thematic review of the text of 142 EGM license applications considered and decided by the Victorian Commission for Gambling and Liquor Regulation (the Commission), with written reasons for decision issued between 1 July 2007 and 30 June 2014.

The Commission’s task in considering applications is to determine whether the net benefit of the social and economic impact of the application will be detrimental to the community of the municipal district where the application will have effect.

Of the 142 applications reviewed, 132 (94%) were approved by the Commission. Ten (6%) were refused. Of those approved, 17 were granted with conditions imposed. Table 1 (below) provides further details of these applications.

The thematic review undertaken for this report indicates that there were 16 themes consistently cited by the Commission in support of applications. These were generally of a readily quantifiable (if in some cases rather simplistic) economic or financial nature. The most commonly cited reasons for approval were a commitment to undertake capital works, a commitment to make financial contributions to community purposes, and a commitment to increased employment with the applicant venue.

In contrast, themes identified as being detrimental to applications numbered six, generally of a social character, and for the most part the Commission regarded these as much more difficult to balance against the more concrete-seeming positive attributes highlighted by applicants. The most common such themes identified were the level of EGM expenditure (either existing or estimated), the disadvantage of a local community, and the density of EGMs.

The Commission has overwhelmingly taken the view that factors supporting applications outweigh those seen as detrimental in the overwhelming majority of cases. In our opinion this arises from the Commission’s tendency to see the economic or financial factors as more readily identifiable than detrimental but often poorly quantified social factors, particularly social detriment and disadvantage. Further, the lack of a nuanced consideration of the nature of problem gambling and the distribution of its harms results, in our view, in a somewhat simplistic appreciation of the extent to which increased gambling opportunities translate into community harms.

It is also clear that the EGM application process is complex, and that local governments find it frustrating, and difficult to engage with. Increased participation by local government may assist in re-balancing the process to take better account of social factors, but this is unlikely to occur until the process is seen by local government as more open, inclusive and inclined to consider a broader range of factors in its determinations. Introduction

The following paper summarises a review of decisions made by the Victorian Commission for Gambling and Liquor Regulation (VCGLR) concerning license applications to operate electronic gambling machines (EGMs) in Victorian clubs or hotels. The review aimed to identify factors taken into consideration by Commissioners when determining the net economic and social impacts on a community in relation to such applications. Applications to VCGLR in this category include applications for new EGM venues and for an increase in the number of EGMs at an existing venue. The applications considered did not apply to EGMs operated at the Melbourne Casino.

The review analysed 142 applications considered by the VCGLR from the beginning of July 2007 through to the end of July 2014. One hundred and thirty two (93%) of the applications were successful, allowing an additional 2,876 EGMs in licensed venues in Victoria. Refer Appendix1 for a complete list of reviewed documents.

Table Summary statistics of reviewed applications

|  |  |  |
| --- | --- | --- |
|  | **Number** | **%** |
| Decisions reviewed | 142 |  |
| Applications approved | 132 | 94% |
| Applications refused | 10 | 6% |
| Applications approved with conditions applied | 17 | 12.8% |
| Applications requesting increase to EGM numbers | 101 | 71% |
| Applications for new EGM venue | 41 | 29% |
| Number of EGMs approved | 2,792 |  |
| Number of EGMs refused | 251 |  |
| Applications by Hotels | 73 | 51% |
| Approved | 67 |  |
| Refused | 6 |  |
| Applications by Clubs (including RSLs) | 69 | 49% |
| Approved | 65 |  |
| Refused | 4 |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Year of application** | **Total** | **Refused** | **Approved** | **Approved with conditions** |
| 2007 (half year) | 10 | 2 | 8 | 2 |
| 2008 (full year) | 8 | 1 | 7 | 1 |
| 2009 (full year) | 8 | 0 | 8 | 3 |
| 2010 (full year) | 20 | 2 | 18 | 0 |
| 2011 (full year) | 27 | 2 | 25 | 1 |
| 2012 (full year) | 46 | 1 | 45 | 5 |
| 2013 (full year) | 14 | 1 | 13 | 2 |
| 2014 (half year) | 9 | 1 | 8 | 3 |

# Background

## The Act

The *Gambling Regulation Act 2003 (The Act)* addresses thelegislative requirements for gaming licenses. Matters that must be considered by the Commission when making a decision to either grant or refuse a venue as suitable for gaming are outlined in section 3.3.7 of *The Act and* Section *3.4.20* (l)(c) for applications that relate to an amendment to a venue operator’s license, e.g. an increase to EGM numbers at the venue.In determining the outcome of venue operator’s submissions, Item 12 D of the Gambling Act documents the details relevant for consideration by the Commission.

(1) The Authority must not grant an application for approval of premises as suitable for gaming unless satisfied that—

(a) the applicant has authority to make the application in respect of the premises; and

(b) the premises are or, on the completion of building works will be, suitable for the management and operation of gaming machines; and

(c) 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.

## The role of the Commission

In deciding how many machines can operate at a club or hotel, the Commission needs to be satisfied that the “net economic and social impact of the application will not be detrimental to the well-being of the community”. Providing that (in the Commissioner’s view) the identified social and economic impacts represent an overall neutral or a positive impact then the Commission has the authority to grant in favour of the applicant. The net detriment test according to the Commission requires a balance of probabilities. In the Commission’s view that “even a small benefit may offset a smaller detriment”[[1]](#footnote-1)

Furthermore, the Commission does not need to be satisfied that the application provides a positive net social and economic impact; rather it can be satisfied that the outcome is either neutral or positive, so long as it is not negative:

**Branbeau Pty Ltd v Victorian Commission for Gambling Regulation [2005] VCAT 2006**

The commission has acknowledged that the “balancing exercise” can be challenging especially when the majority of the evidence is presented by the applicant with limited if any *“*view or expert opinion offered in the alternative”[[2]](#footnote-2)

### The review process

For the purposes of this paper, the decision documents (which are publically available on the VCGLR website) were reviewed thematically in order to identify dominant matters explicitly considered relevant by VCGLR in its decision-making. This matter consisted of opinions or supporting evidence expressed or presented by any or all of the applicants, expert witnesses (including local government authorities and their expert witnesses), or Commissioners. To determine the main factors taken into consideration when expressing reasons for each decision, the closing remarks in each matter by the presiding Commissioners were further analysed thematically.

The review of decision documents highlights a number of issues and inconsistencies with the overall process. Over the course of the period under review, the structure of the final decision documents varied considerably in terms of the level of details documented and the general format of the papers. The 142 documents ranged in size from just six pages to over 125. In the majority of cases, the Commissioners addressed the main reasons for reaching the final decision to either approve or refuse an application in the final pages of each document, generally the last two pages. However, the detail is presented in a somewhat unstructured format and in a number of the decisions, it was necessary to refer to Commissioners’ commentary in the earlier sections of the document in order to determine what additional factors contributed to the final decision.

# Dominant factors supporting final decisions

The Act does not attempt to prescribe the criteria against which the economic and social impact is to be tested. As economic and social impacts are not exclusive of each other but interconnect in that an economic impact has a social impact and vice versa, the Authority does not attempt to draw some artificial distinction between the economic and social impacts of gambling.

**Roxburgh Park Hotel Decision Application refused July 2001**

Several common factors were identified as strongly influencing Commissioners in their decision making process. The approach adopted by the Commission appears to some degree arbitrary and inconsistent. The apparently subjective nature of the process demonstrates a quantitative bias towards the claimed ‘benefits’ of the applications under consideration. For example, 16 different themes supporting the benefits of a license application emerged across the 132 approved applications. In the same 132 decisions, the likely detriments, acknowledged by the Commission as being far more difficult to determine, highlighted a modest six distinct areas of concern, with a further three detrimental factors highlighted in only a few cases.

The Act does not recommend any benchmark against which the economic and social impact of an application is to be tested. As a result, the final determination frequently appears to be highly subjective with the Commission considering a range of factors in their review of applications. While acknowledging the “interconnect” between the various factors and in particular economic and social impacts of each application, for the purposes of this review, the dominant supportive factors have been separated into two categories: *Social and Economic Impacts;* and *Other Mitigating Factors*. Other mitigating factors generally relate to supportive factors in the environment within which the machines will be operating - i.e. within the venue itself, or in the surrounding municipality. These core-supporting factors are summarised in Table 2 below.

Table Positive factors considered in final determination of approved applications

| ***Social and Economic Impacts*** |
| --- |
| *Capital works: renovations, refurbishment, redevelopments or new developments (92)\** |
| *Community contributions i.e. financial or in kind donations to sports club or community organisations (88)* |
| *Community access to high quality facilities offering a range of entertainment and recreational options including bistro and other dining facilities; family friendly environments offering children’s play areas; sport and recreational opportunities (66)* |
| *Employment including either gambling venue staff or tradespeople employed by capital works programs (63)* |
| *Complementary expenditure representing an economic stimulus to local community e.g. supply contracts created by either redevelopment or increased gambling expenditure (45)* |
| *Social and welfare contributions in particular with RSL clubs e.g. community hub (41)* |
| *Revenue stream for applicant i.e. funds to reduce debt or increase profit (26)* |
| ***Other mitigating factors*** |
| *Responsible Gambling Practices, both existing and proposed (84)* |
| *EGM density or expenditure within acceptable limits (42)* |
| *Existing / Mature gambling market i.e. Community existing access to EGMs (38)* |
| *Management expertise with previous experience in hospitability or gambling operations considered favourable (33)* |
| *No overall increase in EGM numbers in Municipality: includes not exceeding LGA or regional cap or transferring machines from other venues or decrease in EGM venue from area (32)* |
| *Destination style venue i.e not a convenience venue (26)* |
| *Forecasted population growth (22)* |
| *Tourism i.e venue & location attracting tourists supporting economy and gambling expenditure from tourists dollars (19)* |

\* *Number of times referenced as positive factor* *in Commissions’ closing arguments*

In its final determination, the Commission generally refers to the potential of an increase in problem gambling whenever accessibility to EGMs increases. Further, they acknowledge the subsequent economic costs such as lost productivity, increased health and social service requirements. The Act at s1.1 (2) indicates (inter alia) that:

The main objectives of this Act are—

(a) to foster responsible gambling in order to—

(i) minimise harm caused by problem gambling;

There is thus a requirement the regulatory processes addresses the harms of problem gambling. However, the conflation of gambling harm with problem gambling has tended to be construed somewhat narrowly with the Commission’s decisions. In consequence, references to the potential for gambling harm appear to be generally quite cursory, whilst other detrimental factors frequently referred to in decisions include the level of disadvantage and the existing high levels of EGM expenditure. For the most part, the Commission’s view appears to be that such issues are readily mitigated by the positive social and economic benefits and other supportive factors listed earlier. These issues and others are identified in Table 3 below.

Table Detrimental factors considered in final determination of approved applications

|  |
| --- |
| *EGM expenditure i.e. increase or already high (54)\** |
| *Level of disadvantage e.g. disadvantaged community or potential for mortgage stress (35)* |
| *EGM density increase or already high (30)* |
| *Proximity to specific population e.g. Social or public housing; school (includes potential venue access by minors; shopping precinct (19)* |
| *Community opposition (16)* |
| *Other e.g. Loss of non-gambling hotel; EGMS not currently in community (5)* |
| *Residentially dense area (2)* |
| *Evidence of problem gambling in the community (1)* |

\* *Number of times referenced as negative factor* *in Commissions’ closing arguments*

Within the seven-year period under review, of the 142 applications submitted, the Commission refused just 10 applications. The reasons attributed to each of the refused decisions is summarised in Appendix 2. In three of the decisions, the already high EGM density and gambling expenditure rates within the community swayed the Commission to refuse the application. In another case, the fact that there was no evidence of real social or economic benefit supporting the application appeared to be a significant factor. In five cases, the high level of disadvantage appeared to be an important factor. However although these factors were apparent in other applications, there was no clear consistency in the extent to which these factors influenced decisions.

In one of the refused applications, the Commission noted the efficacy of the Council in the resultant adverse decision for the applicant.

*The issues raised by the Council were effective in influencing the outcome of the Application. Due regard must be had to the position of Council and their responsibility for the wellbeing of the community, and their strong objection to the proposed increase was, in the view of the Commission, well founded and properly supported. Council did not object, in this case, for the purpose of simply obstructing the Application - there was considerable regard for the delicate social and economic balance of Braybrook and the community therein.*

***Braybrook Hotel, November 2013 [Increase 31 to 50 EGMs refused]***

## Positive social and economic factors supporting approved applications

The following section provides examples of the consideration given to the various social and economic factors considered favourably by the Commission in approved applications.

Figure Positive social and economic impacts supporting increase in EGMs

See Appendix 3 for a table representation of this graph.

***Capital works (renovations or new developments)***

The redevelopment or refurbishment of an existing venue or the major development of new premises suitable for gambling and associated entertainment and recreational activities is clearly regarded by the Commission as a significant social and economic contribution. These capital works are viewed as providing venues with a more enhanced ‘service offering’; creating additional employment, and generating complementary expenditure. Whether the intended work is minor or on a large scale, the majority of cases recorded capital works as creating a positive benefit to the community.

*The Commission understands that one of the positive social benefits of this application is that the urgent maintenance works, mainly comprising of the upgrade of the ladies toilet facilities and the new colour bond roof which will occur within the next 12 months* . *The Commission is satisfied that the Club, in its current form, provides a positive social benefit to the community.*

***Ferntree Gully Bowling Club Decision, December 2012 [Increase 28 to 34 EGMs]***

While the Council is correct in its submission that, in essence, this application will not bring any new facilities to the municipality, it is clear that the current hotel facilities are underutilised and this is partially, if not wholly , due to the poor quality of those facilities. Accordingly, the Commission considers that a redeveloped venue including function rooms, quality food and a focus on the community , will provide a social benefit to the municipality…. also a redeveloped venue, with an open floor plan, disabled access and a lift allowing access to the first floor function rooms, to be a social benefit. The Premises' current floor plan is not conducive to wheelchair access nor does it provide adequate toilet facilities. The redeveloped venue will be more accessible to a wider range of patrons and this is a benefit to the community.

***Grandview Hotel, October 2012 [New 50 EGMs]***

*The Applicant 's plans for redevelopment will be worthwhile and some benefits for the community, although not large, will result. The redevelopment will contribute to the beautification of the* streetscape and the Commission accepts the Applicant's indication that the Council would welcome this.

***The Family Hotel, June 2013 [Increase 20 to 28 EGMs]***

## Community contributions

Community contributions particular financial sponsorship of various community organsation such as sports groups but also significant in kind contributions such as meal subsidies or access to meeting facilities are a dominant supportive factor in the many of the cases.

The financial donations made to community and sporting groups are seen as furthering economic stimulus within municipalities and very much seen as positive ancillary benefits to the majority of applications. In many cases, the applicant specifically states that new or increased community contributions will only be made providing that the EGMs are approved. The Commission readily acknowledges that the financial position of the venue operator will be enhanced and the opportunity for the applicant to provide community contributions will be strengthened.

*It was Mr Grant's evidence that if the application was approved with 30 egms, the applicant would establish a formal community development grants program. This program would result in the provision of $30,000 per annum for 10 years to be increased in line with the Consumer Price Index. The money would go back into the local community via an application process. This community contribution was to be additional to the current community contributions by the applicant ……..The Commission was impressed with the Applicants commitment to community support of women’s, sport and the support offered to young musicians to gain live performance experience. The current community contributions will now be increased by the additional community development grants program.*

***Bended Elbow Decision, February 2012 [New 30 EGMs]***

*In relation to community contributions currently being made by the Hotel, Mr Browning said in his statement that last financial year the Applicant made cash and in kind donations to the Ballarat Masters Football, Scott Jenkins Southern 80 entry, the University of Ballarat, Ballarat Bowling Club, Mt Xavier Golf/Bowling Club, Burrumbeet Park and Windermere Racing Club New Years Day meeting, Australian Hotels Association Flood Appeal and many smaller donations. Mr Browning states that these cash donations total some $6,000.00, with in kind donations of wine and drink cards in addition. If the application is approved, Mr Browning states that he estimates the value of these donations will increase to $10,000.00 in cash and $10,000.00 in kind. This is over and above the contribution to the Ballarat RSL.*

*Another benefit to the community would be the capacity of the Hotel to make increased contributions to the local community.*

***George Hotel Decision, March 2011 [Increase 34 to 42 EGMs]***

## Quality of facilities

The Commission are strong advocates for the overall quality of facilities with particular focus on the importance of community members having access to dining and other entertainment options. The popularity of a venue or its reputation as a family friendly environment has on a few occasions been highlighted as worthy of consideration in determining the overall benefit of an applicant’s submission. Access to other amenities including for example sports such as golf, horse racing or a multipurpose venue offering a range of team sports (football, netball, basketball) is also considered in a positive light in terms of community benefit.

*The benefits flowing to the community if this application is granted are possibly not as obvious or as significant as in many other applications which have come before the Commission. Nevertheless, there are some benefits which can be identified.*

*Firstly the restoration of an historic hotel that is part of the history of South Melbourne is, in our view, a modest benefit to the surrounding community. Additionally, whilst the area does have a range of restaurants and dining rooms, including hotels, there would be some residents who would find a family friendly bistro as is envisaged at this hotel, a benefit.*

***Bell’s Hotel, July 2009 [New 40 EGMs]***

Linked to the focus on the offer of quality facilities is venue’s historical significance. While not a dominant theme, the social benefit to a community because of a venue’s historical or cultural significance, the Commission did highlight this point as a relevant factor in approving quite a few applications.

Overall, the Commission accepts that the Hotel has a significant history and represents an important part of the cultural, social and economic fabric of this particular precinct in the LGA. The significant renovations will only enhance this asset in a way that is of a benefit to the community.

**Village Belle Hotel, January 2013 [Increase 20 to 31 EGMs]**

## Increased revenue stream for operator

Expenditure that is derived from people pursuing gaming as a recreational activity is legitimate consumption expenditure and has an economic stimulus. However, expenditure that is derived from problem gaming is an economic burden as it leads to social costs such as a loss in productivity and an increase in health and social service requirements

**Longbeach RSL, January 2014 [Increase 65 to 80 EGMS]**

Increased gambling revenue is noted as a double-edged sword. The Commission acknowledge that these funds represent the potential for increased losses in the community, which may lead to associated harms from problem gambling. However, the Commission also gives considerable focus to the benefits derived from the additional gambling expenditure. Specifically, the Commission acknowledges, in several decision documents, that increased revenue serves to strengthen the economic and social position of the club, and has the added bonus of reducing the operator’s tax liability.

The Commission accepts, on the basis of the evidence provided, that the Applicant is asset rich, yet cash poor. The financial documents provided by the Applicant subsequent to the hearing suggest a modest annual profit, in light of the significant expense that the Applicant must endure to maintain the golf course and buildings to a significant and competitive standard, given the standard of competition amongst other local golf clubs. The financial documents do not suggest that the Applicant is unable to provide this without the additional EGMs; however the Commission accepts that the additional EGMs may assist the Applicant’s cashflow and, in turn, assist the Applicant to provide a greater level of community benefits through a refurbished clubhouse and community contributions.

**Kooringal Golf Club April 2011 [Increase 49 to 61 EGMs]**

*The Commission accepts that the Club must maintain a high standard with regard to both the quality and capacity of its facilities in order to remain competitive, especially in the context of the significant population growth that Wyndham is experiencing. It was submitted that approval of the additional 21 EGMs would provide an important , arguably critical, revenue stream to service the loan that is required for the proposed renovation and extension. Having heard from Mr Stillwell and Mr Mitchell in this regard, the Commission accepts that the Club has put careful thought and resources into producing a viable plan to face future challenges whilst maintaining and expanding the current level of services to the community.*

***Hoppers Crossing Club, April 2011[Increase 70 to 91]***

Even when no clear positive impacts from the increased revenue can be cited, the Commission express confidence in assuming that the community can only but benefit from more machines generating more revenue – which is of course equivalent to the amount lost by EGM users.

While the Commission cannot be certain of the exact benefits that the revenue from an additional EGM will bring, the Commission is satisfied that the increase in gaming revenue will be used for the betterment of the Club's members and the Tooradin and Casey communities.

**Tooradin and District Sports Club, December 2013 [Increase 42 to 46 EGMs]**

Employment

In the Braybrook Hotel hearing held in late 2013, the Commission accepted evidence[[3]](#footnote-3) that employment in the gambling industry does not create net employment benefits because it diverts employment from one part of the economy to another. However, prior to the Braybrook Hotel decision and in subsequent license applications, employment increases both within gambling areas and to support increase in venue patronage because of improved facilities and service offerings are referenced as having a positive influence on the approval of the application under review

*The Commission considers an ancillary economic benefit to the municipality of this application will be the increase in employment numbers at the venue, as well as the employment of local sub-contractors to undertake the renovations at the venue. The Commission also considers that approval of a new gaming venue increases competition within the municipality which brings with it a small economic benefit.*

***Mount Dandenong Tourists Hotel, May 2012[New 20 EGMs]***

## Economic stimulus (Complementary expenditure )

Economic stimulus is regarded in a number of decisions as flowing to the community as a direct result of increased gambling expenditure, which allows for improved non-gambling facilities at venues. These in turn are thought to create greater community expenditure and improved supply contracts to meet increased demand for venue services. It is not generally perceived that increased demand at a gambling venue (having regard to the implicit subsidy captured by this concept) may lead to diminished demand at alternative service providers, such as local restaurants or cafes. It is entirely possible that such implied subsidies are, in fact, anti-competitive.

In addition, redevelopment projects at venues are identified as offering economic stimulus through capital works programs that support local tradespeople and contractors and other complementary expenditure e.g. supply contracts. However, there is no identified mechanism whereby such contracts or employment offerings may be restricted to local employees or suppliers.

## Social and or welfare contribution

The contribution made by the venue in terms of the social welfare of the community from specific work undertaken to support either members or the wider community is favourably. This is particularly evident in RSL clubs, which are considered primarily as a “community asset"

*We should again record that the Commission has been extremely impressed by the evidence as to this RSL Sub-Branch 's work within the community. There is no question that it is fulfilling a role that no one else in the community is able to fulfil and this extends both as to the social intercourse which it supplies for a very large group of people but also as to the assistance which it provides to the elderly, sick and needy in the community. The strongest point of an application such as this is that any increase in gaming expenditure will lead to an increase in the community benefits provided by the applicant.*

***Frankston RSL, December 2008 [Increase 77 to 82]***

*The Commission also accepts that there will also be social benefits of the application. In essence, these relate to the increased capacity of the Club to provident entertainment, sporting, and meeting facilities for the community. These benefits will all be enhanced by increased revenue to the Club and greater certainty of that revenue. Local communities and charity groups would also benefit from increased donations and in­ kind contributions, such as free hire of the Club's facilities and discounted use of the course for charity golf days. There will also be social and economic benefits from future developments to the Club's facilities.*

***Mansfield Golf Club, February 2012 [Increase 29 to 40 EGMs]***

## Tourism

One of the tenets of the Act is that gambling serves the purpose of promoting tourism, employment and economic development generally in the State. Areas that are recognised as being existing tourist precincts or having the potential of becoming popular with tourists are considered favourably by the Commission. This favour has two components. Firstly, it is linked to the idea that the venue and location attract tourists, and are therefore supporting the local economy. Secondly, the idea that subsequent expenditure from the gambling machines is drawn from tourist’s resources, therefore abating the degree of harm experienced by the local community. However, this ignores the possibility that tourists themselves may be experiencing gambling harm; and also ignores the probability that residents with gambling problems will be exposed to more EGMs at non-holiday times, thus exacerbating the likelihood of development of gambling problems.

Most of the gaming expenditure at the Hotel comes from people who live outside the Campaspe municipality. Mr Connally gave evidence that during peak times there is a significant spike in gaming expenditure – up to 70 per cent increase – due to the tourist trade. This means that the Echuca community can experience the economic benefits of the additional egms with little risk of increased exposure to social detriment within the municipality that might normally be associated with increased gaming expenditure or increased vulnerability to problem gambling.

***Echuca Hotel, October 2010 [Increase from 12 to 30 EGMs]***

## Competition

Competition identified as either cross border i.e., in regard to venues close to the NSW border, or competition within the wider community which is identified as being acceptable in a neo-liberal commercially focused business environment

*The Commission considers that increasing the number of EGMs at the venue increase its competitiveness in the gaming market, attract new customers and help it retain patrons that would otherwise leave for another gaming venue. The Commission considers an increase in competition in the gaming market to be an economic benefit and one which is likely to generate ancillary expenditure in the Club's non-gaming revenue sources, such as food and beverage.*

***Peninsula Club, May 2014 [Increase 20 to 38 EGMs]***

*It is not a large venue and, even with the addition of 20 new EGMs, it would have fewer than the Lara Sports Club, and the increase will allow a wider choice of gaming machines for those who choose to gamble responsibly.*

*Lara is a designated growth area within the City of Greater Geelong, and, according to the evidence, is a relatively advantaged local community compared to the rest of the City of Greater Geelong and country Victoria. The increase in the number of machines to 40 will enable the Hotel to compete with other venues which already have a more extensive range of gaming machines.*

***Lara Hotel, July 2011[Increase 20 to 40 EGMs]***

## Other mitigating factors supporting approved applications

Figure Other mitigating factors supporting applications

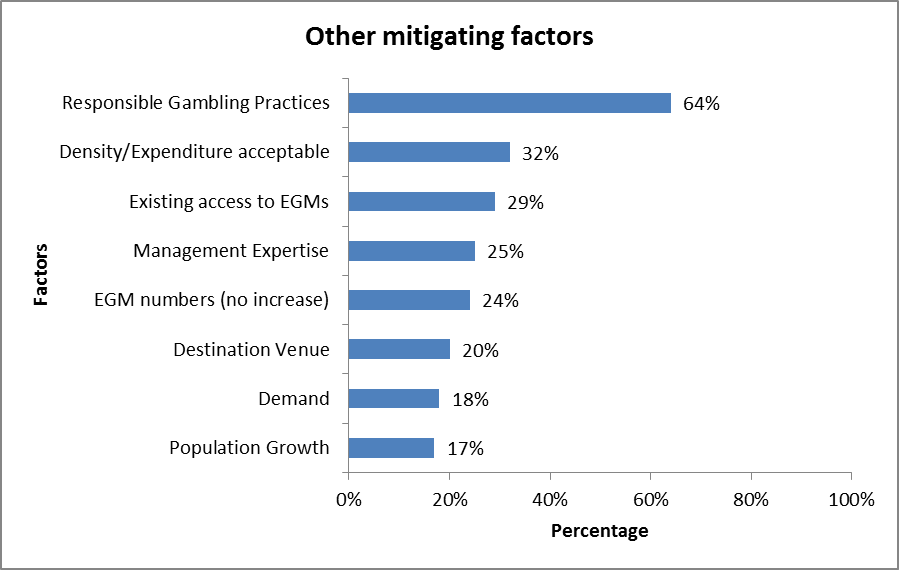


Table representation available in in Appendix 4.

Commissioners highlight several mitigating factors existing within either the gambling venue environment or the surrounding municipality environment that support approval of the application. Noted in varying degrees of relevance, the Commission recognise these factors as reducing the potential for increases in problem gambling that any additional EGMs in the community may bring. Within this category, a venue’s existing or in some cases, the proposed responsible gambling practices represent the most common factor that will serve to ameliorate more EGMs contributing further harm in a community.

## Responsible gambling practices

The credence of responsible gambling practices features heavily in affirming the positive aspect of an application. In 84 of the 132 reviewed applications, both the existing or proposed responsible gambling policies and procedures serve to mitigate potential detriments highlighted through the course of the decision process.

A common assertion in the closing argument of many of the documents is the Commissions’ acceptance that there is some potential for overall economic and social detriment through either introducing or increasing EGM number to a venue. However, it is the venue operator’s policies and processes in place to identify and assist problem gamblers the Commission feels will more than adequately limit the potential for any harm.

The Commission is concerned about the significant level of social and economic disadvantage present in the LGA and the reality that increased access, regardless of the number, is likely to increase the risk of problem gambling. However, the Commission considers these risks are somewhat mitigated by the Applicant's RSG practices, the demonstrated commitment to staff training and the proper management of problem gambling. Additionally, the Commission accepts the venue is of a size which, to some extent, limits the risk of problem gambling and the proposed redevelopment will broaden the offering, lessening the emphasis on gaming.

**Albion Hotel, March 2014 [Increase 24 to 30 EGMs]**

When sound responsible gambling practices are not already in place, simply an indication of the intention to improve policies and procedures provides enough comfort for the Commissioners to conclude that the installation more EGMS at the venue will not result in any new cases of problem gambling. In the case of premises installing and operating machines for the first time, the proposed implementation of responsible gambling processes presents a favourable mitigating factor against new cases of problem gamblers emerging.

The Commission notes that , while the Applicant has not managed gaming venues for some time and has experienced recent compliance issues in relation to its liquor licence, it has taken steps to improve practices at the Premises, including employing a Manager with gaming and liquor experience , and proposes to engage a responsible gambling consultant. The Commission considers that the Applicant is committed to responsible gambling practices and has no reason to believe that the Applicant will not comply with its regulatory obligations”.

**Cardinia Park Hotel, June 13 [New 40 EGMs]**

..the Commission was impressed with the evidence of Ms Hart in relation to her motivation to improve the policies and procedures regarding its compliance and regulatory standards. The Commission accepts that with Ms Hart leading the management and operation of the Epping RSL, this is likely to enhance their overall responsible gaming practices.

**Epping RSL, May 2012 [Increase 40 to 45EGMs]**

**LATEST REVIEW OF EVIDENCE REGARDING RESPONSIBLE GAMBLING MEASURES**

A recent review has highlighted that there is limited empirical evidence supporting many of the responsible gambling measures adopted by venues as part of their responsible gambling codes of practice. While there is some supporting evidence regarding for example self-exclusion programs, there is only a narrow body of evidence supporting the efficacy of measures such as signage, messages, and venue staff interacting with problem gamblers

**What is the evidence for harm minimisation measures in gambling venues?** Livingstone, Rintoul and Francis, 2014

<https://www.anzsog.edu.au/blog/2014/09/340/pokies-harm-minimisation-what-says-the-evidence>

Livingstone, Rintoul and Francis, 2014).

## Acceptable levels of EGM density and expenditure

Depending on their level of severity, discussion on matters related to existing or anticipated levels of EGM density or expenditure as well as the level of disadvanatge within the venue’s region, are considered as either advantages or potential detriments to application. While recognising that the increased expenditure has the potential to come from problem gamblers, the Commission tends to favour the concept that people gambling are generally simply enjoying a legitimate recreational activity.

Even when these key indicators are reasonably prominent, and despite a degree of concern being expressed, responsible gambling practices and the various other supportive factors noted earlier are considered enough to counter any likely harm-related issues and neutralise the potential for harm.

*Expenditure that is derived from people pursuing gaming as a recreational activity is legitimate consumption expenditure and has an economic stimulus. However, expenditure that is derived from problem gaming is an economic burden as it leads to social costs such as a loss in productivity and an increase in health and social service requirements.*

***Tooradin and District Sports Club, December 2013, [Increase 42 to 46 EGMs]***

*The Commission accepts the evidence of Mr Whitehouse that the new expenditure from within Warrnambool that would result from approval of this application would amount to between $83,841 and $93,902 in the first12 months of the egms being operational. Although a modest amount, this nevertheless represents potential social harm to the community in the form of an increase in the incidence of problem gambling. However, in the view of the Commission, this risk is mitigated by the fact that the gaming facility to be offered by this Hotel is modest in size and not likely to be attractive to problem gamblers, and also by the Applicant’s commitment to addressing problem gambling at the venue.*

***Rafferty’s Tavern, August 2011 [New 19 EGMs*]**

## Existing access to EGMs

Established or mature gambling markets where the community already have immediate access to machines within the local community the Commissions’ view provides a safety net for intensifying problem gambling levels within a community. That communities who currently do not have immediate access to gambling may find EGMs readily accessible in other jurisdictions or by travelling a modest distance, alleviates the Commission’s concern about increased problem gambling. In some instances, Commissioners highlight the reduced travel time to get to a venue with machines as an additional social benefit to the community.

…the Commission accepts the evidence of Mr Connally that the Echuca community is accustomed to gaming, having been exposed to electronic gaming in Moama, just across the border, for over fifty years. Most people in the local area have grown up with the presence of egms in their community and have a pragmatic attitude toward them.

***Echuca Hotel, October 2010 [Increase from 12 to 30 EGMs]***

However, given the length of time during which residents of Echuca have been exposed to electronic gaming and the easy availability of several hundred EGMs in nearby Moama, the Commission doubts whether the addition of a further gaming venue in Echuca will give rise to a significant new source of temptation for residents of Echuca who may be vulnerable to gambling-related harm.

***The American Hotel, December 2011 [New 42 EGMs]***

The Commission is satisfied that while there will undoubtedly be ·an increase in the risk of problem gambling should this application be successful , the level of this increase is low. Darebin LGA and its residents have long been exposed to gaming and, whether this application is approved or not, will continue to have ready access to venues with EGMs within the municipality and surrounding areas.

**Grandview Hotel, October 2012 [New 50 EGMs]**

*The Commission acknowledges that approval of this application will result in the creation of a new gaming venue in an area that has otherwise been isolated from EGMs. It is well accepted that creation of a new gaming venue carries a risk of an increase in problem gaming. This risk is potentially greater where gaming is introduced into a locality that has otherwise been free from gaming.*

*While the Commission accepts that Fyansford is an area that has been free from gaming, residents still have exposure to EGMs. The municipality of Geelong has a large number of EGMs which are widely distributed. The Commission is of the view that the vast majority of residents in Fyansford would travel to Geelong frequently, exposing them to EGMs.*

***Fyansford Hotel, June 2012 [New 40 EGMs]***

## Management expertise

Linked to responsible gambling practices is the overall management of a venue. In 33 (25%) of the approved applications, the credibility of a venue’ management team supported a positive outcome. Either an existing record of a well-managed venue or an applicant’s testimony highlighting their intended capacity to manage the facility effectively, offered additional comfort to Commissioners in lessening the potential for gambling harms. For example, in the matter of Torquay Hotel (October 2013), the fact that the applicant was “*an experienced venue operator with an appropriate attitude towards harm minimisation and responsible service of gaming strategies*” provided the satisfaction for the Commissions to conclude that the potential for an increase in problem gambling would be minimal.

Conversely, a management team’s lack of commitment to responsible gambling practices is not necessarily enough to warrant refusing an application as was the case with Casa D’ Abruzzo (July 2012). The venue successfully applied to have an additional 15 machines installed despite the Commission highlighting the lack of conviction towards training by the management committee.

However, the Commission finds disappointing, as a matter of good governance, the fact that all the members of the Applicant's committee have not completed the responsible service of gambling training to better apprise themselves of responsible service of gambling issues.

***Casa D’ Abruzzo July 2012 [Increase 60 to 75 machines]***

## No increase in total EGM numbers or venues

The Commission tends to favourably view cases where the approval of an application will not result in an overall increase in EGM numbers in municipality, or within a capped region. For example, a transfer of machines from another venue or venues within the municipality may result in no or minimal increase in machine numbers. Further, a decrease in the total number of licensed venues in the area is also considered favourably.

*A consequence of approval of the application will be no increase in the number of gaming venues within the municipality of Melbourne, and the fact that two of the more successful venues in Melbourne, notably the Welcome Stranger in Bourke Street and Clocks at Flinders Street Station, are losing 10 each of their EGMs is sufficient to convince the Commission that there will be very little additional gaming expenditure compared with that originally advised by Tattersall’s.*

***Mail Exchange Hotel, May 2012 [New 54 EGMs]***

## Destination Venue

Local EGM venues are generally not regarded as destination venues, in the same way as a large metropolitan casino would be. Nonetheless, as noted below, the Commission will consider a local venue in this light when invited to do so by an applicant, enhancing the idea that a local EGM venue can operate as a tourist attraction, despite such venues being ubiquitous throughout Victoria, and indeed most of Australia.

*There are two features of this application that have been fundamental in shifting the balancing exercise undertaken by the Commission as required by the Act. Firstly, the Commission accepts that Ballarat is a tourist destination and that a facility that offers a full range of services - food, beverage and gaming - adds to the attraction of Ballarat as such a destination. Apart from entertainment, such a venue adds to the employment opportunities available in the City of Ballarat.*

***Bended Elbow, February 2012 [New 30 EGMs***

## Demand

Given gambling is regarded as a legitimate recreational activity, any increases in EGM numbers no matter whether usage is high or not, signals greater access to gambling facilities for local residents who wish to participate. In some cases, whether it is an additional five machines or the introduction of 40 at a new premises, in the Commission’s view granting approval means greater convenience in terms of reduced travel time or immediate access to machines during peak times.

*The risk of an increase in problem gambling is also a social disbenefit. The Commission is satisfied that, with this application, the potential for an increase in problem gambling is minimal due to the small increase in the number of EGMs and the ready access to EGMs within close proximity to the Hotel.*

*The Commission considers increasing the number of EGMs at the venue would provide a moderate social benefit by improving choice and availability of machines in peak periods for those who partake in gaming as a legitimate recreational activity.*

***Craig’s Royal Hotel, March 2013 [Increase 37 to 45 EGMs]***

The Commission accepts that a demand for extra EGMs at the Club or Hotel does not have to mean a venue operates to capacity on a continual basis.

The provision of additional EGMs at a successful venue that sometimes operates at capacity will have social benefits for those consumers who cannot use machines of their choice when the venue is fully occupied.

***Craigieburn Sporting Club November 2012***

***Watergardens Hotel November 2012***

The provision of additional EGMs at the Hotel, which operates at capacity for about 13.5 hours per week, will have social benefits for those consumers who cannot access EGMs or EGMs of their choice when the venue is fully occupied. Further, the Commission accepts that some social benefit will result from the community rooms proposed by the Applicant but considers the benefit to be nominal having regard to the limited time during which the community will be given priority access to the rooms.

**The Cove Hotel, February 2013 [Increase 45 to 53 EGMs]**

## Population growth

The forecast population growth of a community presents as a mitigating factor offsetting concerns of potential increases in problem gambling in 16.5% of the approved decisions. The Commission generally adopt the view that the anticipated increase in population in the either the immediate vicinity of the venue or in surrounding areas will be able to “absorb” the impact of increased gambling expenditure. The example below highlights that despite EGM expenditure for a location being above both metropolitan and State averages, the Commission expects the forecasted population growth will compensate against potential for harm created by additional EGMs.

*A very significant matter in this application is the dramatic growth in population in the City of Casey and in the Berwick SLA where the venue is situated, since the time of the previous two applications. The twenty (20) extra machines sought in this application will result in EGM density of 5.64, compared to 6.9 at the time of the first application in 2001 and 6.63 at the time of the second application in 2004. There is no change in the number of venues within the municipality. The indicators relating to the social and economic wellbeing of the community from which the patrons are largely drawn confirm that the community is well able to absorb the extra machines.*

***Castello's Berwick Springs Hotel, October 2007 [Increase 65 to 85 EGMs]***

The proposal will result in an increase in gaming expenditure in Wyndham of between 0.32% and 0.43%. The Commission's calculations, which include the aforementioned venues in Wyndham that have EGMs approved but not yet implemented, show the current level of EGM expenditure per adult in Wyndham is $730, 12% above the metropolitan average of $651 and 19% above the State average of $613, and this will rise to $731 if this application is approved and the EGMs become active. This, in the Commission's view, is a modest increase on EGM expenditure in the Wyndham LGA given the higher than State average population growth in the Wyndham LGA of 6.5% over the next 5 years.

***Hoppers Crossing Club, April 2011 [Increase from 70 to 91]***

*The Commission notes the opposition to the increase in EGMs from the responsible authority. The Commission accepts the evidence of the Applicant that the Club is located in an LGA of recent strong population growth, and that this growth is projected to continue over the next 4 years due to the number of housing developments particularly in the south of .the LGA. The projected growth in population will absorb the increase in gaming expenditure and should help to alleviate the Council's concern regarding their compliance with their Gaming Policy.*

***Kilmore Trackside, February 2013 [Increase 56 to 76 EGMs]***

In June 2012, the Commission granted an application submitted by the Fyansford’s Hotel for a license to operate 40 gaming machines. Similar to other new request to operate EGMs within a new purpose built development while community members generally welcome the new development to their community they however express a general negative response when told that gambling is part of the proposal. Converse to their “plan ahead” stance in terms of forecasted population growth, the Commission discounted objections concerning the location not being suitable for installing machines because of the proximity to an area, which in time was expected to be a densely populated residential and retail area.

The Commission acknowledges that, at some time in the future, it is likely that the area surrounding the Premises will have a strong retail presence and dense residential population. However, on the material presented, the Commission is not satisfied that this will eventuate in the short to medium term.

**Fyansford Hotel, June 2012 [New 40 EGMs]**

# Other considerations supporting approved applications

## The size and location of venue

An important part of the equation when Commissions seek to determine the level of potential harm associated with an application is the size of a venue. Similar positive weightings in terms of their size acting as mitigating factor against the negative social impact of either the introduction or an increase of EGMs are afforded to both large venue and small venues. A large venue is seen as having the potential to reducing the emphasis on gambling within the venue due to the wider service offering including dining and other entertainment options available to clientele. While a small community focused venue is noted as being a supportive environment as staff can get to know clientele and observe potential for PG harm.

The Commission acknowledges that the Premises is (as Ms Edwards described it and contrary to the description in the Urbis report ) 'in the middle of town'. In light of this, the concerns raised by the letter from Glenelg Shire about the encouragement of problem gambling that this location may enliven requires particular consideration. The Commission has reached the view that the small size of the venue and the physical separation from the eating area of the relatively small number of EGMs proposed to be installed, tend against this concern being determinative of this application.

***Albion Hotel, 12 December 2012 [New 14 EGMs]***

In comparison with the large gaming venues across the border, the Hotel if successful in its application, is unlikely to be attractive to problem gamblers: it is relatively modest in size, would offer less choice in both the number and range of egms and has a more “local” atmosphere. Furthermore, the Commission notes the venue management’s hands-on approach, familiarity with local patrons and personal commitment to reducing the risk of problem gambling at the venue.

***Cobram Hotel, March 2011 [New 38 EGMs]***

While not a commonly referred to theme, the location of a particular venue was interpreted as meaning that it was either somewhat isolated from a residential area or other EGM populations, giving the application additional positive attributes, and helping to support the case to approve the application.

## RSLs considered in favourable light

The Commission has previously viewed favourably applications from RSL Sub-Branches. The services to veterans are a unique aspect of RSL Clubs. The Commission is satisfied that the RSL plays an important part in the Ballarat community, despite its current difficulties, and with the improvements and management changes proposed will be able to quickly upgrade its services to the community.

**Ballarat RSL, April 2009 [Increase 10 to 20 EGMs]**

Even when it is difficult to identify and articulate the exact benefits to be gained from an increase in the number of EGMs at a venue, the fact that the premises is a RSL is generally enough to ensure a positive outcome for such applications.

On the material presented to the Commission, it is clear that the RSL has many aspirational goals in terms of increasing its activity and support in the community. However, it is unclear which of these goals, and to what extent, are related to or contingent on the granting of this application. Ordinarily, the Commission places limited weight on proposals that lack certainty or clarity. However, in this particular case, the Commission is satisfied that the revenue that will be generated by an additional 5 EGMs will be used for the betterment of the RSL's members and the Phillip Island community in some capacity. The Commission considers this to be the key benefit of the application.

**Philip Island RSL March 2013 [Increase 53 to 58 EGM]**

# Detrimental Social and Economic Impacts

Figure Detrimental Social and Economic Impacts

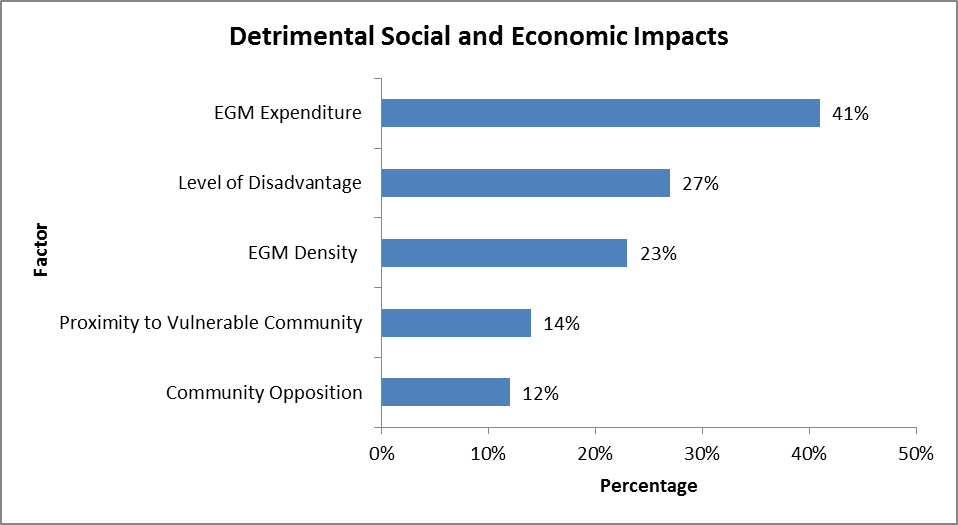


Table representation available in Appendix 5.

## Problem Gambling

The standard and somewhat cursory text in many of the decision documents generally reiterates the following:

The 2010 Productivity Commission report acknowledged that in the context of gambling, while problem gamblers are more inclined to experience harms associated with gambling, the majority of the population who actually experience harms are not problem gamblers. The Commission was not presented with any evidence to demonstrate that the operation of this venue is conducive to problem gambling and has been given no reason to conclude that an additional eight EGMs will materially change the operation and responsible service of gaming performance of the venue.

***Tower Hotel, October 2013 [Increase 25to 33 EGMs]***

The Commission predominately focuses on concerns about the potential for increases in problem gambling and its associated harms, that is whether or not they perceive there to be any likely of an increase in problem gambling. In nearly all decision documents, the Commission makes a point of acknowledging that a potential increase in EGM expenditure within a community brings with it an inherent risk of an increase in problem gambling. However, what is rarely (if at all) considered is the fact that while problem gamblers are more likely to experience harms, most of the people experiencing harms are not in fact problem gamblers[[4]](#footnote-4). The Commission relates the potential for detriment in terms of increases in prevalence of problem gamblers. The Commission often highlight the fact that no evidence is brought before the hearing to suggest problem gambling exists at the venue. Yet, problem gambling prevalence estimates for Victoria are not available for any geographic level below the regional. Therefore, no evidence currently exists at this level of disaggregation making it difficult for councils to present such level of detail.

*No evidence has been presented regarding the incidence of problem gambling amongst the patrons of the Club other than anecdotally by Ms Cassidy who suggested there were four or five patrons she "worried about".*

***Wantirna Club (Richmond Football Club), April 2010 [Increase 77 to 88 EGMs]***

## EGM density, expenditure and level of disadvantage

Please note that these issues have been discussed above, in the context of factors that support the approval of applications.

***Proximity to vulnerable populations***

The proximity of venues to vulnerable populations is a theme argued from time to time by those opposing applications. However, it appears to be rarely successful in forming the Commission’s views on specific applications.

*The evidence before the Commission suggests that residents of public and social housing are not significant utilisers of the EGMs at the venue. No evidence was put before the Commission to indicate that this was likely to change with the addition of the new machines.*

***Dick Whittington Tavern, January 2012 [Increase 29 to 40 EGMs]***

Mr Spratt also emphasized the potential harm which might arise if children are in regular proximity to a gambling venue. While the Commission accepts that venues where young people might be exposed to gaming and alcohol might present some potential for harm, there are very many examples in older more established suburbs where schools are adjacent or in close proximity to gaming venues.

**Laurimar Tavern, March 2010 [New 40 EGMS]**

*No evidence was submitted to the Commission of the vulnerability of school communities to problem gambling arising from the proximate location of a venue with gaming machines*

***New Bay Hotel, April 2010 [New 50 EGMs]***

## Community opposition

The Commission often comments on the importance of garnering community attitudes about the proposed application. However, there appear to be contradictory responses regarding how community feedback influenced the final decisions. Several cases highlight strong community opposition to either the introduction or increase of machines into the community yet there are only a handful of cases where the opposition has been sufficient to sway the Commission to refuse the application.

Commission has also noted on several occasions that the fact that no community members have come forward when they had every opportunity to do so (i.e. applicant have posted advertisement in local paper) that in itself points to there being no real concerns with the application should it be approved. In other instance, survey data has indicated that there is either no community opposition or the majority do not oppose the details of the application.

The Commission notes that nether the Applicant or the Council provided any evidence of community attitude to the proposal. This is regrettable in light of the weight that should properly attached to such evidence.

***Wonthaggi Club, November 2012 [Increase 50 to 58 EGMs]***

*No evidence was brought before the Commission as to the community’s attitude to the Application for an increase in EGMs.*

***Echuca Hotel, October 2010 [Increase 18 to 30 EGMs]***

The Commission was further influenced to grant the application, by the fact that no community objections to the proposal for an additional 6 egms had been received when notice of the proposal was advertised. Community attitudes towards proposals for new or additional egms in a municipality has become recognised as a relevant factor by the Supreme Court, Court of Appeal, in Macedon Ranges Shire Council v Romsey Hotel Pty Ltd. The City of Latrobe supported the proposed increase of 6 egms by issuing a planning permit, subject to compliance with the conditions therein.

**Morwell Bowling Club, January 2012 [Increase 63 to 69 EGMs]**

While acknowledging the views of the community as critical, there are examples where the Commission has discounted community opposition and simply categorised the views expressed as being representative of a general attitude held against gambling by the wider community. When countering the community opposition, in several decisions the Commission referred to the applications of the Romsey Hotel and the Beach Hotel in Jan Juc. The strong community opposition in these cases led to the final determination that there was likely to be an adverse impact on the well-being and character of the community. However in subsequent cases (post 2009), the Commission has tended to adopt the view that while there may be community opposition generally, community well-being will remain unchanged.

The raw data from the telephone survey shows that 29% of the community supports the proposal whilst 59% were opposed to the application. However, the Commission notes that it compares favourably to the general community attitude to EGM's, which shows that about 80% of Victorians are opposed to EGM's or want their numbers reduced…….

*The Commission accepts that the weight of community opposition to the current application is reduced by the fact that the social character of Port Phillip is not likely to change if the application is approved given the accessibility and availability of EGM within the* community.

***Village Belle Hotel, January 2013 [Increase 20 to 31 EGMs]***

If the community attitude to a proposal, as revealed by a survey, were the paramount consideration in all cases it is almost inevitable that all applications for use of EGM's would be refused and the scheme established by the Act would be defeated. With that in mind, the Commission considers that it is important for it to consider the impact of approving the application on the social character of Castlemaine and how this relates to the community opposition to the proposal. It follows that, in the Commission's opinion, if the proposal will not actually have a substantial effect on the social character of a community, it is less likely that unhappiness or discontentment will endure for long after the proposal is implemented.

In the case of the Society 's application, the Commission considers that the social character of Castlemaine will not change appreciably. Unlike Romsey and Jan Juc, there are already EGM's in the town.

**Castlemaine Sports & Community Club, December 2012 [New 65 EGMs]**

In terms of surveys seeking community views, comment is often made with regards to issues with how they are executed especially those prepared by the Councils. Of particular concern is the failure to inform the community on all aspects of the proposed venue development. This includes not acknowledging in the survey questions the exact details of the proposal or in some cases the fact that the development will often not proceed unless the machines are operating at the venue.

## Approval granted with conditions

The commission has the authority to apply conditions before approving an EGM application. These powers are set out in section 12H of the Act. Sections two and three note the following:

(2) An approval may be granted subject to any other conditions that the Authority thinks fit and must specify the number of gaming machines permitted and the gaming machine areas approved for the premises.

(3) Without limiting the matters to which conditions may relate, the conditions of an approval may relate to any matter for which provision is made by this Act but must not be inconsistent with a provision of this Act.

While having this authority, the Commission rarely exercises this power despite the applicants themselves indicating willingness to having conditions imposed.

Whilst the venue has security cameras in place, the Commission considers that the Applicant should relocate at least one monitor to a position which would allow Hotel staff to view surveillance footage when standing at the bar/cashier area. In addition, the Commission considers the Applicant should take steps to limit the ability of bistro patrons (including children) to view the gaming room. The Commission does not consider it necessary to impose conditions to this effect as it is confident that the Applicant will take the appropriate steps of its own volition.

**Malvern Vale Club, June 2014 [Increase 30 to 38 EGMs]**

When the Commission has set conditions, it is not always clear as to why they have chosen particular cases in which to do so.

The Applicant indicated that it was willing to accept conditions on the approval of the application, including a condition to comply with an undertaking to distribute the

$10,000 cash community contribution as determined by a committee comprising representatives of the Applicant and the Council.

The Commission is of the view that the cash contribution of $10,000 per annum to be provided by the Applicant to the community and the conditions on the approval that have been agreed to by the Applicant mitigate the risk of the application creating a disbenefit to the community. Accordingly, the Commission considers that there will be a neutral economic impact on the community should the application be granted

**Cove Hotel, February 2013 [Increase 45 to 53 EGMs]**

# Appendix 1 All Applications July 2007 to July 2014

APPROVED

| **Venue** | **Applicant** | **Responsible Authority** | **Year** |
| --- | --- | --- | --- |
| Albion Hotel | Lordhaven Pty Ltd | City Of Greater Dandenong | 2014 |
| Albion Hotel | Micden Pty Ltd | Shire Of Glenelg | 2012 |
| Bairnsdale Sporting and Convention Centre | Moe Racing Club Inc. | Shire Of East Gippsland | 2010 |
| Baxter Tavern Hotel Motel | Rankindi Pty Ltd | Shire Of Mornington Peninsula | 2014 |
| Bell's Hotel | Bell'S South Melbourne Pty Ltd | City Of Port Phillip | 2009 |
| Bendigo Stadium | Bendigo Stadium Limited | City Of Greater Bendigo | 2011 |
| Bentleigh RSL | Bentleigh RSL Sub Branch Inc. | City Of Glen Eira | 2013 |
| Birallee Tavern | Rhetro Pty Ltd | Rural City Of Wodonga | 2012 |
| Blazing Stump Hotel | Wodonga Holdings Pty Ltd | Rural City Of Wodonga | 2012 |
| Box Hill Golf Club | Box Hill Golf Club | City Of Whitehorse | 2011 |
| Cardinia Park Hotel | Bridele Hotel Pty Ltd | City Of Cardinia | 2013 |
| Casa D'abruzzo Club | Casa D'abruzzo Club | City Of Whittlesea | 2012 |
| Casey Towers | Casey Towers Entertainment Pty Ltd | City Of Casey | 2008 |
| Castello's Berwick Springs Hotel | Areas Of Hospitality Pty Ltd | City Of Casey | 2007 |
| Castlemaine Sports & Community Club | Maryborough Highland Society Inc. | Shire Of Mount Alexander | 2012 |
| Craigieburn Sporting Club | Craigieburn Sporting Club Inc. | City Of Hume | 2012 |
| Craig's Royal Hotel | Cranbourne Hotel Pty Ltd | City Of Ballarat | 2013 |
| Dick Whittington Tavern | Trio Taverns Pty Ltd | City Of Port Phillip | 2012 |
| East Ridge Club | Collingwood Football Club Limited | Shire Of Yarra Ranges | 2011 |
| Ferntreegully Bowling Club | Ferntreegully Bowling Club Inc. | City Of Knox | 2012 |
| Flying Horse Bar And Brewery | Flying Horse Bar & Brewery Pty Ltd | City Of Warrnambool | 2012 |
| Frankston RSL Club | Frankston RSL Sub-Branch | City Of Frankston | 2008 |
| Golden Fleece Hotel | Kingfish Victoria Pty Ltd | City Of Port Phillip | 2012 |
| Grand Terminus Hotel | Sanguine Hotels Pty Ltd | Shire Of East Gippsland | 2010 |
| Grandview Hotel | Grandview Hotel Victoria Pty Ltd | City Of Darebin | 2012 |
| Grovedale Hotel | Warrenwood Pty Ltd | City Of Greater Geelong | 2010 |
| Hogans Hotel | Hogan's Hotel Pty Ltd | Shire Of Mitchell | 2012 |
| Hoppers Crossing Sport Club | Hoppers Crossing Sport Club Inc. | City Of Wyndham | 2012 |
| Italian Australian Sporting And Social Club Of Gippsland | Italian Australian Sporting And Social Club Of Gippsland Inc. | City Of La Trobe | 2012 |
| Italian Sports Club Of Werribee | Italian Sports Club Of Werribee Inc. | City Of Wyndham | 2011 |
| Kilmore Trackside | Kilmore Racing Club Ltd | Shire Of Mitchell | 2013 |
| Kingston Club | Mordialloc Sporting Club Inc. | City Of Kingston | 2011 |
| Lakes Entrance Bowls Club | Lakes Entrance Bowls Club Inc. | Shire Of East Gippsland | 2010 |
| Leongatha RSL | Leongatha RSL Sub-Branch Inc. | Shire Of South Gippsland | 2012 |
| Longbeach RSL | Longbeach RSL Sub Branch Inc. | City Of Kingston | 2014 |
| Mail Exchange Hotel | Astonmill Pty Ltd | City Of Melbourne | 2012 |
| Malvern Vale Club Hotel | Tamari Holdings Pty Ltd | City Of Stonnington | 2014 |
| Mansfield Golf Club | Mansfield Golf Club Inc. | Shire Of Mansfield | 2012 |
| Matthew Flinders Taverner | Taverner Hotel Group Pty Ltd | City Of Monash | 2009 |
| Moe RSL Club | Moe RSL Sub-Branch Inc. | City Of La Trobe | 2012 |
| Morwell RSL | Morwell RSL Sub-Branch Inc. | City Of La Trobe | 2011 |
| New Bay Hotel | Bright Newbay Pty Ltd | City Of Bayside | 2010 |
| Numurkah Golf & Bowls Club | Numurkah Golf & Bowls Club Inc. | Shire Of Moira | 2011 |
| Old Town N Country Tavern | Sharay Investments Pty Ltd | City Of Wangaratta | 2014 |
| Pakenham Hotel | Cardinia Hospitality Pty Ltd | Shire Of Cardinia | 2012 |
| Peninsula Club | Footscray Football Club | Shire Of Mornington Peninsula | 2014 |
| Peppermill Hotel | Mount Dandenong Tourist Hotel Pty Ltd | City Of Greater Shepparton | 2012 |
| Philip Island RSL | Philip Island RSL Sub Branch Inc. | Shire Of Bass Coast | 2013 |
| Portland RSL Memorial Bowling Club | Portland RSL Memorial Bowling Club Inc. | Shire Of Glenelg | 2012 |
| Queensberry Hotel | Queensberry Pty Ltd | City Of Melbourne | 2012 |
| Racers Entertainment Complex | Pakenham Racing Club Inc. | Shire Of Cardinia | 2008 |
| Rafferty's Tavern | S.J. Beaumont Investments Pty Ltd | City Of Warrnambool | 2011 |
| Red Lion Hotel | Bacceney Pty Ltd | City Of Ballarat | 2011 |
| Robin Hood Hotel | Jayeesar Pty Ltd | City Of Ballarat | 2012 |
| Robinvale Golf Club | Robinvale Golf Club Inc. | Rural City Of Swan Hill | 2012 |
| Shamrock Hotel | Hogan's Shamrock Hotel Pty Ltd | City Of Greater Bendigo | 2014 |
| Sherbourne Terrace | Caszur Nominees Pty Ltd | City Of Greater Shepparton | 2012 |
| St Ives Biere Cafe | Cafe De Biere - Biere Haus Pty Ltd | Rural City Of Wodonga | 2012 |
| SugarGum Motel | Spar Holdings Pty Ltd | Shire Of Melton | 2013 |
| Templestowe Hotel | Moonee Valley Hospitality Pty Ltd | City Of Manningham | 2012 |
| The Club Caroline Springs | Collingwood Football Club Ltd | Shire Of Melton | 2013 |
| The Exchange Hotel Melbourne | Kingfish Victoria Pty Ltd | City Of Melbourne | 2012 |
| The Family Hotel | Branbeau Pty Ltd | Shire Of Baw Baw | 2013 |
| The Lakes Entertainment Centre | Lakes Sports And Community Club Inc. | Shire Of East Gippsland | 2012 |
| The Tigers Clubhouse | Werribee Football Club Limited | City Of Wyndham | 2009 |
| The Tigers Clubhouse | Werribee Football Club Inc. | City Of Wyndham | 2011 |
| Tooradin and District Sports Club | Tooradin and District Sports Club Inc. | City Of Casey | 2013 |
| Torquay Hotel | Vickers Willis Pty Ltd | Shire of Surf Coast | 2013 |
| Tower Hotel | Rumotel Pty Ltd | City Of Boroondara | 2013 |
| Turfside Tabaret | Moe Racing Club Inc. | City of La Trobe | 2010 |
| Victorian Tavern | Castello Hotel Investment Ltd | Shire Of Macedon Ranges | 2014 |
| Village Belle Hotel | Twinpath Pty Ltd | City Of Port Phillip | 2013 |
| Watergardens Hotel | WGH Pty Ltd | City Of Brimbank | 2012 |
| Waurn Ponds Hotel (1) | Waurn Ponds Management Pty Ltd | City Of Greater Geelong | 2009 |
| Whittlesea Bowls Club | Whittlesea Bowls Club Inc. | City Of Whittlesea | 2012 |
| Wonthaggi Club | Wonthaggi Club | Shire Of Bass Coast | 2012 |
| American Hotel | Coolaan Nominees Pty Ltd | Shire Of Campaspe | 2011 |
| Ballarat Leagues Club | Ballarat Football League Social Club Inc. | City Of Ballarat | 2011 |
| Ballarat RSL | Ballarat RSL Sub-Branch Inc. | City Of Ballarat | 2009 |
| Bridge Inn Hotel (2) | Benmara Pty Ltd | City Of Whittlesea | 2009 |
| Bridge Inn Hotel (3) | Benmara Pty Ltd | City Of Whittlesea | 2011 |
| Brown's Corner Hotel | Gida Construction Pty Ltd | City Of Moreland | 2012 |
| Caroline Springs Hotel | CSJV Nominees Pty Ltd | Shire Of Melton | 2008 |
| Club Edgewater | Footscray Football Club | City Of Maribyrnong | 2008 |
| Cobram Hotel | Third Bekkah Pty Ltd | Shire Of Moira | 2011 |
| Cove Hotel | Yadnum Pty Ltd | City Of Kingston | 2013 |
| Cranbourne RSL | Dandenong Cranbourne RSL Sub-Branch Inc. | City Of Casey | 2012 |
| Dandenong Club | Dandenong Club | City Of Greater Dandenong | 2011 |
| Echuca Hotel | Paddy 'N' Ed Pty Ltd | Shire Of Campaspe | 2010 |
| Epping RSL | Epping RSL Sub-Branch Inc. | City Of Whittlesea | 2012 |
| Foundry Hotel | Drayton Manor Pty Ltd | City Of Greater Bendigo | 2010 |
| Francis Hotel | Francis Hotel Pty Ltd | City Of Melbourne | 2012 |
| Fyansford Hotel | P.J. Cook Investments Pty Ltd | City Of Greater Geelong | 2012 |
| George Hotel | George 2000 Pty Ltd | City Of Ballarat | 2011 |
| Highlands Hotel | Highlands Hotel Craigieburn Pty Ltd | City Of Hume | 2010 |
| Hoppers Crossing Club | Hoppers Crossing Club Limited | City Of Wyndham | 2011 |
| Horsham Sports & Community Club | Horsham Sports & Community Club | Rural City Of Horsham | 2011 |
| Kangaroo Flat Sports Club | Kangaroo Flat Sports Club Inc. | City Of Greater Bendigo | 2011 |
| Kooringal Golf Club | Kooringal Golf Club | City Of Hobsons Bay | 2011 |
| Kyabram Club | Kyabram Club Inc. | Shire Of Campaspe | 2009 |
| Lakeside Club | Sales Community Bowls Inc. | Shire Of Wellington | 2012 |
| Langwarrin Hotel | Beretta's Langwarrin Pty Ltd | City Of Frankston | 2008 |
| Lara Hotel | Lara Hotel Pty Ltd | City Of Greater Geelong | 2011 |
| Laurimar Tavern | Laurimar Tavern Pty Ltd | City Of Whittlesea | 2010 |
| Loch Sport RSL Club | Loch Sport RSL Sub-Branch Inc. | Shire Of Wellington | 2007 |
| L'unico Hotel | L'unico Pty Ltd | City Of Monash | 2012 |
| Marine Hotel | C K & Sons Pty Ltd | City Of Bayside | 2010 |
| Morwell Bowling Club | Morwell Bowling Club Recreation Centre Inc. | City Of La Trobe | 2012 |
| Noble Park Football Social Club | Noble Park Football Social Club Limited | City Of Greater Dandenong | 2011 |
| Olive Tree Hotel | Baibrenick Holdings Pty Ltd | City Of Hume | 2007 |
| Pakenham Football Social Club | Pakenham Sports Club Inc. | Shire Of Cardinia | 2007 |
| Pascoe Vale RSL | Pascoe Vale RSL Sub-Branch Inc. | City Of Moreland | 2007 |
| Pink Hill Hotel | The Pink Hill Hotel Pty Ltd | Shire Of Cardinia | 2010 |
| Point Cook Community Sporting Club | Geelong Football Club Ltd | City Of Wyndham | 2007 |
| Sale Club | Sale RSL & Community Sub-Branch Inc. | Shire Of Wellington | 2008 |
| Sanctuary Lakes Hotel | De Group Entertainment Pty Ltd | City Of Wyndham | 2010 |
| Shepparton Club Inc. | Shepparton Club Inc. | City Of Greater Shepparton | 2012 |
| Springvale RSL Club | Springvale RSL Sub-Branch Inc. | City Of Greater Dandenong | 2012 |
| St Albans Sports Club | The St. Albans Sports Club Inc. | City Of Brimbank | 2011 |
| Steeples Tabaret | Mornington Racing Club Inc. | Shire Of Mornington Peninsula | 2007 |
| Swan Hill RSL | Swan Hill RSL Sub-Branch Inc. | Rural City Of Swan Hill | 2011 |
| Terminus Hotel | Pink Hotel Pty Ltd | Shire Of Yarra Ranges | 2012 |
| The Bay & Bridge Hotel | The Bay And Bridge Hotel Pty Ltd | City Of Port Phillip | 2012 |
| The Bended Elbow | Ballar Pub Co Pty Ltd | City Of Ballarat | 2012 |
| The Orbost Club | The Orbost Club Inc. | Shire Of East Gippsland | 2012 |
| The Tarneit Tavern (Hotel)\* | Sayers Property Holdings Pty Ltd | City Of Wyndham | 2010 |
| Traraglon Bowls Club | Traraglon Bowls Club Inc. | City Of La Trobe | 2012 |
| Wantirna Club | Richmond Football Club Ltd | City Of Knox | 2010 |
| Warragul Country Club | Warragul Country Club Inc. | Shire Of Baw Baw | 2011 |
| Waurn Ponds Hotel (2) | Waurn Ponds Management Pty Ltd | City Of Greater Geelong | 2011 |
| Werribee Plaza Hotel | Taverner Hotel Group Pty Ltd | City Of Wyndham | 2010 |
| Wodonga Country Club | Albury Sailors' Soldiers' And Airmen's Club Limited | Rural City Of Wodonga | 2007 |

REFUSED APPLICATIONS

|  |  |  |  |
| --- | --- | --- | --- |
| Braybrook Hotel | Bakers Arms Hotel Pty Ltd | City Of Maribyrnong | 2013 |
| Bridge Inn Hotel (1) | Benmara Pty Ltd | City Of Whittlesea | 2008 |
| Club Italia Sporting Club | Club Italia Sporting Club Inc | City Of Brimbank | 2010 |
| Greyhounds Entertainment | Greyhounds Promotions Pty Ltd | City Of Greater Dandenong | 2014 |
| Lakeside Hotel | Pakenham Lakeside Pty Ltd | Shire Of Cardinia | 2008 |
| Maryborough Highland Society | Maryborough Highland Society Sub Branch Inc | Shire Of Central Goldfields | 2012 |
| Royal Hotel (Benalla) | Royal Hotel Benalla Pty Ltd | Rural City Of Benalla | 2011 |
| The Beach Hotel | The Beach Hotel Jan Juc Pty Ltd | Shire Of Surf Coast | 2010 |
| The Coach and Horses | Collingwood Football Club Ltd | City Of Maroondah | 2013 |
| The Victoria Hotel | Schwartz Family Company Pty Ltd | City of Melbourne | 2007 |

# Appendix 2 Summary details of refused applications

| **Venue details** | **Supporting or positive factors** | **Detrimental or negative factors** |
| --- | --- | --- |
| **The Victoria Hotel**  **(2007)**  **City of Melbourne**  **New 30 EGMS** |  | Proximity to other gambling venues  Proximity to Urban Seed and clients with gambling problems  Proximity to student population (impacting only a small number of students) |
| ***Limited benefits identified if application granted*** | |
| **Bridge Inn Hotel**  **(2008)**  **City of Whittlesea** | High quality facilities  Proposed responsible gambling processes  Management expertise  Community contribution $70k  Employment  EGM accessibility (reduced travel time )  Family friendly  Population growth | Proximity to shopping precinct  Vulnerable community (housing stress)  Gambling expenditure in community greater (23.63%) than metropolitan average |
| ***Commission expected revenue to be higher than predicted and “unfortunate that an application should involve still further expenditure on top of very high expenditure presently committed”. Subsequent submissions by this venue were approved and as at November 2014 the hotel now has a license to operate 60 EGMs*** | |
| **Lakeside Hotel**  **(2008)**  **Shire of Cardinia**  **New 60 EGMs** | Quality facility offering range of service  Family friendly  Convenient location  Community contribution $75k  Employment (full-time and part-time)  EGM density within acceptable level  Community not high level of disadvantage (but income must support higher than usual household numbers) | Proximity to shopping precinct (serious concern)  Proximity to other gambling venue  Same facilities services offered at other venues within close proximity  Convenience venue |
| ***Council noted as presenting evidence “based on sound and developing research”*** | |
| **The Beach Hotel**  **(2010)**  **Shire of Surf Coast** | Redevelopment  Community access to quality facility offering range of services  Employment (construction phase and venue) Unemployment well below state average  Community contribution $30k (if successful)  Proposed responsible gambling practice  Relatively advantaged community | Community opposition:   * Council survey identified opposition of hotel development with EGMs plus community felt quality of life would be impacted by EGMs at venue * 219 letters of oppositions tabled by community spokesperson |
| ***Commission noted that Jan Juc represented “as a separate self-contained community with its own identify”. The survey commissioned by the Council offered, ‘measured output’ and its results along with Council’s opposition persuaded the Commission not to grant application.*** | |
| **Club Italia Sporting Club (2010)**  **City of Brimbank**  **Increase 38 to 60 EGMS** |  | EGM expenditure well above state (54%) and metropolitan (46%) averages  High level of disadvantage in community |
| ***No supporting factors recorded by Commission*** |  |
| **Royal Hotel**  **(2011)**  **Rural City of Benalla**  **Increase 20 to 30 EGMs** | Capital works (only modest more repairs and maintenance)  Community contributions ( $10k for first 2 years, $20k next 5 years, $40k next 5 years) | EGM density higher than regional average  Community surveyed opposition  Level of disadvantage in community |
| ***Commission acknowledge only a modest “economic benefit and consumer amenity flow-on “. Also while community contributions are helpful they are to future financial performance and changes in business strategy reduce level of certainty*** | |
| **Maryborough Highland Society (2012)**  **Shire Of Central Goldfields**  **Increase 56 to 59 EGMs** |  | High proportion of housing stress compared to average Rural Victoria  High level of disadvanatge in community  High unemployment  Increase in gambling expenditure (though minimal) |
| ***No supporting factors recorded by Commission*** |  |
| **The Coach and Horses (2013)**  **City of Maroondah**  **Increase 80 to 88 EGMs** | EGM expenditure offers economic stimulus  Community contribution $50k  Increased accessibility for patrons who enjoy gambling | Current contribution Heartwell foundation worthy but has no direct benefit within local community  Potential increase in gaming expenditure from problem gambling |
|  | ***Commission noted the applicant submission offered no capital works to generate economic stimulus and employment in community*** | |
| **Braybrook Hotel (2013)**  **City of Maribyrnong**  **Increase 31 to 50 EGMs** | Employment (short term only from construction)  Increase in gambling expenditure marginal economic benefit  >80% expenditure transferred from other venues  Capital works short term economic stimulus  Quality facilities: additional food and drink service offering and improved function facilities | Increase in problem gambling expenditure  Proximity to social housing  High level of disadvantage in community |
|  | ***Commission noted given “overwhelming disadvantage in the area, there will likely be a significant detrimental social impact on the community if application were approved”*** | |
| **Greyhounds Entertainment (2014)**  **City of Greater Dandenong** | Small increase in gambling expenditure  Community contributions $10k (limited weight as built into business model to attract patrons )  Applicant’s surplus revenue only marginal benefit to community (50% goes to Melbourne Greyhound Racing Club) | High level of disadvantage in community  Increased accessibility to EGMs |
|  | ***Commission accepted applicant had responsible gambling measures in place but noted “that these measure will not be enhanced to meet higher risk of problem gambling found to accompany this application”***  ***Given ‘overwhelming disadvantage in area’ likely to me a moderate detrimental social impact on the community in application approved*** | |

# Appendix 3: Positive social and economic impacts

|  |  |
| --- | --- |
| **Impact** | **Percentage** |
| Renovation/Development | 70% |
| Community contributions | 67% |
| Quality/Range of facilities | 55% |
| Increased revenue stream | 38% |
| Employment | 36% |
| Complementary expenditure | 34% |
| Social/Welfare contribution | 31% |
| Tourism | 14% |
| Competition | 7% |

Graph representation of this data available in section: Positive social and economic impacts (page 9).

# Appendix 4: Other mitigating factors supporting approved applications

|  |  |
| --- | --- |
| **Factor** | **Percentage** |
| Responsible gambling practices | 64% |
| Density/Expenditure acceptable | 32% |
| Existing access to EGMs | 29% |
| Management expertise | 25% |
| EGM numbers (no increase) | 24% |
| Destination venue | 20% |
| Demand | 18% |
| Population growth | 17% |

Graph representation available in section: Other mitigating factors supporting approved applications (page 15).

Appendix 5: Detrimental social and economic impacts

|  |  |
| --- | --- |
| **Factor** | **Percentage** |
| EGM expenditure | 41% |
| Level of disadvantage | 27% |
| EGM density | 23% |
| Proximity to vulnerable community | 14% |
| Community opposition | 12% |

Graph representation available in section: Derimental social and economic impacts (page 23).

1. Dick Whittington Tavern Decision December 2011 [↑](#footnote-ref-1)
2. Portland RSL Memorial Bowling Club January 2012 [↑](#footnote-ref-2)
3. Council witness Dr Charles Livingstone; Productivity Commission 2010 [↑](#footnote-ref-3)
4. Productivity Commission, 2010 Volume 1, page 19 [↑](#footnote-ref-4)