



# **Submission**

*to the*

## **Legislative Council Select Committee on Gaming Licensing**

**April 2007**

## **Contact**

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## **Introduction**

This submission has been prepared by the Macedon Ranges Shire Council in response to the release of the Select Committee on Gaming Licenses - Terms of Reference. The present submission has been reviewed by the Mayor and Councillors and was unanimously supported at a Council meeting on 18 April, 2007.

The issues set out in the submission have been arranged under each of the matters listed in the letter received by our Chief Executive Officer, Mr Ian Morris, on 5 March 2007. Macedon Ranges Shire Council has no comment to make in relation to matters (a) and (b) on lotteries licensing. Our comments relate to the area of gaming that is of direct concern and impact on us and the community we represent. That is, electronic gaming machines, hereafter referred to as pokie machines. Our comments below relate to matters (c) to (g) of the matters to be examined by the Legislative Council Select Committee on Gaming Licensing.

## **The Macedon Ranges Shire**

As background to our submission, a brief description of our Shire is provided:

The Macedon Ranges Shire comprises the former Shires of Gisborne, Newham and Woodend and Romsey and most of the former Shire of Kyneton. The Shire covers an area of approximately 1,747.4 square kilometres and is under the indigenous custodianship of the Dja Dja Wrung and Wurundjeri peoples. The Shire is predominantly rural in character with a scattering of towns throughout. The Shire's most important industry is tourism and the area is renowned for its unique natural features including Hanging Rock and its heritage townships. Most of the townships retain intact their heritage buildings - built during the gold rush period of the mid 1800s. The Shire is within one hours drive north-west of Melbourne and contains a transport corridor comprising the Calder Freeway and the Bendigo-Melbourne railway, both of which run the length of the Shire. The Shire's semi-rural lifestyle and its proximity to Melbourne has attracted many new residents, particularly over the last four or five years and particularly in the south where many residents commute regularly to work in Melbourne<sup>i</sup>. The growth rate from 1996 to 2001 was 2.1% making the Macedon Ranges Shire the fourth fastest growing regional Shire in Victoria. The nine major towns of the Macedon Ranges Shire and their population sizes are as follows:

<sup>i</sup> See also *New Ratepayers in the Macedon Ranges Shire 2007* and comprehensive population projections: Macedon Ranges Shire Council *Population Projections 2006*. On Council's website [www.macedon-ranges.vic.gov.au](http://www.macedon-ranges.vic.gov.au) under 'Shire Profile and Statistics'.

**Table 1: Populations of the Largest Towns in the Macedon Ranges Shire**

<b>Town</b>	<b>Population ABS 2001 Census</b>	<b>Population Shire Projections 2006</b>
Gisborne	4,246	7,442
Kyneton	4,121	5,462
Lancefield	1,141	1,145
Macedon	1,419	1,723
Malmsbury	494	640
Mt Macedon	1,183	1,324
Riddells Creek	2,265	3,305
Romsey	2,944	4,198
Woodend	3,017	3,980
Rural balance	14,837	Not projected growth considered low
<b>Total MRS (Towns and Rural Balance)</b>	<b>35,667</b>	<b>46,159</b>

### **c) The Post-2012 Electronic Gaming Machine operator licensing in Victoria**

#### ***1) Current Legislation Inappropriate in a Contemporary Context***

It is our view that the pokie machine industry, and the legislation and policy that currently supports it, is in need of a major overhaul. Current legislation and licensing arrangements effectively give the industry carte blanche with minimal, if any, checks and balances on the product or the way it is delivered. If community concerns about the lack of transparency in the process and the negative consequences of pokies (irrespective of whether these are real or perceived) were to be properly addressed in the post-2012 legislation, there would be:

- considerably less cynicism toward the government's strong support for the pokies industry;
- less community concern and fear of the consequences of pokie gaming; and
- enhanced image for the pokie gaming industry.

Twenty-five years ago when the legislation that governs current pokies operation was introduced, computers were rare and expensive and had basic operating capabilities. Electronic communication technology was in its infancy and psycho/neurological science and technology was not well developed. While the current legislation may have been adequate twenty-five years ago, in the context of modern technology, this is no longer the case.

## **2) Independent Control of Pokie Machine Data is Critical**

No outside access to, or scrutiny of, pokie machine data is possible because the gaming industry controls it and can claim “industry confidentiality” to prevent anyone else accessing it. This is not acceptable. In 2004 \$59million per year was invested in research and development by pokie machine owner Aristocrat.<sup>ii</sup> Compared to Australian companies this would rank it as one of the largest investments in research and development by any company in Australia (Livingstone 2006). In the context of the current gaming legislation - which gives ownership and control of pokie machine data to the gaming industry - the rapid technological advances are having a devastating (but unmeasured) impact on communities and individuals as the industry relentlessly seeks to design machines to maximise revenue. The recent technological advances in the ability to track and measure brain function in response to various stimuli, coupled with the machine-use data enables sophisticated network analysis of machines and venues which is then used to make adjustments to ensure increased losses (turnover) to players. The control and ownership of pokie machine data, the sophisticated technology and the huge expenditure on research and development by the pokies industry explains why pokie machines in Victoria generate twice as much revenue per machine as they do elsewhere in Australia (Livingstone 2006) and why losses per estimated number of people who play pokies is higher. Compounding the problems this causes is the total lack of product and consumer safety requirements for pokie machines in Victoria.

These unchecked and unregulated developments are increasing problem gambling, placing at increasing risk communities’ health and wellbeing and placing at risk the viability of regional economies through causing huge amounts of money to leave towns. A leaked report of turnover at Tattersall’s venues shows that in our small regional town of Kyneton at one venue in a ten week period, there was a \$4.36million turn-over and player losses of \$445,000 (Warner, *Herald-Sun* 24/02/07: 20). This is completely unsustainable.

In keeping with other States, Victoria must legislate for post-2012 pokies licensing to have machine and related data collected and controlled by a body independent of the Gaming Industry. In sum, this would:

- limit the use of the data for commercial expediency at the expense of community health and wellbeing;
- enable data to be available for independent research;
- enable better scrutiny and oversight of the industry;
- enable local government to access data critical to a social and economic assessment. (Under current legislation even fundamental data such as player winnings are a closely guarded secret.);
- ensure that the pokies-related policies of government are genuinely evidence-based;
- enable better and more transparent monitoring and evaluation to ensure that community health and wellbeing is not being compromised; and
- enable the community to have greater confidence in the government and the pokies industry.

<sup>ii</sup>. Aristocrat has approximately two thirds of the Australian gaming machine market.

## **Summary**

***Much can be done to mitigate against the harms of pokie gambling post-2012: in particular the introduction of legislation, policy, structures, regulations and accountability frameworks which have a sound evidence-base and is in keeping with community expectations.***

***Unless independent control of pokie machine data is legislated for, and made an essential component of the new licensing legislation post-2012, there will continue to be little ability to monitor the pokie industry or to ensure community and product safety from pokie machines.***

### **d) The adequacy or otherwise of the legislative and regulatory framework pertaining to the number, location, distribution and specification of EGMs in Victoria.**

The legislative and regulatory framework relating to number, location, distribution and specification of pokie machines in Victoria is grossly inadequate.

#### ***1) Number and Distribution***

Governments have failed to identify the appropriate distribution and number of pokie machines necessary to avoid economic and social harm to individuals and communities. In Victoria, the reasons are two-fold: such work is not a priority of government; and the necessary data for this work is owned by the industry and not made available. Of particular concern is the willingness of government to introduce pokies-related policies that have a flimsy evidence-base. This, together with government not exercising precautionary principles, is risking and compromising the health and wellbeing of communities. A recent example of this is the cap of 10 pokie machines per 1,000 adult population announced by government (and which is above the level recommended by the Regional Electronic Gaming Machine Caps Review Panel of 8 machines per 1,000 adult population). Justification for the increase in ratio is that “setting a cap level is an inexact process” and “varies widely” across localities (Letter from the Executive Director, Gaming and Racing to Macedon Ranges Shire Council’s Mayor, 2 March 2007). These ‘justifications’ should be used to reduce the cap not increase it. However, knowing that it is an “inexact process” and having no evidence to show what is a safe ratio, and while also being aware of the serious concerns of local governments and the community, the government has chosen to ignore cautionary principles and risk the wellbeing of communities by elevating the ratios. The ratio has in effect been decided on the qualitative opinion of Cabinet members using an invisible decision-making process. This is not good enough.

Local Councils and other groups and agencies in the community are now left to cope with a ratio of pokie machines that has not been shown to be safe, is not based on substantive evidence and has been introduced with scant regard to community concerns or for community wellbeing. In particular this leaves country and regional towns in real danger of economic decline as the amount of money going into the machines and thus out of the small towns’ economies, is huge and unsustainable.

In small country towns there is an acute awareness that there is a lack of pokie gaming revenue flowing back from State government to small towns and that additionally the restricted customer base of local towns' commercial enterprises are being adversely affected by huge gaming losses.

“Flow of money out is critical for country towns. We want to see all that one third of money [that goes to the State government] coming back to our own community in the same measure to assist ameliorate the problems in the country towns” (*Macedon Ranges Shire Resident Community Meeting 27/04/06*).

“Racing is a beneficiary of the pokies industry as money flows back to them as compensation for diverted gaming money. Towns could apply this same reasoning to get money back” (*Macedon Ranges Shire Resident Community Meeting 27/04/06*).

## 2) Placement and Location

New legislation introduced late last year (Amendment VC39 of 18/10/06), that relates to Sect 3.2.3(1) of the *Gambling Regulation Act 2003* now prohibits (additional) pokie machines from all ‘strip shopping centres’ on land covered by Council’s planning scheme, even if in an hotel and regardless of how long the hotel has been in existence. It also closes the loophole whereby if the pokies were on 25% or less of the venue floor space applicants did not need a planning permit from Council. These measures are welcome. However, they are yet to be tested before the Victorian Commission for Gaming Regulation or the Victorian Civil and Administrative Tribunal. What will undermine the benefits of the new legislation will be the inability of local government to incorporate their pokies policies in a timely manner into their local Planning Schemes. This process can take years. As the ‘Caps’ come into affect in November 2007 and a large number of pokie machines will be looking to be relocated as a result, it is expected that local governments will not have in place measures to give them the power to influence where these machines are relocated to. A large proportion of our community consultation respondents thought that local councils should be able to control the growth, location, number of machines and operating hours of pokie venues.

**Table 2: Aspects of Pokies that Local Council should be able to Control**

	Agree	Disagree	Don't Know	Total N. of Individuals
<u>Growth</u> of pokie machine numbers in the Shire	86%	11%	3%	461
<u>Location</u> of pokie venues in the Shire	88%	9%	3%	456
<u>Number</u> of machines in a venue	86%	11%	3%	456
<u>Operating hours</u> of pokie venues	86%	11%	3%	456

Currently pokie venues in country and regional towns are located in high traffic, central parts of towns so as to maximise access, visibility and presence in the community consciousness.

“It is very difficult for people to avoid them [pokie venues] as they are often so close to their home they are under their nose and it is very

difficult to stay away (*Macedon Ranges Shire Resident at Community Meeting 27/04/06*).

Recent community consultation (463 residents)<sup>iii</sup> found there was strong opposition to the placement of pokies in small towns, in residential zones, near schools or childhood centres and in disadvantaged towns (with an ABS SEIFA score lower than the Victorian average). There was less opposition to placement of pokies on a main road and in an industrial centre.

### 3) Specifications

Specifications of machines is touched on in the discussion of matter c) above and which presently consists of designing pokie machines to take as much money as possible. Specifications to ensure product and consumer safety are at best minimalist. A large majority (82%) of the 463 residents who participated in our community consultation survey thought the onus should be on local pokie venues to demonstrate how consumer safety is to be protected. The following two tables show people's views about the specific measures/ specifications that they believe should be in place:

**Table 3: Industry Measures to Slow the Speed of Money Lost to Pokie Machines**

	Agree	Disagree	Don't Know	Total N. of Individuals
No Automatic Teller Machines	92%	7%	1%	464
No pokie machines that accept bank notes	87%	11%	2%	460
Have machines that show spending rates	94%	4%	2%	449
Limit losses to \$200 per person per hour	83%	12%	4%	442
Give players an ability to pre-determine the money spent	89%	7%	4%	444

**Table 4: Industry Measures to Minimise Potential Harms of Pokie Gaming**

	Agree	Disagree	Don't Know	Total N. of Individuals
Put time limits on Machines	81%	15%	4%	450
No freebies & inducements offered <i>within</i> the Venue	81%	15%	4%	460
No freebies & inducements offered <i>outside</i> the Venue	86%	11%	3%	456
Give clear advice on odds of winning and losing	95%	3%	2%	451
Only have subtle advertising	82%	13%	5%	436
Have counsellors in venues	71%	20%	9%	441

<sup>iii</sup> A full report on this December 2006 community consultation survey is located on Council's website [www.macedon-ranges.vic.gov.au](http://www.macedon-ranges.vic.gov.au) under the tab 'Community Services', 'Gaming', along with other of Council's papers and reports on Pokies

To assist people to better monitor and control their gaming behaviour, community members believed controls and safety features should be built into the machines and the venue and its management. A summary is below:

- Reviews of licenses should be conducted every five years to take account of rapidly evolving and emerging technologies and to ensure that benchmarks are met (or else the licence is revoked).
- Machines should provide feedback on losses as the gambler plays.
- Machines should be able to pick up problem gaming through detection of cues in physical postures, eye contact and so on, and turn itself off automatically when they detect these problems.
- People should be able to decide how much money they want to spend when they enter the venue and then have to go elsewhere to continue to gamble when this amount is reached.
- Similar to alcohol provisions, staff should have training in identifying people with problematic behaviours and the power to refuse service. It should be made an offence to continue to provide gaming to a problem gambler (Macedon Ranges Shire Council's Community Consultation Survey on Pokies).

### **Summary**

***The legislative and regulatory framework relating to number, location, distribution and specification of pokie machines in Victoria needs to be much more tightly controlled in post-2012 licensing and regulation legislation. That is, to ensure that the focus is on product and on consumer and community safety and that local governments (and through them the community) have control over the number, location and distribution of pokie machines in their local areas.***

***Small towns in country and regional areas must be empowered to control the location and distribution of pokies to protect their town economies and their unique rural character.***

***Legislation must restrict pokie machines so that none are placed in townships of less than 10,000.***

***Given the rapid advances in technology and the changing demographic landscape, the period of pokie gaming licensing post-2012 should not be more than ten years. Twenty-five years, as is the current period, is far too long.***

***To minimise the financial loss to regional and country towns post-2012 pokies licensing legislation must ensure that the one third of pokie revenue currently flowing straight into consolidated revenue is allocated back to the country town from which it came. The precedent is already set for this in the current compensation paid to the Racing Industry against potential losses to pokies gaming.***

## **e) The effectiveness or otherwise of current measures to minimize and address the incidence of problem gambling in Victoria, the merits of alternative measures**

### **1) Present Research and Program Funding Focus is Extremely Narrow**

Government has research and program funding for problem gambling. However, this has become extremely narrow in its focus. The government only supports research and programs that are targeted to the problem gambler - as though the problem gambler was an entity that was unrelated to the environment that is inducing the problematic behaviour. The focus on individual failings rather than organisational ones is a 'copout'. While it makes sense from a gaming industry and revenue raising perspective, it does not make sense if reduction in problem gambling is the goal. Even a casual glance through behavioural literature will show that human behaviour is heavily influenced by environmental cues, prompts and stimuli. It is obvious that the gaming industry is aware of this link because their machines and venues are designed in such a way as to induce patron behaviours that maximise revenue. Hence, ATM machines near gaming areas, note-taking machines, dim lighting to block out distractions, bright machine lights to focus attention, positive messages to induce repeat behaviour and so on.

If the government and gaming industry is to move beyond its rhetoric on concern about problem gambling, there needs to be a much greater focus on pokie venues and machines and an ongoing research agenda that includes examination of the complex behavioural-environmental interactions and other systemic issues that induce problematic gaming behaviours. Addressing problem gambling through focus on the individual is necessary. However, it is a futile approach to reducing the incidence and resulting damage of problem gaming behaviour.

### **2) A Strong Accountability Framework is Needed for Product Safety**

A strong accountability framework must be a requirement of pokie venues to address the social and behavioural issues inherent in the product they are providing. This is particularly important now and in the future because there is a large and growing number of people who live alone or who are older and on pensions or other small, fixed incomes. Our own local research has found that this demographic, especially for females, is more vulnerable to problematic pokie gaming (Richards 2005). Macedon Ranges Shire Council's population projections indicate there will be a doubling of lone person households and a 213% increase in people aged over 65 years by 2031. It is suspected this trend is typical across Victoria. Our residents have observed that very often pokies:

"seem to attract lonely ladies of limited income who budget for it for their social life. If they are lonely they go to interact with machines and that is wrong because they don't form the bond with other human beings" (*Macedon Ranges Shire Resident at Community Meeting 27/04/06*).

"There are many isolated people and many have intellectual problems. They feel at home so they go there" (*Macedon Ranges Shire Resident at Community Meeting 27/04/06*).

Unlike racing gambling which has "a much more social aspect to it and there is a lot of personal interactions happening" (*Macedon Ranges Shire Resident at Community Meeting 27/04/06*), gambling on pokie machines seems to further

isolate people from interactions with others. Current activities by the pokies industry to address problem gambling are totally inadequate since they focus exclusively on the individual (and not the environment of the machine and venue). This focus continues despite not being able to be shown to be at all effective in reducing the incidence of problem pokie gambling or reducing the negative impacts.

### **Summary**

***An accountability framework should be a requirement of pokie venues to address the social and behavioural issues inherent in the product they are providing.***

***Legislation is needed to protect research and program integrity and foci to avoid the current situation where the focus has narrowed to one on individual players rather than any focus on the industry, the product and the environments in which that product is provided.***

## **f) The operation of the Community Support Fund described in the Gambling Regulation Act 2003**

### ***1) Community Support Fund Inadequate in its Distribution and Reporting***

We do not support the current arrangements for government's distribution of the financial benefits of pokies gaming to the community. There is no annual auditing nor detailed public reporting. The objectives for the Community Support Fund of transparency and recognition are not being met and equitable distribution not demonstrated.

### ***2) Community Benefit Fund***

An aspect of pokie gaming that is often used to argue the benefits of pokies to the local area is the 'community benefit fund'<sup>iv</sup>. What the community benefit fund includes is however, extremely broad. Indeed, it is apparent that the term 'community benefit' is mostly a euphemism for business overheads. Community benefit fund includes everything from venue rent and staff salaries to security costs. 'Community benefit' also includes money spent on enhancing the venue (such as new fittings, sky TV, waste disposal and building extensions), and includes money that is used to subsidise goods and services provided to patrons (such as loyalty schemes, football tipping, discounts on liquor and meals and members' bus trips). It is small wonder that local Councils and the community at large are sceptical of the true benefit to them of the 'community benefit' fund.

A small component of the community benefit fund is allocated directly to the community under the community benefit fund categories of: 'voluntary services provided to the community' (Category 5); 'sponsorships' (Category 3); 'gifts of goods' (Category 4) and 'gifts of funds' (category 2). In our Shire, total funds in categories 2, 3, 4 and 5 in the 30 June 2006 Community Benefit Statements to VCGR, by local

<sup>v</sup>. Section 3.6.9 of the *Gambling Regulation Act 2003*

pokie venues were as follows: Kyneton RSL, \$150,467 [20 machines]; Kyneton Bowling Club, \$50,397 [25 machines]; and Gisborne Victoria Tavern, \$14,000 [36 machines. If we accept that player losses were \$445,000 in a ten week period at the Kyneton Bowling Club back in 2005 (leaked report published in the Herald-Sun 24/02/07: 20), then the \$50,397 reportedly given in direct local gifts and sponsorships by the bowling club over a 52 week period, can be put in its proper perspective. That is: direct financial benefit to the local community is a tiny fraction of the money taken directly out of a town.

Not only are the amounts of money tiny, the specifics about who receives direct benefits are not reported in the annual community benefit statements submitted to the VCGR. The more direct components of the community benefit fund are what Council wants to ensure achieves best value for the community. Currently these more direct community benefit funds are distributed entirely at the discretion of the venue and it appears the beneficiaries are most usually the more high profile local male sporting clubs. The money is not directed to those areas most in need of it, or where it would reap greatest benefit to the community. It appears that even the community benefit money that is targeted more directly to the local community is more about marketing and publicity for the pokie venue, than it is about achieving community good.

To enhance transparency of the fund allocations, give some equity to the distribution and ensure that funds are directed to areas that maximise the benefits to the local community, venues must be required to direct the bulk of their community benefit money into a local, independently managed community trust. Such a Trust should be managed by a Board that is made up of a broad range of community representatives. In our community consultations we found that a large majority of people supported this idea (84%, N.= 378).

### **Summary**

***Current arrangements for government's distribution of the financial benefits of pokies gaming to the community does not meet the objectives of transparency, recognition and equitable distribution. There needs to be annual, detailed public reports on the Community Support Fund.***

***To ensure truth in community benefit funds and ensure transparency, equity and effectiveness of the fund - and thus benefits to the local community - venues must be required by legislation to direct the bulk of their community benefit money into local, independently managed community trusts. Trusts would be managed by a Board of local community representatives.***

## **g) Other associated matters dealing with gaming licensing issues**

### ***1) Government Endorsed Social and Economic Impact Assessment Framework is Essential***

An important omission in the legislation and policy of government is a government endorsed Social and Economic Impact Assessment Framework for use by local government and industry to assess the impact of pokie machines and pokie venues on local communities.

Currently the positive economic and social benefits of more pokie machines and venues is successfully argued by the pokie industry because their arguments are not required to be founded on definitive or academically rigorous evidence. While Councils are required to conduct social and economic assessments, their capacity is severely limited by relevant data not being available from the industry and by the fact that a truly rigorous analysis is very specialised and expensive to conduct. As it currently stands, Councils are spending enormous amounts of money conducting social and economic assessments when opposing pokie machine applications, which is an unfair burden on them, particularly where the Councils are regional ones with small rate-bases. The task of conducting an assessment that will show a connection between additional pokie machines and a negative (or positive) outcome in the future, is virtually impossible - even if conducted on a large and more expensive scale. Thus, it is very easy to discredit any attempts by local governments to link pokie machines with observed or expected negative impacts. These difficulties are possibly why there is no onus on the pokie industry to show no harm or positive benefit, but rather the onus has been placed on local governments to show harm. The onus should not be on local government to demonstrate negative impacts of proposed extra machines but on the gaming industry to demonstrate there will be no harm or added benefit.

“Currently the onus is on the community to prove damage. This needs to be reversed so that the gaming venues need to prove the benefit from the machines” (Macedon Ranges Shire Resident Id 165, Community Consultation November 2006).

From experience at VCGR hearings and VCAT hearings it is apparent that the level of proof required of Council to show harm, compared to the level of proof required by the industry to show no harm, is inequitable, unfair and an unjust and unbalanced characteristic of the current system.

It is taken as a given by government that pokies bring benefits to the community – even though this is unproved and untested. Nevertheless:

- 1) A comparison of the amount of money gifted directly into the community, compared to that going out at pokie venue level, does not give confidence that there is much financial benefit to community. There is additionally no guarantee that the one third of revenue staying in venue hands will bring benefits the local community, since the venue owner may often not be located in the community but in other areas or interstate or overseas.
- 2) The commonly made assertion by the industry that the additional employment generated by pokie machines is a benefit, is also not supported by the existing evidence. Unless new employment is compared to the loss of employment in other regional businesses, the assertion is

meaningless. Indeed, the gaming sector does not appear to generate as much employment as other sectors in any case. Pokie venues employ 3.2 people for every million dollars turned over, compared to 6.2 people per million dollars turnover in the retail sector (O'Neil M. SA Centre for Economic Studies, Adelaide and Flinders Universities)

- 3) Improvement to amenity (improvements to the venue) is commonly cited (and accepted at hearings) to support the idea that pokie machines are good for the community. Enhanced amenity will almost certainly improve the business and its profits but there is no guarantee it will benefit the 'community'. As there is no quantification of the type of people who will utilise the gaming venue, it is suspected the benefits of amenity may well be experienced only by a small sector of the community. Venue generated benefits to community may also be negated if they negatively affect the clientele of other 'leisure' businesses, or generate more problem gamblers and family and community problems. These multiple dimensions are not required to be reported on by the pokie industry.

Despite the holes in reasoning, the lack of evidence that goes beyond supposition and simplistic and incomplete figures, the pokie industry is invariably successful in its applications to install more pokie machines. The justification is that pokies are a legal activity and on that basis alone should be allowed - despite the fact that there is no safe distribution level established and it is obvious the government is not interested in utilising precautionary principles for pokie machines. These issues exacerbate local government and community concern about the impact of pokies on local communities and their deep distrust of any comments by State government of commitment to ensuring the health and wellbeing of the community.

One way of ensuring quality and integrity in social and economic assessment is to establish a Social and Economic Impact Assessment Framework, that is endorsed by State government. Its absence is resulting in poor quality assessments, unsubstantiated assertions by the industry and confusion, inconsistent approaches and huge expense for local governments.

## ***2) Huge and Ongoing Financial Burden for Local Governments***

As well as conducting expensive social and economic assessments on the impact of pokies to the community, there are other heavy expenses incurred by local governments in the necessity to respond to the steady stream of applications for installation of more pokie machines and pokie venues. This is proving to be a huge drain on ratepayers and local governments. It is estimated that for each individual pokies application received by local governments the cost is somewhere between: \$20,000 and \$40,000 in legal fees per application (depending on complexity); about \$15,000 in council staff time per application; and about \$20,000 for each social and economic assessment. Thus a cost of around \$75,000 may be incurred by local government for each pokies machine application. This is a huge financial burden that local governments are being required to carry and is particularly difficult for Councils in regional areas who have low rate bases. The current system is unfair and unsustainable.

State government should not require local governments to carry the enormous costs entirely on their own at ratepayer's expense. State government should be

providing a subsidy direct to local governments to enable them to adequately and equitably represent their residents in responses to pokie machine applications.

“Local government and rate payers should not have to foot the bill at VCAT when regional communities loudly and clearly say NO POKIES” (Macedon Ranges Shire Resident Id 339, Community Consultation November 2006).

### **3) Health/Awareness Promotion**

Unlike for other legal products with the capacity to be harmful, such as alcohol and tobacco there is little advertising to alert people to the signs and symptoms of an existing or emerging gambling problem. Methods and intensity that are used to raise awareness of the harms of obesity, problem drinking, drink driving, tobacco and drug use are required. What is being done currently in this area is minimalist and lacks adequate monitoring and evaluation criteria to assess success and impacts. Some comments from our community were:

“The activity [of pokies] is fair and reasonable so long as people know what they are doing and the dangers they are facing. There is nothing wrong with the enjoyment but there is with the risky behaviours. Loss of control needs to be clearly identified and sign posted in advertising of the harms so people are aware” (Macedon Ranges Shire Resident at Community Meeting 27/04/06).

“There is a huge stigma attached to gambling problems and so people are less likely to own up to it” (Macedon Ranges Shire Resident at Community Meeting 27/04/06).

“We owe it to our children to fix the part of pokies that causes the problem behaviour. Gaming is part of normal risk taking behaviour. The question is how we can change some of the negative aspects to minimise the harm” (Macedon Ranges Shire Resident at Community Meeting 27/04/06).

### **Summary**

***A Social and Economic Assessment Framework needs to be provided by government and incorporated into pokie gaming regulation.***

***The onus should not be on local government to demonstrate the negative impacts of proposed extra machines and venues. The onus must be on the gaming industry to demonstrate in a rigorous and acceptable manner that there will be no harm, or positive good to communities.***

***State government should not require local governments to carry the enormous costs entirely on their own at ratepayer’s expense. State government should be providing a subsidy direct to local governments to enable them to adequately and equitably represent their residents in responses to pokie machine applications.***

***As a cornerstone of the post-2012 pokie licensing regulation there must be an ongoing Strategy to enhance knowledge and awareness of harmful pokie gaming behaviours and the use of promotional messages to assist people in regulating and controlling their pokie gaming behaviour including recognition of the danger signals and knowing where to obtain help over and above financial counselling.***

## Conclusion

Thank you for the opportunity to put forward our views and opinions and to present you with our submission on this extremely important local government and community health and wellbeing issue.

We would like to submit to you also a *Supplementary Submission*, which we expect to have completed by the end of May 2007.

We would also welcome, and would like to request, the opportunity to make a *Verbal Presentation* to the Select Committee in support of our submission.

Finally, we fully endorse the submission made by the Municipal Association of Victoria.

## References

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