

**Management report to Council**

Agenda item 6.3a

**Request from the Mayor of Monash for Council to support the Local Government  
Poker Machine System Reform Campaign**

30 September 2014

**Presenter:** Geoff Lawler, Director City Planning and Infrastructure

**Purpose and background**

1. The Mayor of Monash, Councillor Geoff Lake, has written to the Lord Mayor on behalf of twelve other Councils, informing the Melbourne City Council of a local government wide campaign to “protect vulnerable communities from inappropriate placement of electronic gaming machines (EGMs or pokies)” See Attachment 2.
2. The letter also advises that these councils wish to assert that all Victorian councils support this campaign.
3. The purpose of this report is to request that Council agrees to support this campaign.
4. The campaign is based on reform actions outlined in the Municipal Association of Victoria (MAV) motion of 16 May titled “*Re-dressing the Burden*” as shown in Attachment 3, but excludes the \$1 bet limit.
5. The motion was an outcome of a series of roundtable discussions held in recent months, convened by the City of Monash with 20 other councils. It advocates for systemic reform of EGM regulation in Victoria in the lead up to the 2014 state election with a particular emphasis on achieving eight key changes (see Attachment 3).
6. The MAV and participating councils have contributed \$60,000 to a communication campaign involving lobbying local candidates and parties during October and November. Royce Communications has been engaged to assist.
7. No financial contribution is being sought from the Council.
8. Victorian councils have the choice to ‘opt-out’ and elect not have their municipality included in the communications campaign by 30 September 2014.

**Key issues**

9. In 2013 Victorian councils objected to 27 applications to the Victorian Commission for Liquor Licencing and Regulation (VCGLR) by gaming operators to increase or install EGMs in their municipalities. Only two of these objections were successful.
10. The Council received five applications for EGM venues or EGM machines over the last seven years. No applications were received in 2013 or have been received to date in 2014. The City of Melbourne objected to three of these applications at the VCGLR and two were approved.
11. Subsequently the Council of Melbourne appealed these two applications at the Victorian Civil Administrative Tribunal which upheld Council’s appeals. Each appeal cost around \$100,000, not including council officer’s time estimated to total the equivalent of one fulltime employee for three weeks per appeal.
12. Development and framing of the key elements in the motion may require further input by appropriate staff within the Council Of Melbourne.

**Recommendation from management**

13. That Council supports the Local Government Poker Machine System Reform Campaign.

**Attachments:**

1. Supporting Attachment
2. Letter from Monash Mayor

**Supporting Attachment**

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**Legal**

1. No direct legal issues arise from the recommendation from management.

**Finance**

1. No financial contribution is being sought from the Council.
2. Development and framing of the key elements in the motion may require further input by appropriate staff within the Council.

**Conflict of interest**

2. No member of Council staff, or other person engaged under a contract, involved in advising on or preparing this report has declared a direct or indirect interest in relation to the matter of the report.

**Stakeholder consultation**

3. No immediate stakeholder consultation has occurred regarding this request from the Mayor of Monash.

**Relation to Council policy**

4. The request is relevant to Council Plan City for People Goal 1 action to develop an electronic gaming machine policy for the municipality.

**Environmental sustainability**

5. The proposal seeks to “protect vulnerable communities from inappropriate placement of electronic gaming machines.

**ATTACHMENT 2 Letter from the Mayor of Monash**



LIAS104

19 September 2014 – correction to earlier version sent 18/9/14

Cr Robert Doyle  
Lord Mayor  
Melbourne City Council

*via email (lordmayor@melbourne.vic.gov.au)*

Dear Lord Mayor

**LOCAL GOVERNMENT POKER MACHINE SYSTEM REFORM CAMPAIGN**

I am writing to inform Melbourne City Council of a local government-wide campaign to protect vulnerable communities from inappropriate placement of electronic gaming machines (EGMs or pokies). Please note that this letter is also advising you of our wish to assert that all Victorian councils support this campaign (in line with a vote taken at the MAV State Council in May) so please give this letter your careful consideration in case you would prefer for your council not to be associated with the campaign.

You may be aware of a series of roundtable discussions held in recent months which have been convened by the City of Monash. These discussions have been attended by 20 other councils and have led to a number of actions in respect of this issue.

Councils across Victoria are frustrated by the current regulatory framework for pokies in Victoria and the uneven playing field which exists for councils and communities at the Victorian Commission for Gambling and Liquor Regulation (VCGLR) and VCAT. The regulations and how they are narrowly interpreted by these bodies severely hamper the ability of councils to influence the granting of gaming machine licenses in vulnerable communities – where they do the most damage.

An early outcome of the roundtables was a motion submitted to the MAV State Council meeting on 16 May 2014 seeking systemic reform of gambling regulation in Victoria (see attached motion). The motion was strongly endorsed by MAV delegates and these areas of reform have since been included in the MAV's *Call to Parties* document which has been released ahead of the coming state election.

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Email [mail@monash.vic.gov.au](mailto:mail@monash.vic.gov.au) Website [www.monashvic.gov.au](http://www.monashvic.gov.au)

ATTACHMENT 2 Continued - Letter from the Mayor of Monash

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The councils which have participated in the roundtables have also recently contributed more than \$60,000 to fund a major campaign in the lead up to the coming state election to publicly highlight the need for these reforms. This is intended to be a very different campaign to previous advocacy efforts in relation to poker machines because we are not campaigning against poker machines *per se* or even advocating for a reduction in overall numbers of machines. Rather, we are seeking straight forward and sensible changes to the current legislative framework in Victoria which is consistently resulting in local communities and councils being placed at a significant disadvantage to big gaming operators seeking to shift their machines into more vulnerable communities.

For example, during 2013 there were 27 applications by gaming operators to increase or install poker machines in various communities around Victoria that were objected to by councils. Of these objections, only two were successful – a staggering rate of success for venue operators of over 90%.

We are calling on the major parties to commit to making changes to the existing legislation to re-balance this playing field and to curb the predatory behaviour of the big gaming operators which are increasing preying on some of Victoria's most vulnerable communities. We see it as important for councils to be working together in response to this behaviour – behaviour we see as similar in some respects to the way that the big tobacco companies exploited communities in the 1970s through their advertising – to seek appropriate legislative change to protect Victoria's most vulnerable communities from being further exploited by the big gaming operators trying to find new ways to grow their revenues.

To this end, we have just engaged Royce Communications – an experienced communications agency – to assist with the campaign. In October and November, we will be publicly highlighting these issues through traditional and social media platforms as well as directly lobbying local candidates and parties to support these important reforms.

Due to the strong support of Victorian councils in passing the attached motion at the MAV State Council, we would like to be able to claim the support of all Victorian councils on this issue as we believe that will send a powerful message to all state politicians and candidates. However, before doing that we want to notify all councils of this proposed approach to provide an opportunity for you to advise if your council objects to being associated with this sector-wide position.

Accordingly, could you please advise Emily Halliburton by email to [EmilyH@monash.vic.gov.au](mailto:EmilyH@monash.vic.gov.au) by close of business on Tuesday 30 September if you or your council DOES NOT want your council to be associated with this sector-wide position?

ATTACHMENT 2 Continued - Letter from the Mayor of Monash

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We will ensure that any council which does not support this campaign is not associated with it in any way. However, we are hopeful that your council will continue to see the importance of assisting these sector-wide efforts to achieve important reform in this area.

Please note, we are not seeking any financial or other contribution from your council. However, we will be writing to you again to provide opportunities for your council to use materials produced by the campaign in your local area to engage your communality groups, your local candidates and (if relevant) to use your social media and other networks to promote the campaign. Once the campaign begins in early October, we will be able to supply you with more detailed information about the rollout of the campaign and what your council can do to promote it.

Please feel free to contact me directly on 0411 645 281 or at [geoff.lake@monash.vic.gov.au](mailto:geoff.lake@monash.vic.gov.au) if you would like to discuss the campaign further.

Yours sincerely

GEOFF LAKE  
Mayor

*and on behalf of the following participating councils: City of Greater Dandenong, City of Port Phillip, City of Maribyrnong, City of Brimbank, City of Whitehorse, Shire of Whittlesea, Shire of Yarra Ranges, City of Moreland, City of Manningham, City of Moonee Valley, City of Maroondah, City of Stonnington*

Encl.

cc. Councillors, Melbourne City Council  
Chief Executive Officer, Melbourne City Council

ATTACHMENT 3: MAV Motion Re-Dressing the Burden: EGM Applications and System Reform



# FORM

MAV State Council Meeting – 16 May 2014

**RE-DRESSING THE BURDEN: ELECTRONIC GAMING MACHINE APPLICATIONS AND SYSTEM REFORM**

*Submitted by:* Monash City Council, following input from 33 representatives from 14 councils.

**MOTION:**

That the MAV advocate for systemic reform of Electronic Gaming Machine (EGM) regulation in Victoria in the lead up to the 2014 state election with a particular emphasis on achieving the following changes:

- 1. Timeframe for council responses:** the timeline for councils to respond to EGM applications needs to be extended from 60 days to not less than 120 days in order to provide councils with a more adequate period to consider and assess the social and economic impacts of an application.
- 2. Social and Economic Impact Assessment Form:** the form (which is sent to councils as the local authority) needs to be re-written, simplified and re-structured to focus on meaningful indicators that are relevant to assessing the likely impacts of gambling on individuals, families and communities within neighbourhoods. The balance of responsibility needs to be shifted from councils providing rigorous evidence of community impact to applicants providing compelling and conclusive evidence that there will not be a net detriment to the community with the introduction of additional EGMs into a locality or particular venue. Further, mechanisms need to be developed to ensure applicants are held to account for commitments made in their submissions over the medium to long term (for example, employment and economic stimulus undertakings).
- 3. Suburb and communities:** the Victorian Commission for Gambling and Liquor Regulation (VCGLR) should be required to consider the localised data, impacts and community views associated with a particular application not merely examining municipality-wide or suburb-wide data. A critical determining factor for approval should recognise the impact on localised disadvantaged pockets (commonly associated with public housing areas) surrounding a venue. A municipality-wide and suburb-wide analysis can often disguise or understate the real impacts on a local area.
- 4. The assessment of 'community benefit':** the way that 'community benefit' is currently assessed is flawed, vague, subjective and unfairly provides advantage to an applicant over a council or community opposed to an application. New guidelines need to be developed to provide an effective and commonsense definition of what constitutes a 'net benefit' or 'net detriment' in relation to an application and how this should be approached. For example, expanded floor space for a venue should not objectively be assessed as constituting such a benefit for the community that it outweighs the agreed economic loss that would be brought by EGMs into a disadvantaged area. The obvious value judgments implicit in such an approach (and as has been regularly applied by the VCGLR previously) is not consistent with an even playing field or with community expectations. There is also a critical need for the development of a transparent and accurate assessment model to gauge transferred and new expenditure. Such a model must clearly identify the economic impact and risks associated with applications for new or increase EGMs. The GEOTECH model, currently favoured in assessing EGM applications, is not transparent and does not meet the requirements.
- 5. Community Benefit Statement:** regulatory changes are required to the reporting requirements and the categories of the Annual Venue Community Benefit Statement to ensure that only benefits that demonstrate local community activity, purpose or approval are considered eligible for inclusion.
- 6. Community Support Fund:** The process for the allocation of funding through the Community Support Fund needs to be reviewed to ensure there is a transparent and targeted return of funding to the communities from where the losses occur.

**ATTACHMENT 3 Continued : MAV Motion Re-Dressing the Burden: EGM Applications and System Reform**



7. **\$1 bet limits:** A \$1 maximum bet limit with a maximum \$120.00 limit per hour should be phased in over a period of five years and commencing as soon as possible.

8. **Further reduction of EGM caps in disadvantaged areas:** Action is required to address the alarming increasing density and concentration of EGMs in disadvantaged communities. The current caps should be extended to limit the number of EGMs able to be located within a suburb or neighbourhood of below average SEIFA score so that the number of EGMs in these areas are equal to or less than the state-wide average of EGMs per 1,000 adult population. Further, and in relation to growth councils, there needs to be a commitment to a fixed and stable regional and metropolitan local government area cap. Growth Area Councils are vulnerable to a direct net increase in the number of gaming machines, as caps are determined on population. Growth Area Councils are experiencing rapid population growth and there lies the potential for increased EGMs, this leaves new and growing communities exposed to risk factors associated with gambling. An increase in population growth should not translate to a direct increase of EGMs. It is essential that the Victorian State Government involves the expertise and knowledge of Local Governments in determining a fixed cap to ensure the voice of the local community is heard.

**RATIONALE:**

This motion was developed collaboratively by representatives from 33 representatives from 14 councils, including mayors and councillors, at a specially convened forum held at Monash City Council on Wednesday 9 April, 2014.

The motion responds to the uneven playing field faced by councils and communities when it comes to the consideration of electronic gaming machines applications by the VCGLR.

While each council has their own experiences with the VCGLR, the recent frustration experienced by Monash with an applicant's successful EGM application before the VCLGR and VCAT prompted Monash to organise the forum to discuss a collective approach to seeking changes to the way that applications are considered.

In 2012 Monash commenced a protracted and expensive process of objection to an application from a Clayton gaming venue seeking to increase their EGM numbers by 25%. Monash was strong in its resolve to object to this application because this venue:

- is located in Monash's most disadvantaged suburb - Clayton (which has a SEIFA index rating of 971.8);
- has one of the highest average EGM expenditures in Monash of \$4.911 million (in 2012 – 2013), which equates to \$1,075 for every adult in Clayton - nearly twice the Victorian average of \$550 per adult; and
- is in a suburb with a very high density of EGMs per adult population, 11.6 per 1,000 adults which is nearly twice the Victorian average of 6.1 per 1,000 adults.

As the applicant's submission was approved at the VCGLR Monash resolved to take the matter to VCAT. VCAT approved the increase of the seven machines in August 2013 as it determined there was 'no net detriment' to the local community. Monash strongly disagrees with their reasoning that there was 'no net detriment' and believe that their approach taken to assessing net benefit or detriment was flimsy and flawed.

In the last year alone (Jan 2013 – Dec 2013), there have been 27 applications to the VCGLR to increase or install EGMs in various communities around Victoria. Of these, only two councils (City of Maribyrnong and City of Maroondah) have been successful in their objections. Between July 2007 and August 2012, there

**ATTACHMENT 3 Continued : MAV Motion Re-Dressing the Burden: EGM Applications and System Reform**



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were 106 applications for gaming machine approvals to VCGLR. Of these, 96 were approved and another three were approved in part. In the 50 cases where councils opposed the application, councils were successful in six cases. Considering the outcomes of these cases, it is obvious that councils have major challenges in responding to such applications. It is starkly obvious that the system is stacked heavily against councils and the communities we represent.

It is also worth noting that a number of councils have chosen not to lodge objections and/or appear at VCGLR hearings. This is due to the adversarial and expensive nature of the system and the growing evidence that councils are fighting an impossible and losing battle.

In 2013, Monash City Council commissioned landmark research: *Impacts of Problem Gambling in the City of Monash*. The key findings and recommendations of the research are groundbreaking and provide councils with a platform to respond to and prevent harm from gambling within the community.

The Monash research and the direct experience of councils responding to gaming applications supports the need to re-dress the burden placed on councils in responding to EGM applications.