

# Electronic Gaming Machine Policy

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## Preamble

- This policy has been developed to define Council's role, effort and investment in influencing policy, regulations and making local responses to issues related to gambling and gaming policy and support services. The focus of this policy is electronic gaming machines (EGMs)
- It is acknowledged that while Gaming is a legitimate and legal activity in Victoria, it can have serious detrimental implications for problem gamblers
- Development of a local planning policy and incorporation into the Planning Scheme, provides a strong and consistent base for decision making and approval of planning permits for the operation of EGMs in the municipality

## Policy objectives

The key strategic objectives of this policy are to:

- Set out Council's role and statutory responsibilities in relation to EGMs
- Focus effort on limiting or reducing the number or density of EGMs in areas of socio-economic disadvantage
- Focus effort on reducing the prevalence of gambling related harm in the community
- Articulate that this Electronic Gaming Machine Policy, the Bass Coast Shire Council Electronic Gaming Machine Policy – Background Report 2014 and community consultation reports will be included as reference at clause 21 and 52 of the Bass Coast Planning Scheme

## Policy statement

### Council's Role

Diagram One depicts the key areas in which Council can make decisions and influence the local Gaming industry and environment. Council has key roles in relation to Gaming within the municipality, primarily regulation, research, advocacy and information.

Diagram 1 – Key decision making areas within Council

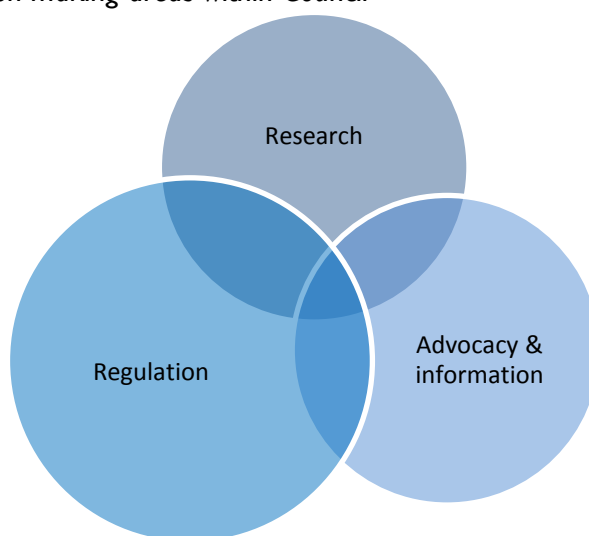


Table 1 - An explanation of activities that Council commits to are described below

| <b>Regulation</b>   | <b>Advocacy and inform in partnership</b>   | <b>Research and understanding</b>   |
|---|---|---|
| Council regulates land use planning and will add information about areas where EGMs may not be permitted within the local planning policy   | Council will advocate for funding and support services for people affected directly or indirectly by gambling (including but not limited to harm minimisation activities) | Council will, where appropriate, participate in local research and education programs related to EGMs, problem gambling, access to gambling and links between gambling and health and wellbeing impacts |
| Council is able to request supporting information as part of the planning application process including social and economic impact assessments where EGMs are involved (including EGM movement between locations) | Council will engage with state, regional and local partnerships/networks on EGM and gambling related issues   | Council will use evidence to support advocacy and decision making regarding EGMs in our community   |
| Council has land ownership and lease/license agreements – Council will not permit EGMs on Council owned/controlled land   | Council will work with local gaming venues on local policy, planning and guideline development to reduce the prevalence of gambling related harm in the community         | Council will continue to gather data and track local trends related to EGMs   |
| Council will consider requests from surrounding municipalities and provide Council’s position in relation to applications received in neighbouring municipalities   | Council will work with relevant agencies providing advocacy where specific groups are impacted by gaming/gambling   | Council will ensure impacts on public health and wellbeing inform policy and advocacy   |

|   |   |   |
|---|---|---|
| Council will discourage applications for expansion or new EGMs in areas of social and economic disadvantage | Council will provide a mechanism for gaining feedback from local residents, businesses and community groups on EGM related planning applications before Council | Council will conduct community surveys to understand community views, where there are proposed changes in the local system  |
|   | Council will keep the community informed on relevant issues related to EGMs   | Council will conduct social impact assessments to support an understanding of the impacts of any proposed change (e.g. requests for expansion of EGM numbers or movement of EGMs) |

**Additional documents**

- The Bass Coast Shire Council Electronic Gaming Machine Policy – Background Report 2014
- Council Plan 2013-17
- Municipal Public Health and Wellbeing Plan 2013-2017

**Reference to other documents**


- The key legislative provisions covering gaming and gaming conduct are the Victorian Gambling Regulation Act 2003, the Victorian Planning and Environment Act 1987 and the Public Health and Wellbeing Act 2008
- Bass Coast Planning Scheme

**Review process**

- This policy will be reviewed bi-annually to ensure it remains up to date with any legislative or operational changes in the sector

**Accountability process**

- The Community Strengthening Team in conjunction with the Sustainable Development and Growth Division is responsible for updating this policy

|  |                       |
|--|-----------------------|
| Adopted by Council at its meeting held on  | Date 18 November 2015 |
| Signed by the Mayor, Cr Jordan Crugnale<br> | Date 25 November 2015 |

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## Appendix one

Social, economic and health issues associated with gaming and the local area context.

### What is the local context?

Over the past five years, player losses on EGMs have been between \$15 and \$19.1 million dollars per year. The losses in Bass Coast over the past five years add to \$84.2 million dollars. The venues with the highest player losses on EGMs are based in Phillip Island (Cowes R.S.L.) and Wonthaggi (Wonthaggi Club).

Table 2 - Bass Coast Electronic Gaming Machine Venues

| Bass Coast Electronic Gaming Machine Venues | 2009-10 amount lost by players | 2010-11 amount lost by players | 2011-12 amount lost by players | 2012-13 amount lost by players | 2013-14 amount lost by players | 2014-15 amount lost by players |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Esplanade Hotel, Inverloch                  | \$1,407,704                    | \$1,909,878                    | \$1,848,548                    | \$126,677                      | \$0.00                         | \$0.00                         |
| Phillip Island RSL, Cowes                   | \$5,239,962                    | \$5,897,564                    | \$6,020,767                    | \$5,311,724                    | \$5,372,501                    | \$5,451,801                    |
| Phillip Island Golf Club                    | \$149,006                      | \$187,479                      | \$51,400                       | \$0.00                         | \$0.00                         | \$0.00                         |
| The Continental Hotel, Cowes                | \$0.00                         | \$0.00                         | \$0.00                         | \$88,047                       | \$647,788                      | \$726,583                      |
| Wonthaggi Club, Wonthaggi                   | \$4,482,268                    | \$5,675,966                    | \$5,825,147                    | \$5,054,801                    | \$5,032,701                    | \$5,272,167                    |
| Wonthaggi Golf Club, Wonthaggi              | \$615,867                      | \$565,174                      | \$523,703                      | \$409,135                      | \$362,213                      | \$446,603                      |
| Wonthaggi Workmen's Club, Wonthaggi         | \$4,706,029                    | \$4,790,518                    | \$4,864,765                    | \$4,121,189                    | \$3,672,167                    | \$3,954,811                    |
| Isle of Wight, Cowes                        | \$506,358                      | \$0.00                         | \$0.00                         | \$0.00                         | \$0.00                         | \$0.00                         |
| <b>TOTALS</b>                               | <b>\$17,107,196</b>            | <b>\$19,026,580</b>            | <b>\$19,134,332</b>            | <b>\$15,111,575</b>            | <b>\$15,087,371</b>            | <b>\$15,851,965</b>            |

Source - <http://www.vcglr.vic.gov.au/home/resources/data+and+research/data/>

**Note** - Construction of the desalination plant and water transfer pipeline commenced on 30 September 2009 and was completed in December 2012. Overall more than 10,500 people were employed as part of the direct construction workforce. Source - <http://www.aquasure.com.au/history>

There are currently 216 EGMs in operation in Bass Coast and 240 licences. State Government has imposed a regional cap of 216 machines. The cap is due to be reviewed in 2017.

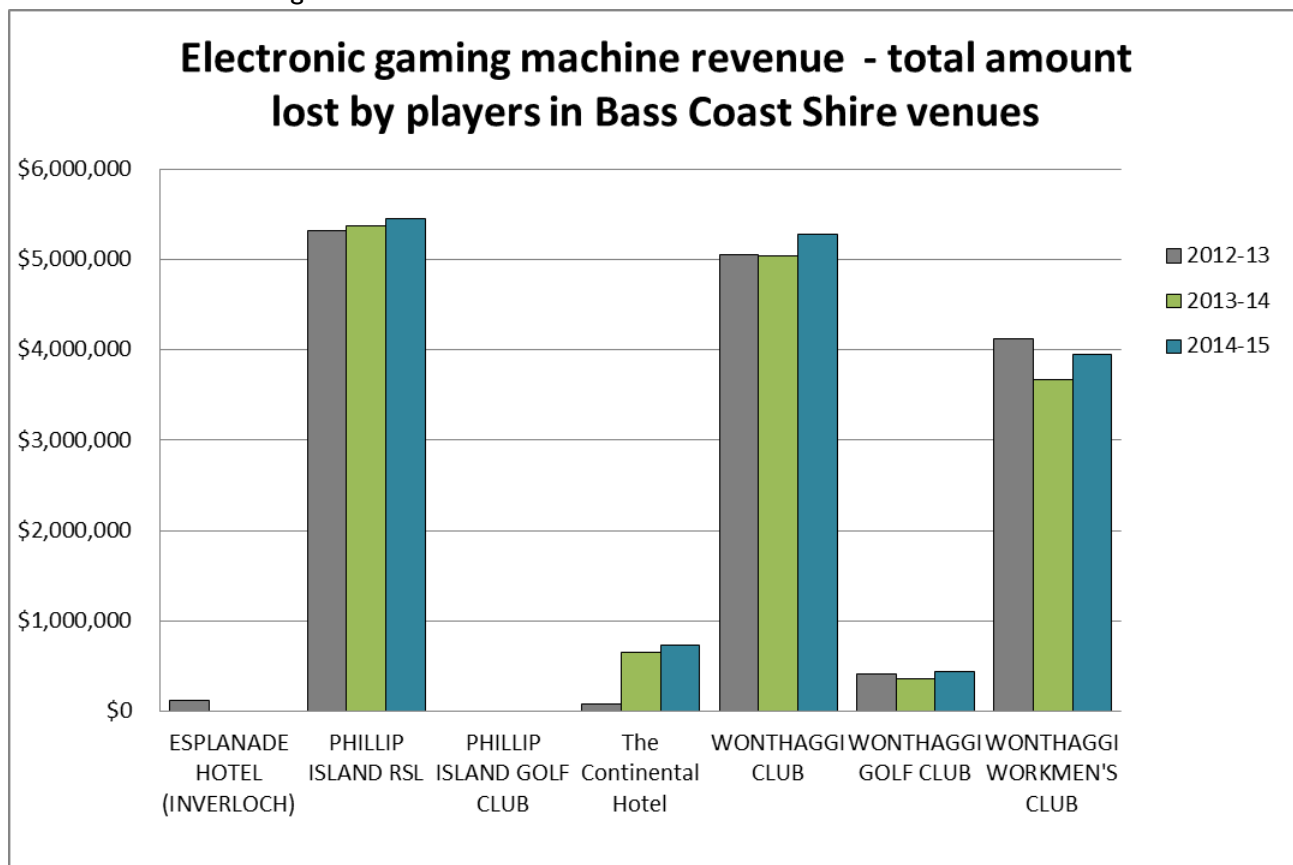
For every thousand adults in our municipality there are 8.3 EGMs. The state average is six per thousand (<http://www.vcglr.vic.gov.au/home/resources/data+and+research/data/>). The average loss per adult in Bass Coast was \$615 per year.

The Bass Coast Shire had a higher than average number of machines per 1000 adults and a higher spend per machine than the state average.

Bass Coast Shire ranked 16 out of 70 Council's in Victoria for the numbers of EGMs per 1000 for 2014-15. Expenditure per adult in 2014-15, ranked Bass Coast 39 highest of 70 local government areas in Victoria.

**What are the locations with the highest losses?**

Chart 1 - Electronic Gaming Machine revenue



Source: <http://www.vcglr.vic.gov.au/home/resources/data+and+research/data/>

The highest aggregate losses occur in clubs (rather than hotels) within the municipality. The clubs with the highest losses per annum are based in Phillip Island and Wonthaggi. They are also the clubs with the highest number of EGMs.

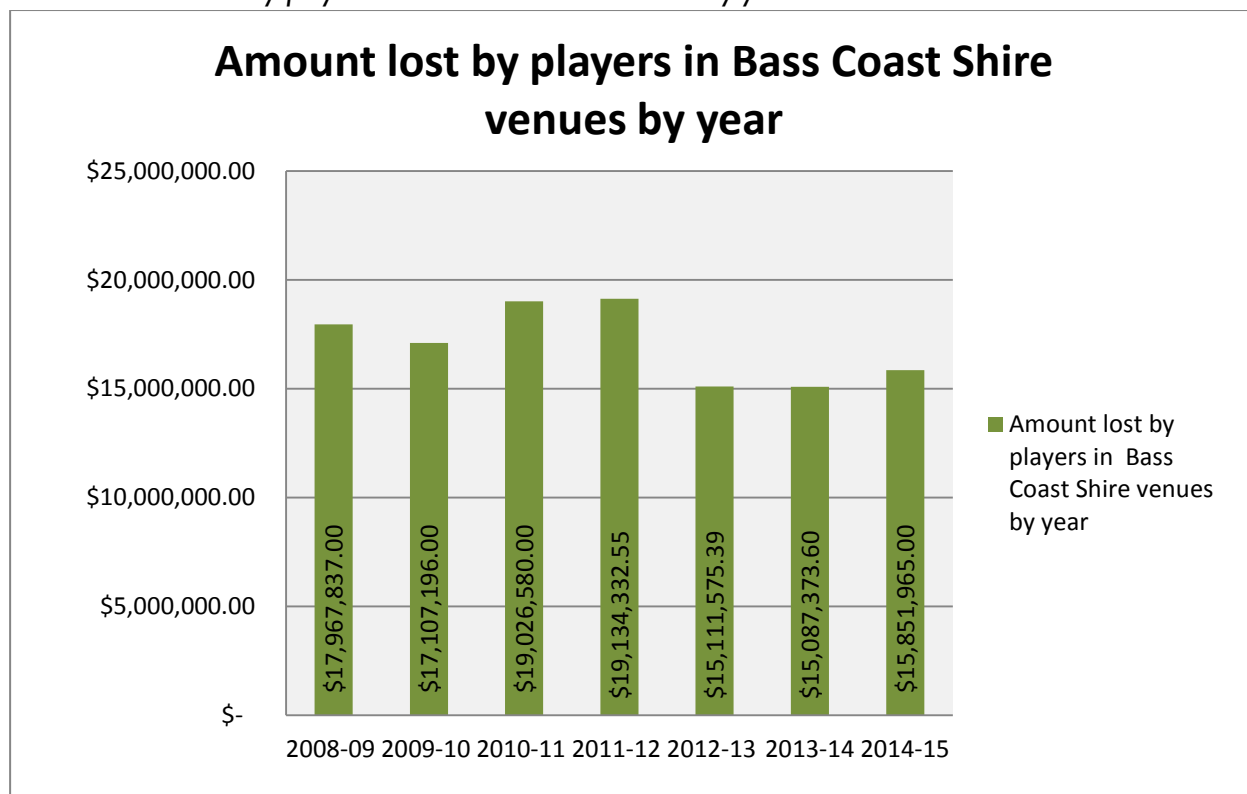
Table 3 - EMGs Licenses in Bass Coast Shire – as at July 2015

| <b>EGMs Licenses in Bass Coast Shire – as at July 2015</b> |           |               |                     |
|--|-----------|---------------|---------------------|
| Venue  | Town      | EGMs Licenses | EGMs (entitlements) |
| Esplanade Hotel Inverloch                                  | Inverloch | 17            | 0                   |
| Phillip Island RSL   | Cowes     | 58            | 58                  |
| The Continental Hotel                                      | Cowes     | 27            | 27                  |
| Wonthaggi Club   | Wonthaggi | 68            | 68                  |
| Wonthaggi Golf Club  | Wonthaggi | 15            | 15                  |
| Wonthaggi Workmen's Club                                   | Wonthaggi | 55            | 48                  |
| <b>TOTAL</b>   |           | <b>240</b>    | <b>216</b>          |

Source: <http://www.vcgr.vic.gov.au> accessed 19-12-14

**What are the annual losses in Bass Coast Shire?**

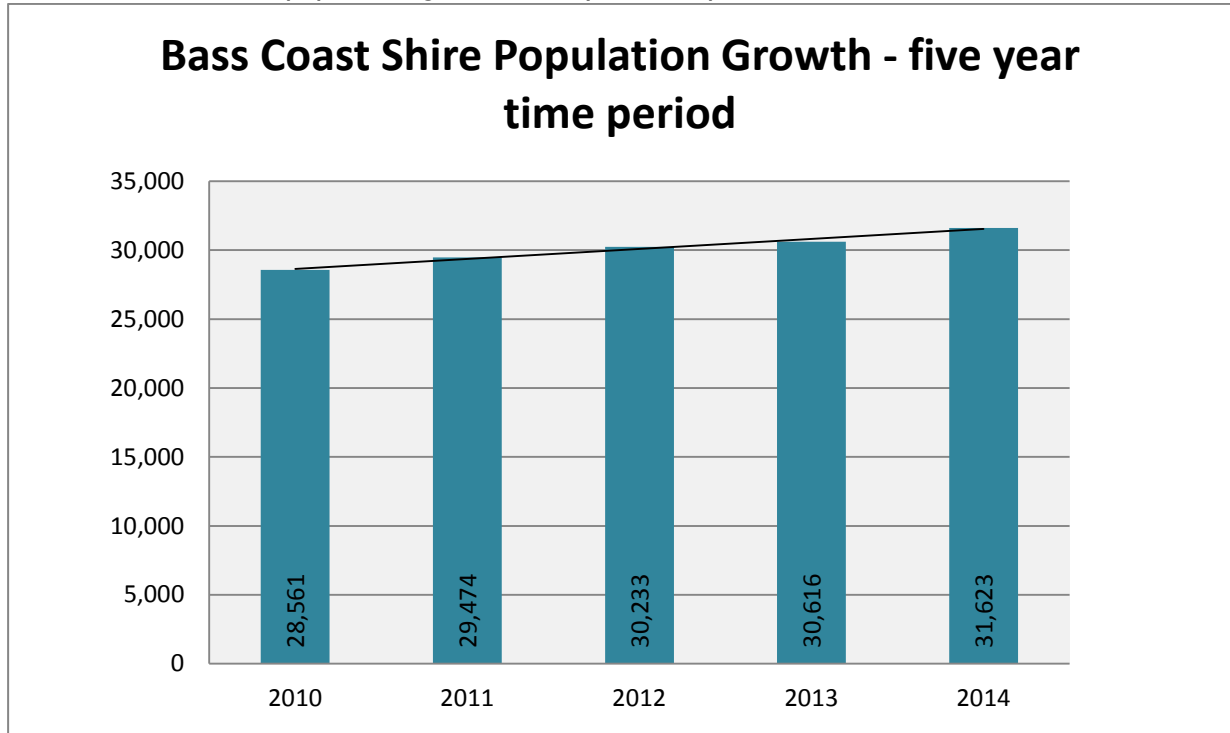
Chart 2 – Amount lost by players in Bass Coast Shire venues by year



Source - <http://www.vcgr.vic.gov.au> accessed 10-8-15

This graph indicates the trend in player losses over the past five years. The largest player losses were recorded in 2010-11 and 2011-12 when the Wonthaggi desalination plant was being constructed. There is no conclusive data to show that the increase was linked to this workforce at that time. The census data (collected in 2011) does not show a marked increase in resident population during that period as the 10,500 strong workforce employed at the desalination plant (<http://www.aquasure.com.au/history>) may not have been residents of Bass Coast in that period, but a transient workforce and as such are not captured in the resident data. In 2014-2015, compared to 2013-2014, there was an additional \$764,592 in player losses on EGMs. The losses may continue to increase with a growing resident population.

Chart 3- Bass Coast Shire population growth – five year time period



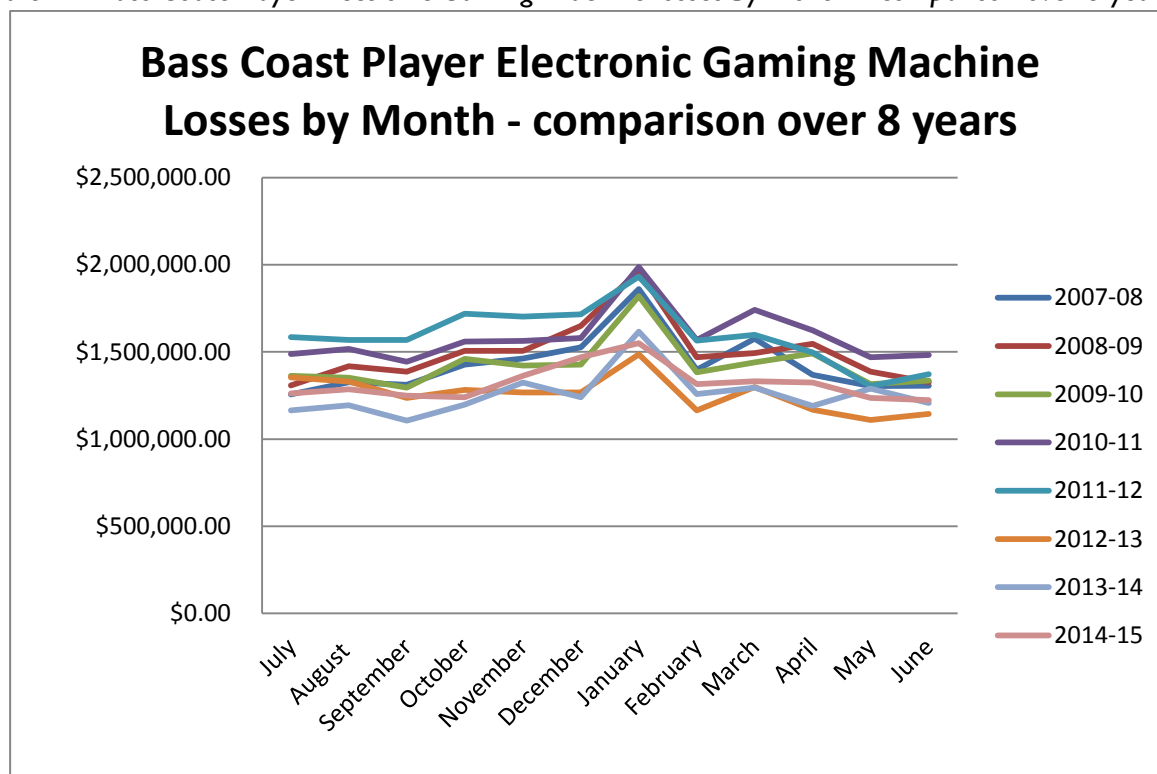
Source : Bass Coast Shire estimate resident population, accessed 10-8-15  
<http://profile.id.com.au/bass-coast/population-estimate>

**Do increased visitor numbers in holiday periods have an impact on the average losses?**

In 2015, Bass Coast Shire has an estimated population of 31,623 people, the region attracts over 3.4 million visitors each year (Council Plan 2013-17, Bass Coast). In peak holiday periods, the population can more than double. Peak holiday periods are over the summer holidays in January and in Easter, over March or April depending on when the Easter holiday falls.



Chart 4 – Bass Coast Player Electronic Gaming Machine losses by month – comparison over 8 years



Source - <http://www.vcglr.vic.gov.au/home/resources/data+and+research/historical+electronic+gaming+data> accessed 13-8-15

The graph above indicates that, on average, in the months of December, January and March there are higher player losses on EGMs. There appears to be a correlation between holiday periods and increased spending. In four of the five years the increased expenditure in March/April correlates with the Easter public holiday periods. Losses on EGMs trend upward in December each year and peak consistently each year in January. An increase in the tourist population around these periods may account for the increase in expenditure over these periods.

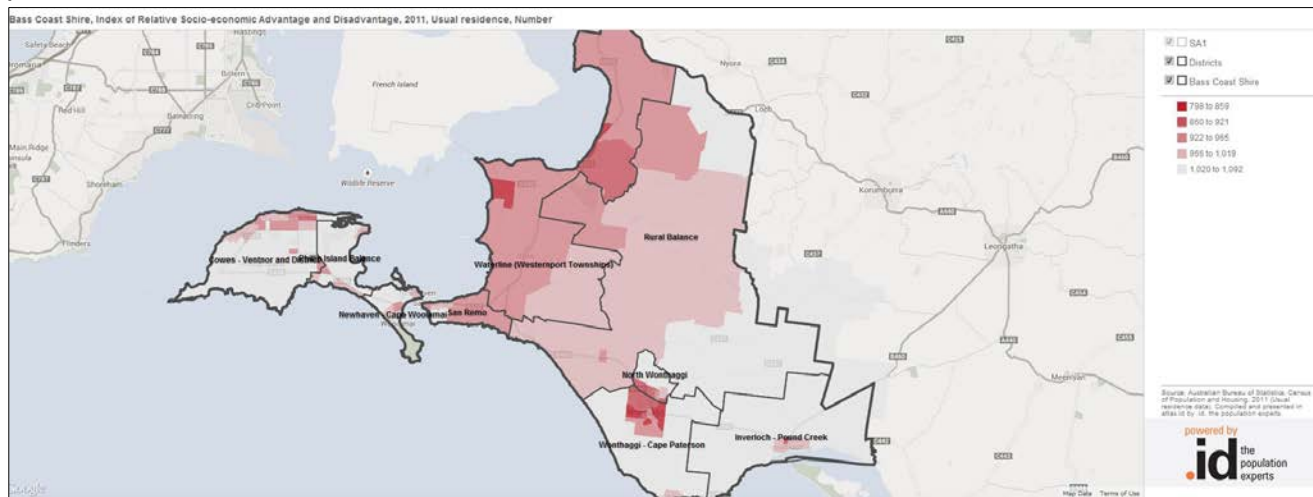
When the January peak losses are removed, it shows EGM losses to be fairly consistent throughout the year in Bass Coast. Losses were higher across each month in 2010-11 and 2011-12. Not including the January peak, average expenditure per month in Bass Coast across the five years is approx. \$1.46 million per month. Gambling losses can be attributed largely to our resident population, not visitors to the area.

### Socio-economic disadvantage

Bass Coast Shire would discourage increased numbers of EGMs or new EGMs in areas of socio-economic disadvantage. The map below is based on the SEIFA – Socio-economic index for areas, a measure provided by the Australian Bureau of Statistics. SEIFA uses a broad definition of relative socio-economic disadvantage in terms people's access to material and social resources, and their ability to participate in society. It includes information about educational attainment, income, unemployment, dwellings without motor vehicles, assets of households and occupational characteristics, (<http://www.abs.gov.au/ausstats/abs@.nsf/mf/2039.0>).

A consideration of Bass Coast's more vulnerable communities would be required as part of any application for EGMs through an applicant's social and economic assessment required as part of their application for movement of/or new EGMs.

Map 1



The index is derived from attributes that reflect disadvantage such as low income, low educational attainment, high unemployment, and jobs in relatively unskilled occupations, <http://profile.id.com.au/bass-coast/seifa-disadvantage> accessed 17-3-15.

## Appendix 2

### Problem Gambling

Gambling is a legal and legitimate activity within Victoria. There are a small but significant number of people who gamble regularly and are classified as problem gamblers.

Problem gambling is characterised by difficulties in limiting money and/or time spent on gambling, which leads to adverse consequences for the gambler, others or for the community (Gambling Research Australia as cited in Department of Justice 2006: 7).

The Victorian Responsible Gambling Foundation state that 91% of problem gamblers gambled using poker machines, *Gambling Information Resource Office* [www.responsiblegambling.vic.gov.au/giro](http://www.responsiblegambling.vic.gov.au/giro) accessed 14-1-14.

'People who have a problem with their gambling lose an average of \$21,000 a year. That's a third of the average annual salary,' <http://www.problemgambling.gov.au/impact/>. One in six people who play the pokies regularly has a serious addiction. These losses include funds that would otherwise be spent on paying bills, food, mortgage and holidays etc. Problem gamblers suffer mental and physical health problems, find it difficult to hold down a job, and struggle to maintain relationships. People with gambling problems are six times more likely than non-gamblers to get divorced. They are four times more likely to suffer from alcohol abuse. There is a 'ripple effect' from gambling that should be acknowledged; the effects not only impact the individual, but also families, businesses and wider community.

Gambling can also be an intergenerational issue. 'Children with parents who are problem gamblers are up to 10 times more likely to become problem gamblers themselves than children with non-gambling parents', (source: The Problem Gambling Treatment and Research Centre, *Children at risk of developing problem gambling*, May 2010), <http://www.problemgambling.gov.au/facts/>.

### Gender differences

Gambling rates for males and females remain very similar. It is known that males might gamble across a broader range of gambling forms including; sports, racing, casino tables games, and keno. Males are also more likely to experience gambling-related problems.

Women on the other hand are reluctant to gamble on activities that have predominantly male patrons. Also, women 'appear more likely to gamble to escape problems and for relaxation (a coping strategy), whereas men are more focused on finding strategies to win money'.

### Age

Older people aged 55 and over, are less likely to gamble and to experience gambling-related problems as compared with younger age groups. The 18-24 year old age group is most likely to experience problems with gambling, '*Analysis of Research into the Impacts of Problem Gambling*' at <http://www.gamblingresearch.org.au/resources> accessed.

## Appendix 3

### Key Victorian Gambling Authorities

- Victorian Commission for Gambling and Liquor Regulation
- Office of Liquor, Gaming and Racing (within the Department of Justice and Regulation)
- Victorian Responsible Gambling Foundation

## Appendix 4

### Community Benefit Contributions

Community benefit contributions (CBCs) are only required to be provided by clubs as they receive a more preferential tax benefit than hotels.

The venues who provide CBCs in the Bass Coast area are the Phillip Island RSL, Wonthaggi Club, Wonthaggi Golf Club and Wonthaggi Workmen's Club. They are required to provide 8.33% of their gaming revenue to 'community purposes or activities'.

The latest data for 2013-14 indicates that 27.83% of net gaming revenue (EGMS only) was claimed for community purposes. In 2013-14 for Bass Coast this equated to \$4,018,954, (<http://assets.justice.vic.gov.au/vcglr/resources/c7b92e01-987b-4def-8d6b-7cb2d4208bec/2013-2014-combined-cbs-27oct2014.pdf>).

Table 4 indicates the contribution amounts and classes they were attributed to in 2013-14.

Table 4 – Contribution amounts and classes 2013-14

(Note: 2014-2015 statements not available as at November 2015)

|   |                    |
|---|--------------------|
| <b>CLASS A</b>  |                    |
| (a) Donations, gifts and sponsorships (including cash, goods and services)  | \$342,799          |
| (b) Cost of providing and maintaining sporting activities for use by club members   | \$0                |
| (c) Cost of any subsidy for the provision of goods and services but excluding alcohol   | \$449,562          |
| (d) Voluntary services provided by members and/or staff of the club to another person in the community                                    | \$117,841          |
| (e) Advice, support and services provided by the RSL (Victorian Branch) to ex-service personnel, their carers and families                | \$2,645            |
| <b>CLASS A - TOTAL</b>  | <b>\$912,547</b>   |
|   |                    |
| <b>CLASS B</b>  |                    |
| (a) Capital expenditure   | \$12,395           |
| (b) Financing Costs (including principal and interest)  | \$140,761          |
| (c) Retained earnings accumulated during the year   | \$75,376           |
| (d) Provision of buildings, plant and equipment over \$10,000 per item excluding gaming equipment or the gaming machine area of the venue | \$35,974           |
| (e) Operating costs   | \$2,837,158        |
| <b>CLASS B - TOTAL</b>  | <b>\$3,101,664</b> |

|   |                    |
|---|--------------------|
|   |                    |
| <b>CLASS C</b>  |                    |
| (a) Provision of responsible gambling measures and activities but excluding those required by law | \$320              |
| (b) Reimbursement of expenses reasonably incurred by volunteers                                   | \$1,597            |
| (c) Contribution benefit statement (CBS) preparation and auditing expenses                        | \$2,826            |
| <b>CLASS C - TOTAL</b>  | <b>\$4,743</b>     |
| <b>CBS TOTAL (CLASS A + B + C)</b>  | <b>\$4,018,954</b> |

Source - <http://assets.justice.vic.gov.au/vcglr/resources/c7b92e01-987b-4def-8d6b-7cb2d4208bec/2013-2014-combined-cbs-27oct2014.pdf> Accessed 23-12-14