

For a long time the City of Whittlesea has been working hard to minimise the devastating harm that poker machine gambling has on our community, especially disadvantaged communities. We are a lead partner of the *Alliance for Gambling Reform* and support the *Pokies Play You* campaign.

Commitments sought

We ask that the State Government take a long-term and public health approach to poker machine regulation through:

1. Policies which actively manage annual losses to below \$2 billion a year from the current level of \$2.6 billion.
2. Poker machine redesign to reduce the harmful, misleading, deceptive and addictive nature of the machines:
 - a. \$1 maximum bets per spin with maximum \$120 losses per hour as recommended by the Productivity Commission.
 - b. Address losses disguised as wins and fake 'near misses'
 - c. Reduce spin rates
3. A reduction in the operating hours of pokies venues from the current level of 20 hours a day.
4. Specific provisions regarding gambling venues in greenfield areas and in the preparation of Precinct Structure Plans, to ensure that gaming venues are not the first and /or only recreational/ entertainment venue in a newly developed estate.
5. A review of the criteria for the distribution of poker machines to minimise harm from gambling in growth areas in alignment with the intention of 'caps' to protect communities that are most vulnerable to the harmful effects of gambling .
6. Amending the *Gambling Regulation Act 2003* (Vic)
 - Remove 'fostering competition' as a reason for more machines and require the VCGLR to judge that an area already has enough EGMs (Section 3.1.1)
 - Allow the Commission enough time to make the right decision (Section 3.3.8)
 - Allow councils enough time to develop comprehensive submissions (Section 3.3.6)
 - A stronger requirement for the Commission to take council submissions into account (Section 3.3.7(3))
 - Make the applicant meet social and economic impact tests (Section 3.3.7(1))
 - Only grant applications that benefit the community (Section 3.3.7(1)(c)).

Strong evidence base for reform

In a comprehensive 2012 report, the Victorian Competition and Efficiency Commission estimated that the social and economic costs of problem gambling in Victoria in the 2011/12 financial year were between \$1.5 billion and \$2.8 billion. Council is concerned these costs are experienced disproportionately by individuals, their families and local communities in less advantaged areas such as the City of Whittlesea. Our proposed reforms are practical and evidence based. Many are based on recommendations of the Australian Productivity Commission.¹

Poker machines cost our community

Our municipality is ranked the 7th highest among Victorian local government areas for poker machine losses.

- **\$109.5 million** was lost to poker machines **in 2017/18** in the City of Whittlesea.²
- **\$299,940** was lost to poker machines **each day in 2017/18** in the City of Whittlesea.²

No responsible authority should think such losses are acceptable.

Shopping centres are for shopping, not gambling

The highest gambling losses in Victoria occur in venues that are located in or very close to major urban shopping centres. We have three of Victoria's top 10 venues for poker machine losses with the Epping Plaza Hotel being the only venue in the state to collect more than \$20 million in losses²:



Poker machines are misleading

- **Loaded dice:** Today's computer programmed poker machines are designed to make it appear that 'near misses' occur more frequently than they do. Near misses are designed to give users the impression that they almost won, when in reality they are no closer to a win than any other push of a button. This feature is designed to give users the false hope that if they keep gambling, they are more likely to win.³
- **Losses designed as wins:** A gambler placing a \$1 bet may get a match of symbols and be told that they have 'won' \$0.20, with lights flashing and applause ringing out from the machine. In fact, they have lost \$0.80. The visual and audio reinforcement triggers chemical reactions in the brain which keep people playing.⁴
- **Continuous gambling:** In other forms of gambling people have to wait at least a few minutes for the horse race to finish or the roulette wheel to stop spinning. On poker machines, people can place a bet every few seconds. For example, a \$10 bet on the Melbourne cup means someone could lose \$10 on cup day. Placing \$10 bets on poker machines results in average losses of \$1200 an hour.⁵

Poker machine harms and our high rates of family violence

- **Problem gambling is linked to family violence:** Recent Australian research indicates that people who have significant problems with their gambling are more likely than people without gambling problems to be victims or perpetrators of family violence.⁶
- **We have very high rates of family violence:** The City of Whittlesea has one of the highest rates of family violence in Metropolitan Melbourne (1,452 per 100,000 of population, compared to Victoria 1,242).⁷
- **Victims of family violence deserve protection:** There is no excuse for family violence. All available measures should be taken to prevent family violence and to help women and children at risk of or experiencing family violence. This includes long-term prevention strategies based on a framework that recognises the social determinants of health and how they relate to problem gambling and family violence.⁸ Measures to reduce the harms caused by poker machines are important elements of such a framework.

Our most vulnerable communities are exploited

- **Victoria's least affluent suburbs lose six times more to poker machines than the most affluent postcodes**
Gambling operators clearly exploit communities that are already highly stressed and that can least afford the additional problems poker machines create.⁹ The City of Whittlesea is home to some of Australia's most disadvantaged suburbs such as Thomastown and Lalor.¹⁰ Fourteen per cent of our households are experiencing mortgage stress¹¹ and 32 per cent are experiencing rental stress,¹² rates that are significantly higher than for Greater Melbourne (11 per cent and 27 per cent respectively). Our high levels of disadvantage and financial stress leaves our community highly vulnerable to being targeted by poker machine operators.
- **Harm occurs in both our established and growth communities**
Our local research suggests that residents in both established areas and new estates are equally vulnerable to financial pressures due to predominantly low incomes in established areas and high debt levels and transport costs in newer areas. The burden on our community of additional gaming machines has significant negative impacts.

Recent poker machine increases will only increase harm

Our population is expected to grow from 223,566 in 2018 to 382,896 by 2041 (a 71 per cent increase).¹³ The Victorian Government recently moved to permit a 25 per cent increase in poker machines to reflect population growth in the northern growth areas of our municipality.¹⁴ This increase has not considered the circumstances of residents in new communities who are often geographically isolated and have severely limited access to local leisure and recreation facilities. This leaves new and rapidly growing communities vulnerable to risk factors associated with gambling. This remains a key area of concern for the City of Whittlesea in our planning and delivery of new communities. Should poker machine numbers continue to be increased according to population growth, we will see an explosion of gambling related harm beyond existing levels.

Australia has the world's highest gambling losses

Our dangerous and harmful pokie machines have resulted in Australia having the highest gambling losses per resident in the world.¹⁵ In 2016, Australia's gambling losses were almost \$1,000 per resident which was around double the rate of other western countries.¹⁵ The overwhelming majority of losses in Australia and Victoria are due to electronic gaming machines.^{15, 16}



Source: The Economist 2018, citing research by H2 Gambling Capital (H2G), <https://www.economist.com/graphic-detail/2017/02/09/the-worlds-biggest-gamblers>, accessed July 2018.

In 2016-17, Victorian based gambling companies collected \$2.61 billion from electronic gaming machines in hotels and clubs, which is substantially more than any other gambling source (i.e. wagering online and face-to-face, Melbourne Casino, Lotteries and Keno).¹⁶

Player losses collected from Victorian Registered Gambling Companies 2016-2017

| Source | Player loss - \$m | % of total losses |
|---|-------------------|-------------------|
| Electronic gaming machines in hotels and clubs | 2,609.5 | 47.3% |
| Melbourne Casino - gaming machines and table games | 1,556.3 | 28.2% |
| Wagering including online and face-to-face – racing (totalisator), football, track-side and sports betting | 830.6 | 15.0% |
| Lotteries (Victorian only) | 501.7 | 9.1% |
| Keno | 23.4 | 0.4% |
| Total | 5,521.49 | 100.0% |

A public health approach should be taken to poker machine reform

- **The focus on individual responsibility is failing**

The majority of gambling related regulations and policies focus on individual responsibility rather than industry regulation. This approach has failed to protect those most vulnerable to the harmful effects of gaming and is compounded by the location and density of gaming venues in areas of social and economic disadvantage. Losses are coming from communities that can least afford it. An approach that focusses on individuals and ‘problem gamblers’ fails to recognise that gaming machines as a product are harmful and misleading and need reform - along with the legislative framework around which they operate. The biggest impact that can be made on reducing the harm from gambling is legislative reform – not more programs aimed at ‘problem gamblers.’

- **A public health approach must be taken**

The health and wellbeing of Victorians must be put first and this can only be achieved through a comprehensive public health approach. Significant social outcomes in Australia are due to public health based regulatory reforms and policies, including for example, our successful outcomes in reducing smoking rates and road safety initiatives. A similar public health approach should be taken on gambling.

- **Proposed regulatory changes currently before Parliament**

- With the Gambling Regulation Amendment (Gaming Machine Arrangements) Bill 2017 currently working its way through the Victorian Parliament, the expiry of the existing 27,500 pokies entitlements in August 2022 represents a once in a generation opportunity to reduce poker machine losses and the incidence of family violence and other public health harms that flow from pokies in Victoria.
- If passed the Bill in its current form would lock in poker machine numbers for another 20 years and club venue operators would have their maximum machine caps increased from 420 to 840. This approach will not minimise the harm pokies cause to our society.
- The proposal will lock in pokies until 2042, which will see Victorians lose an estimated \$70 billion on the pokies over the next in 25 years.
- Currently, patrons in gaming venues can take out \$200 cash. The Bill seeks to increase this amount to \$500. The public health evidence supports a \$200 limit on cash withdrawals, so retaining this limit would have beneficial outcomes.

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Updated July 2018

¹ Whittlesea Interagency Taskforce on Gambling (June 2014) *safer gambling, healthier communities, A call to action for gambling reform*.

² Victorian Commission for Gambling and Liquor Reform, *Expenditure on Electronic Gaming Machines by Local Government Area and Venue, City of Whittlesea data*. <https://www.vcglr.vic.gov.au/resources/data-and-research> [accessed July 2018].

³ Alliance for Gambling Reform, *The Pokies Play You, Fact Sheet #1: Designed to Addict*. Available: http://www.pokiesplayyou.org.au/Designed_to_addict [accessed October 2017].

⁴ Alliance for Gambling Reform, *The Pokies Play You, Fact Sheet #1: Designed to Addict*. Available: http://www.pokiesplayyou.org.au/Designed_to_addict [accessed October 2017].

⁵ Alliance for Gambling Reform, *The Pokies Play You, Fact Sheet #1: Designed to Addict*. Available: http://www.pokiesplayyou.org.au/Designed_to_addict [accessed October 2017].

⁶ Dowling, N. (2014). *The impact of gambling problems on families*. AGRC Discussion Paper No. 1 – November 2014, retrieved from <https://www3.aifs.gov.au/agrc/publications/impact-gambling-problems-families/what-are-impacts-gambling-problems-families> [accessed October 2017].

⁷ Crime Statistics Agency Victoria (2018), *Number and Rate per 100,000 population of family incidents by Local Government Area July 2016 to June 2017*. <https://www.crimestatistics.vic.gov.au/family-violence-data-portal/family-violence-data-dashboard/victoria-police>. Data extracted July 2018 and is subject to change.

⁸ Women’s Health in the North and Women’s Health East (2015) *Gambling and Family Violence Fact Sheet: For practitioners and advocates*, citing Kalischuk, Nowatzki, Cardwell, Klein & Solowoniuk 2006.

⁹ Alliance for Gambling Reform, *The Pokies Play You, Fact Sheet #2: The Damage Done*. Available:

http://www.pokiesplayyou.org.au/the_damage_done [accessed October 2017].

¹⁰ Atlas id (2018), City of Whittlesea, SEIFA 2016 – disadvantage by small area. Available: <http://profile.id.com.au/whittlesea/seifa-disadvantage-small-area> [accessed October 2017].

¹¹ atlas id (2018). *City of Whittlesea Mortgage Stress 2016*. Available: www.altas.id.com.au/whittlesea [accessed July 2018].

¹² atlas id (2018). *City of Whittlesea Rental Stress 2016*. Available: www.altas.id.com.au/whittlesea [accessed July 2018].

¹³ forecast.id (2018), *City of Whittlesea Population Forecast*. Available: www.forecast.id.com.au/whittlesea [accessed July 2018].

¹⁴ Victoria Government Gazette, S 318, 20 September 2017.

¹⁵ The Economist, 2018, *The world's biggest gamblers*, citing research by H2 Gambling Capital (H2G),

<https://www.economist.com/graphic-detail/2017/02/09/the-worlds-biggest-gamblers>, [accessed July 2018].

¹⁶ Victorian Commission for Liquor and Gambling Regulation (VCGLR), 2018, Annual Report 2016-2017 p.46, Victorian Gambling Player Losses 2016-17, https://www.vcglr.vic.gov.au/sites/default/files/VCGLR_Annual_Report_2016-17.pdf, [accessed July 2018].