Wyndham City Response to:

Gaming Machine Harm Minimisation Measures Consultation Paper

16th January 2017
Executive Summary

Wyndham is one of the fastest growing municipalities in Victoria and Australia with strong population growth forecast to continue. Some communities in Wyndham experience high levels of socio-economic disadvantage, and research such as the Study of Gambling and Health in Victoria (Hare 2015) shows gaming losses per adult are strongly correlated in communities experiencing these levels of disadvantage.

Gambling through Electronic Gaming Machines (EGMs) is prevalent in Wyndham with a higher number of EGMs per 1,000 adults than Victoria as a whole. Losses per adult in 2015/16 were higher in Wyndham than the Victorian average losses, and were increasing at a faster rate.

To reduce the significant harm to our community, the following harm minimisation measures must be considered:

- Replacing the current $200 per EFTPOS transaction limit to a personal daily limit of $200 in gaming venues as this measure would have significant positive effect on those with gambling problems.
- EFT payment with a minimum 24hour delay is the preferred method of payment as this would be in line with the intention of the original legislation, that large winnings not be immediately available.
- Cashless gaming and ‘Ticket-in Ticket-out’ should not be legalised in the absence of mandatory pre-commitment. There is a strong body of evidence demonstrating that those who use machines and experience gambling problems lose track of the monetary component of their gambling while playing the machines.
- The Victorian Responsible Gambling Foundation should be the organisation responsible for the training, monitoring of venues as well as writing a code of conduct
- The establishment of a Gambling and Liquor Ombudsman.

Key concerns with regards to EGMs located in Wyndham City are as follows:

- Growth in population should not automatically lead to an increase in the number of EGMs.
- The inequitable spread of EGMs within the Melbourne metropolitan area, where a significantly larger proportion of machines correspond to areas experiencing high levels of social and economic disadvantage.
- EGM gambling remains the primary source of harm from gambling.

This is an issue of growing significance as indicated by the recent Study of Gambling and Health in Victoria (Hare 2015) confirms that while fewer Victorians are playing EGMs, the losses are not declining. This suggests that the harms caused by EGMs are more concentrated among a smaller group of people who are gambling more intensively than before.

To ensure that we are best placed to respond to the aforementioned concerns Wyndham City is currently in the process of reviewing its Responsible Gambling Strategy 2012-14. The new and revised Gambling Policy position shall be adopted by Council by the end of 2017.
About Wyndham

The City of Wyndham is located on the western edge of metropolitan Melbourne, between the metropolitan area and Geelong. Wyndham covers an area of 542km² and features 27.4 km of coastline bordering Port Phillip to the east.

Wyndham is the second fastest growing municipality in Victoria. As a designated growth area, the municipality is anticipated to experience significant residential growth over the next twenty years. The current population of the City is forecast at 213,911 (as at June 2016), with a projected population of 424,476 in 2036. Between 2015 and 2016 there were on average an additional 194 new residents per week living in Wyndham, as result of births and net migration; in total the population grew by approximately 10,072 persons last year, which was the largest increase in Victoria and the second largest in Australia (behind Brisbane City). This level of annual growth is forecast to continue, and between 2031 and 2036 it is expected that approx. 9,100 additional people will be living in Wyndham each year.

Socio-economic conditions in Wyndham vary across the municipality; the older areas of Wyndham, such as Werribee and Hoppers Crossing, contain areas with very low SEIFA Index of Relative Social Disadvantage (IRSD) scores and some of the newer, growth suburbs such as Williams Landing and Point Cook have medium - high levels of SEIFA IRSD scores. Cultural diversity is high in Wyndham and is growing; a large proportion of the population is born overseas (40% in 2015) and speak another language other than English at home (35% in 2015).

There are concerning indicators that some of the Wyndham population is not faring well socio-economically; unemployment is higher than Greater Melbourne and Victoria and there are high levels of rental evictions and mortgage delinquency, and as well as growing levels of family violence. Recent research shows that harm caused by gambling is disproportionately concentrated among Victorians who are experiencing multiple disadvantages. This harm was assessed to be above that of diabetes or arthritis, and equivalent to two thirds of the harm caused by depression. EGM gambling remains the primary source of harm from gambling with referrals to Gamblers Help Services indicating that 75 -80% of clients use EGMs are their primary means of gambling in Victoria.

Currently in Wyndham there are 891 EGMs across 13 venues, equating to 5.68 machines per 1,000 adults which is higher than the Victorian and Melbourne Metro average of 5.3 machines per 1,000 adults. Wyndham is an ‘uncapped’ Local Government Area and as such the higher State Government cap of 10 machines per 1,000 adults applies. This places a ceiling of 952 machines in Wyndham.

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1 Australian Bureau of Statistics 2016, Regional Population Growth 2014-15
4 Ibid
6 ID Consulting, City of Wyndham Economic Profile, Unemployment, September 2016
7 Wyndham City Council 2016, Housing Stress and Homelessness Profile
8 Crime Statistics Agency 2016, Family Incidents Data Tables
Based on figures from Victorian Commission for Gambling & Liquor Regulation (VCGLR) for 2015-2016, Wyndham is ranked 8 of 70 LGAs for EGM losses in Victoria, with an average loss of $621 per adult which is above the Victorian and Melbourne Metro average of $576 per adult. The VCGLR figures also show that gambling losses by Wyndham adults are increasing at a far faster rate than Victoria (3.1% to 0.3%, adjusted for inflation).\(^{12}\)

Table 1 compares Wyndham against neighbouring municipalities of Brimbank, Melton, Maribyrnong and Hobsons Bay, in losses per year and State ranking against the 70 local government areas that have EGMs.

### Table 1: EGM Gambling Measures for West Metro Melbourne 2015-2016

<table>
<thead>
<tr>
<th>LGA</th>
<th>Number of gaming venues</th>
<th>Number of EGMs</th>
<th>Machines per 1,000 Adults</th>
<th>Losses in 2015-2016</th>
<th>Losses per capita</th>
<th>Losses by State ranking (against 70 LGAs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brimbank</td>
<td>15</td>
<td>939</td>
<td>5.9</td>
<td>$143,045,743</td>
<td>$905 per adult</td>
<td>1</td>
</tr>
<tr>
<td>Wyndham</td>
<td>13</td>
<td>891</td>
<td>5.7</td>
<td>$97,384,532</td>
<td>$621 per adult</td>
<td>8</td>
</tr>
<tr>
<td>Melton</td>
<td>7</td>
<td>503</td>
<td>5.0</td>
<td>$60,035,038</td>
<td>$601 per adult</td>
<td>19</td>
</tr>
<tr>
<td>Maribyrnong</td>
<td>9</td>
<td>440</td>
<td>6.4</td>
<td>$53,735,025</td>
<td>$782 per adult</td>
<td>23</td>
</tr>
<tr>
<td>Hobsons Bay</td>
<td>10</td>
<td>577</td>
<td>7.8</td>
<td>$46,829,609</td>
<td>$633 per adult</td>
<td>26</td>
</tr>
</tbody>
</table>

*Source: the Victorian Commission for Gambling and Liquor Regulation.*

**Question 1:** Is the current $200 per EFTPOS transaction limit appropriate? If not, what other regulatory measures would support the objectives of the Act?

It is the view of Wyndham City that the current $200 per EFTPOS transaction limit should be replaced with an enforceable personal daily limit of $200 in a gaming venue. This would affect very few casual gamblers, but would have significant positive effects on those with gambling problems.

**Evidence:** this position is strongly supported by findings from Hare, S. (2015)\(^ {13}\) which found that:

Problem gamblers reported accessing EFTPOS a significantly greater number of times for each gambling session (Mean=3.46 times per session) compared to non-problem gamblers (Mean=0.14 times) (t=3.85, p<.001). The same trend also applied to moderate risk gamblers (Mean=1.55 times) (t=4.63, p<.001), although the difference was not significant for low risk gamblers (Mean=0.98 times). In addition, results showed that, compared to non-problem gamblers, moderate risk (OR=13.02, p<.05) and problem gamblers (OR=34.95, p<.001) were significantly more likely to make EFTPOS withdrawals four times or more per session.


\(^{13}\) Hare, S. (2015) *Study of Gambling and Health in Victoria, Victoria, Australia: Victorian Responsible Gambling Foundation and Victorian Department of Justice and Regulation*
A very similar overall trend was observed for the mean amount of money withdrawn from EFTPOS (Figure 22 in the research). Problem gamblers withdrew a significantly larger amount of money per gambling session (Mean=$317.93) compared to non-problem gamblers (Mean=$65.56) (t=5.95, p<.001), as did moderate risk gamblers (Mean=$130.12) (t=3.69, p<.001). There was no difference between low risk and non-problem gamblers. Findings also showed that, relative to non-gamblers, problem gamblers were the only risk category significantly more likely to withdraw from EFTPOS over $200 per gambling session (OR=13.26, p<.05).

**Combined response for Questions 2, 3 and 4:**

**Question 2:** Is the current $1,000 threshold for the payment of winnings by cheque appropriate? If not, what should be the limit and why?

**Question 3:** Should payment by EFT be permitted in addition to, or as a replacement for, payment by cheque?

**Question 4:** Are there other payment methods that should be considered for the payment of credits / winnings?

It is our view that the current $1000 threshold for payment of winnings by cheque should be replaced with an option for electronic transfer (using EFTPOS, bank deposit or other electronic deposit). There should also be a 24 hour delay, so that the payment is processed the following day. This is consistent with the original legislation – that large winnings are not immediately available for further gambling (a behaviour which indicates a gambling problem).

**Question 5:** Should venue operators be able to exchange personal cheques for cash?

It is Wyndham City’s view that venues should not be able to exchange personal cheques for cash. This practice allows cheques issued as winnings in one venue to be exchanged at another, and encourages the checking of large amounts rather than small and discretionary recreational gambling. In addition, other businesses (such as loan providers, pawn shops, and banks) should be prohibited from cashing these cheques on the same day as they were issued. These businesses should also be prohibited from advertising the cashing of cheques by gamblers.

**Question 6:** If cashless gaming and or TITO is introduced, how should they be regulated so that they are consistent with other measures that limit access to cash? What harm minimisation measures should apply?

Cashless gambling and Ticket-in Ticket-out (TITO) should not be legalised in the absence of mandatory pre-commitment.

There is already a strong body of research demonstrating that those who use EGMs and experience problems lose track of the monetary component of their gambling while using machines. Further removal of tangible monetary indicators would intensify this problem and directly enhance addiction.
Evidence: this position is strongly supported by findings from Hare, S. (2015)\textsuperscript{14} which found that:

A range of studies have established that many gamblers will lose track of both money and time during gambling and are frequently unaware of whether they are ahead or behind in play (e.g., McDonnell-Phillips, 2006; Nower and Blaszczynski, 2010). For this reason, the study examined how often gaming machine players lost track of both money and time during play in the past 12 months. This was also measured in 2014 to permit a baseline for future follow-up after implementation of pre-commitment in Victoria (on December 1, 2015). Results are in Figure 23 and Figure 24 (in the research). Consistent with findings of past studies (e.g., McDonnell-Phillips, 2006), compared to non-problem gamblers, all at risk categories were significantly more likely to lose track of both money and time during gambling (Problem gamblers – Money $t=11.38, p<.001$).\textsuperscript{15}

Question 7: What opportunities are there to improve the way codes operate in Victoria?

Current codes are a weak form of self-regulation, and are not enforced in any meaningful sense. The Victorian Responsible Gambling Foundation should be asked to write a code of conduct.

The Foundation has recently released a best practice guide which provides a comprehensive set of indicators which venue operators and staff should be aware of and act on, and a set of actions which follow from these. This code of conduct should introduce and enforce a legal duty of care to the patron from the venue and back this with penalties as suggested below.

Question 8: Should the requirement to interact with customers who are showing signs of distress from gambling be part of codes, or should a separate offence be created for venue operators who fail to respond to suspected problem gambling?

There should be a separate offense for failure to respond to demonstrations of problem gambling. As operators of a high-risk and potentially harmful product, gambling venue operators have a duty of care to ensure that their customers are not harmed by their product, as far as is practical. This offense should cover all gambling venues in the State. The Victorian Government should consider how this might be applied to non-venue based gambling offered within Victoria.

Penalties for offences considered by this consultation should be linked to venue losses. As a guide, one penalty offence should be equivalent to the average daily losses on EGMs in that venue.

In addition to these measures Wyndham City supports the proposal being put forward by the Victorian Local Government Association and other Local Governments that the Government should consider the establishment of a Gambling and Liquor Ombudsman. This Officer would be an avenue for complaints about the operation of gambling venues and services and enable an independent body to investigate complaints.

\textsuperscript{14} Hare, S. (2015) \textit{Study of Gambling and Health in Victoria, Victoria, Australia: Victorian Responsible Gambling Foundation and Victorian Department of Justice and Regulation.}

\textsuperscript{15} Ibid
Combined response to Questions 9, 10 and 11:

Question 9: Are self-exclusion programs best administered by the industry or by another body?

Question 10: Should there be one self-exclusion program in Victoria?

Question 11: How could self-exclusion programs be improved?

It is the view of Wyndham City that in order for self-exclusion programs to be effective and successful the self-exclusion systems should be simple and easy to use. These programs must allow a person to restrict themselves from as many venues as they require, maximising the impact and benefit of self-exclusion. This system should be covered by a single point of entry and administered by Gambler’s Help services.

The self-exclusion program can further be improved by the development of an app which could be a supplement to any system. The app should be developed to inform venues when a person who has been excluded enters their venue. This would be possible to develop using existing geolocation systems currently available in smart phones. This would be a voluntary system but could increase the effectiveness of self-exclusion.

Question 13: Should there be a separate offence for venue operators who knowingly allow self-excluded persons to enter or remain in the venue?

Wyndham City proposes that there should be a separate offense for venue operators who knowingly allow excluded gamblers to use gambling products. This penalty should be similar to those applied to those who knowingly serve intoxicated or underage persons alcohol, and the breach penalty should accrue to both the staff member and the venue/operator.

Question 14: Should a new requirement to undertake advanced responsible service of gaming training be introduced?

The Victorian Responsible Gambling Foundation has worked on an extensive training program for gambling venue staff, implementation of which is to start from January 2017. It is our understanding that this program will have 2 modules; a preliminary online session which must be completed within one month of employment followed by a second module which will be delivered by the Venue Support Worker program of Gamblers Help. This must be undertaken within 6 months of employment.

We are unclear why the Office of Gaming and Liquor Regulation would be further considering training at this time, given that the new model is about to be implemented and requires evaluation. As a principle, if there is more advanced training, it is our view that this should be compulsory for all staff who work in the gaming room.
Question 15: If so, who should be required to complete the advanced training and what content should the training include?

Wyndham City recommends that the venue floor manager should be required to undertake advanced training that identifies problem gambling and how to intervene to reduce their risk of harm. A penalty should be introduced to be levied on venue operators who allow their venue to operate at any time without a suitably trained manager.

Question 16: Who should be responsible for the development and provision of the advanced training?

The Victorian Responsible Gambling Foundation should be responsible for the development and provision of this training.

Combined response to Questions 17, 18 and 19:

Question 17: Do you think regional caps and municipal limits should be maintained? Why?

Question 18: Should regional caps be extended beyond the existing capped areas and if so, why?

Question 19: Are the current regional cap and municipal limit levels appropriate?

Current regional caps and municipal limits present a number of issues for growth area municipalities like Wyndham. The limit of 10 per 1000 adults gives the opportunity for large numbers of new venues to be established in an area when the population rises, despite the wishes of the Council. The situation where municipal limits can be overridden by regional caps potentially allows for the number of EGMs in a sub-municipal area to be well above the 10 per 1000 adult set at a municipal level. The cap and the limit combined can lead to undesirable public health outcomes by potentially increasing the number of EGMs in an area. Research\(^\text{16}\) shows is strongly connected to problem gambling behaviour that then can harm the community\(^\text{17}\).

Findings from the Regional Electronic Gaming Cap Review (2005)\(^\text{18}\) recommended a universal cap to be set at 8.0 EGMs per thousand adults. Whilst the panel recommended this cap, State Government set different densities for the different capped regions via the Order under Section 3.2.4(1) of the Gambling Regulation Act 2003 (Victorian Government Gazette No S 361, 20 October 2009).

Regional caps were introduced in 19 regions based on:

- Ten EGMs per 1,000 adults; or
- The number of EGMs per 1,000 adults at the date of the order (12 Oct. 2006)

There was no evidence base in the development of the capped regions that determines the maximum permissible number of entitlements in Victoria. There has been little research into the


\(^{18}\) Department of Justice 2005, Office of Gaming and Racing, Regional Electronic Gaming Caps Review Panel, Final Report
effectiveness of regional caps to date in Victoria or Australia and therefore, as an effective harm minimisation strategy, it is difficult to provide an evidence-based response. The timeframes for this process are not conducive to meaningful consultation with the community on this issue.

**Different caps for different areas**

Wyndham City is an uncapped Local Government Area (LGA) and as such the State Government cap of 10 machines per 1,000 adults applies, while in Banyule the cap was set at 2.93; Darebin at 8.85; Moreland at 8.75 and Whittlesea at 7.02.

The Regional Caps should be reviewed in light of decades of high loss (expenditure) patterns in venues, in some of the most disadvantaged areas in Metropolitan Melbourne.

**Growth should not lead to increase in EGMs**

If caps are determined by population this will increase the risk to growth areas such as the municipalities of Wyndham, Hume, Whittlesea and Casey. An increase in population should not equal more EGMs, especially in those areas which are already experiencing very high levels of losses and harm. For example, if the 10 per 1,000 cap was applied to the current Wyndham adult population then around 1,500 EGMs would be permitted in the municipality. Given that strong population growth is forecasted to continue this number, if uncapped, would potentially increase. The number of EGMs in an area should be determined by social and economic impacts on the community and not population growth. Wyndham is currently ranked 8 of 70 LGAs for gaming losses for 2015-2016, and the losses are increasing at a faster rate than Victoria.

**Are the current regional cap and municipal limit levels appropriate?**

The number, location, and distribution of EGMs are critical factors when examining the impacts of gaming on local communities.

**Unequal distribution**

There is an unequal distribution of EGMs within Metropolitan Melbourne, where some Local Government Areas experience higher gaming densities. To illustrate City of Greater Dandenong (SEIFA IRSD score of 895) has 8 EGMs per 1,000 adults and ranked 1 in the State. In contrast City of Boorondara (SEIFA IRSD score of 1098) has only 1 EGM per 1,000 adults and is ranked 79 in the State. The current gaming machine densities reflect a higher concentration in areas experiencing high social and economic disadvantage\(^\text{19}\), and reduced diversity of social and recreational opportunities.

The Gaming Machine Harm Minimisation Measures Review needs to acknowledge that there is currently an unfair spread of EGMs within the Melbourne metropolitan area, where a significantly larger proportion of machines are located in areas experiencing high levels of social and economic disadvantage. This the review should consider a more equitable distribution of EGMs throughout the metropolitan area.

\(^{19}\) Correlations between selected social conditions analysis by Greater Dandenong Council shows that the SEIFA Index of Relative Disadvantage 2011 has strong negative correlation with gaming losses per adult 2015/16
Is the government considering other approaches and tools to reduce harm from gaming in our communities?

The Victorian Regulatory System needs to be responsive to regular reviews in order that the distribution and the number and densities of EGMs is fair and attains the objectives of capping – namely to “protect communities that are most vulnerable to the harmful effects of gambling” (Regional EGM Cap Review Panel: Final Report November, 2005, p xi).

The recent Study of Gambling and Health in Victoria (Hare 2015) confirms that fewer Victorians are playing EGMs, however, losses are not going down. This suggests that harm is being more and more concentrated among a smaller group of people who are gambling more intensively than previously. This continues to be the case in Wyndham where gambling losses per adult are increasing at a faster rate than Victoria (3.1% to 0.3% in 2015/16, adjusted for inflation) 20.

Other recent research 21 shows that there is a link between family violence incidents and the location of EGMs in Victoria, even when adjusted for socio-demography. The research ties in with other evidence of the connection between gambling and family violence and points towards the possibility that the increased provision of EGMs may lead to an increased risk of violence. This should be considered when regulators are making decisions about granting licenses for EGMs.

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20 Victorian Commission for Gambling and Liquor Regulation 2016, Gambling Indicators For Local Areas, analysis by Greater Dandenong Council published on Victorian Responsible Gambling Foundation