

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into the Victorian Auditor-General's Reports no. 99: Follow up of Regulating Gambling and Liquor (2019) and no. 213: Reducing the Harm Caused by Gambling (2021)

Melbourne – Tuesday 25 July 2023

MEMBERS

Sarah Connolly – Chair

Nicholas McGowan – Deputy Chair

Michael Galea

Paul Hamer

Mathew Hilakari

Lauren Kathage

Bev McArthur

Danny O'Brien

Ellen Sandell

WITNESSES

Mr Troy Edwards, Executive Director, Policy and Advocacy, and

Ms Jan Black, Policy Adviser, Municipal Association of Victoria.

The CHAIR: I declare open this hearing of the Public Accounts and Estimates Committee, and I ask that mobile telephones please be turned to silent.

I begin by acknowledging the traditional Aboriginal owners of the land on which we are meeting. We pay our respects to them, their elders past, present and emerging as well as elders that may be from other communities who are here with us today or joining us via the live stream.

On behalf of the Parliament, the committee is conducting this follow-up inquiry into the Victorian Auditor-General's reports on the regulation of gambling and liquor, and the reduction of gambling harm in Victoria.

I advise that all evidence taken by the committee is protected by parliamentary privilege. However, if you repeat comments outside this hearing, they may not be protected by this privilege.

Witnesses will be provided with a proof version of the transcript to check, and verified transcripts, presentations or handouts that you may have will be placed on the committee's website.

I welcome you, Troy Edwards, Executive Director Policy and Advocacy, and Jan Black, Policy Adviser, from the Municipal Association of Victoria. It is great to have you here this afternoon. I am going to invite you to make just a really short 5-minute statement or presentation if you have it, and committee members I know have lots of questions for you. Over to you.

Troy EDWARDS: Fantastic. Thanks, Ms Connolly, and thanks to the committee. We are very pleased to be here, and we certainly appreciated the invitation and the opportunity to come and present to you. I will just note that my colleague Jan Black has a long history in terms of working with local government but particularly around issues of gambling as well, so while Jan and I are not experts, I believe we can do our best to give you some sense of where local government is at on an issue that has been a concern to councils for a long period of time in Victoria. I think there is no doubt about that as well.

Assuming that you have read our submission, we have focused mainly on gambling harm and pokies, although I probably will make a couple of small comments about alcohol regulation as well as we go. I think the first point I would make is Victorian councils continue to be concerned about the public health and wellbeing impacts at both a kind of at-scale and an individual level for their communities, and I guess we acknowledge that those harms are real and they are prevalent across all communities. We know that councils have had quite a focus where there have been high levels of gambling machines in municipalities, and we might talk a bit about where some of those are at as we have our conversation as well.

I guess it is worth noting – and I know it falls within the Commonwealth's realm – that councils are conscious of online gambling and some of the changes that have been happening there. Clearly there is federal parliamentary work on this issue too, but I think as a sector we would see that as particularly important to address some of the risk of the normalisation of gambling for particular parts of our community as well.

I think in the Victorian context councils have and will continue to make submissions related to the licence application process for both gambling and liquor. Councils often do this with limited resources, and in the past it is fair to say they probably had little confidence that their concerns about the negative impacts were being heard. I will come to the recent reforms shortly, but that would be something we would see as positive as well, as part of that process. I think in terms of councils making submissions, access to relevant data and information has also been a challenge. In the past councils have tended to use overall loss figures as indicators of the level of community harm as well, so that is worth flagging there too.

We come to this point of harm minimisation, with large numbers of machines located often in communities or municipalities that can least afford to lose, and that remains a concern. I guess for those particular councils

some of the recent changes from the government in the middle of the month have been welcomed as well. I think we would also note that some of the harm comes from deliberate design features of machines. They are designed to encourage addiction and, as I say, usually for people that can least afford to do that as well.

Now, eight of the top 10 most impacted local government areas where people are losing money to gambling machines are in the interface councils, which includes Victoria's growth corridors. That has a compounding impact too and probably leads to some concerns we would have about notions of sponsorship and community benefit. That perhaps is a false representation of sponsorship and is more about 'How do we continue to normalise gambling?', and councils are a bit concerned about that as well.

I think I would say – and Jan might comment on this too – that councils have been particularly pleased with the announcements of 16 July. We think the shift towards harm minimisation is being very well received. We have had a chance to engage with the new commission and the deputy commissioner Mr Ben David recently as well, and he talked us through some of the focus of harm minimisation. That is quite a positive step, and I think councils will take that opportunity to really drill into that too.

Just coming to a conclusion, while we really support the announcement so far, we think there are some opportunities for further reform, particularly around the banning of gambling advertisements, as we touched on, noting the Commonwealth's role there. I think working to reduce the total number of poker machines would be part of that work as well and making sure we have got some specific provisions for gambling venues in precinct structure plans, so as we are preparing for new communities we are conscious of potential saturation and those types of things in growth areas. And as I touched on before, being really clear about what the definition of community benefit is would be something that would be really important for us. I guess our view would be we want to move away from councils having to show that there is going to be detriment to really the venues and their operators having to actually show there is going to be benefit, and that to us would be one of the key points.

I will just finish with one or two comments on alcohol licensing. I think the regulatory planning and licensing approaches need to align more with place-based planning and conditions. For example, although a venue's planning conditions may be stringent and more constraining than the conditions on licences, often inspectors are unable or do not have the capacity to deal with the planning conditions and whether the planning conditions are being met. So then you might be complying with the licensing but not complying with the planning provisions, and that would be a concern for us as well. Again, we have welcomed some of the regulatory changes in the creation of Liquor Control Victoria. Again Jan and I have had a chance to meet with the chair and the senior officers there as well, so we take that as a positive process as well. So I might just pause there and open it up to a discussion.

The CHAIR: Thanks, Mr Edwards. I am going to go straight to Mr O'Brien.

Danny O'BRIEN: Thank you. You touched on, and certainly councils have commented before on, the costs of gambling or problem gambling being borne by councils. Can you just run us through what some of those costs are?

Troy EDWARDS: Jan?

Jan BLACK: I think the councils have identified that – and I think, Troy, you mentioned this – they often have to quantify the harm by the amount of money lost in any given time. So we look to using that number as an indicator of harm because that is an opportunity cost of course that is lost to the local community. It is lost to goods and services that can be purchased locally. What one person formerly addicted to gambling said at one of the forums that I was at with councils was that, if you look out into any neighbourhood where there is a prevalence of pokies, you will see craters of misery –

Danny O'BRIEN: You will see what, sorry?

Jan BLACK: Craters of misery where the harm that is experienced by one person who has a gambling addiction or indeed a prevalence of wanting to use – maybe not an extreme gambling addiction so they are not known as a problem gambler; I guess I saw earlier we are moving away from that sort of language about individualising problem gambling because gambling harm happens to moderate gamblers and even lower-use gamblers – actually affects six others.

Danny O'BRIEN: Yes. What my question, though, is specifically about is councils themselves – the municipality. What are the costs that a municipality bears? I would have thought from a violence perspective it is police and from a health perspective it is the health department, hospitals. I am just interested to know if there is something I am missing on what actual councils are having to pick up the tab for from gambling issues.

Jan BLACK: I think that the direct costs would be when councils are trying to mitigate a new licence or an extension of a licence. I think I am right that there is no council that I know of that has somebody who is an expert around gambling for that purpose of looking at a new licence. As you know, councils have 130 to up to 300 services that they are offering as well as responsibilities in all sorts of spheres, so when a gambling licence comes in, they often have to get expertise in to look at what those harms might be to then represent them at the licensing authority. I know that is not exactly what you are talking about, but in relation to the stigma and the harm that is actually created for people who have a propensity particularly for poker machine gambling, it is so hidden. It is hard until it is over – in terms of either their life, as Reverend Costello was saying, or they have lost everything, including their relationships and their homes – for the councils to be able to quantify that. You do not know. It is very hard for councils to find out what level of harm is happening within the community.

Danny O'BRIEN: On that then, do you have a concern about online gaming? Government is just introducing new regulations for EGMs. But is there a concern that online gaming will grow in prevalence, and therefore that is something we cannot touch.

Jan BLACK: Absolutely.

Danny O'BRIEN: Or not that we cannot touch – we cannot see.

Jan BLACK: Exactly. As Troy mentioned in the opening statement, councils are concerned about online gaming, in particular about what that means for normalisation of gambling and the fact that it is so ubiquitous now and so prevalent. And in relation to electronic gambling machines and operators, once again Troy mentioned in the opening statement about community benefit statements and the community benefit that operators and clubs have to provide. Often that is sponsorship rather than donation, and sponsorship is part of that normalisation. Often then you do see that it then builds up to adult sports where gaming – Sportsbet and I do not know the names of all the gambling companies – is just normalised. That then just leads into that idea – well, is it true? I think it is – that Australians are the biggest gamblers in the world.

Danny O'BRIEN: Mr Edwards, you touched on planning versus licensing issues. Both for gaming venues and for liquor venues, do councils have enough say in that crossover between what is a planning permit versus what is a licensing decision?

Troy EDWARDS: I think councils would always be keen to be able to have more say. I think councils undertake that kind of longer term strategic land-use planning role around what is the type of physical environment we want to live in and how we get the right balance. Councils, I think, are keen to understand that. In the past, perhaps up until the recent reforms, I would say one of the challenges with the licensing aspect has been councils have simply been relegated to a position of informing rather than actually trying to influence the decision of the regulator. That is probably what councils would be seeking to have more of a say around.

Just coming back to your previous question, Mr O'Brien, it will probably come back to council's role as a municipal health and wellbeing planning agency. And that municipal health and wellbeing plan is probably where you start to see, particularly in regions of Victoria where there are high levels of harm from poker machines, that councils with health and wellbeing plans are reflective of some of those questions. You touched on things like potentially family violence and other things, and that is where I think councils would start to engage with some of that work, particularly at that planning level.

Danny O'BRIEN: Okay. Thank you, Chair.

The CHAIR: Thank you, Mr O'Brien. I am going to go to Mr Hilakari.

Mathew HILAKARI: Certainly. Thank you so much for your attendance this afternoon. I just wanted to talk briefly on a little bit of what you have covered here about the reversal of the onus. If you could just walk through some of that and what has been so difficult for councils, particularly with the older body, and now with

the VGCCC – it sounds like it is a little bit more hopeful. But could you maybe start off with the reverse onus that you are looking for?

Jan BLACK: As we said earlier, we are not absolute experts. There are people who understand the detail about it. But my understanding is that there is the no net detriment test, and the onus is on people who are objecting to that licence to prove that there is no net detriment. It is very difficult to get details about the harm that is likely to be caused by an extension to a licence. So you have to, as I understand it, go looking at Gambler's Help and looking at types of figures about who would be seeking that assistance. There is an ipso facto case that somebody is seeking assistance, therefore they have a problem – that often is not right-up-to-date information or not able to be at a small enough area to have relevance to a particular application. So what we are saying is that the whole onus should be on a benefit to the community, and that work should be done by the operator or the entity that is seeking to have an extension of the licence or a new licence.

Troy EDWARDS: I would probably build on that a bit, Mr Hilakari, and say it would almost seem – up until the recent announcement – there was an assumption that there was no harm attached, and if anyone was concerned that there might be harm, the bar that you had to clear to actually demonstrate that was so high that local government certainly were not able to do that in and of themselves, which almost made an as-of-right kind of culture I think around those venues. So moving that lens a bit, and I know from meeting with Mr Ben-David, that notion of actually, 'Let's just assume harm is inbuilt into these types of venues; now let's really understand how we can minimise that' – councils would be refreshed by actually, 'We might have a chance to be able to exert some influence rather than just informing and dancing.'

Mathew HILAKARI: Maybe, putting it another way, the businesses who would benefit are those whose people have to demonstrate that they are providing some benefits to communities.

Troy EDWARDS: Yes.

Mathew HILAKARI: In terms of the engagement with members since the government's announcement, what are your members' views around those government announcements? Are they seeing them as a positive step? What are their views?

Jan BLACK: It has been only a week or two, but in the main the announcements have met some of the key requests that councils have made over successive years, particularly the mandatory precommitment. If that was also accompanied with an upper limit that people could precommit to, that would, I think, meet all the requirements for that. So it is very, very welcome. It meets the kinds of requests that councils have asked for. I guess there was a bit of hope when the voluntary system was introduced, the YourPlay system, that that might be made mandatory earlier, but the announcement has happened now. What we would be urging is that it happens soon, and that would be terrific.

In our submission we asked for a reduction in hours, and that comes from councils as well. It is very welcome that they have been reduced, to the 6 hours of closure. We still say, 'What good can actually happen from 3:30 am?' However, it is very welcome – very welcome. And to have it uniform too is very, very welcome. The beginning of starting to look at design features of EGMs – as Troy mentioned, we do know that the gaming machines are designed to create people continuing to play, and many people have told councils, because councils often bring people who have experienced gambling harm to come and talk with them, that they are not playing to win, they are winning to continue to play. That is what they do. They will tell you they are in the zone – they are in the zone, and they want to stay in that zone. So the winning is only a means to continue to play.

Mathew HILAKARI: We have talked a little bit about the community benefit program. I would be interested in some of your thoughts initially on how it is structured at the moment but also maybe some ideas around how you think it could be structured and the appropriate people to administer the community benefit scheme.

Jan BLACK: Yes, as I mentioned earlier, with the community benefit scheme – once again, I am not an expert so I perhaps do not have all the details – a certain proportion of the takings need to go towards community benefit. That then needs to be reported to the regulator. There are two strands to that, and what has been reported and how it has been working to date is that operational and capital costs can be seen as community benefit. They are actually a venue benefit. So a vehicle that picks people up and brings them can be

put on that as a community benefit. We would be arguing that community benefit should be genuine community benefit, not benefiting the venue and its operations. Who should be responsible for determining that or administering that? It is a tricky thing, because many councils, you would think, might be the right place for it to occur because they know the local area and they would have that responsibility. But many councils, similarly, do not want to be that close to what they see as a harming activity.

Mathew HILAKARI: So if not the venue, is what I am probably hearing from you, and if not council, do you look at that as a statutory authority or some other body that steps forward?

Troy EDWARDS: I think so. That is probably in line with the New South Wales Council of Social Service, who have had some things to say about how you create an independent body that can undertake that philanthropic disbursement, for want of a better phrase. That might be something worth thinking about. As Jan has alluded to, I think many councils would be fairly resistant to taking that role on because of the association with the gambling venues in the first instance.

Mathew HILAKARI: Fantastic. And just a last one: did you want to provide any further comments on how gambling affects your members?

Jan BLACK: I think that what we have said in our submission and in the opening statement is really reflective of what we have said many times before and councils have said many times before. We do very much welcome the reforms that were announced a week ago and hope that they are the beginning of a reduction, really, in electronic gambling machines, because they will continue to get more effective at making money because the designers can do that. I do not know if anyone from the committee has had the opportunity to see the movie *Ka-Ching!* – it is very well worth seeing. It is I think available on YouTube and iView. It was developed by an advertising guy, actually, who was appalled at the harm by our poker machines. He goes into the design and how the music reflects the heartbeat. Every part of that movie talks about how the design of machines is promoted to create that addiction.

Troy EDWARDS: I would just add to that, Mr Hilakari, with the vignette in our submission from the City of Whittlesea, particularly where you have got developing and new communities where perhaps the only recreational opportunity might be a gambling venue, as opposed to other community-based sports or social service type activities, that is the type of thing I think we have got to get better at – to make sure that people in these communities, our fellow citizens, fellow Victorians, have got opportunities to do other things than just play games.

The CHAIR: Thank you. Thank you, Mr Hilakari. I will go to Ms Sandell.

Ellen SANDELL: That leads well to questions that I would like to ask. The previous witness talked about people often going to venues because they might be socially isolated or lonely, they do not have other recreational opportunities, they want somewhere warm or where they can see another human, get a cup of tea or whatever it might be. Can you talk a bit about where you have seen councils do this well and what more might need to be done by government? Obviously even more complex than just regulating the product is figuring out how we solve some of these bigger social issues that might be contributing to people needing to go to these venues.

Jan BLACK: The Victorian Responsible Gambling Foundation did fund a couple of councils to do Libraries After Dark projects, which were, I think, a bit hit and miss, because they were in infancy, people were not used to them and they could not run all the time, but there was preliminary real success with some of those ideas that people would have another place to go where it was warm, it was comfortable and where you could do something else. And it was well known that you did not have to be of a particular stripe to go to a library; people were able to feel that this civic space was somewhere for them. I guess an extension of something like that would be welcome to explore in conjunction with government.

Ellen SANDELL: I know –

Lauren KATHAGE: Sorry, Ellen, do you mind if I just jump in really quickly?

Ellen SANDELL: Sure.

Lauren KATHAGE: Something I have noticed in the City of Whittlesea and other areas in the outer north is that to use the community or council venues there is a hire charge. What I experience is that community groups and multicultural groups et cetera are finding free rooms to meet in venues that have pokies; because to use a council venue costs them money, they go into a pokies venue.

Ellen SANDELL: In budget estimates, which we had a couple of months ago, there was a bit of talk that some councils are finding it hard to continue to fund libraries. We are in a rate-capping environment and all of that. How can some of these programs be funded? Do you feel like councils have the capacity to fund some of these programs? What are the barriers to them providing programs like Libraries After Dark?

Jan BLACK: I think that the libraries issue is that it used to be 50-50 funding from councils and state government. I think that has reduced to something like 20 per cent from the state. It is an issue for councils to offer their libraries if they were going to extend the hours and have a range of other activities in there. It is really about trying to mimic the time that people would most want to use and that do use pokie venues and trying to provide spaces, then, that people can come to – somewhere like libraries, which are a good civic space where everyone can feel welcome.

Ellen SANDELL: I note that that program was run by others, but you might have some of this information. Has that program wrapped up now? Is it still ongoing? Was it just a trial? Is there any commitment to continuing it?

Jan BLACK: Maybe our colleagues coming after us would know more about it, because I think they were quite involved in the detail and were involved initially in some of the early meetings with one particular council. I really cannot tell you.

Ellen SANDELL: That is fine, that is fine. Do you know anything about whether people were happy to transfer their behaviour? It is a bit different, going to a library, I would imagine, than going to a pokies venue, although you can try and mimic some of the things that people get there. Do we know if that translated?

Jan BLACK: I am sorry, I really do not know the research both from the foundation and from the organisations that they funded. I presume there would have been some sort of evaluation around that.

Ellen SANDELL: Do you know if there are any other programs that councils are looking at to try and combat that social isolation that might be specifically related to preventing gambling harm?

Jan BLACK: I think it has been an ongoing thing for councils. Many of them have tried many things. Of course, councils do provide an enormous amount of organisations support, notwithstanding what was mentioned before about the cost of hall hire et cetera. Councils have supported hundreds of community groups over time, and particularly during COVID really did support a whole swathe of approaches around trying to combat social isolation, from music groups online right through to trying to make sure that those people who are most vulnerable were contacted with a phone call each day.

Troy EDWARDS: Yes. And that is an important point. I think through COVID, certainly with older Victorians, many councils undertook some kind of phone work to really be kind of connecting with older people when some of the traditional activities they might have undertaken were not available to them through lockdown. So I think councils are quite keen now to talk about how we can increase that kind of social engagement as we come out of that COVID experience. So that is working with neighbourhood houses, U3As, COTA – you know, those types of activities – to engage, and that starts to provide some examples, I think, of how you can tackle some of the impacts of problem gambling.

Ellen SANDELL: I am interested in and wondering whether there are other levers, whether it is in our planning system or land use – somehow – around how we use public space and what public space is available to people, particularly in not just newer suburbs, but it is difficult when you only have a pokies venue to go to. When you want to go somewhere, as the previous witness was talking about, you might want to dress up, you might want to go out. You want to have some social connection and you might not have that many friends or networks but actually there are very few places in our society that you can go where you are not spending money, and a pokies venue is a cheap place that you can perhaps go to and get sucked in. So are there levers in our planning system or land use or just the way that we design and use public space that will make our

communities more welcoming and help in overcoming loneliness, which is potentially one driver to gambling harm?

Troy EDWARDS: I think many of the community hubs that have been built by councils all over the state, not just in growth corridors but in established parts of Melbourne, for example, are the types of locations that can do that – provide not just service delivery but social engagement opportunities too. I think for our growth corridors there is a perennial challenge, isn't there, about how you make sure the development of these types of infrastructure is keeping pace with the people moving in. I think councils would like to see that money flowing faster. I am sure the state would as well, but it can be quite hard to keep those two going kind of neck and neck, so to speak, so that you have got those options.

Ellen SANDELL: Thank you.

The CHAIR: Are there other questions from committee members? I just have one before we wrap up. How do you think councils are going, particularly in growth corridors but not limited to them, in trying to grapple with gambling and alcohol harm and addiction for new and emerging CALD communities? It is not a trick question. I am just wondering what kind of feedback you are getting. Is it something that is being struggled with? Is there largely a reliance on the communities themselves to deal with it? It might be that new and emerging communities do not have much representation as councillors and working in councils themselves. Do you have any kinds of comments, or what is your experience with that?

Jan BLACK: I think in terms of harm and the response to people experiencing that level of harm, it is really probably people who are able to talk about the services. Councils do not run responsive services to gambling or alcohol, you know, like alcohol treatment services, so it is another sort of tertiary end, I guess, that councils are not involved with. In the main they are concerned about prevention, and one of the big preventive areas, particularly with alcohol-related harm, is that councils are trying to stop big box liquor outlets. You might be familiar with the Casey council having tried to do a planning application, a structure plan, that stopped a big box liquor outlet going into a new community by defining the footprint that they could actually be in to be smaller. That was defeated at planning, and so they then tried, with the police, to go to liquor licensing. They went to the old VCGLR. It was I think a three-week hearing. It was very big; it cost millions from the police and council, with their lawyers and their research et cetera. The rules were such that the liquor licensor still had to grant the licence. So another big box liquor outlet was put into a community that already had 10, and it was a newly developed community with new and emerging members. So that has been councils' experience. If you are interested, there is a request – I think we have included it in here as one of the things that councils are looking for. For those new establishing areas, they are looking to get a particular planning scheme amendment that allows them to have better control, because my understanding is that the research tells you that the access to and accessibility of alcohol is one of the creators of harm.

The CHAIR: Is that something that MAV is going to perhaps seek to advocate and bring to the attention of the planning minister and other relevant ministers?

Jan BLACK: Yes.

The CHAIR: It sounds quite concerning really, despite it being legal.

Troy EDWARDS: I think it is. Yes, I guess we have probably got some other challenges with some of the rumours around planning and the role of councils in the planning scheme at the moment, so we will have to kind of watch that. But it is definitely there, yes.

The CHAIR: Okay. If you would not mind providing – take it on notice and just send an email through – the details of that case so that we can have it if we want to reference it in our report.

Jan BLACK: Yes, of course.

The CHAIR: That would be great. Okay. Well, that will bring us to the end of the session today. Thank you so much for taking the time this afternoon to appear before the committee and share your experience and expertise. I feel like this is just touching the tip of the iceberg, and there are so many other questions I am sure we could ask you. If there are other questions we might have, we might write and see if you can just take them on notice.

Troy EDWARDS: Definitely.

The CHAIR: If you have the information, great. Any questions that you did take on notice, just for your reference, the committee does follow up on, and it is five working days to provide that response to the committee. The committee is going to take a very short break before recommencing in probably about 3 minutes time. I declare this hearing adjourned.

Witnesses withdrew.