Victorian Competition & Efficiency Commission Inquiry into the Social and Economic Costs of Problem Gambling

Submission by the Victorian Commission for Gambling and Liquor Regulation dated 10 September 2012
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Introduction

On 14 June 2012, the Victorian Treasurer directed the Victorian Competition & Efficiency Commission (VCEC) to undertake an inquiry into the social and economic costs of problem gambling in Victoria. This submission has been prepared by the Victorian Commission for Gambling and Liquor Regulation to assist the VCEC with its Inquiry.

Gambling in Victoria

Gambling products on offer in Victoria include gaming machines, casino table games, public lotteries, wagering and betting, keno, bingo and raffles.

As at 31 August 2012, these gambling products were available at:

- 506 club and hotel gaming venues operating 25,062 gaming machines
- Up to 2,500 gaming machines and 450 tables operating at Crown casino
- 1456 lottery outlets
- 723 accredited wagering and betting outlets
- 180 registered bookmakers
- 664 accredited keno outlets
- 17 licensed bingo centres.

Trends in gambling behaviour

Table 1 below shows gambling expenditure in Victoria for the last four financial years.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Gaming Machines – Hotels and Clubs</td>
<td>2,651.4</td>
<td>2,597.2</td>
<td>2,707.3</td>
<td>2,611.5</td>
</tr>
<tr>
<td>Casino – Gaming Machines and Table Games</td>
<td>1,349.5</td>
<td>1,320.1</td>
<td>1,218.3</td>
<td>1,101.4</td>
</tr>
<tr>
<td>Wagering – racing (totalisator), football, Trackside and sports betting</td>
<td>768.5</td>
<td>768.8</td>
<td>729.4</td>
<td>693.3</td>
</tr>
<tr>
<td>Lotteries</td>
<td>431.5</td>
<td>443.5</td>
<td>448.3</td>
<td>434.9</td>
</tr>
<tr>
<td>Club Keno</td>
<td>5.8</td>
<td>5.8</td>
<td>6.6</td>
<td>6.5</td>
</tr>
</tbody>
</table>

Source: VCGLR

Note: Gambling Expenditure represents the amount of money lost by players, not the volume of money played. Figures are expressed in nominal dollars.

The VCGLR is currently compiling and analysing gambling expenditure for 2011/12 and anticipates this information will be available in October 2012.
Table 2 below is a summary of Electronic Gaming Machine (EGM) expenditure in Victoria for the past nine years.

Table 2: Victorian Electronic Gaming Machine expenditure (total and per adult) 2002/03-2010/11

<table>
<thead>
<tr>
<th>Year</th>
<th>Adult populationa</th>
<th>No. of Gaming Venues</th>
<th>No. of EGMs</th>
<th>Net EGM Expenditure</th>
<th>Avg Expenditure per adult</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003/2004</td>
<td>3,816,854</td>
<td>530</td>
<td>27,132</td>
<td>$2,290,929,976</td>
<td>$600</td>
</tr>
<tr>
<td>2004/2005</td>
<td>3,870,537</td>
<td>523</td>
<td>27,124</td>
<td>$2,393,030,966</td>
<td>$618</td>
</tr>
<tr>
<td>2005/2006</td>
<td>3,946,972</td>
<td>521</td>
<td>27,147</td>
<td>$2,472,451,853</td>
<td>$626</td>
</tr>
<tr>
<td>2006/2007</td>
<td>4,106,568</td>
<td>522</td>
<td>27,279</td>
<td>$2,543,175,356</td>
<td>$633</td>
</tr>
<tr>
<td>2007/2008</td>
<td>4,058,774</td>
<td>520</td>
<td>26,879</td>
<td>$2,611,507,885</td>
<td>$638</td>
</tr>
<tr>
<td>2008/2009</td>
<td>4,173,152</td>
<td>515</td>
<td>26,772</td>
<td>$2,707,278,436</td>
<td>$649</td>
</tr>
<tr>
<td>2009/2010</td>
<td>4,250,950</td>
<td>514</td>
<td>26,682</td>
<td>$2,597,183,124</td>
<td>$611</td>
</tr>
<tr>
<td>2010/2011</td>
<td>4,322,850</td>
<td>511</td>
<td>26,778</td>
<td>$2,651,368,385</td>
<td>$613</td>
</tr>
</tbody>
</table>

Source: Department of Planning and Community Development (2008), VCGLR
Notes: Figures are expressed in nominal dollars.

* Projections are sourced from Victoria in Future 2008, Department of Planning and Community Development. Note that the figures from 2006 onwards have been revised to reflect new projections derived from the 2006 Census data.
* Smoking bans in gaming venues introduced on 1 September 2002

The table shows that EGM activity has been stable over the past nine years, with the number of venues, EGMs and EGM expenditure (in nominal terms) remaining relatively constant. However, once the effects of population change and inflation have been accounted for, EGM activity has declined slightly.

Figure 1 below shows the trend in real and nominal EGM expenditure per adult over this period. This figure shows that, once the effects of inflation are included, expenditure per adult falls by almost 24%. The VCGLR is unable to definitively attribute a cause to this fall. Potential reasons for this fall could be changing consumer attitudes to gaming machines or as a result of the implementation of various Government policies that seek to address the issue of problem gambling.

The VCGLR is currently compiling and analysing gambling expenditure for 2011/12 and anticipates this information will be available in October 2012.
Figure 1: Victorian changes in real and nominal expenditure per adult on EGMs 2003 - 2012

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Real expenditure per adult</th>
<th>Nominal expenditure per adult</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jun-03</td>
<td></td>
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<td>Sep-03</td>
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<td>Dec-03</td>
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<td>Mar-04</td>
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<td>Jun-04</td>
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<td>Dec-04</td>
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<td>Mar-05</td>
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<td>Jun-05</td>
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<td>Dec-05</td>
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<td>Mar-06</td>
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<td>Jun-06</td>
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<td>Dec-06</td>
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<td>Mar-07</td>
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<td>Jun-07</td>
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<td>Dec-07</td>
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<td>Mar-08</td>
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<td>Jun-08</td>
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<td>Mar-12</td>
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<tr>
<td>Jun-12</td>
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Notes:
- Index value: 1 index point = 1% change since June 2003, June 2003 = 100
- Expenditure is net player loss
- Quarterly expenditure indexed to inflation
- Data sources: VCGLR, VIF 2008, VIF 2012, ABS

Quarterly expenditure per adult in June 2012 was 24% lower than June 2002, in real terms.

Source: Australian Bureau of Statistics (2012), Department of Planning and Community Development (2008), VCGLR
Victorian Commission for Gambling and Liquor Regulation

The Victorian Commission for Gambling and Liquor Regulation (VCGLR) is the independent regulator for the liquor and gambling industries in Victoria. Gambling and liquor regulation were integrated into a single regulator, the VCGLR, in February 2012. The VCGLR is the successor body to the Victorian Commission for Gambling Regulation (VCGR).

The VCGLR's functions are:

- to perform the regulatory, investigative and disciplinary functions conferred on the Commission by or under the Victorian Commission for Gambling and Liquor Regulation Act 2011, the Gambling Regulation Act 2003, the Liquor Control Reform Act 1998, the Casino Control Act 1991, the Racing Act 1958 or any other Act to undertake licensing, approval, authorisation and registration activities under gambling legislation, liquor legislation or any other Act
- to promote and monitor compliance with gambling legislation and liquor legislation
- to detect and respond to contraventions of gambling legislation and liquor legislation
- to advise the Minister in relation to the Commission's functions under gambling legislation, liquor legislation and the Racing Act 1958
- to advise the Minister on the operation of gambling legislation and liquor legislation
- to ensure Government policy in relation to gambling and liquor is implemented
- to inform and educate the public about the Commission's regulatory practices and requirements.

The VCGLR regulates the conduct of gambling under the provisions of the Victorian Commission for Gambling and Liquor Regulation Act 2011, the Gambling Regulation Act 2003 (the Act), the Casino Control Act 1991, the Gambling Regulation Regulations 2005 and various Ministerial Directions and Orders. The main objectives of the Act are:

- to foster responsible gambling in order to minimise harm caused by problem gambling and accommodate those who gamble without harming themselves or others
- to ensure that minors are neither encouraged to gamble nor allowed to do so
- to ensure that gaming on gaming machines is conducted honestly
- to ensure that the management of gaming machines and gaming equipment is free from criminal influence and exploitation
- to ensure that other forms of gambling permitted under this or any other Act are conducted honestly and that their management is free from criminal influence and exploitation
- to promote tourism, employment and economic development generally in the State.
Costs of problem gambling

The economic and social costs of problem gambling fall on business, government and the broader community. One way of categorising the costs to business associated with problem gambling is as follows:

- consequential costs (for example lost productivity)
- preventative costs
  - self-initiated costs (for example running a business in a way that benefits the community and maintains profits)
  - regulatory costs
  - compliance costs (for example ensuring Gaming Industry Employees have undertaken Responsible Service of Gaming training)
  - financial costs (for example supervision fees payable to the Government)
  - administrative costs (for example annual review of Responsible Gambling Codes of Conduct).

Some of the information in this submission may assist the VCEC in considering the costs to business as a result of the activities of the VCGLR associated with problem gambling.

The costs to government associated with problem gambling could be categorised as preventative costs and consequential costs.

Preventative costs to government involve the development and implementation of measures or initiatives designed to prevent or reduce problem gambling. The preventative costs incurred by government could be considered by the VCEC as costs relevant to its inquiry as they are incurred by government as a result of the existence of problem gambling behaviour. Consequential costs involve dealing with problem gamblers and problem gambling behaviour and may include for example problem gambling service providers, police and courts.

In discharging its function of regulating the conduct of gambling in Victoria, the VCGLR incurs a number of preventative costs associated with problem gambling which include:

- Approval of gaming machine types and games
- Approval of new gaming premises and increases to gaming machine numbers
- Conduct of compliance inspections of gambling outlets
- Approval and review of Responsible Gambling Codes of Conduct
- Approval and review of Self-Exclusion Programs
- Undertaking disciplinary action and prosecutions for detected breaches and non-compliance
- Education of licence holders about their regulatory obligations
- Supply of Responsible Gambling printed information to gaming venues
- Conduct of a 5 yearly review of the Casino licence
- Approval of Responsible Service of Gaming (RSG) training courses
- Conduct of policy assessment and advice.

Detailed information concerning the preventative functions of the VCGLR and associated costs are contained in this submission.
Estimates of preventative costs incurred by VCGLR

A cost calculation of the activities conducted by the regulator in regulating problem gambling has been undertaken. The costs are based on estimates of staff resources and associated costs incurred by the former VCGR in the 2010/11 financial year.

The estimated total cost of the activities carried out to regulate problem gambling by the former VGCR was approximately $5.13 million in the 2010/2011 financial year. See Appendix 2 for further information.

It should be noted that the regulator carries out a significant number of other activities related to other aspects of gambling regulation including integrity, probity and fairness. Costs of these activities are not reflected in this submission.

The VCGLR has provided further information in three appendices to this submission.

The three appendices are:

Appendix 1 – Distribution of gambling in Victoria
Appendix 2 – Preventative Costs incurred by VCGLR
Appendix 3 – VCGLR identified deficiencies and gaps in existing information

Attachment 1 of the submission is a spreadsheet containing gaming machine expenditure data and related information for the 2010/11 financial year. The VCGLR is currently compiling and analysing the data for 2011/12 and anticipates this information will be available in October 2012.
Appendix 1  Distribution of gambling in Victoria

Gaming Machines

Location of Gaming Machines

The VCGLR, through its licensing and compliance functions, maintains a register of all hotels and clubs operating gaming machines in Victoria and the number gaming machines operating at each venue. As a result, the VCGLR is able to identify the number of gaming machine venues and the total number of gaming machines operating in each Local Government Area. This excludes Crown Casino. This information is included in Attachment 1.

Figures 2 and 3 present the distribution of the number of Electronic Gaming Machines per 1,000 adults at a Local Government Area level as at 30 June 2011. The Local Government Areas shaded white are areas where no Electronic Gaming Machines operated. The remaining Local Government Areas are shaded by quartile to indicate the number of Electronic Gaming Machines per 1,000 adults in each area from lowest to highest.

Gaming Machine Expenditure

The VCGLR, through its compliance and auditing functions, collects gaming machine expenditure (player loss) data for all hotels and clubs operating gaming machines. As a result, the VCGLR is able to identify gaming machine expenditure in each Local Government Area. This information is included in Attachment 1.

Figures 4 and 5 present the distribution of the average player losses on Electronic Gaming Machines per adult at a Local Government Area level for the 2010/11 financial year. The Local Government Areas shaded white are areas where no Electronic Gaming Machines operated. The remaining Local Government Areas are shaded by quartile to indicate the average player losses per adult in each area from lowest to highest.

The Productivity Commission (2010) notes that the incidence of problem gambling rises as player losses on Electronic Gaming Machines rises. The VCEC may wish to consider using Gaming Machine Expenditure as an indicator of areas where problem gambling is more prevalent.

Gaming Machine Expenditure as a percentage of Household Income

The VCGLR has obtained household income data collected and published by the Australian Bureau of Statistics (ABS). This data is available by Local Government Area.

The VCGLR has compared player loss totals with this ABS data to identify gaming machine expenditure in each Local Government Area as a percentage (or proportion) of household income in that area. This information is included in Attachment 1.

Figures 6 and 7 present the distribution of the average proportion of household income lost on Electronic Gaming Machines at a Local Government Area level for the 2010/11 financial year. The Local Government Areas shaded white are areas where no Electronic Gaming Machines operated. The remaining Local Government Areas are shaded by quartile to indicate the average proportion of disposable household income lost on Electronic Gaming Machines in each area from lowest to highest.

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Contacts to problem gambling help services

The VCGLR has obtained information from the Department of Justice’s Office of Liquor, Gaming and Racing (OLGR) on the number of contacts to Gambler’s Help services for gambling problems, including Electronic Gaming Machine problems. This information is available by Local Government Area and is included in Attachment 1.

Figures 8 and 9 present the distribution of the number of people contacting Gamblers Help services for Electronic Gaming Machine problems per 100,000 adults at a Local Government Area level in the 2010/11 financial year. The Local Government Areas are shaded by quartile to indicate the number of contacts to Gambler’s Help services for Electronic Gaming Machine problems from lowest to highest. The VCGLR understands that reliable data is not currently readily available for the Local Government Areas of Brimbank, Buloke, Gannawarra, Hobsons Bay, Mansfield, Marlborough, Melton, Moonee Valley, Murrindindi and Wyndham. This is indicated accordingly in Figures 8 and 9.

Data for Metropolitan Melbourne, Regional and Rural Victoria

Table 3 below provides the 2010/11 averages for the four measures discussed above for the State, and by metropolitan, regional and rural areas:

<table>
<thead>
<tr>
<th></th>
<th>Victoria</th>
<th>Metropolitan</th>
<th>Regional</th>
<th>Rural</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of EGMs per 1,000 adults</td>
<td>6.17</td>
<td>6.05</td>
<td>7.72</td>
<td>5.13</td>
</tr>
<tr>
<td>Yearly losses on EGMs per adult</td>
<td>$613</td>
<td>$651</td>
<td>$641</td>
<td>$356</td>
</tr>
<tr>
<td>Proportion of disposable household income lost on EGMs</td>
<td>3.75%</td>
<td>3.97%</td>
<td>4.11%</td>
<td>2.11%</td>
</tr>
<tr>
<td>Number of people contacting Gambler’s Help services for EGM problems per 100,000 adults</td>
<td>44.16</td>
<td>40.10</td>
<td>68.64</td>
<td>36.48</td>
</tr>
</tbody>
</table>


Casino – Gaming Machines and Table Games

All expenditure on casino gaming machines and table games takes place at Crown Casino’s premises at Southbank. Given this, whilst expenditure occurs in one single LGA, the LGA of the player would be a more relevant consideration. This data is not available to the VCGLR at this time. The VCGLR maintains no expenditure data by player Local Government Area.

Other Gambling

The VCGLR maintains no expenditure data by Local Government Area for wagering & sports betting, lotteries and keno at this time.
Figure 2: Electronic Gaming Machines per 1,000 adults by Victorian non-metropolitan Local Government Area as at 30 June 2011

Source: Department of Planning and Community Development (2008), VCGLR
Figure 3: Electronic Gaming Machines per 1,000 adults by Melbourne metropolitan Local Government Area as at 30 June 2011

Source: Department of Planning and Community Development (2008), VCGLR
Figure 4: Average player losses on Electronic Gaming Machines per adult by Victorian non-metropolitan Local Government Area 2010/11

Source: Department of Planning and Community Development (2008), VCGLR
Figure 5: Average player losses on Electronic Gaming Machines per adult by Melbourne metropolitan Local Government Area 2010/11

Source: Department of Planning and Community Development (2008), VCGLR
Figure 6: Average proportion of disposable household income lost on Electronic Gaming Machines by Victorian non-metropolitan Local Government Area 2010/11

Figure 7: Average proportion of disposable household income lost on Electronic Gaming Machines by Melbourne metropolitan Local Government Area 2010/11

Figure 8: Number of people contacting Gambler’s Help services for Electronic Gaming Machine problems per 100,000 adults by Victorian non-metropolitan Local Government Area 2010/11

Source: Department of Justice, Office of Liquor, Gaming and Racing (2012), Department of Planning and Community Development (2008),
Figure 9: Number of people contacting Gambler’s Help services for Electronic Gaming Machine problems per 100,000 adults by Melbourne metropolitan Local Government Area 2010/11

Source: Department of Justice, Office of Liquor, Gaming and Racing (2012)
Appendix 2    Regulatory cost of problem gambling

Gaming Machine Venues

Venue operator licensees

Under section 3.4.12 of the *Gambling Regulation Act 2003* (the Act), the VCGLR can grant a venue operator’s licence to hotels, clubs and racing clubs to operate gaming machine venues in Victoria. In addition, the premises they own or lease must be approved as suitable for gaming. In 2010, the Minister for Gaming allocated 27,300 gaming machine entitlements to venue operators. These entitlements allow gaming machines to be owned and operated by venue operators from 16 August 2012 when the new gaming industry arrangements commenced. The previous arrangements, which allowed Tabcorp Holdings Limited and Tatts Group Limited to own gaming machines through a gaming operator’s licence and operate them at a venue operator’s premises, expired on 15 August 2012.

As at 31 August 2012, 506 gaming venues were operating 25,062 gaming machines in Victoria. This excludes gaming machines at the casino.

The holder of a venue operator’s licence is authorised to:
- hold gaming machine entitlements
- obtain approved gaming machines while holding entitlements
- conduct gaming on approved gaming machines in an approved venue operated by the licensee
- manage and operate an approved venue.

As the holder of a licence, a venue operator is required, amongst other things, to comply with the requirements of the Act.

Specific obligations are placed on a venue operator licensee in relation to problem gambling as follows:
- preclude minors from the gaming machine area
- have correctly displayed responsible gambling posters on gaming machines
- have correctly displayed responsible gambling talkers on gaming machines
- provide access to player information displays on gaming machines
- have clocks on display throughout the premises
- display the correct time on gaming machines
- provide adequate lighting in the gaming machine area that complies with legislated requirements
- make printed information on responsible gambling, in the form of brochures, talkers and posters, available to patrons
- make electronic information including jackpot information available to patrons
- have no gaming machine advertising published outside the gaming machine area
- have no gaming machine signage displayed outside the venue (unless allowed by legislation)
- ensure loyalty schemes comply with regulatory requirements, including removing excluded persons from the scheme
• ensure gaming machine winnings or accumulated credits in excess of $1,000 are paid by
cheque and not made out to cash
• ensure any cheques issued by the venue for a payout won from gaming machine play are
not cashed by the venue
• ensure relevant staff complete a Responsible Service of Gaming training course
• ensure an intoxicated person is not allowed to play a gaming machine
• have an approved Responsible Gambling Code of Conduct in place
• ensure a full copy of the Responsible Gambling Code of Conduct is available
• ensure copies of the Responsible Gambling Code of Conduct are available in languages
other than English
• ensure a Responsible Gambling Officer is always on site
• ensure it maintains a Responsible Gambling Incident Register
• ensure it keeps accurate records of Responsible Gambling Incidents
• ensure it displays a sign relating to its Commitment to Responsible Gambling
• ensure it has an approved Self-Exclusion Program in place
• ensure it maintains a photo record of Self-Exclusion Program participants
• ensure it provides access to the Clubs Vic or AHA web based self-exclusion database
• ensure it records complaints regarding the Self-Exclusion Program in the Responsible
Gambling Register
• ensure it does not allow the use of earphones on a gaming machine in breach of the
Interim Ban Order
• ensure the How to Play brochure is available
• ensure there is no ATM on the premises in breach of the prohibition on ATMs.

A venue operator will incur costs in ensuring compliance with the requirements shown above.

Relevant staff of the venue operator will incur costs in completing a Responsible Service of
Gaming (RSG) training course.

VCGLR approvals

Under the Act, the VCGLR must assess and approve a range of matters related to the
operation of gaming venues, including new machine types, games and linked jackpot
arrangements, the suitability of new premises to be used for gaming, increases in the number
of gaming machines to be operated at existing premises and training courses that relate to the
responsible provision of gaming.

Approval of gaming machine types, games and jackpot arrangements

Under Part 5 of Chapter 3 of the Act, all gaming machine types and games intended for use
in Victoria must be approved by the VCGLR. The VCGLR’s evaluation of each gaming
machine type and game must consider player return, game fairness and security and
responsible gambling. The following items are evaluated in relation to responsible gambling:

• A game cannot be played on a gaming machine that accepts banknotes with a
denomination greater than $50
• A game cannot be played on a gaming machine unless each spin can be initiated only by
a distinct and separate activation of the machine by the player
- A game cannot be played on a gaming machine if the spin rate of the game is less than 2.14 seconds.
- From 1 December 2010 until 30 November 2015, a venue operator must not allow a game to be played on a prescribed gaming machine that does not have a pre-commitment mechanism that applies to that machine.
- From 1 December 2015, a venue operator must not allow a game to be played on a gaming machine that does not have a pre-commitment mechanism that applies to that machine.

Under section 3.5.6(1) of the Act, the VCGLR can withdraw its approval of a gaming machine type or game if it considers it necessary or appropriate in the public interest or for the proper conduct of gaming.

Under section 3.5.7B of the Act, all linked jackpot arrangements intended for use in Victoria must be approved by the VCGLR. The VCGLR’s evaluation of each linked jackpot arrangement must consider player return, game fairness and security and responsible gambling.

Under section 3.5.7C of the Act, the VCGLR can withdraw its approval of a linked jackpot arrangement if it considers it necessary or appropriate in the public interest or for the proper conduct of gaming.

Manufacturers of gaming machines and games will incur costs in ensuring their gambling products meet the requirements shown above.

**Approval of new gaming premises and increases to gaming machine numbers**

Under Part 3 of Chapter 3 of the Act, the VCGLR must approve applications for the approval of premises for gaming (including the number of gaming machines) and applications to increase the number of gaming machines at approved premises.

In determining if premises are suitable for gaming, the VCGLR must consider whether:
- the applicant has authority to make the application in respect of the premises
- the premises are, or, on completion of building works will be, suitable for the management and operation of gaming machines
- the size, layout and facilities of the premises will be suitable
- the net economic and social impact of approval will not be detrimental to the well-being of the community of the municipal district in which the premises are located.

Applications for approval of premises for gaming or to increase the number of gaming machines at approved premises are assessed by the VCGLR under the ‘no net detriment test’. The ‘no net detriment test’ means that the VCGLR must not approve an application unless it is satisfied that approval will not lead to a net social and economic detriment to the local community.

As part of its consideration of the net economic and social impact of approval, the VCGLR completes a Social and Economic Impact Report. The report provides Commissioners with an independent source of key social and economic indicators relevant to each application. The report focuses on the immediate area surrounding an application, surrounding Statistical Local Area, the Local Government Area in which the applicant is located, and the relevant statistical subdivision. The report details and compares statistics relating to social, economic and financial vulnerability and gaming statistics against state and regional averages.
Under section 3.3.6 of the Act, the local council or the Minister for Planning (as the responsible authority) may make a submission to the VCGLR on an application for approval of premises addressing the economic and social impact of the proposal for approval on the well-being of the community of the municipal district in which the premises are located and taking into account the impact of the proposal on surrounding municipal districts.

In determining these applications, the VCGLR must hold a public hearing at which the responsible authority may make further submissions. The only exception is where the application is to increase the number of gaming machines by less than 10% and where the responsible authority has not made a submission.

At least two Commissioners preside at a public hearing and they are supported by counsel assisting and a secretariat officer. Proceedings are transcribed.

Under section 3.3.14(1) of the Act, an applicant for approval of premises can apply to VCAT for review of the VCGLR’s decision on the application.

Under section 3.3.14(2) of the Act, a responsible authority that made a submission under section 3.3.6 on an application for approval of premises can apply to VCAT for review of the VCGLR’s decision to approve the application.

In order to comply with these requirements, the owner or licensee of the premises seeking approval will incur costs. This will include completing an Economic and Social Impact Submission Form and obtaining the services of gaming and legal experts for the hearing process.

In addition, the responsible authority will also incur costs if it makes a submission to the application. This will include completing an Economic and Social Impact Submission Form and obtaining the services of gaming and legal experts for the hearing process.

Approval of Responsible Service of Gaming training courses

Under section 9A.1.18 of the Act, all gaming industry employees and other persons employed by a venue operator to work in the gaming machine area must complete a Responsible Service of Gambling (RSG) course within six months of commencing employment. These employees must also complete a refresher RSG course every three years thereafter.

The VCGLR must approve training courses and refresher training courses that relate to the responsible provision of gaming.

The VCGLR has approved 43 training courses and 18 refresher training courses for the purpose of RSG training. All approved training courses and refresher training courses must be renewed every 5 years by the VCGLR.

Approval of Responsible Gambling Codes of Conduct and Self-Exclusion Programs

Consistent with other commercial gambling licences, it is a condition of a venue operator’s licence that the venue operator adopts a Responsible Gambling Code of Conduct and a Self-Exclusion Program that has been approved by the VCGLR.

In determining if a Responsible Gambling Code of Conduct is suitable to be approved, the VCGLR must consider the requirements of sections 10.6.6 and 10.6.7 of the Act as well as the Ministerial Directions of 8 October 2009. The standards and requirements the VCGLR must consider include matters relating to:
• availability of the Code of Conduct
• responsible gambling message
• responsible gambling information
• gambling product information
• customer loyalty scheme
• pre-commitment strategy
• interaction with customers
• interaction with staff
• interaction with problem gambling support services
• customer complaints
• compliance with the prohibition on gambling by minors
• the gambling environment
• financial transactions
• responsible advertising and promotions
• reviewing the operation and effectiveness of the Code.

In determining if a Self-Exclusion Program is suitable to be approved, the VCGLR must consider the requirements of sections 10.6.1 and 10.6.2 of the Act as well as the Ministerial Directions of 2 October 2008. The standards and requirements the VCGLR must consider include matters relating to:
• administration of self-exclusion program
• process for self-excluding
• duration of self-exclusion
• the provision of information to customers
• identification of a self-excluded person in the gaming machine area
• staff training
• availability of support services
• data management
• complaints process
• reviewing the effectiveness of the self-exclusion program.

The VCGLR has approved nine Responsible Gambling Codes of Conduct and two Self-Exclusion Programs that can be adopted by venue operators.

The VCGLR must also approve any change or variation to a Responsible Gambling Code of Conduct or Self-Exclusion Program.

Compliance and Audit Functions

The VCGLR undertakes inspections of gaming venues in Victoria to ensure that gaming on gaming machines is conducted honestly and that responsible gambling measures are effectively implemented and obligations are being adhered to.

Venue operators will incur costs to ensure compliance with the requirements shown above.
Casino

Casino licensee

The operations of the casino are regulated under the Casino Control Act 1991 and the Casino (Management Agreement) Act 1993. A 40 year licence was granted in 1993 and is currently held by Crown Melbourne Ltd, a subsidiary of Crown Ltd.

There is an agreement between the VCGLR and Crown Melbourne Ltd under Section 142 of the Casino Control Act 1991. The agreement sets out details of the casino licence conditions. Some key features of the agreement are:

- obligations relating to the development and completion of the Melbourne Casino
- conditions relating to the company structure of the casino operator
- disclosure requirements for the casino operator
- exclusivity undertakings
- approval of games and operating practices.

The casino licensee is authorised to:

- obtain and operate approved gaming machines at the casino premises
- conduct approved table games at the casino premises
- manage and operate the casino.

As the holder of the licence, the casino licensee is required, amongst other things, to comply with the requirements of the Casino Control Act 1991 and the Gambling Regulation Act 2003 (the Act).

Specific obligations are placed on the casino licensee in relation to problem gambling as follows:

- preclude minors from the casino
- have correctly displayed responsible gambling posters on gaming machines
- have correctly displayed responsible gambling talkers on gaming machines
- provide access to player information displays on gaming machines
- display the correct time on gaming machines
- provide adequate lighting in the casino and comply with legislated requirements
- make printed information on responsible gambling, in the form of brochures, talkers and posters, available to patrons
- make electronic information including jackpot information available to patrons
- have no gaming machine advertising published outside the casino
- have no gaming machine signage displayed outside the casino (unless allowed by legislation)
- ensure loyalty schemes comply with regulatory requirements, including removing excluded persons from the scheme
- ensure gaming machine winnings or accumulated credits in excess of $2,000 are paid by cheque and not made out to cash, except for lawful exceptions
- ensure chips are not provided on credit to Australian residents
ensure chips are not provided on credit to non-Australian residents except in circumstances prescribed by legislation and in accordance with controls and procedures approved by the VCGLR

- ensure credit is not provided to Australian resident customers for the purpose of gambling
- ensure any cheques issued by Crown for a payout won from gaming machine play are not cashed by Crown
- ensure relevant staff complete a Responsible Service of Gaming training course
- ensure an intoxicated person is not allowed to gamble or bet in the casino
- have an approved Responsible Gambling Code of Conduct in place
- ensure a full copy of the Responsible Gambling Code of Conduct is available
- ensure the How to Play brochure is available
- ensure there is no ATM on the premises in breach of the prohibition on ATMs.

The casino licensee will incur costs in ensuring compliance with the requirements shown above.

VCGLR approvals

Under the Casino Control Act 1991, the VCGLR must assess and approve a range of matters related to the operation of the casino including new games and game rule changes, the casino licensee’s internal control manual, changes to the casino layout and new or changed gaming equipment associated with the conduct of table games. The VCGLR must also assess and approve controlled contracts which relate to the supply of certain goods or services to the casino including goods such as gambling chips.

Approval of Responsible Gambling Code of Conduct and Self-Exclusion Program

Consistent with other commercial gambling licences, it is a condition of the casino licence that the casino licensee implements a Responsible Gambling Code of Conduct. The VCGLR assesses and approves the casino licensee’s code of conduct under Part 6 of Chapter 10 of the Act. The standards and requirements the VCGLR must consider are the same as for a venue operator’s Responsible Gambling Code of Conduct. The VCGLR must also approve any change or variation to the responsible gambling code of conduct.

The VCGLR has approved Crown Melbourne Ltd’s Responsible Gambling Code of Conduct (Code 12).

Whilst there is no legislative obligation for the casino licensee to have a Self-Exclusion Program, the casino licensee’s current responsible gambling code of conduct states that Crown Melbourne Ltd has a Self-Exclusion Program. The VCGLR has not approved this Self-Exclusion Program and the casino licensee is not required to report to the VCGLR on its operation. This is also distinct from the process in the Casino Control Act 1991 for prohibiting certain persons from entering or remaining in a casino which is referred to as exclusion.

Compliance and Audit Functions

The VCGLR has a permanent presence at Crown Casino to ensure that the playing of table games and gaming machines is conducted honestly and that responsible gambling measures are effectively implemented. Amongst other compliance and audit functions, VCGLR compliance inspectors examine whether the casino licensee is complying with mandatory problem gambling obligations described above.
Section 25 of the Casino Control Act 1991 also requires regular investigations of the casino licence and operator at intervals not exceeding five years. In particular, the VCGLR is required to investigate and form an opinion about whether:

- the casino operator, Crown Melbourne Ltd, is:
  - a suitable person to continue to hold the casino licence
  - complying with the Casino Control Act 1991, the Casino (Management Agreement) Act 1993, the Act and the regulations made under those Acts
  - complying with the transaction documents or other agreements between Crown Melbourne Ltd and the State that impose obligations on Crown Melbourne Ltd in relation to gaming, and
- it is in the public interest, having regard to the creation and maintenance of public confidence and trust in the credibility, integrity and stability of casino operations, for Crown Melbourne Ltd’s casino licence to continue.

The VCGLR has commenced the fifth review of the casino operator and licence and is currently seeking public submissions to consider as part of this review.

Lotteries

Public lottery licensees

Under Part 3 of Chapter 5 of the Gambling Regulation Act 2003 (the Act), the Minister for Gaming has awarded two public lottery licences which commenced on 1 July 2008. Both licences were issued for 10 years.

Tattersall’s Sweeps Pty Ltd holds a Category 1 Public Lottery Licence to conduct lotteries such as:
- Saturday Night Lotto
- Monday and Wednesday Lotto
- Oz Lotto
- Powerball
- Soccer Pools
- Super 66.

Intralot Australia Pty Ltd holds a Category 2 Public Lottery Licence to conduct lotteries such as:
- Lucky Keno
- Lucky Lines
- Instant Lottery Games (Lucky Tix).

The holder of a public lottery licence is authorised to:
- conduct authorised lotteries in accordance with the conditions and the licence and the Lottery Rules applicable to each Authorised Lottery
- accredit agents to sell lottery products.

As at 31 August 2012, 1456 agencies were accredited to sell lottery products.
As the holder of a licence, a public lottery licensee is required, amongst other things, to comply with the requirements of the Act.

Specific obligations are placed on the public lottery licensees in relation to problem gambling as follows:

- prevent credit being provided to customers
- ensure gambling advertising published or disseminated meets legislative requirements
- ensure gambling advertising published or disseminated contains the prescribed statement in relation to problem gambling
- have an approved Responsible Gambling Code of Conduct in place
- ensure that each outlet has a full copy of the Responsible Gambling Code of Conduct
- ensure that responsible gambling signs are displayed at each outlet
- ensure that sufficient responsible gambling brochures and pamphlets are available at each outlet
- ensure the Lottery Rules are available for inspection at each outlet.

The public lottery licensees will incur costs ensuring compliance with the requirements shown above.

VCGLR approvals

Under the Act, the VCGLR must assess and approve any equipment and computer hardware or software used in connection with a public lottery, the rules for each public lottery and the procedures for the conduct of a public lottery to be determined by a random number generator.

Approval of Responsible Gambling Codes of Conduct

Consistent with other commercial gambling licences, it is a condition of a public lottery licence that the licensee implements a Responsible Gambling Code of Conduct.

The VCGLR assesses and approves these codes of conduct under Part 6 of Chapter 10 of the Act. The standards and requirements the VCGLR must consider are the same as for a venue operator's Responsible Gambling Code of Conduct. The VCGLR must also approve any change or variation to the Responsible Gambling Codes of Conduct.

The VCGLR has approved Tattersall's Sweeps Pty Ltd's Responsible Gambling Code of Conduct (Code 5) and Intralot Australia Pty Ltd's Responsible Gambling Code of Conduct (Code 14).

There is no legislative requirement for a lottery licensee to have a Self-Exclusion Program. The VCGLR is not aware of any part of the lottery industry that has voluntarily adopted a Self-Exclusion Program.

Compliance and Audit Functions

The VCGLR undertakes inspections of lottery outlets in Victoria to ensure that public lotteries are conducted honestly and that responsible gambling measures are effectively implemented and obligations are being adhered to.

Tattersall’s Sweeps Pty Ltd and Intralot Australia Pty Ltd will incur costs to ensure compliance with the requirements shown above.
Wagering and Sports Betting

Wagering and Betting licensee

Under Part 3A of Chapter 4 of the Gambling Regulation Act 2003 (the Act), a single 12-year wagering and betting licence was awarded to Tabcorp Wagering (Vic) Pty Ltd. The licence commenced operation on 16 August 2012.

The holder of the wagering and betting licence is authorised to:

- conduct on-course and off-course wagering and betting on racing, sports and other approved events
- conduct simulated racing games (called Trackside)
- operate a betting exchange
- accredit agents to accept wagers on wagering events or bets on approved betting competitions.

Wagering covers betting on thoroughbred horse racing, harness racing and greyhounds and includes both pari-mutuel (totalisator) and fixed odds. Sports betting covers football, cricket, soccer and numerous other sports. Bets are allowed on specified non-sporting events, such as the Academy Awards and state and federal elections.

As at 31 August 2012, 723 wagering and betting agencies were accredited to accept wagers and bets and offer Trackside. The wagering and betting licensee does not currently operate a betting exchange.

As the holder of the licence, the wagering and betting licensee is required, amongst other things, to comply with the requirements of the Act.

Specific obligations are placed on the wagering and betting licensee in relation to problem gambling as follows:

- prevent credit being provided to customers
- prevent wagering and betting outlets from knowingly accepting a bet from an intoxicated person
- ensure gambling advertising published or disseminated meets legislative requirements
- ensure gambling advertising published or disseminated contains the prescribed statement in relation to problem gambling
- ensure no credit, voucher or reward is offered as an inducement to open a betting account
- have a copy of the betting rules available
- ensure staff working at wagering and betting outlets have received training in relation to responsible gambling
- have an approved Responsible Gambling Code of Conduct in place
- ensure patrons at wagering and betting outlets are able to access the Responsible Gambling Code of Conduct
- ensure staff working at wagering and betting outlets know how to refer a person to Gambling support services
• display signs at wagering and betting outlets that minors are not permitted to gamble
• display signs at wagering and betting outlets that service will not be provided to intoxicated patrons
• display responsible gambling signs at wagering and betting outlets.

The wagering and betting licensee will incur costs ensuring compliance with the requirements shown above.

VCGLR approvals

Under the Act, the VCGLR must assess and approve:
• any equipment and computer hardware or software used in connection with a totalisator or approved betting competition
• the betting rules in relation to totalisators for wagering, totalisators for approved betting competitions and betting in approved betting competitions at fixed odds
• certain events or class of events for betting purposes
• simulated racing events
• sports controlling bodies for sports betting purposes.

Bookmakers

Bookmakers and their key employees are registered by the VCGLR. Bookmakers can operate as sole traders, partnerships or corporations. A registered bookmaker is authorised to accept bets on racing events and specified sporting and non-sporting events. Bookmakers must also be licensed by the controlling body of the race type where they field (e.g. Victoria Racing Club, Harness Racing Victoria, Greyhound Racing Control Board). It should be noted that the VCGLR does not regulate these controlling bodies. This function is performed by the Office of Liquor, Gaming and Racing in the Department of Justice.

As at 31 August 2012, there are 174 sole trader bookmakers and 6 corporate bookmakers. There were also 37 bookmaking partnerships approved.

Registered bookmakers are required, amongst other things, to comply with the requirements of the Act.

Specific obligations are placed on registered bookmakers in relation to problem gambling as follows:
• prevent credit being provided to customers
• ensure gambling advertising published or disseminated by the bookmaker meets legislative requirements
• ensure gambling advertising published or disseminated by the bookmaker contains the prescribed statement in relation to problem gambling
• ensure credit, vouchers or rewards are not offered as an inducement to open a betting account
• have a Responsible Gambling Code of Conduct
• ensure winnings in excess of $1,000 are paid by cheque if requested by the customer
• be in possession of the Responsible Gambling Code of Conduct
• possesses the bookmaker’s Responsible Gambling Kit
possesses the contact details for Gamblers Help
the bookmaker and any key employees must wear the required identification cards
maintain a training register of his or her staff
maintain a complaints register
maintain a cheque register.

Bookmakers will incur costs to ensure compliance with these requirements.

Approval of Responsible Gambling Codes of Conduct

Consistent with other commercial gambling licences, it is a condition of the wagering and betting licence that the wagering and betting licensee implements a responsible gambling code of conduct. It is also a condition of registration as a bookmaker that the bookmaker implements a Responsible Gambling Code of Conduct.

The VCGLR assesses and approves these codes of conduct under Part 6 of Chapter 10 of the Act. The standards and requirements the VCGLR must consider are the same as for a venue operator’s responsible gambling code of conduct. The VCGLR must also approve any change or variation to the responsible gambling codes of conduct.

The VCGLR has approved Tabcorp Wagering Pty Ltd’s Responsible Gambling Code of Conduct (Code 7) and the Victorian Bookmakers’ Association’s Generic Responsible Gambling Code of Conduct (Code 16).

There is no legislative requirement for the wagering and betting licensee or registered bookmakers to have a Self-Exclusion Program.

Whilst there is no legislative obligation for the wagering and betting licensee to have a Self-Exclusion Program, the wagering and betting licensee’s current Responsible Gambling Code of Conduct states that Tabcorp Wagering (Vic) Pty Ltd has a Self-Exclusion Program. The VCGLR has not approved this Self-Exclusion Program and the wagering and betting licensee is not required to report to the VCGLR on its operation.

The VCGLR is not aware of any part of the bookmaking industry that has voluntarily adopted a Self-Exclusion Program.

Compliance and Audit Functions

The VCGLR undertakes inspections of wagering and betting outlets and racecourses in Victoria to ensure that wagering and sports betting is conducted honestly and that responsible gambling measures are effectively implemented and obligations are being adhered to. The VCGLR also conducts inspections of gambling advertising and promotions by the wagering and betting licensee, registered bookmakers and interstate wagering providers.

Tabcorp Wagering (Vic) Pty Ltd will incur costs to ensure compliance with the requirements shown above.

Interstate licensed wagering and betting operators are able to advertise their activities in Victoria. Victorians are able to open betting accounts with these operators and utilise their services through telephone and internet betting. Whilst the VCGLR does not licence these operators, there are legislative requirements around the way in which these interstate wagering and betting operators advertise their activities in Victoria. Specifically:
• gambling advertising published or disseminated must meet Victorian legislative requirements
• gambling advertising published or disseminated must contain the prescribed statement in relation to problem gambling required under Victorian legislation
• any offer to provide any credit, voucher or reward as an inducement to open a betting account is prohibited.

The VCGLR conducts inspections of gambling advertising by persons who:
• operate a totalisator elsewhere in Australia
• operate a betting exchange elsewhere in Australia
• carry on the business of, or act as, a bookmaker or turf commission agent elsewhere in Australia
• gain or endeavour to gain their livelihood wholly or partly by betting or making wagers elsewhere in Australia
• are an employee or agent of a person mentioned above.

The VCGLR has taken action against seven interstate wagering providers for breaching the prohibition on offering inducements to open a betting account. Four of these wagering providers have been found guilty at Court and fined, while charges are currently pending against three others.

**Keno**

**Keno licensee**

Under Part 3 of Chapter 6A of the *Gambling Regulation Act 2003* (the Act), a single 10-year keno licence was awarded to Tabcorp Investments No. 5 Pty Ltd. The licence commenced operation on 15 April 2012.

The holder of the keno licence is authorised to:
• conduct authorised keno games
• accredit agents to sell tickets in keno games.

Keno is a rapid-draw game in which a set of numbers is drawn via a random number generator from a pool of numbers. The numbers are then posted electronically to outlets. A new game commences every three minutes.

As at 31 August 2012, 664 outlets were accredited to sell tickets in keno games.

As the holder of the licence, the keno licensee is required, amongst other things, to comply with the requirements of the Act.

Specific obligations are placed on the keno licensee in relation to problem gambling as follows:
• prevent credit being provided to customers
• prevent keno outlets from knowingly accepting a bet from an intoxicated person
• ensure gambling advertising published or disseminated meets legislative requirements
• ensure gambling advertising published or disseminated contains the prescribed statement in relation to problem gambling
• ensure staff working at keno outlets have received training in relation to responsible gambling
• have an approved Responsible Gambling Code of Conduct in place
• ensure winnings in excess of $1,000 are paid by cheque if requested by the customer
• ensure staff working at keno outlets know how to access the Responsible Gambling Code of Conduct.

The keno licensee will incur costs ensuring compliance with the requirements shown above.

VCGLR approvals

Under the Act, the VCGLR must assess and approve the keno system used to conduct keno games and the keno rules for each keno game.

Approval of Responsible Gambling Code of Conduct

Consistent with other commercial gambling licences, it is a condition of the keno licence that the licensee implements a Responsible Gambling Code of Conduct.

The VCGLR assesses and approves these codes of conduct under Part 6 of Chapter 10 of the Act. The standards and requirements the VCGLR must consider are the same as for a venue operator's Responsible Gambling Code of Conduct. The VCGLR must also approve any change or variation to the Responsible Gambling Codes of Conduct.

The VCGLR has approved Tabcorp Investment No. 5 Pty Ltd’s Responsible Gambling Code of Conduct (Code 20).

There is no legislative requirement for the keno licensee to have a Self-Exclusion Program. The VCGLR is not aware of any part of the keno industry that has voluntarily adopted a Self-Exclusion Program.

Compliance and Audit Functions

The VCGLR undertakes inspections of keno outlets in Victoria to ensure that keno is conducted honestly and that responsible gambling measures are effectively implemented and obligations are being adhered to.

Tabcorp Investments No. 5 Pty Ltd will incur costs to ensure compliance with the requirements shown above.

Community and Charitable Gaming

The VCGLR approves community and charitable organisations, as well as political parties, which intend to conduct minor gaming activities in order to raise funds. Minor gaming activities consist of raffles, bingo lucky envelopes and fundraising events.

In some cases, the VCGLR issues permits or authorisations for these activities to be conducted in compliance of the legislative requirements.

There is no requirement for declared community and charitable organisations to have a Responsible Gambling Code of Conduct or a Self-Exclusion Program for the conduct of minor gaming activities.
Community and charitable organisations may contract commercial operators to assist in the conduct of their minor gaming activity. Bingo centre operators can be licensed to assist in the conduct of bingo and commercial raffle organisers can be licensed to assist in the conduct of raffles. Both types of licences require the commercial operator to provide financial reports to the VCGLR to ensure that community and charitable organisations retain a fair proportion from the activities and to have a Responsible Gambling Code of Conduct.

**Bingo**

**Bingo centre operator licensee**

Under Part 5 of Chapter 8 of the *Gambling Regulation Act 2003* (the Act), the VCGLR may issue a licence for a company or sole trader to operate a bingo centre. A bingo centre is a house or place in which sessions of bingo are regularly conducted on a commercial basis. The bingo sessions must be conducted to benefit one or more declared community and charitable organisations.

As at 31 August 2012, 17 bingo centres were licensed to conduct sessions of bingo.

As the holder of a licence, a bingo centre operator is required, amongst other things, to comply with the requirements of the Act.

Specific obligations are placed on a bingo centre operator in relation to problem gambling as follows:

- prevent credit being provided to patrons
- provide information on bingo regulations and rules to players on request
- have an approved Responsible Gambling Code of Conduct in place
- have a notice advising a copy of the Responsible Gambling Code of Conduct is available
- ensure staff know how to access the Responsible Gambling Code of Conduct
- display the Responsible Gambling Customer Liaison Officer’s name.

Bingo centre operators will incur costs ensuring compliance with the requirements shown above.

**VCGLR approvals**

Under the Act, the VCGLR must assess and approve rules for or with respect to the conduct of bingo.

**Approval of Responsible Gambling Code of Conduct**

Consistent with other commercial gambling licences, it is a condition of a bingo centre operator licence that the licensee implements a Responsible Gambling Code of Conduct.

The VCGLR assesses and approves these codes of conduct under Part 6 of Chapter 10 of the Act. The standards and requirements the VCGLR must consider are the same as for a venue operator’s Responsible Gambling Code of Conduct. The VCGLR must also approve any change or variation to the Responsible Gambling Codes of Conduct.

The VCGLR has approved the Bingo Industry Association of Victoria’s Responsible Gambling Code of Conduct (Code 10).
There is no legislative requirement for a bingo centre operator to have a Self-Exclusion Program. The VCGLR is not aware of any part of the bingo industry that has voluntarily adopted a Self-Exclusion Program.

Compliance and Audit Functions

The VCGLR undertakes inspections of bingo centres in Victoria to ensure that bingo is conducted honestly and that responsible gambling measures are effectively implemented and obligations are being adhered to.

Bingo centre operators will incur costs to ensure compliance with the requirements shown above.

Commercial Raffle Organiser

Commercial raffle organiser licensee

Under Part 5A of Chapter 8 of the *Gambling Regulation Act 2003* (the Act), the VCGLR may issue a licence for a company or sole trader to operate as a commercial raffle organiser. A commercial raffle organiser can conduct a raffle (in whole or in part) for the benefit of a declared community and charitable organisation. Typically, commercial raffle organisers offer call centre services to sell tickets.

As at 31 August 2012, eight commercial raffle organisers were licensed to conduct raffles.

As the holder of a licence, a commercial raffle organiser is required, amongst other things, to comply with the requirements of the Act.

Specific obligations are placed on a commercial raffle organiser in relation to problem gambling as follows:

- prevent credit being extended to customers to purchase raffle tickets
- ensure gambling advertising published or disseminated meets legislative requirements
- have an approved Responsible Gambling Code of Conduct in place
- ensure a copy of the Responsible Gambling Code of Conduct is available to customers on request
- provide the Responsible Gambling and Product Information with all VIP membership information
- maintain a log book of gambling problems identified
- provide a mechanism for a purchaser to amend or cancel their order (i.e. ‘cooling off period’)
- ensure staff know the websites for Problem Gambling services
- provide access to material prepared by Gambler’s Help Service for staff members
- provide gambling product information to staff and customers.

Commercial raffle organisers will incur costs ensuring compliance with the requirements shown above.

Approval of Responsible Gambling Codes of Conduct

Consistent with other commercial gambling licences, it is a condition of a commercial raffle organiser licence that the licensee implements a Responsible Gambling Code of Conduct.
The VCGLR assesses and approves these codes of conduct under Part 6 of Chapter 10 of the Act. The standards and requirements the VCGLR must consider are the same as for a venue operator’s Responsible Gambling Code of Conduct. The VCGLR must also approve any change or variation to the Responsible Gambling Codes of Conduct.

The VCGLR has approved eight Responsible Gambling Codes of Conduct for commercial raffle organisers.

There is no legislative requirement for a commercial raffle organiser to have a Self-Exclusion Program. The VCGLR is not aware of any part of the raffle industry that has voluntarily adopted a Self-Exclusion Program.

Compliance and Audit Functions

The VCGLR undertakes inspections of commercial raffle organisers in Victoria to ensure that raffles are conducted honestly and that responsible gambling measures are effectively implemented and obligations are being adhered to.

Commercial raffle organisers will incur costs to ensure compliance with the requirements shown above.

Policy assessment and advice

The VCGLR undertakes considerable policy work on responsible gambling and problem gambling. This includes:

- providing analysis and advice on the implementation of responsible gambling measures
- maintaining databases of gaming machine expenditure by venue and Local Government Area
- preparing Social and Economic Impact Assessment Reports to support the application process for approvals of premises and approvals to increase the number of gaming machines at approved premises
- representing the VCGLR on Working Groups of the Responsible Gambling Ministerial Advisory Council (RGMAC)
- conducting specific investigations on various responsible gambling matters, such as the ban on the use of earphones on gaming machines.

Under section 10.6.10 of the Act, the VCGLR must provide a report to the Minister, at least every 12 months, on:

- self-exclusion programs including whether any disciplinary action was taken against a venue operator because of repeated breaches of the venue operator’s self-exclusion program
- Responsible Gambling Codes of Conduct including the following-
  a. the effectiveness of Responsible Gambling Codes of Conduct
  b. the level of compliance by relevant persons
  c. whether any disciplinary action was taken against a relevant person because of repeated breaches of the relevant person’s Responsible Gambling Code of Conduct, and
  d. whether any programs, including educational programs, were conducted by the VCGLR for the benefit of relevant persons in order to increase compliance with, and the effectiveness of, Responsible Gambling Codes of Conduct.
Reports have been provided to the Minister for 2009/10 and 2010/11. The report for 2011/12 is currently being prepared in order to be presented to the Minister for Gaming by 30 September 2012.

Legal Services, Administration and support

VCGLR staff conducting the above regulatory activities is supported by VCGLR teams that deliver corporate functions including information technology, administrative services, finance, and corporate reporting. Additionally, the VCGLR engages and educates regulated entities through information provision, publications, the supply of printed Responsible Gambling information and signage for display at venues, industry training and the contact centre.

General Counsel and the Legal Team provide legal services to support statutory decision-making of the Commission and delegates. Legal support is also provided as part of the inquiry process for certain applications and disciplinary matters as well as when conducting prosecutions for breaches of mandatory obligations.

Estimates of VCGLR costs in regulating problem gambling

Gambling and liquor regulation in Victoria were integrated into a single regulator, the VCGLR, in February 2012. The VCGLR is the successor body to the Victorian Commission for Gambling Regulation (VCGR), the Director of Liquor Licensing and Responsible Alcohol Victoria. In creating the VCGLR, some aspects of liquor and gambling regulation have been integrated making it more complex to accurately cost isolated components of administering the gambling regulatory system.

The VCGLR undertakes a number of activities to minimise the harm caused by problem gambling in Victoria. Some of these activities are quite separate and discrete and, therefore, the costs can be easily calculated. One example is the requirement for the VCGLR to assess and approve all Responsible Gambling Codes of Conduct submitted for approval. Another example is the recent requirement for the VCGLR to print and supply responsible gambling information, such as posters, talkers, brochures and signs, to gaming venues.

In other cases, the activity related to minimising harm forms part of a broader activity. One example is the requirement for gaming machine manufacturers to have new machine types and games tested and submitted to the VCGLR for approval for use in Victoria. In determining an application, the VCGLR must be satisfied the machine type or game meets the requirements in relation to player return, game fairness and security and responsible gambling. Another example is where Commissioners or VCGLR staff acting under delegation are required to turn their mind to a broad range of issues including responsible gambling when reaching a discretionary decision on certain application types.

Additionally, there has been significant change in recent years to the gambling industry and consequently the administration of the gambling regulatory system. Licensing for the operation of EGMs has been substantially reformed; new licences have been awarded for wagering & betting and keno. These new arrangements commenced on 16 August 2012 and will present a different environment for venue operators in terms of their individual responsibility. Gambling and liquor regulation have been integrated into a new statutory body that commenced operation in February 2012. Further, a raft of new responsible gambling measures has been introduced in recent years. This includes a recent prohibition on ATMs in gaming venues in certain circumstances. In 2013, arrangements for Responsible Service of Gaming training will be further refined. These changes in gambling regulation will continue to drive changes in the regulator’s activities for years to come. Generally, the context around gambling means regulation is dynamic and evolving. It is not possible to identify a ‘typical’ year in order to undertake an analysis of cost in regulating problem gambling.
For these reasons, it is difficult to estimate the cost to the VCGLR in regulating problem gambling with any precision.

In order to provide some approximate indication of the cost to the regulator in regulating problem gambling, the salary and on-costs incurred by the former VCGR in the 2010/11 financial year have been examined. It is estimated that, approximately 25% of this expense could be considered as relating to minimising the harm caused by problem gambling. This equated to an estimated cost to the former VCGR of $5.13 million in 2010/11.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Estimated proportion of activity of former VCGR attributed to problem gambling measures</th>
<th>Estimated cost of activity of former VCGR attributed to problem gambling measures ($m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>VCGR Commission including strategic and legal support</td>
<td>20%</td>
<td>$0.85</td>
</tr>
<tr>
<td>Compliance &amp; audit functions</td>
<td>35%</td>
<td>$2.20</td>
</tr>
<tr>
<td>Gambling premises and gambling product approvals</td>
<td>25%</td>
<td>$1.38</td>
</tr>
<tr>
<td>Licensing operations including gambling industry employee licensing</td>
<td>15%</td>
<td>$0.70</td>
</tr>
<tr>
<td><strong>Estimated total cost</strong></td>
<td><strong>$5.13</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: Financial statements for 2010/11 of the former VCGR

Note: Estimates based on an approximation of activities and operations of the former VCGR in 2010/11. This figure should not be used as an accurate representation of the current regulatory cost to the VCGLR of carrying out regulatory activities that relate to problem gambling.

The above calculations are based on former the VCGR’s salary and wage expenditure for the 2010/11 financial year. These figures are broken down at a functional level.

The salary and wage expenditure figures were multiplied by 2.4 in order to account for the indirect costs, which include overheads, on-costs (including a restraint of trade allowance) and the administration and IT support expenses needed for the operational staff to function. This figure was estimated from financial data in the VCGR’s 2010/11 annual report. The proportions attributed to problem gambling measures were estimated following consultation with relevant senior and experienced former VCGR staff and former VCGR Commissioners with detailed understanding of the regulator’s functions related to responsible and problem gambling during the 2010/11 financial year.
Appendix 3  Deficiencies and gaps in existing information

The VCGLR has identified additional information which would assist in the discharging of statutory functions related to responsible and problem gambling. Specifically, it would be valuable for data on the number of problem gamblers seeking help from professional services to be updated on an annual or bi-annual basis.

Current Information Usage

The requirement to consider the net economic and social impact of certain gaming machine applications was first introduced in Victoria in May 2000. Legislation requires that, before it can approve an application for new premises as suitable for gaming or to increase the number of gaming machine permitted at an existing venue, the VCGLR must be satisfied that the net economic and social impact of approval will not be detrimental to the wellbeing of the community of the municipality in which the premises are located.

Economic and social impact assessments traditionally referenced point-in-time data and originally considered the local government area as a whole. This has been revised over time to now consider data at a variety of geographical areas including (from largest to smallest) statistical subdivisions, local government areas, statistical local areas, the immediate surrounding area and collection districts. Similarly, data sources are continually reviewed for updates or new emerging data sources.

The expansion of assessments to examine the socio-economic profile of smaller geographical areas within municipalities and to take into account indicators such as homelessness is consistent with recommendations made by Victorian Auditor-General’s Office in its July 2010 report on the performance audit of the Victorian Government’s Taking Action on Problem Gambling strategy.

As part of its analysis of the economic and social impact of gaming machine applications, the VCGLR references a number of indicators from a variety of sources, reportable at various geographic levels as follows:

Indicators reportable at statistical subdivision level

Indicators reportable at local government area level
- Gaming Machine Density per 1,000 Adults - VCGLR
- Adults per Venue - VCGLR
- Gaming Machine Expenditure per Adult - VCGLR
- Gaming Machine Trend Analysis - VCGLR
- Ability to raise money in an emergency – Department of Planning and Community Development (DPCD)
- Victorian in Future, 2008 – DPCD.

Indicators reportable at statistical local area level
- Unemployment – Dept Education Employment and Workplace Relations
- Crime – Victoria Police
- Selected Government Pensions and Allowances – Centrelink.
Indicators reportable at the census collection district level

- Equivalised Household Income – ABS
- Housing Stress – ABS
- SEIFA Index of Disadvantage – ABS.

Potential Improvements

Improvements in the information available in relation to problem gambling, and in particular problem gambling help seeking would enhance the ability for the VCGLR to consider problem gambling related issues when discharging its legislative functions. Data compiled by Gambler’s Help agencies on the number and type of contacts was provided to the VCGLR by the Department of Human Services in 2008. No further information in relation to problem gambling help service contacts has been made available until recently. The VCGLR understands that Gambler’s Help has re-configured its system and recording and reporting this information is now available on a Local Government Area level.

The VCGLR has recently obtained data from the Department of Justice on the number of individuals in 2010/11 presenting to Gambler’s Help agencies across Victoria seeking problem gambling counselling and problem gambling financial counselling. Irregularities in the recording and reporting of information across some agencies, however, means data is available for most, but not all regions. This information is currently being analysed by the VCGLR. In providing this information, the Department of Justice advised that its research estimates that only 5% - 10% of problem gamblers seek professional help from Gambler’s Help. The remainder seek professional help from psychologists or counsellors or help from relatives and friends.

Access to consistent and reliable information on contacts to all professional help services used by problem gamblers would be valuable. At a basic level, information available at least annually on the number of contacts, origin (e.g. residential postcode), if contact is for self or other (i.e. is it the client or a family member/friend of the client experiencing a gambling problem), if contacts are a new or return client, as well as the type of gambling activity is desirable. Any additional information that might be available for contacts to help services such as sex, age cohorts, residential postcode, information on where clients gamble (venue postcodes, venues they have self-excluded from) etc would also be extremely valuable.

References

Australian Bureau of Statistics (2006), Equivalised Household Income

Australian Bureau of Statistics (2012), Consumer Price Index, Australia, Jun 2012, time series spreadsheet, cat. no. 6401.0

Department of Justice, Office of Liquor, Gaming and Racing (2012), Contacts to Gambling Help services

Department of Planning and Community Development (2008), Victoria in Future 2008