

Our Reference: 100/10/05/VT

13 June 2007

Mr Ross Kennedy
Executive Director Gaming and Racing
Department of Justice
PO Box 18055
Collins Street East
MELBOURNE 8003

Dear Mr Kennedy

Proposed State Government Reforms to Community Benefit Statements

Maroondah City Council welcomes the Victorian Government's formal recognition of the expressed concerns over the failure of the Community Benefit Statements (CBS) to meet their intended purpose. Council understands that the proposed reforms to the CBS are aimed at enabling this mechanism to transparently demonstrate the benefits of gaming for local communities through the generation of revenue.

Using the information provided by Peter Cohen, Executive Commissioner of the Victorian Commission for Gambling Regulation (VCGR) to Cr John Connor (Macedon Ranges Shire Council) in March 2007, we calculate that the seven club venues in Maroondah generated around \$18.7 million in net gaming revenue during the 2005/06 financial year. During this period, these seven venues declared a total of \$69,689 in combined expenses under Category 2 (gifts of funds), Category 3 (sponsorships) and Category 4 (gifts of goods to the community). This amounts to only 0.4% of the clubs' total gaming revenue. In Council's view, these three categories demonstrate distinguishable and direct community benefit.

In a similar pattern to the CBS claims of clubs across Victorian municipalities, Category 1 (employment expenses) claims accounted for the large bulk of CBS claims (13.8% of total gaming revenue in 2005/06 in Maroondah). The next most significant categories are Category 9 (direct and indirect costs), Category 8 (fixed assets) and Category 7 (activities subsidised). Whether the activities and purposes claimable under these four categories qualify as 'community benefits' is debatable. Council does not deem the above activities and purposes to constitute tangible and direct 'community benefits'.

Maroondah City Council is an active member of the Local Government Working Group on Gambling (LGGWG) and has actively contributed to the joint submission from the LGGWG to the proposed reforms. Council supports the concerns, views and positions detailed in the LGGWG submission. In summary, the key points are:

- The CBS must deliver on its stated objective of publicly demonstrating the community benefits of gaming machines.
- The terms 'community benefit' and 'community purpose' need to be clearly defined.

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- The activities and purposes claimable under the CBS, as included in the draft Ministerial Order, are still overly broad and the community benefit of some categories are questionable.
- The Community Support Fund (CSF) is in urgent need of review.
- The model of Local Community Trusts presents a feasible and effective alternative to the CSF and CBS.
- Hotel venues should be not exempted from developing, lodging and auditing a CBS.
- As the state regulator, the VCGR has an obligation to the public to conduct frequent spot audits of the CBS and regularly report on the outcomes of audits.

Council reiterates the dissatisfaction expressed by the LGWGOG over the limited and inadequate timeframe for public comment on the proposed changes. Although Council appreciates this opportunity to consider and provide input to the reform, a far longer duration would be more in line with the State Government's commitment to the principle of 'proper consultative processes' (Office of Gaming and Racing, *Review of the Electronic Gaming Machine, Club Keno and Wagering Licenses and Funding Arrangements for the Racing Industry Post-2012: Information Paper*, p. 3).

Should you require further information, please contact Council's Social Planner, Vivian Tee, on 9298 4220.

Yours sincerely



Cr Peter Gurr
MAYOR