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## 2. Background to the project

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This section aims: (1) to offer a brief overview of the context in which the Authority's *1998-99 Research Program* was developed, and (2) to summarise statistical data indicating the growth and current magnitude of the Victorian gaming industry. This descriptive information is provided here in order to familiarise readers with the environment in which this project was conceived and undertaken, and to support material contained in later sections of the report.

### 2.1 The Victorian Casino and Gaming Authority Research Charter and Research Scoping Matrix

The Authority is a statutory body established by the Victorian Government under the *Gaming and Betting Act 1994* which, together with the *Casino Control Act 1991* and the *Gaming Machine Control Act 1991*, sets out the general framework for regulation of gaming, casino and wagering activities in Victoria. The Authority regulates and monitors Victoria's gambling activities and acts to ensure that the highest standards of integrity in the industry are achieved in an efficient and effective manner.

Apart from its regulatory and monitoring activities, the Authority has a statutory responsibility to carry out research into the social and economic impact of gaming in Victoria. The research conducted by the Authority provides a store of information as to the changes in community gambling patterns and perceptions over time, and insight into the impact of gaming and gambling in Victoria. This information is also used to provide advice to the Minister on policy issues with respect to gambling.

Research undertaken by the Authority is funded from the Community Support Fund, established under section 138 of the *Gaming Machine Control Act 1991* and drawn from  $8\frac{1}{3}$  per cent of the net cash balance from gaming conducted in hotels. Table 2.1 contains the principles for operation underlying the Authority's Research Charter.

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**Table 2.1: Victorian Casino and Gaming Authority Research Charter – Set of Principles for Operation**

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*The Gaming Machine Control Act 1991*, section 109(e), requires the Authority to fund research into, and advise the Minister for Gaming on, the social impact of gaming. The Authority will achieve this objective by adopting and operating within a broad set of principles (as detailed below). These principles establish and describe parameters for the purpose of implementation of functional roles and responsibilities.

1. The fundamental purpose of research conducted by the Authority is to gather data in a format that will enable it to:
  - make available to the public reliable information on the social impact of gambling;
  - put its views to the Government on policy issues in a timely manner; and
  - carry out regulatory functions and recommend implementation of changes to these functions as appropriate.
2. The Authority will undertake and/or commission such research as is necessary to ensure that the social impact of gaming is thoroughly documented and understood for the benefit of the community, the Government and the industry.
3. Co-operation and co-ordination of the research effort among and between the industry and community will be encouraged, to facilitate the rationalisation and standardisation of research into the social impact of gambling and to achieve reciprocal benefit and cost savings.
4. To assess social impact as required under the Act, social impact will be defined for this purpose as:
  - impact on individuals and families;
  - impact on communities and neighbourhoods;
  - cultural and social impact; and
  - socio-economic impact.
5. The Authority will monitor significant research developments both within Victoria and on the interstate and international levels as part of ongoing efforts to maintain Victoria at the forefront of gambling studies and research.
6. The Authority will establish and maintain basic data sets such as are necessary to enable it to perform its research and other functions.
7. From time to time, specific issues of concern within the community will arise that the Authority will research, report on and provide its views on policy matters to the Minister.
8. The Authority will identify and implement necessary longitudinal and consequential impact studies.
9. The Authority will disseminate results of this research wherever possible (taking into account commercial sensitivities) to government, commercial operators, other researchers, interest groups, media and the general public.

As summarised in the Authority's Research Scoping Matrix (see Figure 2.1), research undertaken by the Authority covers several levels of analysis and dimensions of gambling impact for which data is collected and analysed. This matrix

was designed to determine where research efforts into the impact of gaming in Victoria would be directed. Appendix A lists in chronological order the research projects undertaken by the Authority since its inception.

### Figure 2.1: VCGA Research Scoping Matrix

A comprehensive data and research base would inform:

<p style="text-align: center;">Families and individuals</p> <p>Who is gambling</p> <ul style="list-style-type: none"> <li>• Age and sex</li> <li>• Education and income</li> <li>• Nationality</li> <li>• Residential locality</li> <li>• Income disposal patterns</li> </ul> <p>Use of time</p> <ul style="list-style-type: none"> <li>• Leisure</li> <li>• Work</li> <li>• Family</li> </ul> <p>Effect on family life</p> <ul style="list-style-type: none"> <li>• Stability</li> <li>• Cohesion</li> </ul> <p>Problem gambling</p> <ul style="list-style-type: none"> <li>• Nature and impact</li> </ul> <p>Social life impact</p> <ul style="list-style-type: none"> <li>• Loss and gain</li> </ul>	<p style="text-align: center;">Communities and neighbourhoods</p> <p>Location of venues</p> <p>Effect on organisations</p> <ul style="list-style-type: none"> <li>• Ability to self-fund through minor gambling</li> </ul> <p>Local facilities impact</p> <ul style="list-style-type: none"> <li>• Ability of clubs to expand and provide</li> </ul> <p>Effect on services</p> <ul style="list-style-type: none"> <li>• Shopping centres</li> </ul> <p>Community participation levels</p> <ul style="list-style-type: none"> <li>• Sport</li> <li>• Arts activities</li> <li>• Entertainment</li> </ul>
<p style="text-align: center;">Society and Culture</p> <p>Changing perceptions of gambling</p> <p>Moral attitudes</p> <p>Differential risk to vulnerable groups (eg. young people)</p> <p>Visibility of new forms of gambling</p> <p>Overall crime levels</p> <p>Cultural identity</p> <p>Gaming as recreation</p> <p>Effect on city life and urban renewal</p> <p>Community safety and confidence</p> <p>Gambling as a cultural product</p> <p>Historical perspectives</p>	<p style="text-align: center;">The Economy</p> <p>Tourism</p> <ul style="list-style-type: none"> <li>• "At home" tourists</li> <li>• Regional, interstate, international</li> </ul> <p>Employment</p> <ul style="list-style-type: none"> <li>• Increases and loss</li> <li>• Shifts and transfers</li> <li>• Regional impact</li> <li>• Need for training</li> </ul> <p>Business</p> <ul style="list-style-type: none"> <li>• Viability of clubs, hotels and entertainment venues</li> <li>• Export development and substitution</li> <li>• Market segmentation</li> </ul> <p>Beneficiaries</p> <ul style="list-style-type: none"> <li>• Governments</li> <li>• Australian or overseas operators</li> </ul>

## 2.2 The Victorian Casino and Gaming Authority 1998-99 Research Program

On 1 July 1998 the Authority announced its *1998-99 Research Program*. In total, the *1998-99 Research Program* comprises an integrated package of eleven distinct projects: one on-going survey series, eight new projects and the introduction of two longitudinal surveys (see Table 2.2). Together these projects constitute a comprehensive program which further supports the Authority's commitment to

providing world class research into the effects of gaming. As has previously been the case, the research reports arising from the *1998-99 Research Program* will be published and made available to the public.

This current research program was developed after consultation with key organisations, including the Victorian Council of Churches – Gambling Task Force and gaming industry representatives. An important part of the development process was the consideration of advice from the consultants who had previously conducted research for the Authority, the assessment made by the consultant as part of the project *Summary of Findings 1996-97 Research Program*, and comments made by the Auditor-General in the report *Special Report No. 54 – Victoria's Gaming Industry – An insight into the role of the regulator*. The projects comprising the current program are in line with the Authority's Research Charter (see Table 2.1).

The *1998-99 Research Program* complements and builds on the research already undertaken by the Authority (see Appendix A). Further, the projects will assist the Authority in expanding its understanding of long-term gaming trends, and provide the Government with information to develop policies that will have regard to the social and economic effects of gambling in Victoria.

**Table 2.2: The Victorian Casino and Gaming Authority 1998-99 Research Program**

Project title	Consultant	Brief description
1. "Gaming – Comparative History and Analysis, Framework for Evaluation and Summary of 1998-99 Findings" <sup>a</sup>	Stage 1: Australian Institute for Gambling Research (AIGR) Stages 2 and 3: Social and Economic Research Centre (SERC)	A study of the comparative history of gaming impacts in Australasia, followed by the development of a rigorous framework to measure the social impacts of gaming and the subsequent use of this framework in critically analysing and summarising the whole of the <i>1998-99 Research Program</i> .
2. "Continuing Surveys of Community Gambling Patterns and Perceptions"	Roy Morgan Research Limited	The sixth and seventh surveys of community gambling patterns and perceptions.
3. "Evaluation and Further Use of Existing Data Sets" <sup>b</sup>	Geospend	A review, including geo-demographic profiling, of existing research data sets of the Authority.
4. "Problem Gambling Measurement Instrument" <sup>b</sup>	Flinders Technologies Pty Ltd	The development of a survey instrument to accurately measure the prevalence of problem gambling in the Victorian context.
5. "The Economic Impact of Gambling"	National Institute of Economic and Industry Research (NIEIR)	An examination of the combined overall economic impact of gaming from the macro (State) level through to the base micro (individual household/person) level.
6. "Hotel and Club Industry Gaming Impact Study"	Market Solutions (Australia) Pty Ltd	An examination of the impact of gaming on the club and hotel industry which considers the provision of dining and other recreational, cultural and social facilities, the changes in the culture and the effect on the entertainment and music industries.
7. "The Impact of the Expansion of Gaming on the Tourism, Entertainment, and Leisure Industries"	Consortium from the University of Western Sydney (Australian Institute for Gambling Research), RMIT (Department of Hospitality, Tourism and Leisure), and the University of Technology, Sydney (School of Leisure and Tourism Studies)	A study of the impact and role of the expansion of gaming in the tourism, entertainment and leisure industries.
8. "Longitudinal Examination of Perceptions and their Relationship with Actual Findings"	Marketing Science Centre, University of South Australia	A longitudinal examination of people's perceptions of electronic gaming machines and the casino and the relationship of these perceptions to actual gaming industry behaviours and events.
9. "The Impact of Gaming on Specific Cultural Groups"	Consortium comprising Cultural Patterns Australia, Thomas & Associates and the Australian Multicultural Foundation	An examination of the impact of gaming on specific cultural groups.
10. "The Impact of Gaming and Crime Statistics"	Centre for Criminology & Criminal Justice	An evaluation of the availability of suitable crime statistics to enable meaningful analysis of the association between gambling and crime rates.
11. "Longitudinal Community Impact Study"	KPMG Management Consulting	A longitudinal study of the impact of gaming on specific Victorian metropolitan and non-metropolitan communities.

<sup>a</sup> This report was prepared as part of this project.

<sup>b</sup> Given the nature of their research objectives, timeframes for Projects 3 and 4 were extended and their final reports were not completed at the time this report was prepared. Therefore, Projects 3 and 4 are not discussed as part of this report.

A brief description of each project in the Authority's *1998-99 Research Program* is provided below. Here, the aim is to introduce the broad purpose of each project—while Appendix B contains detailed information on the background and specific research objectives for each project.

### **1. Gaming—comparative history and analysis, framework for evaluation and summary of 1998-99 findings**

Stage 1 of this project develops a comparative history of gaming and analyses gaming behaviours and attitudes in the Australian State jurisdictions and New Zealand. The overall purpose is to establish where Victoria is placed with regard to research undertaken and to highlight initiatives that would enhance the Authority's research efforts. Stages 2 and 3 of this project (discussed in this report) address the need to develop a rigorous social model of the impacts of gaming. A key aim in the construction of this model was to use it in evaluating and integrating the findings of the Authority's *1998-99 Research Program*.

## ***2. Continuing surveys of community gambling patterns and perceptions***

The sixth and seventh surveys of community gambling patterns and perceptions form part of an ongoing survey series commissioned by the Authority. In addition to developing and using the sixth and seventh surveys to continue the collection of information on community gambling patterns and perceptions, this project examines methods for improving the quality and consistency of data across the survey series.

## ***3. Evaluation and further use of existing data sets***

This project reviews existing data sets collected as part of the Authority's 1996-97 Research Program and the Community Gambling Patterns and Perceptions Survey series, and evaluates the integration of this data into the Baseline Database.

## ***4. Problem gambling measurement instrument***

This project develops a new problem gambling instrument. In particular, the project: (1) establishes a new set of criteria for the effective measurement of problem gambling which form the basis for the instrument developed, and (2) undertakes pilot surveys to test the hypothesis used in framing the questions for the new problem gambling instrument.

## ***5. The economic impact of gambling***

This project examines the combined overall economic impact of gaming from the macro (State) level through to the base micro (individual household/person) level. Stage 1 of the project reviews existing data for profiling purposes to ensure that the profiles developed are adaptable for micro-simulation purposes. Stage 2 of the project provides an assessment of the economic impacts of gaming at the levels of State, regional or geographical area, community, and household/individual.

## ***6. Hotel and club industry gaming impact study***

In examining the impact of the introduction and expansion of gaming on the hotel and club industry in Victoria, this project addresses issues such as the impact of hotel and club gaming on the entertainment and music industry, and the provision of dining and other recreational, cultural and social facilities.

## ***7. The impact of the expansion of gaming on the tourism, entertainment, and leisure industries***

This project examines the place of gambling in the tourism, entertainment, and leisure industries and investigates changes in patterns of employment, expenditure, and behaviour between these sectors. Data is analysed at both the macro and micro level, and considers the social and economic impacts arising from the expansion of gaming.

## ***8. Longitudinal examination of perceptions and their relationship with actual findings***

The overall aim of this project is to provide a greater understanding of individual perceptions and attitudes towards the gaming industry and the participation of people in casino gambling and the playing of electronic gaming machines in clubs and hotels. Of key interest is how these perceptions and attitudes relate to actual gaming behaviour. Through this, it is hoped to reconcile the apparent inconsistency between individuals' perceptions and their actual behaviour in relation to gaming, and their views of the participation of the community at large. A further aim of this project is to track individuals' perceptions and behaviours over time, gaining insight into patterns and sources of change.

## ***9. The impact of gaming on specific cultural groups***

Stage 1 of this project investigates patterns of behaviour and attitudes related to gambling in several cultural groups in Victoria when compared with the Victorian population as a whole. In Stage 2 of the project, four specific cultural groups are identified and examined in terms of the impact of gaming within these communities.

## ***10. The impact of gaming and crime statistics***

This project evaluates the availability and adequacy of existing crime statistics for identifying meaningful associations between gaming and criminal behaviour. The broad purpose is to: (1) examine and assess existing data availability, (2) identify categories for which data is to be collected, and (3) recommend appropriate data generation and collection strategies.

## ***11. Longitudinal community impact study***

This project involves a longitudinal study of the impact of gaming on specific metropolitan and non-metropolitan communities. A major aim is to identify and report on the economic and social conditions within these municipalities and their relationship to the introduction and development of gaming venues and the opening of the Crown Casino.

## 2.3 Brief overview of the growth and current magnitude of the Victorian gaming industry

A range of descriptive statistics have been used to indicate the growth and current magnitude of gambling and gaming in Victoria, and in particular that of machine gaming (for example, frequently cited indicators include gambling and/or gaming participation rates, real per capita gambling and/or gaming expenditure, government revenue from gambling and/or gaming, and numbers of gaming machines and sites). Trends in the growth of the Victorian gaming industry are briefly described here in terms of such indicators. Data on other Australian states and territories is also included for comparative purposes. These statistics are provided here to support material discussed in later sections of the report.

### ***Community gambling patterns—participation in gambling and gaming***

The *Productivity Commission National Gambling Survey* undertaken in 1999 confirmed the high levels of participation in gambling activities found in the *Survey of Community Gambling Patterns and Perceptions* series conducted by the Authority in Victoria. Table 2.3 shows the gambling participation rates and frequency of gambling by Australians found by the Productivity Commission (1999).

**Table 2.3: Participation and frequency of gambling by Australians**

Form of gambling	Total participation per cent	Frequency per cent			
		Less than once a month	1 to 3 times a month	1 to 3 times a week	More than 3 times a week
EGMs	39	62	25	12	2
- played at a club	28	63	24	12	1
- played at a hotel/pub	16	65	25	10	0
- played at a casino	16	87	11	2	0
Racing	25	71	14	13	3
Lotto or other lottery game	60	25	24	45	6
Instant scratch tickets	47	51	34	14	1
Keno	16	72	20	7	1
Casino table games	10	83	15	2	0
Bingo	5	49	22	27	2
Sports betting	6	54	24	23	0
Played an internet casino game	0.4	63	13	21	3
Private gambling	5	66	23	9	2
<b>Any gambling activity</b>	<b>82</b>	<b>27</b>	<b>25</b>	<b>35</b>	<b>12</b>

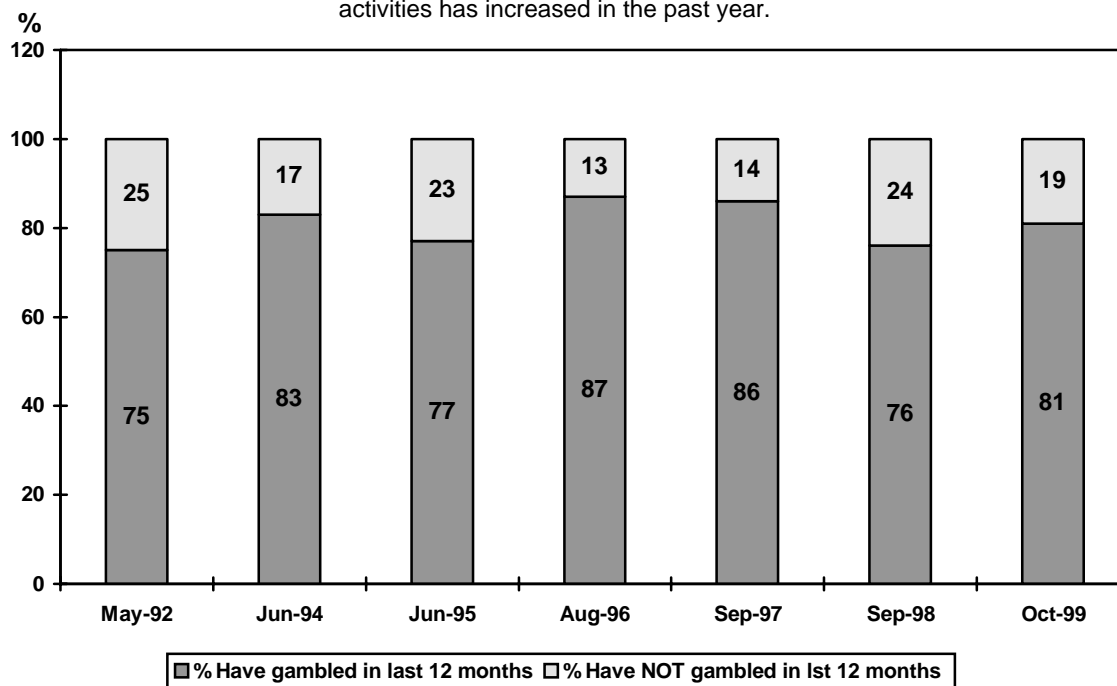
Source: Productivity Commission 1999, *Australia's Gambling Industries*, Report No. 10, AusInfo, Canberra.

Based on data from the VCGA *Survey of Community Gambling Patterns and Perceptions* series in Victoria, Figure 2.2 shows that participation in gambling activities increased in 1999, with 81 per cent of Victorians having participated in the last twelve months in at least one of the gambling activities surveyed<sup>1</sup>.

<sup>1</sup> Data for this figure was based on the following survey question: Which of the following activities or games have you played, entered or bet on in the past 12 months?: (a) Raffles, (b) Bingo, (c) Lotto, Tatts lotto, Oz lotto, Tatts Keno, or Powerball, (d) Scratch tickets, Instant lotto, or Scratch 'n' win, (e) Playing cards for money privately (at home or any other place), (f) Thoroughbred horse racing (the gallops), (g) Trotting or harness racing (the trots), (h) Greyhound racing (the dogs), (i) Poker

**Figure 2.2 Participation rates**

Overall, the level of participation in gambling activities has increased in the past year.



Base: Total Respondents

Source: Roy Morgan Research (2000), *Seventh Survey of Community Gambling Patterns and Perceptions*, VCGA, Melbourne, p. 46.

Despite the increase in the proportion of the Victorian adult population participating in gambling (see Figure 2.2), Figure 2.3 shows that participation rates in Victoria for most gambling activities have remained relatively steady<sup>2</sup>. In summarising the main trends from the data in this figure, Roy Morgan Research (2000, p. 49) noted the following:

- The most apparent change in participation rates for individual gambling activities in 1999 was an increase in raffles participation—at 39 per cent, up 6 points from 1998;
- Despite a 1 point decrease from 1998, lotto remains the gambling activity participated in by more Victorians than any other form of gambling (51 per cent);
- EGM gambling retains the third highest participation rate of any gambling activity after lotto and raffles, despite a slight decrease in 1999 to 30 per cent—down 1 point from 1998;

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machines (“pokies”) at a club or hotel, (j) Poker machines (“pokies”) at the Melbourne Crown Casino or casinos outside Victoria, (k) Any other game at the Melbourne Crown Casino or casinos outside Victoria, (l) Footy betting on the TAB (Footybet), (m) Betting on sports with Sportsbet or other bookmakers, (n) Soccer Pools, (o) Keno at a club or hotel, (p) Casino games for money on the Internet, and (q) None of these (Roy Morgan Research, 2000, p. 252).

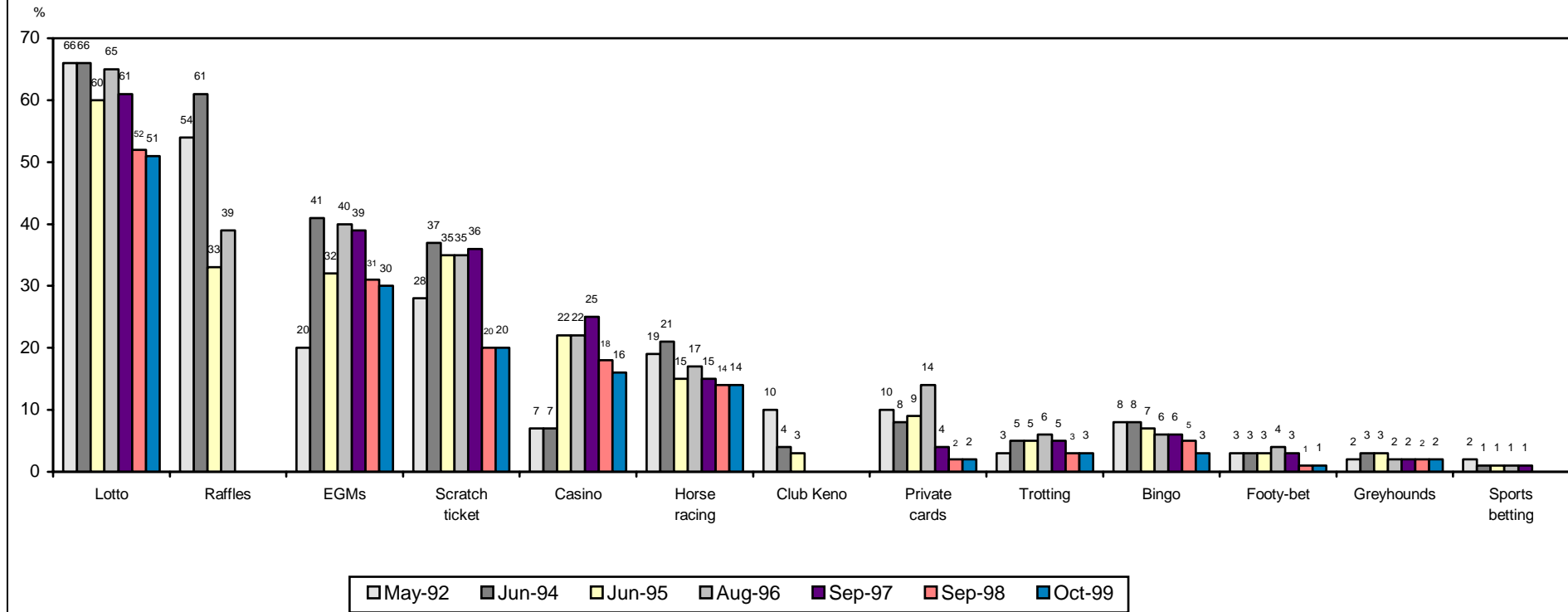
<sup>2</sup> With participation rates for Soccer Pools and casino games for money on the Internet below 1 per cent for the last two years, these activities have not been displayed in Figure 2.3.

- Participation in scratch tickets gambling remained steady at 20 per cent in 1999—the same level as in 1998, but substantially lower than participation rates in prior years of the survey;
- Having increased substantially in 1995, after the introduction of Melbourne’s temporary Crown Casino in June 1994, (from 7 per cent to 22 per cent), casino gambling participation decreased to 16 per cent in 1999, having peaked at 25 per cent in 1997.
- Participation in thoroughbred horse racing remained steady at 14 per cent--the same level as in 1998;
- After a substantial decrease in 1998 (from 10 per cent to 4 per cent), participation in Club Keno decreased another point to 3 per cent in 1999;
- Participation in private cards remained steady at 2 per cent in 1999—the same level as in 1998, but substantially lower than participation rates in prior years of the survey. However, it should be noted that the definition changed in 1997, and was changed again in 1999 from “informal cards for money not at the casino” to “playing cards for money privately (at home or any other place)”; and
- As in previous years, low levels of participation were recorded for all other measured forms of gambling, including trotting/harness racing, bingo, Footybet, greyhounds, sports betting, Soccer Pools and Casino games for money on the Internet. At no point in this survey have participation rates for any of these activities risen as high as 10 per cent, and in general they appear to be remaining steady (eg. greyhounds) or declining (eg. bingo).

It should be noted that, despite an increase in gambling participation rates in Victoria, overall community attitudes towards gambling remain negative (Roy Morgan Research, 2000). Appendix C provides time-series data on Victorians’ attitudes to gambling.

**Figure 2.3: Participation by activity**

**Total Victorian gambling patterns**



Base: Total respondents

Note: Number of activities included in the survey increased in 1995, 1996 and 1997.

Soccer Pools and Casino games for money on the Internet have not been included in the chart above because of very low participation rates.

Source: Roy Morgan Research (2000), *Seventh Survey of Community Gambling Patterns and Perceptions*, VCGA, Melbourne, p. 48

### ***Community gambling patterns—expenditure on gambling and gaming***

Expenditure on different forms of gambling provides a basic economic measure of gambling as entertainment. Turnover data also may provide an indication of the entertainment value of gambling, but is less reliable for comparative purposes (Australian Institute for Gambling Research, 1999).

Tables 2.4a and 2.4b show gambling expenditure and per capita gambling expenditure (respectively) by form of gambling in each Australian state or territory for 1998-99. In particular, the data in these tables indicate that during 1998-99:

- Total (and per capita) expenditure on gaming exceeded that on racing in all Australian states and territories;
- Total (and per capita) expenditure on gaming machines comprised the largest amount of gambling and gaming expenditure for all states and territories apart from Western Australia, Tasmania, and the Northern Territory. It is important to note here that access to gaming machines is restricted to casino gaming within Western Australia. The data for Tasmania and the Northern Territory indicate the relatively recent introduction of gaming machines outside of casinos.

**Table 2.4a: Gambling Expenditure 1998-99**

Gambling forum	NSW (\$m)	Vic (\$m)	Qld (\$m)	SA (\$m)	WA (\$m)	Tas (\$m)	ACT (\$m)	NT (\$m)	Total (\$m)
TAB	566.790	406.029	239.700	96.429	133.780	27.454	18.575	11.540	1,500.297
On-course totalisator	50.132	33.061	19.400	6.210	11.931	1.542	1.169	2.484	125.929
On-course bookmaker	27.908	15.693	12.600	3.947	9.421	0.676	1.161	6.329	77.735
Off-course bookmaker				0.151	-	-	-	-	0.151
Total racing	644.830	454.783	271.700	106.737	155.132	29.672	20.905	20.353	1,704.112
per cent of HDI	0.49 %	0.49 %	0.45 %	0.41 %	0.46 %	0.39 %	0.27 %	0.53 %	0.47 %
Lottery	51.167	5.422	2.419			0.364	1.148	1.304	61.824
Lotto, tattsлото	255.190	282.067	201.862	70.599	145.100	16.150	12.386	11.902	995.256
Pools	3.795	1.256	1.728	0.288	0.823	0.077	0.085	0.017	8.069
Minor gaming			128.508	19.278	26.112	9.921	-	-	183.819
Gaming machines	3,487.487	1,954.192	757.411	442.466		39.291	147.193	24.297	6,852.337
Casino	479.700	721.852	476.800	76.648	285.760	82.167	16.285	54.430	2,193.642
Instant lottery	61.925	23.814	98.986	9.286	31.987	2.307	2.142	1.410	231.857
Keno	89.625	7.197	52.406	12.614	-	16.477	-	-	178.319
Total gaming	4,428.889	2,995.830	1,720.120	631.179	489.782	166.754	179.239	93.360	10,705.123
per cent of HDI	3.40 %	3.21 %	2.87 %	2.40 %	1.46 %	2.19 %	2.29 %	2.42 %	2.95 %
TAB Fixed odds	0.000	4.249	0.000	0.000	0.000	0.000	0.000	0.000	4.249
TAB Tote odds	0.000	1.501	0.800	0.495	0.719	0.036	0.000	0.000	3.551
Bookmaker and other Fixed odds	2.556	0.154	0.000	0.213	0.400	0.000	0.000	8.559	11.882
Bookmaker and other Pool betting	0.000 %	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total sportsbetting	2.556	5.904	0.800	0.708	1.119	0.016	0.000	8.559	19.682
per cent of HDI	0.00 %	0.01 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.22 %	0.01 %
Total all gambling	5,076.275	3,456.487	1,992.620	738.624	646.033	196.462	200.144	122.272	12,428.917
per cent of HDI	3.89 %	3.70 %	3.32 %	2.81 %	1.93 %	2.58 %	2.56 %	3.18 %	3.43 %

Source: Tasmanian Gaming Commission (2000), *Australian Gambling Statistics 1973-74 to 1998-99*, Centre for Regional Economic Analysis, University of Tasmania.

**Table 2.4b: Per capita expenditure 1998-99**

Gambling forum	NSW	Vic	Qld	SA	WA	Tas	ACT	NT	Total
TAB	119.20	115.48	93.82	85.33	98.95	78.82	81.29	88.18	107.05
On-course totalisator	10.54	9.40	7.59	5.50	8.82	4.43	5.12	18.98	8.98
On-course bookmaker	5.87	4.46	4.93	3.49	6.97	1.94	5.08	48.36	5.55
Off-course bookmaker	-	-	-	0.13	-	-	-	-	0.01
Total racing	135.61	129.35	106.35	94.45	114.74	85.18	91.49	155.51	121.59
Lottery	10.76	1.54	0.95	-	-	1.04	5.02	9.96	4.41
Tattslotto, lotto	53.67	80.23	79.01	62.47	107.32	46.36	54.21	90.94	71.01
Pools	0.80	0.36	0.68	0.25	0.61	0.22	0.37	0.13	8.58
Bingo and minor gaming	-	-	50.30	17.06	19.31	28.48	-	-	13.12
Gaming machines	733.44	555.81	296.46	391.54	-	112.80	644.18	185.65	488.91
Casino	100.88	205.31	186.63	67.83	211.36	235.89	71.27	415.89	156.52
Instant lottery	13.02	6.77	38.74	8.22	23.66	6.62	9.37	10.77	16.54
Keno	18.85	2.05	20.51	11.16	-	47.30	-	-	12.72
Total gaming	931.42	852.06	673.28	558.14	367.26	478.37	784.43	713.35	763.80
TAB Fixed odds	-	1.21	-	-	-	-	-	-	0.00
TAB Tote odds	-	0.43	0.31	0.44	0.53	0.10	-	-	0.25
Bookmaker and other Fixed odds	0.54	0.04	-	0.19	0.30	-	-	65.40	0.85
Bookmaker and other Pool betting	-	-	-	-	-	-	-	-	-
Total sportsbetting	0.54	1.68	0.31	0.63	0.83	0.10	-	65.40	1.40
Total all gambling	1,067.57	983.09	779.94	653.61	477.83	564.01	875.92	934.27	886.80

Source: Tasmanian Gaming Commission (2000), *Australian Gambling Statistics 1973-74 to 1998-99*, Centre for Regional Economic Analysis, University of Tasmania.

Data on gambling expenditure and real per capita gambling expenditure by form of gambling in Victoria for the period 1973-74 to 1998-99 are displayed in Table 2.5 and 2.6 respectively. These tables show a shift in the amount of racing expenditure relative to gaming expenditure—with gaming accounting for a larger amount of gambling expenditure than racing since the late 1980's. Although there has been a general decline in racing expenditure from 1973-74 to 1998-1999, increases in gaming expenditure over the last decade have far exceeded the relative decline in racing expenditure. This suggests that increased gaming expenditure represents more than a simple diversion of consumer expenditure away from one form of gambling to another (ie. from racing to gaming).

**Table 2.5: Victoria—Gambling expenditure**

Year	Total racing \$m	Total gaming \$m	Total sportsbetting \$m	Total gambling \$m
1973-74	87,267	19,720		106,987
1974-75	109,281	36,498		145,779
1975-76	115,878	54,784		170,662
1976-77	128,522	76,655		205,177
1977-78	134,992	97,458		232,450
1978-79	138,516	122,092		260,608
1979-80	147,450	139,665		287,116
1980-81	161,738	152,923		314,661
1981-82	172,658	188,130		360,787
1982-83	192,823	197,276		390,099
1983-84	224,042	233,822		457,864
1984-85	240,813	260,011		500,824
1985-86	275,112	264,410		539,523
1986-87	300,394	293,873		594,309
1987-88	331,394	329,669		661,063
1988-89	361,156	347,632		708,788
1989-90	387,621	416,609		804,230
1990-91	397,924	456,903		854,827
1991-92	404,055	499,771		903,827
1992-93	414,163	698,094		1,112,257
1993-94	409,122	1,099,067		1,508,189
1994-95	409,808	1,702,778	2,257	2,114,844
1995-96	428,005	2,114,108	3,724	2,545,837
1996-97	423,264	2,329,903	3,569	2,756,736
1997-98	431,322	2,759,609	6,166	3,197,097
1998-99	454,783	2,995,860	5,904	3,456,547

Source: Tasmanian Gaming Commission (2000), *Australian Gambling Statistics 1973-74 to 1998-99*, Centre for Regional Economic Analysis, University of Tasmania

**Table 2.6: Victoria – Real per capita gambling expenditure**

Year	Racing \$m	Gaming \$m	Sports- betting \$m	Total gambling \$m
1973-74	187.50	42.37	-	229.87
1974-75	197.20	65.86	-	263.06
1975-76	182.57	86.31	-	268.89
1976-77	175.77	104.84	-	280.61
1977-78	166.13	119.94	-	286.06
1978-79	155.37	136.94	-	292.31
1979-80	147.95	140.14	-	288.10
1980-81	146.45	138.47	-	284.92
1981-82	139.31	131.80	-	291.11
1982-83	136.93	140.09	-	277.03
1983-84	146.60	153.00	-	299.61
1984-85	148.77	160.63	-	309.39
1985-86	154.27	148.27	-	302.54
1986-87	151.67	148.35	-	300.02
1987-88	153.04	152.24	-	305.28
1988-89	152.66	146.95	-	299.61
1989-90	148.71	159.83	-	308.53
1990-91	142.29	163.38	-	305.67
1991-92	139.88	173.02	-	312.91
1992-93	140.34	236.55	-	376.89
1993-94	135.21	363.23	-	498.44
1994-95	130.55	542.45	0.72	673.71
1995-96	129.72	640.76	1.13	771.62
1996-97	125.09	688.60	1.05	814.75
1997-98	125.89	805.42	1.80	933.11
1998-99	129.35	852.06	1.68	983.09

Source: Tasmanian Gaming Commission (2000), *Australian Gambling Statistics 1973-74 to 1998-99*, Centre for Regional Economic Analysis, University of Tasmania.

Data on Victorian gaming expenditure by form of gaming for the period 1973-74 to 1998-99 is shown in Table 2.7. This table indicates that expenditure on gaming machines has accounted for the largest amount of gaming expenditure since their introduction to Victorian clubs and hotels in 1992.

**Table 2.7: Victoria—Gaming expenditure**

Year	Lotteries \$m	Lotto \$m	Instant lottery \$m	Pools \$m	Casino \$m	Minor gaming \$m	Keno \$m	Gaming machines \$m
1973-74	6.320	13.400	-	-	-	-	-	-
1974-75	6.040	27.440	-	3.018	-	-	-	-
1975-76	5.560	45/560	-	3.664	-	-	-	-
1976-77	4.800	48.760	-	3.095	-	-	-	-
1977-78	3.840	83.960	-	3.050	-	6.608	-	-
1978-79	4.240	99.080	-	4.046	-	14.726	-	-
1979-80	3.280	110.880	-	5.170	-	20.336	-	-
1980-81	3.720	118.760	-	4.169	-	26.275	-	-
1981-82	4.640	124.600	24.660	2.373	-	31.857	-	-
1982-83	2.836	127.501	25.908	4.832	-	36.200	-	-
1983-84	2.935	150.166	25.912	4.017	-	50.992	-	-
1984-85	8.014	172.898	21.518	3.401	-	54.180	-	-
1985-86	9.024	160.367	19.614	11.567	-	63.838	-	-
1986-87	9.390	189.939	18.950	10.076	-	65.518	-	-
1987-88	8.775	211.448	20.588	6.922	-	78.976	-	-
1988-89	5.513	223.965	24.322	4.317	-	89.515	-	-
1989-90	6.170	258.028	41.454	3.762	-	107.595	-	-
1990-91	5.261	268.228	45.793	2.715	-	126.982	-	8.924
1991-92	4.997	277.855	40.511	2.126	-	141.840	-	32.463
1992-93	5.156	257.240	43.576	1.871	-	135.020	-	257.243
1993-94	5.036	254.920	41.086	2.166	-	113.721	2.473	679.663
1994-95	4.947	271.112	33.504	1.502	357.847	113.336	12.374	908.146
1995-96	4.995	281.102	28.970	1.765	490.900	51.365	8.702	1,246.309
1996-97	4.911	257.564	24.177	1.329	578.966	-	7.159	1,455.797
1997-98	5.214	268.815	23.670	1.244	742.292	-	7.084	1,711.290
1998-99	5.422	282.067	23.814	1.256	721.852	-	7.197	1,954.192

Source: Tasmanian Gaming Commission (2000), *Australian Gambling Statistics 1973-74 to 1998-99*, Centre for Regional Economic Analysis, University of Tasmania.

### State government revenue from gambling taxes

In the 1999-2000 Victorian State Budget, estimated gambling taxes comprised approximately 16 per cent of the State Government's revenue from taxes and charges. Table 2.8 indicates the relationship of gambling taxation to total Government revenue in the periods 1991-92 to 1999-00.

	1991-92 <sup>1</sup>	1992-93 <sup>1</sup>	1993-94 <sup>1</sup>	1993-94 <sup>1</sup>	1995-96 <sup>1</sup>	1996-97 <sup>2</sup>	1997-98 <sup>2</sup>	1998-99	1999-00
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Total gambling revenue	513.2	600.3	760.8	907.7	1051.3	1157.0	1296.0	1395.9	1428.2
Total taxes, fees and fines	5777.7	6302.0	7184.1	7553.8	8398.5	NA <sup>4</sup>	NA <sup>4</sup>	8842.9	8937.6
Total revenue and grants (excluding privatisation)	11735.9	1235.9	13645.6	14143.7	14941.0	NA <sup>4</sup>	NA <sup>4</sup>	19655.0	19489.6
Gambling revenue as per cent of total taxes, fees and fines	8.88	8.88	10.59	12.05	12.52	NA <sup>4</sup>	NA <sup>4</sup>	15.79	15.98
Gambling revenue and grants	4.37	4.37	5.58	6.42	7.04	NA <sup>4</sup>	NA <sup>4</sup>	7.10	7.33

Notes: <sup>1</sup>Exact figures from Victorian Budget Papers 1991-92 to 1996-97

<sup>2</sup>Exact figures from Taxation Revenue 1997-98 ABS Cat no 5506.0

<sup>3</sup>Estimates from Victorian Budget Papers 1999-2000

<sup>4</sup>NA: Comparable figures not available because of changes to accounting and reporting procedures

Source: Maddern & Malkiewicz (1999), *Hotel and Club Industry Gaming Impact Study*, VCGA, Melbourne, p.127

Table 2.9 details the amount of direct taxation revenue received in Victoria from each gambling activity during the period 1991-92 to 1999-2000. It clearly indicates the changing balance of gambling revenue over that period. Table 2.10 gives the percentage breakdown of these figures.

**Table 2.9: Direct state government taxation – gambling industry (\$million) – 1991–2000**

Gaming product	1991-1992 <sup>1</sup>	1992-1993 <sup>1</sup>	1993-1994 <sup>1</sup>	1994-1995 <sup>1</sup>	1995-1996 <sup>1</sup>	1996-1997 <sup>2</sup>	1997-1998 <sup>2</sup>	1998-1999 <sup>3</sup>	1999-2000 <sup>3</sup>
Electronic gaming machines	0.2	94.9	258.8	384.0	509.1	626	704	806.0	843.0
Casino	0.0	0.0	0.0	67.8	110.4	128	175	156.1	145.0
Racing	191.6	198.4	201.7	144.1	122.0	121	127	135.3	139.0
Lotteries	300.2	290.2	286.1	296.6	297.9	277	286	294.7	296.3
Other – including bingo, raffles	21.2	16.8	14.2	15.2	11.9	5	4	3.7	4
Total	513.2	600.3	760.8	907.7	1051.3	1157	1295.9	1395.9	1428.2
					3		9	9	2

Notes: <sup>1</sup>Exact figures from Victorian Budget Papers 1991-92 to 1996-97

<sup>2</sup>Exact figures from Taxation Revenue 1997-98 ABS Cat no 5506.0

<sup>3</sup>Estimates from Victorian Budget Papers 1999-2000

Source: Maddern & Malkiewicz (1999), *Hotel and Club Industry Gaming Impact Study*, VCGA, Melbourne, p.127

**Table 2.10: Direct state government taxation (as per cent breakdown) – gambling industry (\$million) 1991–2000**

Gaming product	1991-1992 <sup>1</sup>	1992-1993 <sup>1</sup>	1993-1994 <sup>1</sup>	1994-1995 <sup>1</sup>	1995-1996 <sup>1</sup>	1996-1997 <sup>2</sup>	1997-1998 <sup>2</sup>	1998-1999 <sup>3</sup>	1999-2000 <sup>3</sup>
Electronic gaming machines	0.04	15.81	34.02	42.30	48.30	54.11	54.32	57.75	59.03
Casino	0.00	0.00	0.00	7.47	10.50	11.06	13.50	11.18	10.15
Racing	37.33	33.05	26.51	15.88	11.60	9.80	9.80	9.69	9.80
Lotteries	58.50	48.34	37.61	32.68	28.34	22.07	22.07	21.11	20.75
Other – including bingo, raffles	4.13	2.80	1.87	1.67	1.13	0.43	0.31	0.27	0.28
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	0	0	0	0	0	0	0	0	0

Notes: <sup>1</sup>Exact figures from Victorian Budget Papers 1991-92 to 1996-97

<sup>2</sup>Exact figures from Taxation Revenue 1997-98 ABS Cat no 5506.0

<sup>3</sup>Estimates from Victorian Budget Papers 1999-2000

Source: Maddern & Malkiewicz (1999), *Hotel and Club Industry Gaming Impact Study*, VCGA, Melbourne, p.127

These tables show that in Victoria there has been significant growth in taxation from the newer forms of gambling (ie. electronic gaming machines and the Casino), while taxation revenue from traditional gambling forms has declined. More detail on how the various taxes for each gambling activity are derived in Victoria is provided in Appendix D.

### ***Number of machine gaming sites and gaming machines***

Electronic gaming machines (EGMs) are now available in casinos, clubs and hotels throughout Australia, except in Western Australia where they are restricted to the Perth Burswood Resort Casino. Table 2.11 shows the distribution of EGMs by Australian state and territory and venue type in 1999 as cited by the Productivity Commission (1999). The large number of EGMs in New South Wales compared with other states and territories reflects the relative maturity of this market (ie. EGMs were introduced to licensed clubs in New South Wales in 1956). Appendix E presents time-series data on the distribution of EGMs in Victoria by local government area from 1992 to 1999.

**Table 2.11: Distribution of EGMs by state and territory and venue type**

Venue	Vic	NSW	Qld	SA	WA	Tas	ACT	NT	Total
Clubs	13.691	72.429	17.544	1.446	NA	221	4.865	456	110.652
Hotels	13.613	23.961	9.783	10.386	NA	1.095	60	132	59.030
Casinos	2.500	1.500	3.121	716	1.125	1.041	NA	607	10.610
Total	29.804	97.890	30.448	12.548	1.125	2.399	4.925	1.195	180.333

Source: Productivity Commission 1999, *Australia's Gambling Industries*, Report No. 10, AusInfo, Canberra.

As discussed in detail in subsequent sections of this report, several conceptual and methodological factors require that caution be employed when using the descriptive statistics presented in this section as indicators of gambling and gaming impacts. For example, these factors include that:

- Per capita expenditure figures have a tendency to inflate expenditure data for the general population. That is, per capita data incorrectly implies that all members of a given population spend money on forms of gambling.
- The method used to collect gambling participation data will influence the overall rates found (eg. life time versus past year participation estimates).

In particular, Section 5 of this report provides a critique of measures used to indicate gaming impacts.