
6. Summary and evaluation of individual projects

6.1 Introduction

This section of the report uses the analytical framework (set out in Section 5) to summarise and evaluate the findings of each project in the Authority's *1998-99 Research Program*¹. Each project will be examined below in terms of its purpose, methodology, key findings and research limitations. Here the aim is to: (1) identify the components of the analytical framework addressed in each project², and (2) discuss how the methodology and findings of each project adds to a holistic understanding of gaming impacts. The individual project reviews contained in this section will be used in Section 7 in order to: (1) highlight reasons for the convergence and divergence of findings in gaming impact research; and (2) draw conclusions about current knowledge on the social and related economic impacts of gaming.

6.2 Gaming—comparative history and analysis³ (Consultant: Australian Institute for Gambling Research)

Purpose

This report was commissioned from the Australian Institute for Gambling Research (AIGR) to provide a comparative history of gambling in Australia. It focuses on the recent history of gambling in each jurisdiction and outlines the structure of specific gambling industries in these jurisdictions. The report contrasts patterns of gambling activities and attitudes in the different states, with particular reference to differences with Victorian positions.

Methodology

This study draws on consultations with relevant government representatives, community and industry bodies, and secondary sources. The secondary sources that were used included: (1) reports of the Victorian Casino and Gaming Authority and the Productivity Commission's *Australia's Gambling Industries Draft Report 1999*; (2) casino and gaming impact studies and relevant statistical series; (3) reviews of regulatory models of gambling; and (4) popular articles and books on gambling (pp. 3-4). The research included extensive analysis of historical records and official reports.

¹ Given the nature of their research objectives, timeframes for the projects *Evaluation and Further Use of Existing Data Sets* and *Problem Gambling Measurement Instrument* were extended and their final reports were not completed at the time this report was prepared. Therefore, these two projects are not examined in Sections 6-8 of this report.

² It is not expected that each project (given the Terms of Reference) will address all cells in the analytical framework.

³ All page numbers referred to in Section 6.2 relate to the report *Gaming—Comparative History and Analysis* (Australian Institute for Gambling Research, 1999).

Key Findings

This study is a literature review of the history of gambling industries in Australia, with a lesser focus on the implications of gambling for individuals and families, communities, regions, and the State (ie. the levels of analysis examined in the analytical framework).

The authors of this study identified the following outcomes:

- People's motivations for gambling are relevant at the **health and wellbeing x individual level** of analysis. Social interactions were a consideration for 38 per cent of all gamblers interviewed in the Report of the Productivity Commission Inquiry into Gambling (p. 30). Sixty-five per cent of regular electronic gaming machine and casino gamblers reported that social reasons were a motivation for gambling (p. 30). Within the specific forum of horse racing, 34 per cent of respondents stated that they gambled on horse racing primarily for social reasons. Those betting on harness racing also nominated social reasons (39 per cent) as the important motivation for gambling (p. 98). Similarly, casino gamblers' primary motivations were social reasons (40 per cent). Social reasons were also important as the primary motivation for playing electronic gaming machines (42 per cent) (p. 30). The authors of this report discuss these motivations as indicators of attempts to "buy time", whereby the money spent on gambling is outlaid for a period of enjoyable activity (p. 30).
- At the **health and wellbeing x community** level of analysis, there is a historical nexus between gambling and charity, initially established with the Queensland Government run Golden Casket Art Union in 1916. In Queensland, Golden Casket receipts are paid into consolidated funds, in order to develop roads, schools and other infrastructure (p. 107). Specifically:
 - In New South Wales, legislation, in the form of the *Liquor and Registered Clubs Legislation Amendment (Community Partnership) Act 1998*, provides that clubs with gaming machine profits in excess of \$1 million must contribute a 1.5 per cent levy to particular community development and support programs.
 - In Queensland, a Gaming Machine and Community Benefit levy was introduced in 1996, providing money for community groups who applied for funds for capital works and equipment (p. 173).
 - In Victoria, a Community Support Fund was established to distribute the proceeds from electronic gaming machines to the community (p. 177).
 - The South Australian industry has instituted the Gamblers' Rehabilitation Fund to finance support and counselling of people with gambling problems (p. 183).
 - Tasmania has provision, in the form of a Community Support Levy, for clubs to pay 2 per cent of their gross profits into a fund, while hotels pay 4 per cent of their gross profits; 25 per cent of this money is allocated to community sporting facilities and programs, 25 per cent to culture and development, and 50 per cent to researching and providing services for problem gambling and rehabilitation. Casinos may make voluntary payments to problem gambling support programs (p. 184).

- In the Northern Territory, hotels are required to pay 25 per cent of gross profits to the Gaming Machine Community Benefit Fund, and 3 per cent on draw card turnover to a Charities and Sporting Clubs fund. The government has been criticised for not passing on these funds to community groups, or directing them towards issues of problem gambling (p. 186).
- In Aboriginal communities, card playing is said to be a way of promoting positive social interactions and relations between Aboriginal groups (p. 200).
- Gambling has a positive effect at the **culture x community** level of analysis. The commercialisation and incorporation of Asian gambling games into casinos provides an avenue for people to feel they are able to participate and pursue cultural practices that were often suppressed on racist grounds. It provides recognition of the legitimacy of other cultures (p. 20).
- People's motivations for gambling also reflect positive outcomes at the **recreation and tourism x individual** level of analysis. These motivations give some sense of less tangible experiential outcomes associated with the pursuit of gambling. Thirteen per cent of respondents in the Report of the Productivity Commission Inquiry into Gambling reported that a sense of excitement or the atmosphere of the venue contributed to their activities (p. 30), 9 per cent of the respondents gambled because they were bored and it helped pass the time, and for 10 per cent gambling was their favourite activity (p. 30). Those who gamble in specific industries reflect these motivations. Nineteen per cent of people who regularly gamble at electronic gaming machines at casinos stated that they gamble because it was their favourite activity (p. 30); 19 per cent of these gamblers stated that an important motivation was the atmosphere or excitement associated with the activity (p. 30). Of those who take a flutter on horse racing and harness racing, 24 per cent described the atmosphere and excitement as their key motivation. Twenty-three per cent nominated the thrill or dream of winning as their major reason for gambling. Similarly, with casino gamblers, the thrill or dream of winning is a major motivation for 22 per cent of those interviewed. Staving off boredom was offered as the major reason for playing electronic gaming machine for 10 per cent of the respondents in that survey. The thrill of winning was offered as the primary reason by 4 per cent of those interviewed. Such motivations suggest that gambling contributes to participants' emotional quality of life, with gambling being a means of "buying time" in enjoyable circumstances (p. 30).
- This report also canvasses positive outcomes at the **recreation and tourism x community** level of analysis. In New South Wales, gaming machines in clubs provide income that is funnelled back into benefits for club members. Large clubs have diversified the recreational options for their members, and offer restaurants, entertainment and recreational activities, as well as gaming machine facilities. In the case of football clubs, gaming machines have contributed the money needed for improved spectator facilities and increased player salaries, thus contributing to the professionalisation of football (p. 166). Clubs' provisions of services (eg. community social halls, financial contributions to community programs, sporting facilities) mirror local government functions (p. 166).

- However, extending gaming machine privileges to hotels has led to a declining market share for clubs, and, it is assumed, fewer financial resources that may be used to develop community recreational services. This manifestation of gaming activity has potentially negative effects at the **recreation and tourism x community** level of analysis. In an attempt to mitigate this process, Northern Territory legislation provides for clubs to retain the operating surplus created by gaming machines in order to improve facilities for club members, or distribute the monies among local charities or community groups (p. 186).
- The gambling industry is a significant source of **employment** for Australians. Employment in gambling industries grew 38 per cent in 1991-1996, a period marked by the strongest growth in gambling (p. 43). In Australia in 1996, employment in the gambling-related industries of accommodation, cafes and restaurants, and other cultural and recreational services, accounted for 7 per cent of the total employment in Australia. Employment in the gambling industry represented 17 per cent of the total cultural and recreational employment in 1997-1998. Racing employs 250,000 people directly and indirectly (p. 52). Casinos employed over 20,000 people in 1997-1998 (p. 160). In Victoria, gaming machine operators provide and subsidise training for venue management and staff (p. 177). These figures suggest the important positive **employment** impacts at both the **individual** and **State** levels of analysis.
- Gambling has become an increasingly significant source of government revenue through comparatively high levels of taxation of those who run lotto and pools. Therefore gambling contributes positively at the **economic development x State** level of analysis. On a State-by-State basis:
 - In New South Wales, 8 per cent of the State's revenue was generated by gambling taxes (p. 45).
 - In Victoria, around 15 per cent of revenues are claimed from gambling taxes. This stands in contrast to the approximately 10 per cent of revenue constituted by taxes in the 1980s. The growth is attributed to an increasing amount of taxes collected from electronic gaming machines (p. 46).
 - Around 12 per cent of Queensland's State tax revenues are derived from gambling taxes. South Australia's figures are similar (pp. 46-47).
 - The proportion of Western Australia's State revenue derived from gambling tax revenues is relatively small, standing at around 8 per cent in 1996-1997 (p. 47).
 - Tasmania collects approximately 10 per cent of its State revenues from gambling taxes (p. 48).
- In 1997-1998, Australian states and territories claimed \$574.84 million from the racing industry in taxation revenues. The sources were as follows: \$491.78 million from betting on racing with the TAB; \$17.86 million from betting with bookmakers; \$62.05 million from on-course tote; and \$3.14 million from sportsbetting (p. 53). Government revenue from casinos has increased to a little under 12 per cent of total tax revenue (p. 160). It is estimated that approximately 46 per cent of that revenue comes from gaming machines in these venues.

- However, this report also quotes the Interchurch Gambling Taskforce, which states that electronic gaming machines are disproportionately located in lower socio-economic areas, and proportionately larger amounts of money flow out of these communities. This finding reflects negative outcomes at the **economic development x community** level of analysis (p. 180).
- The report notes some positive outcomes at the **financial x individual** level of analysis. For example, gambling when playing cards becomes a way of redistributing economic resources among the community, and provides the possibility of gathering enough money to buy expensive items that would otherwise be beyond the financial means of individuals (p. 200).
- The report also outlines negative impacts at the **financial x individual** level of analysis. For example, the redistribution of wealth through card playing in Aboriginal communities means that expensive items can be lost, and people can not afford to purchase new items, but rather, must rely on skill or luck to win back the items, or to finance another purchase (p. 20). There has been an increased per capita spending on gambling in the 1980s-1990s. This is associated with the development of casinos and the increasing numbers of gaming machines (p. ii). In 1997-1998, each Australian adult lost on average \$819 through gambling outlays. Roughly 3 per cent of household disposable income was spent on gambling (p. 50). Gambling associated with the racing industry accounts for 0.47 per cent of households' disposable incomes, a per capita expenditure of \$121.72. The total expenditure on racing is \$1.68 billion dollars, a significant amount although the market share of racing has declined since the 1970s (p. 97). This report quotes from the Productivity Commission's findings, stating that 2.3 per cent of the adult population (approximately 330,000 Australians) have significant gambling problems. Of those 330,000 people, 140,000 suffer severe problems. Problem gamblers account for one third of the gambling industries' market, losing over \$3 billion annually (this figure does not include lottery gamblers). These gamblers lose, on average, \$12,000 per year. Non-problem gamblers average \$625 in losses annually (p. 212).

Limitations of the research

This study provides an overview of existing literature on the regulation and effects of gaming in Australia. It provides a comprehensive report integrating and discussing a diverse set of findings. It would be helpful if there were comparable findings across States—however, as noted in the report, there has been a lack of systematic and national studies on gaming. It may be that future research will be able to draw upon more studies that are constructed to produce complementary and coherent findings across States.

The histories of the regulation of the industry are interesting, however, their pertinence and relevance to contemporary debates and assumptions might profitably be further explored. In particular, theorising the relationships between past and present regulatory regimes, and the positive and negative outcomes of the gaming industries may provide a framework for a study that looks to the structural influences on gambling practices and outcomes.

Conclusions

The report focuses heavily on the financial and economic dimensions of the gambling industry, and addresses the importance of the industry to the monetary situation of individuals, and to the development of State economies (including the industry's provision of employment opportunities). The report also emphasises the role of gaming in providing funds that are channelled into community benefits and services, either through market forces, or legislative requirements. Other social implications of gaming are found in the presentation of motivations for gambling. Overall, the study focuses on the provision or prevention of material benefits, and there is less information on the cultural consequences and the legal or justice issues involved in gambling. This focus is appropriate given the Terms of Reference for the project. In sum, the report provides a broad overview of the histories and current patterns of gambling.

Mapping of report against matrix framework for the impacts of gaming⁴ (Report: *Gaming—comparative history and analysis*)

Health & wellbeing - individuals and families level

Positive Impacts: Gambling provides an opportunity for social interactions.

Negative Impacts: The existence of problem gamblers.

Health & wellbeing – communities level

Positive Impacts: Card playing promotes positive social interactions in Aboriginal communities; historical nexus between charity and gambling; provides funds for community benefits and services, notably gambling support/rehabilitation programs.

Negative Impacts: Extending gaming licences beyond clubs takes money away from clubs and reduces their ability to provide recreational services for members.

Culture - communities level

Positive Impacts: The incorporation of traditionally Asian games into mainstream gambling venues provides a sense of social legitimacy.

Recreation & tourism - individuals and families level

Positive Impacts: Gambling buys time in enjoyable circumstances.

Recreation & tourism - communities level

Positive Impacts: Increased recreational options for club members.

Negative Impacts: Extending EGM licences to hotels undermines clubs' abilities to provide diversified recreational facilities.

Employment & education - individuals and families level

Positive Impacts: Increased employment opportunities; training opportunities for individuals working in the industry.

Employment & education - state level

Positive Impacts: Increased state employment.

Economic development - communities level

Negative Impacts: Money spent on EGMs flows out of communities.

Economic development - state level

⁴ The mapping will only address those cells in the analytical framework for which project findings relate.

Positive Impacts: A significant proportion of the States' revenue is generated by gambling taxes.

Financial - individuals and families level

Positive Impacts: Provides an opportunity for some Aboriginal people to develop large cash resources for major purchases.

Negative Impacts: Loss of disposable income, and particularly problem gamblers' loss of disposable income; in the instance of Aboriginal card games, expensive items can be lost.

Financial - communities level

Positive Impacts: Redistribution of scarce economic resources.

6.3 Sixth and seventh surveys of community gambling patterns and perceptions⁵

(Consultant: Roy Morgan Research)

Purpose

The purpose of the *Sixth and Seventh Surveys of Community Gambling Patterns and Perceptions (2000)* was to continue to collect data and compare the findings of the latest surveys with those of earlier periods.

The sixth and seventh waves of the Community Gambling Patterns and Perceptions Survey provide insight into the gambling patterns of adult Victorians, and in particular the frequency and duration of visits to licensed gaming venues and to the Melbourne Crown Casino. In addition, the surveys sought to identify the clientele using the various forms of gambling, reasons for visiting gambling outlets, the level of expenditure per gambling activity based on household and individual income, the proportion of people who are gamblers, and the incidence of problem gamblers (based on the South Oaks Gambling Screen criteria). The positive and negative perceptions and attitudes of the community towards gambling were also considered (p. 7).

Methodology

The seventh survey was conducted by Roy Morgan Research during October-November 1999 and administered via in-house Computer-Assisted Telephone Interviewing (CATI) facilities. Multilingual interviewers were used to conduct interviews in languages other than English to ensure that no particular groups were excluded from the survey (p. i). As in recent previous waves of the Community Gambling Patterns and Perceptions survey series, Geospend (a division of Australia Post) provided the population sample. Geospend generated a random sample from an electronic version of the White Pages. A total of 58 quotas were assigned to the sampling frame, representing geo-demographic segments of the Victorian population previously identified by Geospend (p. 11). A total of 1,760 interviews were conducted, covering both metropolitan (1,256) and rural (504) areas (p. i). In order to project the result to the Victorian population, the results were weighted by age, sex

⁵ All page numbers referred to in Section 6.3 relate to the report *Seventh Survey of Community Gambling Patterns and Perceptions* (Roy Morgan Research, 2000).

and country/metropolitan areas, according to the latest available ABS Census data (p. 11).

The gambling community was segmented according to gambling behaviour and attitudes in 1995, with five segments identified and replicated in the 1996, 1997, 1998 and 1999 surveys. The identified characteristics of the individuals belonging to each segment were: disinterested gamblers; occasional gamblers; social gamblers; acknowledged heavy gamblers; and committed heavy gamblers (p. ii).

Key Findings

Most of the reported positive impacts of community gambling patterns and perceptions relate to the health and wellbeing, recreation and tourism, and financial benefits affecting Victorians.

- Impacts on gambling patterns at the **community** level are implied in the overall trend since 1992 which appears to have been towards a gradual decrease in frequency of participation in gambling activities. On average, people reporting gambling activity, participated in some form of gambling activity a little less than once a week (0.8 times per week) (p. iii). Use of the South Oaks Gambling Screen (SOGS) for problem gamblers also showed that only 0.8 per cent of Victorian adults scored in the “at-risk” category, down from 1.5 per cent in 1998 (p. iv). Changes in gambling behaviour also appear to be matched by changes in perceptions. Positive changes in community attitudes were suggested in the researchers findings that the majority (65 per cent in 1998 and 64 per cent in 1999) of adult Victorians surveyed agreed that “on the whole, gambling is an acceptable activity in our community” (p. iv).
- Positive impacts at the **recreation and tourism x individuals and families** level of analysis relate to the utilisation of gambling activity “for social reasons to be with friends” (26 per cent). In 1999, 43 per cent of those reporting regular EGM/casino activity agreed that one of their reasons for gambling was that they were “attracted to the venue” (p. iv). Other indirect benefits of increased opportunity for alternative recreational activity, result from the falling levels of participation in casino gambling as a recreational activity. In 1999, 16 per cent of adult Victorians said they had gambled at the Casino in the last 12 months, compared with 18 per cent in 1998, after a peak of 25 per cent in 1997 (p. iii). There was a very slight decrease in the average amount of time those reporting gambling activity spent on gambling activities in 1999—at 29 minutes per week, down 1 minute from 1998 (p. iii).
- Perceived positive impacts at the **employment x community** level of analysis were implied in the researchers finding that most (61 per cent) of adult Victorians surveyed agreed that “the introduction of poker machines in Victoria resulted in more jobs” (p. iv).
- Other positive aspects of gambling activity related to overall **financial** outcomes. At the **individual and family** level, the researchers found that for the third year in succession, the mean number of gambling activities undertaken by people reporting gambling activity decreased, returning to levels last recorded prior to

1994 (p. iii). Participation in EGM gambling decreased slightly to 30 per cent in 1999 (down 1 per cent from the 1998 figure of 31 per cent), but retained the third highest participation rate after lotto and raffles (p. iii). For 43 per cent of those reporting gambling activity, the main source of their expenditure on gambling was “pocket money”, and for another 19 per cent it came from a “specific budget for entertainment or recreation” (p. iii). At the level affecting the **State**, the researchers found that the majority (59 per cent) of adult Victorians agreed that “Victoria’s Casino provides a big boost to our state economy” and 58 per cent agreed that “revenue from poker machines and the Casino has helped the State Government balance the books” (p. iv). The official expenditure figures for regulated forms of gambling in Victoria for the financial year ending June 30, 1999, were that total expenditure was 3,456.487 million dollars, which represented an overall increase of 8.11 per cent over the previous financial year. Expenditure on EGMs (outside the Casino) was 1,954.192 million dollars, which represented an increase of 14.19 per cent over the previous financial year. Expenditure at Crown Casino was 721.852 million dollars, which represented a decrease of 2.75 per cent from the previous financial year; and expenditure on racing was up 5.44 per cent to 454.783 million dollars (p. viii).

Most of the reported negative impacts of community gambling patterns and perceptions also relate to the health and wellbeing, recreation and tourism, and financial costs affecting Victorians.

- The principal reported negative impact of gambling at the **health and wellbeing x individuals and families** level of analysis related to the 3 per cent of the Victorian adult population that considered that there had been gambling difficulties in their family during the preceding 6 months. A further 6 per cent considered that there had been gambling difficulties in their family prior to the last 6 months (p. iv). Moreover, the demographic profile of the “at-risk” group showed a younger age profile and higher than average proportions of males, full-time workers, plant/machine operators/drivers, and acknowledged heavy gamblers (p. iv). At the **community** level, there were also high levels of agreement among adult Victorians that “gambling-related problems have become worse in the last four years” (84 per cent, the same level as in 1996), and that “gambling is a serious social problem” (83 per cent, down 1 point from 1996) (p. iv).
- Negative changes in community attitudes were suggested in the researchers findings that documented high levels of disagreement that “Victoria should have more casinos” (94 per cent), “there are not enough hotels and clubs with poker machines” (93 per cent) and “gambling does more good for the community than harm” (79 per cent). Overall, there was a moderate swing in negative attitudes towards gambling and its effects, following a positive swing in 1998. However, attitudes remain more positive than in 1996 or 1997 (p. iv). Generally, the researchers found that there were high levels of agreement among adult Victorians that “gambling is too widely accessible in Victoria” (78 per cent, up 3 points from 1996) and “the number of poker machines operating within Victoria should be reduced” (73 per cent, up 16 points from 1996) (p. iv). As in previous years, the researchers noted that the level of awareness of community projects funded by gambling revenue was very low amongst the Victorian population

(13 per cent), and the proportion believing that they had personally benefited from such projects was lower still (6 per cent) (p. iv).

- A further negative impact of gambling patterns flowed from changes in self-perceived **recreational** activity at the **individuals and families** level. The researchers found that, as in 1998, adult Victorians in 1999 are rapidly declining to describe themselves as someone who “gambles purely for social interaction or leisure” (15 per cent) (p. iv).
- Significant negative **financial** impacts of gambling were reported as affecting **individuals and families**. Following a decrease in 1998, the researchers found that the gambling participation rate had increased 5 points in 1999, with 81 per cent of adult Victorians having participated in at least one of the gambling activities measured in the survey within the last 12 months (p. iii). Actual expenditure on regulated forms of gambling in Victoria for the financial year ending June 1999 was \$3,456 million (amounting to an average loss per week of \$18.90 for each adult Victorian) (p. iii). For 19 per cent of those reporting gambling activity, their expenditure on gambling came mainly from “money for basic living expenses”, and for 6 per cent it came from “savings” (p. iii). One third (33 per cent) of Victorians reported having gambled in the last 7 days, the majority of these (61 per cent) claimed to have lost money (\$23 on average) (p. iv).

Limitations of the research

Following the completion of the Sixth Survey (1998 survey), the researchers of the Seventh Survey conducted an evaluation to test the limitations of the survey and determine how satisfactorily the 1998 questionnaire was functioning in terms of quality and consistency of data collected. This process included a quantitative phase involving correlational analyses between weekly outlay figures for individual gambling activities and overall estimates of weekly outlay on gambling activities. The researchers found that the correlations of the Sixth Survey were only moderate, at best, and the results suggested the existence of an appreciable error component in the measurement of expenditure on gambling activities within the 1998 survey (p. 17).

The review process also included a qualitative research phase involving in-depth face-to-face interviews with 64 respondents from the 1998 survey. Respondents were distributed among eight "gambling activity x level of activity" categories to ensure breadth of coverage of both gambling activities and level of gambling. Interviewees were asked a limited series of crucial questions they had answered during their prior telephone interview, followed by in-depth probing into the way they arrived at their answers, as well as their interpretation of the questions. Interviewees' understanding of the phrases used to describe different gambling activities was also checked to see how closely this resembled intended meaning (p. 17). Analysis of these interviews led the researchers of the Seventh Survey to implement 29 revisions to the Sixth Survey to be utilised in their project.

Other limitations identified by the authors of the Seventh Survey related to the removal of “outliers” in the Sixth Survey, in some cases prior to the analysis. The

authors identify this as a limitation because it is probable that a small proportion of the population bet in amounts very much higher than the rest of the population and therefore account for a substantial proportion of gambling expenditure. If such cases are treated as outliers and omitted from the analysis, then the figures produced are likely to appreciably underestimate the true situation. However, if outliers are not removed, then measures such as mean expenditure may appear to fluctuate inexplicably from year to year. Outliers were removed in the Sixth Survey in order to maintain comparability with the previous survey report, which also removed outliers. For the Seventh Survey report, however, the authors decided in general not to remove outliers, as the comparability of the series had already been affected by improvements to question wording. As a result, a few figures appear to have increased appreciably between the two years.

Another limitation identified by the researchers related to the issue of sample size. The fluctuations caused by the small number of "high-value gamblers" included in the sample from year to year suggest that a much larger sample of gamblers may be required. This does not necessarily require the entire sample size to increase proportionally, but could be achieved by use of a sample design involving a screening process followed by disproportionate sampling of gamblers and regular gamblers.

A further issue that may have limited the report related to the efficacy of the SOGS. The authors of the Seventh Survey explain that the SOGS was used to describe the proportion of the population who are "at-risk" of experiencing gambling-related difficulties. Thus, this method must be seen as indicative only, rather than a reliable means of identifying individual cases of problem gambling (p. 25). Other reports commissioned by the Authority (eg. *The Impact of Gaming and Crime Statistics; The Impact of Gaming on Specific Cultural Groups*) also note that U.S. measures developed to assess the occurrence of pathological gambling in the community are likely to prove over-inclusive and inaccurate when used in the Australian context. They suggest that although the SOGS is the only international measure with acceptable reliability and validity, when it is used in Australia it must be interpreted in terms of the proportion of the population at risk of gambling-related problems using much higher cut-off scores than was originally intended.

The major concern about the use of the SOGS is that it is not sensitive to the unique ways in which different contexts can determine whether a player's gambling has harmful impacts or not, nor will it accurately address such issues in culturally diverse contexts. The authors of the Seventh Survey reiterate the calls of other researchers for the development of a gambling screen which would more accurately fit the Australian context and would be suitable for use as a general population screen rather than in a clinical setting (p. 25).

Overall, a number of changes in the results over the years of this survey series have been influenced by factors other than actual changes in the behaviour of the Victorian population. Changes in the questionnaire and changes in the treatment of "outliers" are two critical issues. Other factors include changes in the coding procedures between different consultants and changes in time of year/time of week when interviewing has taken place. Further limitations have involved changes in the

sample design, random changes in the sample, and changes in the briefing of interviewers between different consultants (p. 23).

Conclusions

Overall, the Sixth and Seventh Surveys make a significant contribution to current knowledge on the patterns of gambling in Victorian. The authors of the Seventh Survey (1999) claim that, patterns of gambling behaviour for Victorians as a whole, appear to be showing signs of stabilising. This stabilisation has occurred since the introduction of EGMs in 1992 and the opening of the temporary Crown Casino in June 1994, followed by the opening of the permanent Crown Entertainment Complex in May 1997. After a marked shift in a positive direction in 1998, people's opinions on the impacts and role of gambling became more negative in 1999—although still generally less negative than in the preceding two years. Overall, the level of participation in gambling activities has increased in the past year. There are fewer people participating in EGM and in casino gambling, but those that do participate tend to play more often and spend more money each time they play. Actual gambling expenditure (the amount lost) increased overall by 8.11 per cent, with most of this attributable to increased expenditure on EGM gambling. The expenditure on more established forms of gambling, like racing and lotto-type games, has remained relatively constant (p. iii).

Mapping of reports against matrix framework for the impacts of gaming⁶ **(Reports: *Sixth survey of community gambling patterns and perceptions* and *Seventh survey of community gambling patterns and perceptions*)**

Health & wellbeing - individuals and families level

Positive Impacts: The overall trend since 1992 appears to have been towards a gradual decrease in the frequency of participation in gambling activities. On average, people reporting gambling activity participated in some form of gambling activity a little less than once a week (0.8 times per week).

Negative Impacts: Three per cent of the Victorian adult population considered that there had been gambling difficulties in their family during the preceding 6 months with a further 6 per cent considering that there had been gambling difficulties in their families prior to the last 6 months.

Health & wellbeing – communities level

Positive Impacts: Use of the South Oaks Gambling Screen for problem gamblers showed that only 0.8 per cent of Victorian adults scored in the “at-risk” category—down from 1.5 per cent in 1998.

Negative Impacts: Generally, there were high levels of agreement among adult Victorians that “gambling-related problems have become worse in the last four years” (84 per cent, the same level as in 1996) and that “gambling is a serious social problem” (83 per cent, down 1 point from 1996).

Culture - communities level

Positive Impacts: The majority (64 per cent) of adult Victorians agreed that “on the whole, gambling is an acceptable activity in our community”.

⁶ The mapping will only address those cells in the analytical framework for which project findings relate.

Negative Impacts: There were high levels of disagreement that “Victoria should have more casinos” (94 per cent), “there are not enough hotels and clubs with poker machines” (93 per cent) and “gambling does more good for the community than harm” (79 per cent). Overall, there was a moderate swing in negative attitudes towards gambling and its effects following a positive swing in 1998. However, attitudes remain more positive than negative compared to 1996 and 1997. Generally, there was high levels of agreement among adult Victorians that “gambling is too widely accessible in Victoria” (78 per cent up 3 points from 1996) and “the number of poker machines operating within Victoria should be reduced” (73 per cent up 16 points from 1996). As in previous years, the level of awareness of community projects funded by gambling revenue was very low among the Victorian population (13 per cent), and the proportion believing that they had personally benefited from such projects was lower still (6 per cent).

Recreation & tourism - individuals and families level

Positive Impacts: The reported level of participation in casino gambling continues to fall. In 1999, 16 per cent of adult Victorians said they had gambled at the Casino in the last 12 months, compared with 18 per cent in 1998, after a peak of 25 per cent in 1997. There was a very slight decrease in the average amount of time those reporting gambling activity spent on gambling activities in 1999 (at 29 minutes per week, down 1 minute from the 1998 figure of 30 minutes). One of the reasons for gambling frequently agreed with by those reporting gambling activity was “for social reasons/to be with friends” (26 per cent). In 1999, 43 per cent of those reporting regular EGM/casino activity agreed that one of their reasons for gambling was that they were “attracted to the venue”.

Negative Impacts: As in 1998, the common self-perception of being someone who “gambles for social interaction or leisure” appears to be declining rapidly in adult Victorians in 1999 (to 15 per cent).

Employment & education - communities level

Positive Impacts: The majority (61 per cent) of adult Victorians agreed that “the introduction of poker machines in Victoria resulted in more jobs”.

Financial - individuals and families level

Positive Impacts: For the third year in succession, the mean number of gambling activities undertaken by people reporting gambling activity decreased, returning to levels last recorded prior to 1994. Participation in EGM gambling decreased slightly to 30 per cent in 1999, down 1 per cent from the 1998 figure of 31 per cent (but retained the third highest participation rate after lotto and raffles). For 43 per cent of those reporting gambling activity, the main source of their expenditure on gambling was “pocket money”, and for another 19 per cent it came from a “specific budget for entertainment or recreation”.

Negative Impacts: Following a decrease in 1998, the gambling participation rate increased 5 points in 1999, with 81 per cent of adult Victorians

having participated within the last 12 months in at least one of the gambling activities measured in the survey. Actual expenditure on regulated forms of gambling in Victoria for the financial year ending June 1999 was \$3,456 million—an 8.11 per cent increase from 1998. This expenditure amounts to an average loss per week of \$18.90 for each adult Victorian. For 19 per cent of those reporting gambling activity, their expenditure on gambling came mainly from “money for basic living expenses” , and for 6 per cent it came from “savings”. One third (33 per cent) of adult Victorians reported having gambled in the last 7 days, the majority of these (61 per cent) claimed to have lost money (\$23 on average).

Financial - state level

Positive Impacts: The majority (59 per cent) of adult Victorians agreed that “Victoria’s Casino provides a big boost to our state economy” and 58 per cent agreed that “revenue from poker machines and the Casino has helped the State Government balance the books”. The official expenditure figures for regulated forms of gambling in Victoria for the financial year ending June 30, 1999, are that total expenditure was 3,456.487 million dollars, which represented an overall increase of 8.11 per cent over the previous financial year. Expenditure on EGMs (outside the Casino) was 1,954.192 million dollars, which represented an increase of 14.19 per cent over the previous financial year. Expenditure at Crown Casino was 721.852 million dollars, which represented a decrease of 2.75 per cent from the previous financial year; and expenditure on racing was up 5.44 per cent to 454.783 million dollars.

6.4 The economic impact of gambling⁷

(Consultant: National Institute of Economic and Industry Research)

Purpose

The aims of this study required the collection, analysis and interpretation of relevant data from various sources including an assessment of the economic impacts of gaming based on the State, regional or geographical area, community or local government area, and household/individual levels of analysis. Analysis of the economic impacts at these levels and consideration of the income, expenditure and employment aspects of the gaming industry (in relation to other industries) was also required. Also required was an assessment of: (1) the linkages between each of the specified levels of analysis; (2) an examination of the historical relationship of gambling expenditure in comparison to overall expenditure; and (3) how the relationship between gambling expenditure and overall expenditure has changed since the introduction of electronic gaming machines in Victoria and the opening of the Melbourne Casino (p. 2).

⁷ All page numbers referred to in Section 6.4 relate to the report *The Economic Impact of Gambling* (National Institute of Economic and Industry Research, 2000)

Other aims included: (1) an examination of the level of expenditure on gambling compared to that in other Australian states and territories (taking the differences in industry structure into account); (2) the identification of significant changes in the nature of expenditure patterns (both gambling and non-gambling) at the individual/household level; and (3) the investigation of the relationship of these changes to such variables as employment, income, education, household composition and other demographic characteristics (p. 2).

The project was also expected to produce an overview of econometric modelling techniques used in the economic assessment, including the selection of the appropriate model; the selection of the data required for utilisation of the model; and the use of sensitivity analysis to test the model results (p. 2). The project was also to overview micro-simulation techniques used in the economic assessment, including the identification of the variables used and the combination of variables used, (eg. income, employment type and status, and education); and elasticity of variables analysed. Finally, the researchers were to compare the findings of other economic impact studies undertaken by the Authority, including *The Impact of the Expansion in Gaming on the Victorian Retail Sector* and *The Impact of Gambling on Employment in Victoria* (p. 3).

Methodology

Eight tasks were developed to allow the project to be completed. The first task was improving the micro-simulation database and was implemented through a review of all the data currently in the public domain for integration into the micro-simulation database. However, after investigation it was found that they were of limited usefulness as databases for the purposes of the present project. Attention was concentrated on interpretation of the Household Expenditure Survey (HES), which had a large sample and rich information on household characteristics and general expenditure patterns. Techniques were developed that allowed deficiencies of the HES to be overcome to a large degree (p. 3).

The second task required the development of a dynamic micro-simulation approach to the introduction of increased gambling facilities implemented on the basis of the HES data set. Dynamic household responses were incorporated in modelling in the economic impact analysis at the State and regional levels.

The researchers third task was to develop a micro-simulation comparative analysis of Victoria and New South Wales, approached by comparing New South Wales household income and expenditure structures, both currently and in the early part of the decade, with those for Victoria. The objective was to test the hypothesis that the Victorian household expenditure structural changes in response to gaming have converged to the New South Wales outcomes.

The fourth task was updating the macroeconomic indicator analysis of the researchers' previous studies, in terms of relative Victorian performance in relation to retail expenditures, savings, employment, etc.

The fifth task of updating the venue survey was implemented by repeat administration of the previous survey of gaming venues examining the impact of

gaming in terms of investments, revenue, patronage, etc. The objective was to achieve as large a survey response as possible so that the inputs into the regional econometric modelling analysis were of a high quality. This task was subcontracted to Market Solutions and separately published.

The sixth task was to develop regional econometric models. This was approached by feeding the results from the micro-simulation analysis from Tasks 1 to 3 at the regional level into the regional econometric models to obtain the full flow-on effects. This approach enabled a crosscheck with the State-wide modelling outcomes. The econometric analysis was conducted for the years 1996, 1998 and 1999, thereby enabling changing patterns in the response to gaming to be identified at the regional macroeconomic level (p. 4).

The seventh task aimed to estimate the State-wide economic impacts by adopting the previous approach to estimating the state-based analysis. This used a top-down approach given the micro-simulation results, venue survey and statistical indicator analysis. The regional analysis of the state impacts was evaluated for 1996, 1998 and 1999. The updated top-down approach was contrasted with the bottom-up approach from the micro-simulation and regional econometric analysis from Task 6, with discrepancies reconciled. Overall, quantitative conclusions were developed from this process. The impact of changes to the Victorian gambling regime since 1992 was also evaluated at the national level (p. 5).

Task eight was to bring together all of the previous results. This was achieved by including terms in the analysis of a rich variety of household structures (eg. single pensioner to high income no children households), both at the state and regional levels. The expenditure pattern changes were across 400 consumption categories. The regional full flow-on analysis was at the Statistical Local Area for Melbourne and the Statistical Sub-division Area level in the country. At the regional level, outputs from the macroeconomic model were expressed in terms of industry output employment changes at the 2-digit industry level and 44 retail consumption expenditure categories. At the state level, similar indicators were assessed together with the impact on State Government revenue categories (p. 5).

Key Findings

Most of the positive economic impacts of gaming on Victoria relate to the employment, economic development, and financial benefits affecting individuals, particular Local Government Areas (LGAs), and the State.

- One of the positive indicators of **health and wellbeing** evident at the **individuals and families** level of analysis related to the researchers' findings that persons with dependent children and high status occupations tend to spend relatively less on gambling (p. ii).
- Positive economic impacts of gaming on **employment** at the **regional** level of analysis related to the researchers' findings that heavy gambling tended to induce significant increases in expenditures on alcohol, tobacco, restaurant and take-away food, and smaller increases in other entertainment expenditures. Even for average gamblers these expenditures are markedly higher than non-gamblers

and indirectly stimulate employment opportunities through the increased demand on these service industries (p. ii).

- Regarding **employment** across the **State**, the researchers' analysis concluded that up to 1995-96, new gaming expenditures had a significant positive impact on the Victorian economy because of the level of unemployed resources (which meant that the increased expenditure generated increased employment) (p. i). As a consequence of the financing of gambling expenditure from savings, the researchers found that retail expenditure was not significantly affected, and that new gaming expenditures have a strong positive impact on the economy when modelling allows for unutilised resources (p. i). The researchers argue that in the immediate past, new gaming expenditures have increased their positive stimulus to the Victorian economy, the immediate past contribution has been around 24,000 to employment across the State (p. ii).
- Other **economic development** benefits were projected at the **regional** level. The researchers anticipate that by 2005 the contribution to employment from economic activity from new gaming expenditure, will be about the same as in 1995-96 based on the 1995-96 assumptions (p. ii).
- Positive impacts on **economic development** at the **State** level were affected as a consequence of the financing of gambling expenditure from savings. The researchers found a strong positive impact on the economy when modelling allows for unutilised resources (p. i).
- Positive **financial** impacts were also identified at the **individuals and families** level. In relation to gambling patron profiles, the researchers found that most gamblers, even heavy gamblers, can afford to gamble as gambling expenditures increase with income (up to around \$80,000 gross income per year) and most gambling households have asset reserves (p. ii).
- Other **economic development** benefits were evident at the **regional** level. The researchers calculated the impact of machine gaming at a Local Government Area (LGA) level and found that currently all LGAs are benefiting, either directly or indirectly, from the net benefits of new gaming in terms of enhancement to gross regional product (p. ii).
- Similarly, at the **State** level, the researchers' analysis concluded that, up to 1995-96, new gaming expenditures had a significant positive impact on the Victorian economy as a whole because of the high level of financing of new gaming expenditure by reductions in household savings, and the level of unemployed resources in the Victorian economy (which meant that the increased expenditure generated increased employment) (p. i). The researchers argue that in the immediate past, new gaming expenditures have increased their positive stimulus to the Victorian economy by at least 25 per cent above that estimated for 1995-96 if temporary Casino construction effects are ignored. The immediate past contribution has been \$1.4 billion to net state product. These are still the net benefits even if the costs of problem gamblers are included. The contribution to Gross State Product is estimated at \$1.9 billion (p. ii)

Most of the negative economic impacts of gaming on Victoria relate to the health and wellbeing, economic development and financial costs affecting the people and State of Victoria.

- The principal negative **health and wellbeing** impacts at the **regional** level related to the researchers' identification of LGAs which have high social costs from gambling activity (ie. greater than \$2.6 million annually). Such LGAs included: Monash; Greater Geelong; Greater Dandenong; Kingston; Darebin; Casey; Moreland; Whitehorse; and Boroondara (p. ii). In the longer term, as the benefits from the finance of gambling from savings weaken, the net benefit for low income LGAs will decline and, under certain long-run assumptions, turn significantly negative. The researchers expect that such high-risk areas will include: Greater Dandenong; Darebin; Mornington Peninsula; Moreland; Maribyrnong; La Trobe; East Gippsland; Bass Coast; and Central Goldfields (p. ii).
- The main negative **economic development** outcomes for **regions** relate to the researchers analysis that, over the next few years, the contribution to economic activity from new gaming expenditure is expected to decline slightly from current levels as growth in new gaming expenditures is limited by the decreasing ability of households to dip further into savings (p. ii).
- Most of the documented negative impacts of gaming related to the **financial** costs realised at the **individuals and families, regional** and **State** levels. At the individuals and families level, the researchers argue that low interest rate regimes over the past few years have encouraged households to build up debt, reduce savings and spend at high levels. With savings now historically low, and debt levels now historically high, the current situation cannot continue. As the current trend unwinds the strength of the savings hypothesis will decline (p. ii). In relation to gambling patron profiles, the researchers found that on balance, increased gambling expenditures lead to increased total expenditures. Given that incomes are largely constant, by necessity savings reduce. High gambling expenditures interfere with asset accumulation and for many households lead to a reduction in assets over time. For a significant number of households, assets can be reduced to nil or debts can arise (p. ii). However, overall, it appears that, at least under the current easy money policy, debts are increased before assets are sold to finance negative savings (p. ii). The researchers also found that gambling expenditures are strongly driven by supply-socio-demographic patterns in mature gambling States (New South Wales and Australian Capital Territory) and in these mature gambling markets, the people who can least afford to gamble tend to do so (eg. low/medium income earners, the aged, blue collar workers) (p. ii).
- The researchers also calculated the negative **financial** impact of machine gaming at the **regional** level (specifically the Local Government Area level) and found that the net benefits are unequally distributed (eg. Boroondara had a net regional product gain per household of \$1,000 per annum compared to \$134 for Strathbogie) (p. ii). Similarly, the long-run benefits from new gaming at the regional level are also unevenly distributed (eg. Melbourne City households gain \$22 per week, while some country LGAs gain by around \$2 per week).

- At the level of the **State**, the researchers argue that with Victorian Government debt levels now down to relatively low levels and the Triple A rating restored, it is unlikely that the 50 per cent Victorian Government debt reduction allocation from gaming taxation revenue will be sustained. This assumption underpins the state-wide economic analysis (p. ii).
- In relation to gambling patron profiles, the researchers found that gambling expenditures are concentrated among a subset of the population, more than most other expenditures. Frequent gamblers spend more each time they gamble than infrequent gamblers. Socio-demographic factors can explain only a very small fraction of the expenditure difference between small and big gamblers. Despite marked socio-demographic differences in the propensity to gamble, it must be acknowledged that both gambling and frequent gambling are widely spread over the population (p. ii).

Limitations of the Research

One of the limitations encountered in the development of the project occurred when the researchers attempted to improve the micro-simulation data base through a review of all the data currently in the public domain. The researchers found that most of the recent surveys, including data collected by the Authority, were drafted with largely social and psychometric aims. After investigation it was found that they were of limited utility as micro-simulation data bases for the economic purposes of this project. Attention then turned to interpretation of the Household Expenditure Survey, however, it too was found to have faults. The researchers chose to persevere with the survey due to the value of its large sample and rich information on household characteristics and general expenditure patterns. The researchers decided that the deficiencies of this survey could be to a large degree overcome (p. 3).

Conclusions

This report makes a significant contribution to the debate and understanding of the economic impacts of gambling. Part of this contribution is the extension of the “savings hypothesis” to include future trends and consideration of the differential impact on various households and regions. A view is taken of the gambling industry as a maturing one and consideration is given to the implications of this as opposed to the impacts of the introduction of new forms of gambling. The National Institute of Economic and Industry Research up to 1995-1996 found that new gaming expenditure had a positive impact through: (1) a reduction in household savings; and (2) the level of unemployed resources that were available at the time of introduction. It was argued that retail expenditure was not significantly affected. An important caveat was offered that:

“While at the State level there is little evidence to suggest that increases in gambling expenditure adversely affected the retail industry generally, on a geographical basis some areas and industries in Melbourne and Victoria have probably been affected.” (National Institute for Economic and Industry Research, 1997a, p. ii)

In addition, the report makes an original contribution through its reworking, validation and analysis of the Household Expenditure Survey data.

The analysis demonstrates the dynamic nature of the “savings hypothesis” which suggests that in Victoria its strength declined by 10 per cent in 1997-8 and with rising interest rates is expected to decline by 30 per cent in 2000–1. By 2004-5 the level of gambling financed out of savings is expected to be reduced by half compared to 1995-6. However, because of the maturing of the industry and the removal of the constraint on the use of tax revenue for government expenditure, there will be further increases in the content of gambling activity in Victorian economic activity (p. ii).

This report is also valuable in that it demonstrates that the benefits are net effects and the savings hypothesis gives an average measure. So while the effect would be valid for all householders it will not necessarily be the case for any particular group of households. Similarly, individual regions will experience levels of outcomes which will change over time. The assumption is that households in the lowest income areas are assumed to finance their gambling entirely out of budgets for other expenditures.

The report identifies two separate social cost outcomes. The first is the cost to asset accumulation and regional income disparity and the second is the social costs of problem gambling usually related to the individual and family. The authors argue that even with generous allowance for the cost of problem gambling in Victoria in 1992–1998, expenditure on gambling brought substantial economic benefits (p. 93). The household impact varied with significant gains to those who did not gamble but obtained employment. Other households with problem gambling members suffered considerably, particularly where they were in low-income groups (p. 93).

A key finding is that the economic impact of the increase in gambling varied significantly across the state. The impact varied with:

“the chief differential distribution of benefits was from asset income, and hence wealthy areas tended to benefit. By contrast given the relationship between problem gambling and low incomes and wealth, low income areas tended to suffer net disbenefits.” (p. 93)

The authors argue that the major outcome of the “savings hypothesis” is that there will be a run down in the asset base. A turning point will occur when households start to rebuild savings. This is likely to lead to a change in expenditure patterns. The point made in the report is that the direction of that change is unknown (p 95).

Mapping of report against matrix framework for the impacts of gaming⁸ (Report: The economic impact of gambling)

Health & wellbeing - individuals and families level

Positive Impacts: Gambling patron profiles reveal that persons with dependent children and high status occupations tend to spend relatively less on gambling.

Health & wellbeing – regional level

⁸ The mapping will only address those cells in the analytical framework for which project findings relate.

Negative Impacts: LGAs which have high social costs from gambling activity (ie. Greater than \$2.6 million annually) include: Monash; Greater Geelong; Greater Dandenong; Kingston; Darebin; Casey; Moreland; Whitehorse; Boroondara. In the longer term, as the finance of gambling from savings weakens, the net benefit for low income LGAs will decline and, under certain long run assumptions, turn significantly negative. Such high risk areas will include: Greater Dandenong; Darebin; Mornington Peninsula; Moreland; Maribymong; La Trobe; East Gippsland; Bass Coast; and Central Goldfields.

Employment & education - regional level

Positive Impacts: Gambling patron profiles reveal that heavy gambling induces significant increases in expenditures on alcohol, tobacco, restaurant and take-away food, and smaller increases in other entertainment expenditures. For average gamblers these expenditures are also markedly higher.

Employment & education - state level

Positive Impacts: Up to 1995-96, new gaming expenditures had a significant positive impact on the Victorian economy because of the level of unemployed resources in the economy (which meant that the increased expenditure generated increased employment). Retail expenditure was not significantly affected, by gambling expenditures: new gaming expenditure has a strong positive impact on the economy when modelling allows for unutilised resources. The researchers argue that in the immediate past, new gaming expenditures have increased their positive stimulus to the Victorian economy, the immediate past contribution has been approximately 24,000 to employment.

Economic development - regional level

Positive Impacts: By 2005 the contribution to employment from economic activity from new gaming expenditure will be about the same as in 1995-96 based on the 1995-96 assumptions.

Negative Impacts: Over the next few years the contribution to economic activity from new gaming expenditure is expected to decline slightly from current levels as growth in new gaming expenditures is limited by the decreasing ability of households to dip further into savings. At the Local Government Area level net benefits are unequally distributed (eg. Boroondara had a net regional product gain per household of \$1,000 per annum compared to \$134 for Strathbogie). Long-run benefits from new gaming at the regional level are also unevenly distributed (eg. Melbourne City households gain \$22 per week, while some country LGAs gain by around \$2 per week).

Economic development - state level

Positive Impacts: As a consequence of the finance of gambling expenditure from savings, the researchers found that retail expenditure was not significantly affected; new gaming expenditures have a strong positive impact on the economy when modelling allows for unutilised resources. Up to 1995-96, new gaming expenditures had a significant positive impact on the Victorian economy due to

financing of new gaming expenditure from household savings, and the level of unemployed resources (which meant that the increased expenditure generated increased employment). In the immediate past, new gaming expenditures increased their positive stimulus to the Victorian economy by at least 25 per cent above that estimated for 1995-96 if temporary Casino construction effects are ignored. The immediate past contribution has been \$1.4 billion to net state product. Net benefits still exist even if the costs of problem gamblers are included. The contribution to Gross State Product is estimated at \$1.9 billion. Even if savings financing of gaming expenditures falls to less than 50 per cent by 2005, the increase in net state product will still be \$1.8 billion, with an additional 31,000 employment positions, thereby producing further increases in the contribution of new gaming activities to Victorian economic activity. This would be achieved primarily through the growth in export of gaming services (estimated to be 25 per cent of the total by 2005); and the removal of the constraint on the use of taxation revenue for government expenditure.

Negative Impacts: With Victorian Government debt levels now relatively low and the triple A rating restored, it is unlikely that the 50 per cent Victorian Government debt reduction allocation from gaming taxation revenue will be sustained. This assumption underpins the state-wide economic analysis.

Financial - individuals and families level

Positive Impacts: Gambling patron profiles reveal that most gamblers, including heavy gamblers, can afford to gamble. The reason for this appears to be that gambling expenditures increase with income (up to around \$80,000 gross income per year) and because most gambling households have asset reserves.

Negative Impacts: Gambling patron profiles reveal that gambling expenditures are concentrated among a subset of the population, more than most other expenditures. Frequent gamblers spend more each time they gamble than infrequent gamblers. Socio-demographic factors explain only a very small fraction of the expenditure difference between small and big gamblers. Despite marked socio-demographic differences in the propensity to gamble, both gambling and frequent gambling are widely spread over the population. Low interest rate regimes over the past few years have encouraged households to build up debt, reduce savings and spend at high levels. With savings now historically low and debt levels now historically high, the current situation cannot continue. As the current trend unwinds the strength of the savings hypothesis will decline. Regional modelling analysis suggests that in Victoria the strength of the savings hypothesis declined by 10 per cent to 1997-98 and with rising interest rates is expected to decline by 30 per cent in 2000-01. The researchers expect that by 2004-05 the level of gambling financed out of savings will be reduced by half compared to the 1995-96 level. In relation to gambling patron profiles on balance,

increased gambling expenditures lead to increased total expenditures. Given that incomes are largely constant, by necessity savings reduce. High gambling expenditures interfere with asset accumulation and for many households lead to a reduction in assets over time. For a significant number of households, assets can be reduced to nil or debts can arise. Under the current easy money policy, debts increase before assets are sold to finance negative savings. Gambling expenditures are strongly driven by supply- socio-demographic patterns in mature gambling states (New South Wales and Australian Capital Territory) and in these mature gambling markets, the people who can least afford to gamble tend to do so (eg. low/medium income earners, the aged, blue collar workers).

Financial - regional level

Positive Impacts: An examination of the impact of machine gaming at a Local Government Area level revealed that currently all LGAs benefit either directly or indirectly, in terms of enhancement to gross regional product.

6.5 Hotel and club industry gaming impact study⁹ (Consultant: Market Solutions Australia Pty Ltd)

Purpose

This report presents the findings of the *Hotel and Club Industry Gaming Impact Study*. The broad objective of the project was to understand the impact of the introduction of electronic gaming machines (EGMs) on the hotel and club industry. This project was intended to retain comparability with the report *Community Facilities Resulting from the Providers of Gaming in Victoria* (Hames Sharley Victoria, 1997) whilst being extended to include comparisons with non-gaming hotels and clubs. The project also aimed to address additional objectives relating to the impact of EGMs on related industries, in particular, the music and entertainment industry and on other suppliers to hotels and clubs (p. v).

Methodology

The initial stage of the research program comprised a qualitative investigation including a literature search, focus groups amongst venue patrons and in-depth telephone interviews with managers, entertainers/agents, restaurants, suppliers and community organisations. The results of the preliminary stage were used as background information in designing questionnaires for the quantitative surveys. Relevant qualitative results were incorporated into the final report where applicable (p. v).

The second stage of the research project incorporated five separate quantitative studies—comprising surveys with venue managers, patrons, entertainers/agents, beneficiaries of contributions and suppliers to the hotel and club industry (p. v).

⁹ All page numbers referred to in Section 6.5 relate to the report *Hotel and Club Industry Gaming Impact Study* (Maddern & Malkiewicz, 1999).

The venue survey was the fourth survey of gaming venues. A database of all licensed hotel and club venues was provided by Liquor Licensing Victoria. Gaming venues were then flagged from information provided by the Authority. In early July 1999, all gaming venues and a random selection of approximately half of all non-gaming venues were mailed a self-completion questionnaire. Those failing to respond to a reminder call, were again contacted and allowed the additional option of completing an interview by telephone. By the end of September, a total of 698 venues had completed a survey, with an overall response rate of 47.7 per cent (p. v).

During July 1999, a total of 454 interviews were conducted by telephone with patrons who had visited a hotel or club in the past six months. The sample was randomly selected from the Victorian electronic white pages. A total of 51 telephone interviews were conducted with entertainers and agents of entertainers who have worked in the hotel and club industry. The sample was selected from the electronic white pages and was supplemented by a database obtained from a major Melbourne music store (p. v).

A total of 34 telephone interviews were conducted with organisations nominated as being beneficiaries of contributions from hotels and clubs. The sample for this survey was obtained from organisations nominated by hotels and clubs responding to the Venue Survey. A total of 33 telephone interviews were conducted with managers of organisations who supply to the hotel and club industry. A random sample of suppliers was obtained from the electronic white pages.

Key Findings

Most of the reported positive impacts of the introduction of EGMs for the hotel and club industry affect gaming venues and are consolidated around financial, economic development, recreation and tourism benefits gained at the community level. There are reported positive employment impacts for the music and entertainment industry in relation to gaming venues, and negative employment impacts for the music and entertainment industry in relation to non-gaming venues.

- The principal positive impacts at the **health and wellbeing x regional** level of analysis flow indirectly from the Community Support Fund projects which to date have received contributions over the last six years to the value of \$493,379,148. Over a quarter of the funds have been used for sport and recreation projects. Other types of projects funded include initiatives to address problem gambling, drug initiatives, and families in crisis (p. x).
- Some reported positive **recreational** impacts at the **community** level also relate to the Community Support Fund which has been used to fund initiatives in youth, arts, and tourism projects (p. x). Other reported positive socio-cultural impacts were that gaming clubs (64 per cent) were more likely than non-gaming clubs (24 per cent) to report an improvement in the social element of the venue. However, approximately 22 per cent of non-gaming clubs reported a decline in the social element which was attributed to a decline in patronage or membership (p. viii).

- Positive **recreation and tourism** impacts were reported at the **individual**, **community**, and **regional** levels of analysis. At the **individual** level, a third of gaming patrons reported that the introduction of EGMs into Victoria had contributed to an increase in their personal visitation to hotels and clubs (and by default an increase in their personal recreational time spent at these venues) (p. ix). At the **community** level, in addition to voluntary contributions by hotels and clubs, community recreation and tourism benefits were also received through the Community Support Fund. Over a quarter of the Community Support Fund has been used for a range of initiatives that have included sport and recreation projects. Other types of projects funded include initiatives to arts and tourism. Gaming hotels were also the most likely to report improvements in accommodation opportunities (42 per cent) (p. vii). Gaming clubs (64 per cent) were the most likely to report an improvement in entertainment (p. viii), and approximately 83 per cent of gaming venues reported an improvement in opportunities for dining, compared to 24 per cent of non-gaming venues (p. vii). At the **regional** level, the main factor reported by non-gaming hotels as having a positive impact, other than extended trading hours, was the development of the area as a tourist destination. Venues in country areas (52 per cent) were more likely than metropolitan venues (36 per cent) to report that the development of the area as a tourist destination has had a positive impact (p. ix). Gaming venues were most likely to report changes in patron leisure patterns and preferences and the development of the area as a tourist destination as having a positive impact (p. ix).
- Positive **employment** impacts were also reported at the **individual** and **community** levels. At the **individual** level, entertainers and agents were most likely to report improvements in employment opportunities for live entertainers at gaming clubs (41 per cent) (p. viii). The main factors reported by entertainers and agents as having a positive impact on opportunities for live entertainers at hotels and clubs include an increase in the number of theme pubs (57 per cent) and extended trading hours (45 per cent) (p. ix). At the **community** level, on average, gaming venues have longer hours of operation than non-gaming venues (and by default, provide longer hours of employment). Gaming hotels have by far the longest hours of operation, with average opening hours of 136 hours per week (p. vi). The majority of gaming venues have extended their hours of operation since becoming an operational gaming venue (around 8 in 10), with an average increase of 30 hours a week. In comparison, 17 per cent of non-gaming hotels and only 7 per cent of non-gaming clubs have extended their hours of operation since the introduction of EGMs into Victoria in July 1992 (p. vi). Gaming clubs were the most likely to report that they provide live entertainment (67 per cent versus 43 per cent for gaming hotels). In comparison, 52 per cent of non-gaming hotels and only 19 per cent of non-gaming clubs provide live entertainment (p. viii).
- Positive **economic development** impacts were also reported at the **individual** and **community** levels. At the **individual** level, the V.I.S. Athlete Program made available scholarships and development programs for individual Victorian athletes to the total value of \$2,680,000 (p. 131). At the **community** level, there were several economic development benefits including the construction and fit out of the Melbourne Sports and Aquatic Centre (\$55,500,000), the redevelopment of

the hockey and netball facilities at Royal Park (\$27,000,000), and the Better Pools – Aquatic Facility Funding Program (\$20,000,000) (p. 131). Gaming venues were also reported as being more likely than non-gaming venues to have made improvements to buildings or facilities in either 1997 or 1998. They were also more likely to have planned expenditure on projects to be commenced in 1999 or 2000 (p. vii). Gaming venues also plan to spend more on projects planned to be commenced in 1999 or 2000 (p. vii). Approximately 60 per cent of gaming venues had made improvements to buildings or facilities in 1997 or 1998. In comparison, only 41 per cent of non-gaming clubs and 34 per cent of non-gaming hotels had made such improvements during that time (p. vii). Similarly, 60 per cent of gaming venues plan to make improvements to buildings or facilities in either 1999 or 2000. In comparison, 46 per cent of non-gaming clubs and 41 per cent of non-gaming hotels plan to make such improvements in 1999 or 2000 (p. vii). The majority of gaming venues reported that expenditure on buildings and facilities was attributable to the installation of EGMs. Whereas, only a small proportion of non-gaming venues attributed expenditure on improvements to competition from gaming venues (p. vii). Improvements to facilities, such as the addition of function rooms, has made gaming venues more appropriate for conferences (p. vii). Overall, gaming venues were more likely than non-gaming venues to report an improvement in the facilities offered at their venue, particularly improvements in dining opportunities and the quality of internal facilities (p. vii). A higher proportion of gaming venues than non-gaming venues reported an improvement in the quality of internal facilities (88 per cent versus 34 per cent). The main improvements reported by gaming venues were major renovations and refurbishment, whereas non-gaming venues were more likely to have completed minor renovations such as painting and maintenance (p. vii).

- Positive **financial** impacts were reported predominantly at the **regional** level. Although both gaming and non-gaming venues make substantial contributions to their local community, there were reported indications that an increase in revenue from EGMs has allowed gaming venues, particularly clubs, to pay substantially higher dollar value contributions to the community than non-gaming venues (p. vi). Approximately 86 per cent of gaming hotels and 91 per cent of gaming clubs reported making some sort of contribution to the community in 1998. In comparison, 80 per cent of non-gaming hotels and 56 per cent of non-gaming clubs reported making contributions in 1998. The majority of beneficiaries reported no change in the level of contributions made to their organisation since the introduction of EGMs into Victoria (61 per cent). However, approximately 12 per cent of beneficiaries reported an increase in contributions. Approximately one fifth of beneficiaries perceive gaming venues to be more willing to give contributions and give a greater level of contributions than non-gaming venues, although the majority perceive no difference (p. x).
- In the 1997-98 financial year, gaming hotels reported a much higher average annual gross income than gaming clubs (\$3.4 million and \$1.2 million respectively) (p. vi). In general, gaming venues were more likely than non-gaming venues to report an improved trading position at June 1998 compared with at June 1997, with 76 per cent of all gaming venues reporting their trading position as being either significantly or marginally better compared to 51 per cent of non-gaming venues (p. vi). On average, gaming venues appear to have experienced

a significant increase in gross income in all trade areas, particularly in their bar and meals trade, since becoming operational gaming venues (p. vi). Approximately 86 per cent of gaming hotels and 91 per cent of gaming clubs reported making some sort of contribution to the community in 1998. In comparison, 80 per cent of non-gaming hotels and 56 per cent of non-gaming clubs reported making contributions in 1998 (p. vi).

Most of the reported negative impacts of the introduction of EGMs in the hotel and club industry affect non-gaming venues and relate to financial, economic development, recreation and tourism costs incurred at the community level. There are reported negative employment impacts for the music and entertainment industry in relation to non-gaming venues, but this appears to be counterbalanced by positive employment impacts for the music and entertainment industry in relation to gaming venues.

- The only reported quasi-negative impact on **recreational** activities at the **community** level related to the reports that about 2 in 10 non-gaming patrons reported that the introduction of EGMs into Victoria contributed to a decrease in their visitation (and by default, socialisation opportunities) at those venues. The main reported factor associated with a decrease in non-gaming patron visitation to hotels and clubs is personal lifestyle changes (35 per cent) and changes in attitudes to drink driving (p. ix).
- The predominant negative **recreation and tourism** impacts at the **community** level related to the fact that nearly a third of non-gaming hotels reported a decline in opportunities for entertainment (p. viii), and approximately 16 per cent of non-gaming hotels also reported a decline in accommodation (p. vii). Although amongst non-gaming venues, 34 per cent of hotels and 18 per cent of clubs reported a decline in dining opportunities (p. vii), gaming clubs have also attempted to attract the membership of sporting clubs (p. viii).
- The main negative **employment** impact at the **individual** level was that 26 per cent of entertainers and agents reported a decline in employment opportunities at hotels and clubs following the introduction of EGMs (p. 113). Entertainers and agents were more likely to have reported a decline in opportunities for live entertainers at gaming hotels (65 per cent) than non-gaming hotels (49 per cent). A third of entertainers or agents also reported a decline in opportunities at clubs (p. viii).
- The principal reported negative **economic development** impacts affected the **community** level. In comparison to gaming venues, non-gaming venues spent considerably less on new building projects and facility improvements or renovations in 1997/1998 (p. vii). A substantial proportion of non-gaming venues also reported a decline in the facilities offered, particularly opportunities for dining and entertainment (p. vii).
- The main negative **financial** impacts reported at the **regional** level were that in contrast to gaming venues, non-gaming venues reported an average annual gross income at a lower level than gaming venues (\$680k for non-gaming hotels and \$200k for non-gaming clubs) (p. vi). Since the introduction of EGMs into

Victoria, many non-gaming venues reported a significant decline in their gross income from the bar, meals and entertainment trade areas. Non-gaming hotels were more likely than non-gaming clubs to report a decline in gross income since the introduction of EGMs in Victoria (p. vi). The factors nominated by a high proportion of gaming venues as having a negative impact on their business are competition from other gaming venues and the extended trading hours of other venues (p. ix). Approximately 46 per cent of non-gaming hotels perceive competition from gaming venues to have had a negative impact on their business (p. ix).

Limitations of the research

The Terms of Reference of this project required that the study maintain comparability with the earlier study *Community Facilities Resulting from the Providers of Gaming in Victoria* (Hames Sharley Victoria, 1997a), while comparing the impact on the Victorian hotel and club industry of the introduction of EGMs. However, the final report contains little comparison with earlier research and therefore offers limited opportunities for longitudinal analysis.

The authors of the report note some statistical limitations in comparing figures across years due to changes in the calculation and reporting procedures for these figures (eg. State Government gaming revenue as a proportion of total revenue). This limitation is often encountered in studies requiring comparisons across time.

Conclusions

This report is concerned with contrasting the reported positive and negative impacts of the introduction of EGMs to gaming venues (in comparison with non-gaming venues) within the hotel and club industry. Within this framework, the study mainly addresses the impact of EGMs on the financial, economic development, and recreation/tourism dimensions of the hotel and club industry and related industries (eg. music and entertainment). However, there is also some discussion of the health and wellbeing and employment impacts of the introduction of EGMs to the hotel and club industry and related industries (eg. music and entertainment). The positive and negative impacts are dealt with largely at the community level. Although there is some discussion regarding impacts at the individual and regional levels (eg. country versus city).

The extent of the impacts on live entertainment remain unclear. There is perhaps an under-emphasis on the decline in employment opportunities for live entertainers at non-gaming venues. This requires further research.

The extent of improvements to community facilities from the Community Benefit Fund (CBF) are not entirely clear. Many of the noted facility improvements were concentrated in urban areas. It is unclear to what extent these improvements extended to communities in regional areas of Victoria and whether the funds flowing to the CBF from the regions are equitably redistributed back to those regions.

In summary, the report makes an important contribution to our understanding of the financial, economic development, and recreation and tourism impacts of the

introduction of EGMs in the hotel and club industry (and related industries) in Victoria.

Mapping of report against matrix framework for the impacts of gaming¹⁰ **(Report: Hotel and club industry gaming impact study)**

Health and wellbeing – communities level

Positive Impacts: Community support funds used for sport and recreation projects.

Culture - communities level

Positive Impacts: Community support funds used for sport and recreation projects.

Recreation & tourism - individuals and families level

Positive Impacts: Gaming patrons reported that the introduction of EGMs into Victoria had contributed to an increase in their visitation to hotels and clubs.

Recreation & tourism - communities level

Positive Impacts: Forty-two per cent of gaming hotels reported improvements in accommodation, entertainment and opportunities for dining.

Negative Impacts: Non-gaming venues reported a decline in opportunities for entertainment and dining.

Recreation & tourism - regional level

Positive Impacts: Development of areas as tourist destinations.

Employment & education - individuals and families level

Positive Impacts: Forty-one per cent of entertainers and agents approached reported improvements in opportunities for live entertainers at gaming clubs.

Negative Impacts: Some entertainers and agents approached reported a decline in opportunities for employment at hotels and clubs.

Employment & education - communities level

Positive Impacts: Increased operating hours of gaming venues leads to greater employment opportunities.

Economic development - individuals and families level

Positive Impacts: V.I.S. Athlete Program – scholarship and development program for Victorian athletes.

Economic development - communities level

Positive Impacts: Melbourne Sports and Aquatic Centre – construction and fit out of centre. Redevelopment of hockey and netball facilities at Royal Park (\$27,000,000). Better Pools – Aquatic Facility Funding Program (\$20,000,000). Gaming venues are more likely than non-gaming venues to have made improvements to buildings or facilities in 1997 or 1998, and more likely to have planned expenditure on projects to be commenced in 1999 or 2000. Venues typically report that upgrading is due to installation of EGMs.

Financial - communities level

Positive Impacts: Both gaming and non-gaming venues make substantial contributions to their local community with higher contributions coming from gaming venues.

¹⁰ The mapping will only address those cells in the analytical framework for which project findings relate.

6.6 The impact of the expansion of gaming on the tourism, entertainment and leisure industries¹¹

(Consultant: Australian Institute for Gambling Research, School of Leisure, Sport and Tourism, and Department of Hospitality, Tourism and Leisure)

Purpose

The primary objective of this report was to examine the impact of the expansion of gaming on the tourism, entertainment and leisure industries following the introduction of EGMs in Victoria in July 1992, and the opening of the Crown Casino in 1994 (p. 1). The report commences this task with a historical review of tourism, entertainment and leisure trade turnover, population and household income figures from all Australian jurisdictions since 1990 (p. 1). The report then attempts to analyse all of the relevant factors (particularly the introduction of EGMs and casinos), which may have had an effect on tourism, entertainment and leisure trade turnover figures in Australia with a specific focus on Victoria (p. 1). Next, the report aimed to review the expenditure of adult Victorians from their discretionary disposable income, before and after the introduction of gaming, and compares these trends in other States (p. 1). Trends in tourism, entertainment and leisure purchases (made by adult Victorians and interstate and international visitors) are also identified (p. 1). The report constructs a profile of the current nature of tourism, entertainment and leisure activity in Victoria following the introduction of EGMs and the Casino, and overviews the international experience of the effect of gambling on these industries.

Methodology

In general, the research methodology was concerned with drawing out the complex relationships between the establishment of the Melbourne Casino, the introduction of EGMs to clubs and hotels, and tourism, entertainment and leisure activity in Victoria (p. 17).

At the micro-level, representatives of key stakeholder organisations or enterprises were identified and recruited. In the stakeholder sample, representatives spoke for gaming venue businesses, commercial associations, unions, community organisations and peak industry bodies (p. 17). No primary data were collected from consumers at the individual or household level, rather analyses of pre-existing secondary data were undertaken (p. 17). Discussion of the impacts of the expansion of gaming on tourism, entertainment and leisure was organised according to the four levels of analysis (ie., individuals and families, communities, regional, and State) in the SERC analytical framework (see Section 5.2 of this report).

The first set of resources for secondary analysis were previous reports commissioned by the Authority (p. 8). In particular, the report *The Impact of the*

¹¹ All page numbers referred to in Section 6.6 relate to the report *The Impact of the Expansion of Gaming on the Tourism, Entertainment and Leisure Industries* (Australian Institute for Gambling Research, School of Leisure, Sport and Tourism, & Department of Hospitality, Tourism and Leisure, 2000).

Expansion in Gaming on the Victorian Retail Sector (National Institute of Economic and Industry Research, 1997a) was used as a model for some aspects of the study. Statistical data on household consumption spending was also drawn from this report. Other interim findings were used from *The Economic Impact of Gambling* (National Institute of Economic and Industry Research, 2000) and the *Hotel and Club Industry Gaming Impact Study* (Maddern & Malkiewicz, 1999). Data relating to the distribution of EGMs in Victoria was drawn from the Authority's Baseline Database project.

Various socio-demographic data sets developed by the Australian Bureau of Statistics were also used in preparing population and recreation overviews, and a literature review of published papers provided background themes and perspective's to help in framing the primary research (p. 19).

Primary data collection focussed on a process of consultation with key regional bodies, industry groups and individuals. Interviews were conducted with key stakeholders in the tourism, entertainment and leisure sectors, and proprietors and managers of gaming and non-gaming hotel and club venues (along with observation of venues) (p. 19). In addition, a targeted survey was undertaken with country tourism promoters and operators (p. 19).

Key Findings

The majority of the reported positive impacts of the expansion of gaming on the tourism, entertainment and leisure industries, related to changes in economic development at the regional and State levels and changes in recreation and tourism activity within Victoria at the community, regional and State levels.

- The report cautioned against any general or direct attribution of positive impacts of gaming on **recreation and tourism** at the **State** level because gaming has seen a shifting and redistribution of leisure and tourism patterns within the State. Some operators and some regions have benefited; others have been adversely affected (p. 3).
- One of the reported positive impacts on **recreation and tourism** at the **community** level relates to the emergence of new groups of gamblers, principally females, older people/retirees and patrons from a broader spectrum of cultural backgrounds. These new groups are reported as spending more time "out" than patrons of traditional pubs and clubs, resulting in an increased demand for other leisure preferences, particularly dining and socialising (p. vii). The positive impacts on recreation and tourism at the regional level flow from the intrastate component of the tourism market. The rate of increase in the number of intrastate trips, particularly in the period since 1992, has been faster than in New South Wales or Queensland. There appears to have been a re-orientation of many intrastate trips toward Melbourne, reputedly due in some part to the establishment of the Crown Casino complex (p. v). The authors suggest that Casino development which attempts to attract a greater proportion of out of town visitors is more likely to have a positive impact on existing forms of entertainment than one which focuses more on local patrons (p. ii). Hospitality services, which are integrated into tourism, entertainment and leisure, were also reported as

having improved levels of quality and professionalism following the lead of both the Crown complex and the Southbank restaurants (p. vi).

- Similarly to the Casino, the introduction of EGMs to clubs and hotels in Victoria was reported as contributing to changed patterns of intrastate **tourism** and with having positive impacts on the **regions**. In particular, the introduction of EGMs to clubs and hotels appears to have contributed moderately to a re-orientation of day-tripper tourists toward Melbourne and to a lesser extent toward Victorian regional centres and away from New South Wales and South Australia (p. vi). The gaming operators and a clear majority of club and hotel venue stakeholders that are gaming providers tended to be strongly positive about the impacts of the expansion of gaming on tourism, leisure and entertainment (p. vii). Club and hotel venue stakeholders, and their representatives, who are not gaming providers, tended to be mildly positive about the overall impacts of the expansion of gaming on tourism, entertainment and leisure (p. viii). Tourism operators were, overall, neutral about the impact of the expansion of gaming on their industry, although they clearly acknowledged a reorientation of intrastate travel away from border sites and to Melbourne. They were mildly positive about the impact of the Crown Casino complex on the promotion of Melbourne as a destination, although they believed that this was embedded as part of a broader improvement in the city's appeal and marketability (p. viii).
- The overall positive impact on **recreation and tourism** at the **State** level related to the change in interstate trips to Victoria which have risen steadily across the decade, more quickly since 1993. Victoria has managed to increase its market share of total interstate travel by approximately two per cent during this period. Victoria moved from being a net tourist trip exporter in 1992/93 to being a net importer by 1996/97 (p. v). The authors report that the introduction of EGMs has had a strong impact on the variety and quality of entertainment and leisure facilities, particularly those provided by gaming clubs and hotels (p. vii).
- Several positive **economic development** impacts at the **regional** level were reported. The first related to the high level of participation in gaming which has led to gaming providers (hotels, clubs and the Casino) achieving expanded revenues, which has in turn led to re-investment in infrastructure and facilities. This was reported as enabling the development of new types of venues, characterised by their size, range of facilities and changed relationship with their social and economic context (p. iv). Other reported positive impacts following the introduction of EGMs are that clubs and hotels appear to have made more innovative uses of general hotel licences, particularly in non-gaming venues in urban or regional centre settings (eg. bistros or café-style licensed premises) (p. vii). Other reported positive impacts following the introduction of the Crown Casino complex relate to improvements in the Melbourne Region's competitiveness in the intrastate tourist market (p. vi). Despite these changes, international visitors, whilst constituting a small percentage of total volume of Casino visitors, are still likely to contribute a disproportionately large percentage of Casino revenue (p. v). Other positive impacts include a number of accommodation providers in Melbourne City who appear to have accrued a small benefit in turnover since the advent of the Crown Casino complex (p. vi).

- Some of the principal positive impacts on **economic development** reported at the **State** level relate to the expansionary impacts on tourism, entertainment and leisure following the introduction of the Crown Casino complex. The expansionary impacts have come in the form of new international and interstate visitors attracted to Victoria. However, the report states that it is not clear to what extent the Casino complex in isolation is responsible for this expansion in tourist visitors (p. vi). Comparisons between the market mix of the temporary Casino and the permanent Crown Casino complex suggest an improved market mix. Tourist visitors as a proportion of total visitors appear to have increased in comparison to local visitors. This suggests expansionary impacts in international and interstate export earnings (p. vi). The Crown Casino also appears to have contributed strongly to a reduction in cross-border leakage of gaming revenues, particularly to the New South Wales Murray border clubs, as does the introduction of EGMs to clubs and hotels in the State (p. vi).
- Finally, the most important positive **financial** impact reported at the **State** level related to the rapid rise in Victorian EGM expenditure to approximately \$1.423 billion (at 1989-90 \$ prices) in 1997-98 from just over \$235 million in 1992-93 (p. iii), second in value only to New South Wales of the other States and Territories.

The majority of the reported negative impacts of the expansion of gaming on the tourism, entertainment and leisure industries, relate to redistributive changes in entertainment and leisure activity itself within Victoria at the community and regional levels. These negative redistribution effects have impacted principally on employment opportunities of musicians and live performers at the regional level.

- The main reported negative impact on **recreation and tourism** at the **community** level related to the observation that new tourists attracted by the Casino, are less likely to attend other local entertainment activities than tourists attracted by other factors (p. ii). Furthermore, gaming venues appear more likely than traditional clubs and pubs, to be attracting patronage from new segments of the population including females, older people/retirees and individuals from a broader range of cultural backgrounds. These changes in entertainment and leisure preferences appear likely to have come at the expense of home-based forms of entertainment (p. vii). In addition, the development of newer more broadly inclusive gaming venues, appears to have come at the expense of other market venues which have proved attractive to particular groups, notably young people aged between 18-24. This age group prefers venues without EGMs, which cater to alternative entertainment and leisure preferences such as live music or other live performances. This group appears to actively seek EGM-free venues for socialising and other leisure activities (p. vii).
- Negative impacts on **recreation and tourism** evident at the **regional** level relate to the strong redistributive effect that the introduction of the Crown Casino complex has had on local entertainment and leisure expenditures which have experienced a significant downturn. The authors suggest that this may be due in part to the "novelty" effect of the Crown complex (p. vi). On the other hand, the redistributive effect of the transfer of entertainment and leisure expenditures from non-gaming to gaming venues appears to have had a strong negative impact on

many non-gaming clubs and hotels. The current legislative and commercial arrangements regarding the allocation of gaming resources to clubs and hotels, also appear to have had a negative impact on some gaming venues (p. vii).

- A minority of club and hotel stakeholders who are gaming providers were also negative about the impact of the expansion of gaming on entertainment and leisure. The authors attribute such negative sentiment as stemming from interrelated issues regarding management decisions, commercial strategies and management contracts with gaming operators (p. vii). Finally, club and hotel stakeholders, and their representatives, who are not gaming providers also tended to be strongly negative about the differential nature of the allocation and distribution of gaming resources affecting the region (p. viii).
- The most significant negative impact reported on **employment** at the **regional** level concerned musicians and live performers who reported that the introduction of EGMs to hotels and clubs had reduced their opportunities for live performances (p. viii). A further reported negative financial impact affecting individuals and families relates to the statistic that Victorian expenditure on gambling as a percentage of household disposable income first reached a level in excess of the national average in 1994-95 and has remained in excess of the national average in each of the three subsequent years (p. iii).

Limitations of the research

The report documents four methodological limitations that need to be considered when interpreting the findings. The first relates to trend analysis and that despite the availability of data which enable the comparison of time-use patterns with gambling expenditure patterns, the comparisons are of limited use (p. 20).

The second limitation relates to the phenomenon of variation between regions in the flow of social and economic impacts due to the variation in pre-conditions between different regions prior to the introduction of EGMs (p. 21). The report undertook primary research in the City of Ballarat and the border town of Echuca. The specificities of the two location's social and economic characteristics means that caution needs to be exercised in generalising findings derived from one region to impacts in another (p. 21). The report stresses the narrow range of regional case studies (Ballarat and Echuca) which prevented the researchers making any claims to generalised findings.

A related limitation involves the problem associated with measuring the economic turnover of tourism. In terms of Australia's national economic data collections, tourism is not specified as an industry or sector within the national economic accounting structure, but rather as a flow of funds between sectors (p. 21). Consequently, while tourism is valued at a general national level, the non-uniformity of demand for tourist attributes which vary from place to place, mean there is little information that can actually be drawn from this data in terms of value to tourism to specific regions or locations within the country (p. 21).

The fourth limitation relates to the confounding affect of external impacts when determining the performance of specific economic sectors. Changes in economic

conditions in another country or region are likely to have a direct impact on the demand for inbound tourism to Australia, and this would be reflected in aggregate trend data. However, if this trend data is read in conjunction with data relating to the expansion of gaming, a correlation between gambling expenditure and tourist activity may be inferred even though the artefact of correlation may largely be a result of the external impact. Consequently, the authors admit that where the impact of such externality is assumed, it remains extremely difficult to unravel changes in indicators or performance which are related to externalities from other changes internal to the sector under examination (p. 22).

Conclusions

Overall the report contributes significantly to our understanding of the positive impacts of the expansion of gaming on the tourism, entertainment and leisure industries. The report maps these positive impacts principally through the identification of changes in economic development at the regional and State levels and changes in recreation and tourism activity at the community, regional and State levels.

The report demonstrates that the redistributive impacts identified have both positive and negative impacts—but often for different groups. Negative and positive impacts can be redistributive in nature for certain regions, consumers, and operators. For example, the impacts of the Crown Casino on tourism, has an impact on certain Ballarat operators.

The report employs a robust methodology, however the findings are constrained by the tendency of localised impacts to be concealed within analyses that focus on aggregate level data. In particular, a lack of in-depth community level information and comparative regional social and economic impacts, restricts the extent of the researchers' claims.

Mapping of report against matrix framework for the impacts of gaming¹² (Report: The impact of the expansion of gaming on the tourism, entertainment and leisure industries

Recreation & tourism - communities level

Positive Impacts: Increased demand for leisure preferences, dining and socialising, by “new” groups of gamblers (eg. Females, older persons from diverse ethnic backgrounds).

Negative Impacts: The introduction of EGMs has impacted on the variety and quality of entertainment and leisure facilities provided by gaming clubs and hotels. In addition, changes in entertainment and leisure preferences appear to have reduced home-based forms of entertainment and leisure.

Recreation & tourism - regional level

Positive Impacts: Hospitality services, which are integrated into tourism, entertainment and leisure, appear to have improved levels of quality and professionalism following the lead of both the Crown complex and the Southbank restaurants. The introduction of

¹² The mapping will only address those cells in the analytical framework for which project findings relate.

EGMs to clubs and hotels appears to have contributed to a re-orientation of day tripper tourists toward Melbourne and to a lesser extent toward Victorian regional centres and away from New South Wales and South Australia.

Negative Impacts: The Crown Casino complex has had a strongly redistributive effect on local entertainment and leisure expenditures. This entertainment downturn has had a negative impact on all Melbourne city areas aside from the Crown complex (p. vi). The redistributive effect of the transfer of entertainment and leisure expenditures from non-gaming to gaming venues appears to have had a strong negative impacts on many non-gaming clubs and hotels.

Recreation & tourism - state level

Positive Impacts: Interstate trips to Victoria have risen steadily across the decade, more quickly since 1993. Victoria has increased its market share of total interstate travel by approximately two per cent during this period.

Employment & education - regional level

Negative Impacts: Musicians and live performers were negative about the impacts of the expansion of gaming on entertainment and leisure; the introduction of EGMs to hotels and clubs had reduced opportunities for live performances.

Economic development - regional level

Positive Impacts: The high level of participation in gaming has led to gaming providers (hotels, clubs and the Casino) achieving expanded revenues, which has in turn led to re-investment in infrastructure and facilities. International visitors, whilst constituting a small percentage of total volume of casino visitors, contribute a disproportionately large percentage of Casino revenue. The introduction of EGMs to clubs and hotels have resulted in more innovative uses of general hotel licences, particularly in non-gaming venues in urban or regional centre settings (eg. bistros or café-style licensed premises).

Economic development - state level

Positive Impacts: The Crown Casino has contributed to expansionary and redistributive impacts on tourism, entertainment and leisure as well as a reduction in cross-border leakage of gaming revenues, particularly to the New South Wales Murray border clubs.

6.7 Longitudinal examination of perceptions and their relationship with actual findings¹³ (Consultant: Marketing Science Centre)

Purpose

This study was commissioned in order to develop a better understanding of public perceptions of the gaming industry and those who participate in it. In particular, the

¹³ All page numbers referred to in Section 6.7 relate to the report *Longitudinal Examination of Perceptions and their Relationship with Actual Findings* (Marketing Science Centre, 2000).

study focuses on the relationship between people's perceptions and their own gambling practices. It was hoped that such a focus would make sense of tensions between people's own practices and perceptions of gaming, and their understanding of the larger community's involvement in gaming activities (p. i). The project is unique in its longitudinal (rather than cross-sectional focus) and attempt to understand observed discrepancies between consumers' gambling patterns and perceptions of gambling.

Information was sought about people's perceptions and behaviours in the following areas:

- operation of the gaming industry;
- participation in casino gambling;
- use of electronic gaming machines at clubs and hotels; and
- the impact of the industry (p. 2).

This study is the first panel in a longitudinal research project, and the researchers are hoping to trace the effectiveness of information programs in "aligning public views with actual behaviour" (p. 2) and test the direction of causality between behavior and perceptions. In addition, the researchers are seeking to trace, at the individual and aggregate levels, changes in behavior, attitudes and knowledge with respect to gambling in Victoria, and the variables associated with those changes (p. 63). Other specific issues for further research included changes in the accuracy of knowledge of the industry (p. 63).

Methodology

The study draws on existing written and taped work to provide the original framework for four focus group interviews. Focus group participants were recruited from the white pages, from suburbs lying in easy travelling distance from the location of the focus group interviews. The constitution of the focus groups was organised with reference to age, frequency of gambling, attitudes to gambling, and the gambling industry.

In order to encourage people to feel free to express their opinions, groups were stratified to bring people with similar attitudes to gambling and gaming practices together. The groups were:

- light gamblers with a negative attitude;
- light gamblers with a positive attitude;
- under 40 years and heavier gamblers; and
- 40 years and over and heavier gamblers (p. 5).

A "heavier gambler" was a person who gambled more than four times in a week. Asking respondents if, overall, they had a positive or negative attitude to gambling was the measure of a positive or negative attitude. Those who were neutral were combined with those who held a positive attitude, as it was believed that it would be

more difficult to find participants who held positive attitudes to gambling (p. 5). Direct employees of the gambling industry were not included in the focus groups.

These focus groups were used to develop a quantitative instrument. The instrument was constructed with reference to a list of topics in which people held differing opinions and practices. The focus groups also suggested the degree to which people would be able to answer questions in detail over the phone, and the most relevant set of answers (p. 7).

The survey interviews were conducted from 5th to the 13th October 1999. Randomly selected respondents (N = 1024) were interviewed over the telephone using a 23 minute questionnaire. Gambling industry employees were included in this questionnaire, in an effort to test the hypothesis that direct involvement in the gambling industry was associated with greater knowledge of that industry, and with higher gambling participation (p. 7).

Recruitment from this telephone survey to the longitudinal study took place at the end of the survey, with an 85 per cent recruitment rate (p. 7). Those who refused to take part in the longitudinal study were more likely to be non-gamblers, and were less likely to know about the gambling industry.

Key Findings

This study reflects people's perceptions of the impacts of gaming. It does not investigate the actual outcomes of gambling. The majority of the following discussion of the findings in the context of the matrix developed by SERC reports on community members' understandings of the outcomes.

- People were asked the extent of their agreement with the comment that "Gambling venues provide a safe and pleasant environment for people to go to". This question incorporates people's perceptions of positive **health and wellbeing** impacts at the **individual and family** level. While more than half (51.6 per cent) of people agreed with the above comment, 41.6 per cent disagreed, while 5.2 per cent felt neutrally about it (p. 39). A slim majority of people believe that gaming contributes positively at this level of analysis.
- A question on others' motivations for gambling is also indirectly associated with **health and wellbeing** at the **individual and family** level of analysis. People were asked to rate the importance of five possible reasons for gambling on a scale of 1 to 10. "Enjoyment or social reasons" had a mean score of 6.2 out of 10. "For the thrill or dream of winning" had a mean score of 8.2 out of 10. "To avoid boredom or loneliness" had a mean score of 6 out of 10. Survey respondents identified these as the most important motivations for others' gambling (p. 38). The importance of these motivations suggests that people ascribe to gaming a positive effect on individuals' wellbeing.
- A question on problem gamblers may tap into perceptions of the negative **health and wellbeing** impacts at the individual level. More than a third (39.1 per cent) agree that there are "people with problems who gamble", while 56.2 per cent disagreed. Those who agreed strongly were more likely to be retired or engaged

in household duties. Those who disagreed strongly were more likely to be working full-time, or to be students. People in the higher income brackets, those with higher levels of education, those employed in the industry and those under the age of 55 years also tended to disagree with the comment (p. 40). This finding suggests that a significant minority of people believe that there are negative social outcomes, at the individual level, for some who gamble.

- Over 60 per cent of respondents disagreed that “increased gambling is good for the economy”, suggesting that people do not believe that the gaming industry has positive **economic development** impacts at the **State** level (p. 39). However, almost 34 per cent of respondents agreed, either strongly or slightly, that “increased gambling is good for the economy”. Overall, there is more support for the negative consequences of gaming, than for the position that gaming contributes positive economic impacts.
- There were also questions relating to general “social problems” associated with gambling. The generality of the questions does not fit directly within any cell in the SERC framework. However, these questions relate most closely to the negative health and wellbeing impacts, although they do not clearly refer to a specific level of analysis. Slightly over three-quarters (77.7 per cent) of respondents believed that “The social problems created by gambling far outweigh the benefits” (p. 40).
- Some questions reflected the actual outcomes of gambling. Testing the level of agreement with the statement “I derive entertainment and pleasure from the money I spend on gambling” is relevant to the positive **recreation** impacts at the **individual and family** level. Thirty-five per cent of respondents agreed with the statement, and 56.7 per cent of respondents disagreed (p. 41). These findings suggest that the majority of people do not experience this outcome of gambling. People’s motivations for gambling are also relevant to this focus. People were asked to rate the importance of five possible reasons for gambling on a scale of 1 to 10. “Enjoyment or social reasons” had a mean score of 5.5 out of 10. “For the thrill or dream of winning” had a mean score of 6.3 out of 10. Survey respondents identified these as the most important motivations for gambling (p. 38). These motivations suggest that there is some positive recreation impact for the individual.

Limitations of the research

This survey provides the baseline for future longitudinal data, and in the absence of further research associated with this project it is not possible to comment on the success of the research design in achieving the research objectives.

Noting the relationship between perceptions of outcomes generally, and the outcomes of people’s own gambling practices, would also add to the study’s aim of identifying links between perceptions/attitudes and participation. Arguably, the social and economic outcomes (as they are identified in the framework developed by SERC) affect people more directly, are more prominent in their minds, and so may

have a stronger relationship with gaming activities, than the more factual matters that enjoy a more extensive focus in the study as it stands.

Conclusions

The aims and focus of this report mean that the findings lie substantially outside of the SERC framework. The report emphasises people's perceptions of the gaming industry, and is part of a project that will track changes in these perceptions and behaviours over time. Thus, it cannot directly address actual outcomes on any of the levels or in any of the dimensions indicated within the SERC framework. The emphasis on sources of information about the gambling industry also lies outside of the focus of the literature review currently being undertaken. The following issues were addressed by the report and cannot be incorporated into the SERC framework:

- the accuracy of respondents' knowledge of the industry, including its regulation by the Government, the extent of the population's gambling practices, the skill levels necessary for successful gambling practices;
- the extent of respondents' own gambling activities;
- respondents' media use habits and the importance of different media as sources of information on gambling-related issues; and
- respondents' expectations about changing gaming patterns over the next year.

The survey and report addressed people's perceptions of some issues that lie within the SERC framework. Here the focus on perceptions must be emphasised. The following issues have been positioned within the SERC framework, but are discussed with reference to respondents' perceptions, rather than actual outcomes:

- the gambling industry's provision of places of entertainment or pleasure (positive health and wellbeing impacts at the individual and family level of analysis);
- motivations for other people's gambling (positive recreation impacts at the individual and family level of analysis);
- the existence of problem gamblers (negative health and wellbeing impacts at the individual level of analysis);
- the industry's beneficial contribution to the economy (positive economic impacts at the State level of analysis); and
- the degree to which the social problems of gambling outweigh the benefits (negative health and wellbeing impacts, at no specified level of analysis).

Few of the questions reflect actual outcomes associated with the gaming industry. Two foci that fit within the framework are:

- pleasures of gambling; and
- motivations for gambling.

Findings from these questions show that gambling can contribute to positive recreation impacts at the individual and family level. This is the only level of analysis and dimension of impact that is directly reflected in the survey questions and

findings. Thus, the study has little to offer with reference to health and wellbeing, employment and education, legal/justice, economic development or financial impacts, at any level of analysis.

In conclusion, the report contributes to our understanding of how people see the gaming industry, and the sources from which their knowledge flows. It does not aim to contribute to our understanding of the outcomes of gambling (and the findings do not do so).

Mapping of report against matrix framework for the impacts of gaming¹⁴ **(Report: Longitudinal examination of perceptions and their relationship with actual findings)**

Health & wellbeing - individuals and families level

Respondents' perceptions:

Positive Impacts: Gambling venues provide a safe and enjoyable environment; gambling is an enjoyable pastime.

Negative Impacts: The existence of "problem gamblers"; social problems of gambling outweigh the benefits of gambling.

Health & wellbeing – communities level

Respondents' perceptions:

Negative Impacts: Social problems of gambling outweigh the benefits of gambling.

Health & wellbeing – regional level

Respondents' Perceptions:

Negative Impacts: Social problems of gambling outweigh the benefits of gambling.

Health & wellbeing – state level

Respondents' Perceptions:

Negative Impacts: Social problems of gambling outweigh the benefits of gambling.

Recreation & tourism - individuals and families level

Actual Outcomes:

Positive Impacts: Pleasure and entertainment derived from spending money on gaming; people are motivated to gamble because of a sense of thrill at winning and because of social reasons.

Economic development - state level

Respondents' Perceptions:

Negative Impacts: 60 per cent of respondents do not agree that gambling is good for the economy.

6.8 The impact of gaming on specific cultural groups¹⁵ (Consultant: Cultural Patterns Australia, Thomas & Associates, and the Australian Multicultural Foundation)

Purpose

The Authority appointed the consultant to investigate the impact of gaming on specific cultural groups in Victoria and to identify the specific communication and cultural difficulties encountered in the information gathering process. The project

¹⁴ The mapping will only address those cells in the analytical framework for which project findings relate.

¹⁵ All page numbers referred to in Section 6.8 relate to the report *The Impact of Gaming on Specific Cultural Groups* (Cultural Patterns Consortium, 2000).

consisted of two stages. The first aim of Stage 1 was to identify major cultural groups for whom patterns of gambling behaviour, attitudes towards gambling and impacts of gambling might be significantly different to others and who could perhaps be the subject of study. The second aim required the consideration of a range of culturally related dimensions including ethnicity, nationality, religion and language. The third aim was to review the existing information sources including previous research carried out by the Authority, its existing databases and other relevant material. The fourth aim was to identify the problems involved in collecting accurate representative data, both qualitative and quantitative, and suggest possible methods of addressing these problems. The fifth aim was to conduct interviews with prominent community opinion leaders of the various communities to establish avenues for data collection and provide background information. The final aim of Stage 1 was to select three specific cultural groups for detailed investigation in Stage 2 (p. 19).

The aim of Stage 2 of the project was to conduct a detailed investigation of the specific cultural groups identified in Stage 1. This investigation was to include the identification of: patterns of gambling behaviour; attitudes and beliefs towards gambling including cultural influences and values; and the extent and nature of the social and economic impacts, both positive and negative. The objective of this detailed investigation was to determine the actual behaviour, attitudes and impacts of gambling, and compare these to those of the Victorian population as a whole (p. 19).

Methodology

In order to achieve the goals in Stage 1, the researchers developed a program of inter-related activities including: a literature review of available published research and documents; the administration of a wide ranging set of consultations with key informants representing Victorian cultural groups; and an analysis of data from the Australian Bureau of Statistics, the Authority's Community Gambling Patterns and Perceptions Surveys, and the Break Even Problem Gambling Services Minimum Data Set (p.20).

The review of published literature and documents for Stage 1 of this project involved the assembly of materials from a wide range of perspective's and disciplines including academic political scientists, behavioural and social scientists and economists and their associated practitioners and service providers (p. 21). Issues relating to the definition of "problem gambling" and its prevalence in relation to the present project context had to be examined before a discussion of a model of gambling participation and problem gambling could proceed (p. 21).

The researchers applied three different selection models (ie. population prevalence, prevalence of gambling participation, and rates of problem gambling), to inform this decision and the recommendations. The selection process was also informed by consultations (regarding gambling in Victoria) with sixty groups and individuals from fourteen ethnic communities (p. 12). The researchers recommended that the three specific cultural groups for inclusion in Stage 2 of the project be: Chinese speakers; Vietnamese, and Greeks (p. 55). The researchers' recommendation was based on the principle of desirability of including groups that are numerically strong within the

Victorian population and that come from a cross section of European and Asian cultural groups and reflect different historical periods of immigration (p. 56).

The Research Committee of the Authority also recommended that the researchers expand the study in order to include Arabic speakers as a comparison group, due to their low rates of participation in gambling as a result of cultural/religious factors (p. 56). Measurement of the participation and experiences of survey participants in gambling activities was drawn from the questionnaires used in the Authority's *Survey of Community Gambling Patterns and Perceptions* series. This enabled the direct comparison of outcomes from this study and the previous VCGA studies on key parameters (p. 56).

The study sample was selected by a variation of a random area sampling method. Cultural Partners had available to it lists of the most prevalent language specific names within Australia. When combined with the electronic white pages, it was possible to randomly select people from the targeted cultural groups (p. 56). Other measures were taken to ensure that response rates were high. Multilingual interviewers were used and the option of own language interviews was offered to all participants (p. 57).

Two-thirds of the interviews were conducted in early weeknight evenings with the balance equally distributed between weekends and during the day. The majority of the interviews were by telephone but with a proportion face-to-face if this was requested. In the pilot stage of the questionnaire, 20 face-to-face interviews (5 for each language group) were conducted. It was intended that six hundred participants (150 in each language group) would be interviewed using Computer Assisted Telephone Interview (CATI) procedures. Of these, 10 per cent (60 total, 15 in each language group) participated in face-to-face follow-up interviews. The final achieved samples were 664 for the initial interviews and 42 for the follow-up interviews (p. 57).

Key Findings

Most of the reported positive impacts of gaming upon the specific cultural groups approached, related to the health and wellbeing and recreational and tourism benefits affecting the respondents respective communities.

- The principal finding about gaming at the **community** level was that reported rates of participation in gambling in all cultural groups were generally lower than in the Victorian community as a whole (as evidenced by the results of the Authority's *Survey of Community Gambling Patterns and Perceptions* series). The amounts of time spent in gambling within the specific cultural groups studied matched those of the Victorian community (p. 59). As in the general community, the clear majority of people from these cultural groups do not have, and are unlikely to develop, a gambling problem.
- At the **individual** level, 82.5 per cent of respondents stated that increased availability of legalised gambling in Victoria had had no effect upon them personally, while 9 per cent believed that "gambling does more harm than good for our community" (p. 60).

- **Recreational and tourism** impacts of gaming at the **community** level can be implied from the comments that "...having all the entertainment I need under one roof..." was a major attraction, as was the Casino being "glamorous and thrilling" and the staff being "friendly and courteous". Most respondents stated that they did not visit venues with EGMs specifically to gamble, and that most visits to EGM venues also involved other activities as well as gambling (p. 59). Among the community representatives consulted by the researchers in Stage 1, the Vietnamese, Chinese, Arabic and Turkish key informants indicated that members of their communities felt particularly comfortable at the Crown Casino. The Casino was reported as becoming increasingly a major social outlet for these communities as it has an international feel.

Most of the reported negative impacts related to health and wellbeing and financial costs.

- The main negative impact on the **health and wellbeing of individuals and families** was that 13 per cent of respondents reported that they or a family member had experienced a gambling problem, and 9 per cent had experienced this problem in the last six months (p.59). Nearly three-quarters of the respondents considered that gambling-related problems have worsened, and 30 per cent of respondents reported that they would see no-one or would not know whom they would see if they had a gambling problem (p. 60).
- Interestingly, data from Stage 2 revealed that those from the different cultural groups who actually participated in gambling activities had higher risks than their Anglo-Celtic counterparts of developing a gambling problem (p. 130). The data allowing this conclusion came from an analysis of SOGS total scores. A score of 5 points or above is considered to reflect problem gambling. Compared to a Victorian community prevalence of 1.5 per cent, the rates amongst the respondents were: 7 per cent for Arabic respondents, 11 per cent for Chinese respondents, 9 per cent for Greek respondents, and 11 per cent for Vietnamese respondents (p. 60). These rates of problem gambling amongst the respondents are between five to seven times those found in other surveys of the general community (p. 130).
- Other reported negative **health and wellbeing** impacts at the **community** level were associated with the shame experienced by problem gamblers. Shame was claimed by the key representatives consulted to be a major factor preventing individuals and the communities from accessing problem gambling support services. Within Asian communities, shame was associated with losing face and respect amongst members of the community. In the Arabic and Turkish communities, shame was claimed to be based upon religious principles. Most workers interviewed were aware of services for problem gamblers such as Break Even or G-Line. However, they felt that these services were sometimes culturally inappropriate, while community-based programs were subject to concerns about confidentiality and the skills of staff (p. 47). The effects of migrating to Australia and the experience of loneliness and boredom were cited amongst the discussants as common reasons for gambling (p. 47).
- Other negative **cultural** impacts were reported at the **individuals and families** level. Seventy-five per cent of respondents considered gambling to be too widely

accessible, while 67 per cent of respondents believed that poker machine numbers should be reduced (p. 60). Although 82.5 per cent of respondents stated that increased availability of legalised gambling in Victoria had had no effect upon them personally, most were able to identify impacts upon their community (p. 60).

- Negative **financial** impacts of gaming were felt at the **community** level, where the dollars outlaid by the different cultural groups were substantially higher than the Victorian community outlays. Arabic respondents outlaid an average of \$13, Chinese respondents \$47, Greek respondents \$309, and Vietnamese respondents \$19 per week compared to \$9 per week for the Victorian community. The Greek mean values were skewed by “high rollers” (p. 59).

Limitations of the research

The first limitation identified related to the sampling methodology employed. The researchers claimed that the decision to target groups of people from the specific cultural groups (rather than those who have high levels of participation in gambling activity), delivered access to the least biased cross-section of the target communities (p. 56). However, any sampling method has potential biases within it. For example, approaching communities via community groups means that those who are not affiliated with the group will not be available to participate. Similarly, approaching people at venues is likely to access those who are likely to use the venue (p. 56).

The second more significant issue that may have limited the report related to the use of the SOGS and its debated efficacy. The project was surprising with the very high scores obtained by many respondents within the survey. The rates of problem gambling amongst the respondents approached were between five to seven times higher than those found in other surveys of the general community. The researchers canvass various reasons as to why these would not be aberrant results, including that the methodology used to obtain them is sound and the best available (p. 130).

The authors of other VCGA reports (eg. *The Impact of Gaming and Crime Statistics*) also report that U.S. measures such as the SOGS developed to assess the occurrence of pathological gambling in the community are likely to prove over-inclusive and inaccurate when used in the Australian context. While the SOGS is the only international measure with acceptable reliability and validity, when it is used in Australia it must be interpreted in terms of the proportion of the population at risk of gambling-related problems using much higher cut-off scores than was originally intended. Nevertheless, it remains unclear as to whether the surprise results of this project (ie. of levels of problem gambling amongst respondents 5 to 7 times higher than that of the rest of the Victorian community) can be attributed to some of the controversial artefacts of the SOGS.

Conclusions

Notwithstanding the issues relating to the SOGS, the report does make a significant contribution to the body of knowledge on the positive impacts of gaming upon the health and wellbeing and recreational and tourism benefits flowing to members of the different cultural groups. Most of those comprising the cultural communities represented by the respondents, corporately participate in gambling less frequently

than the rest of the community and tend to use the venues for socialisation opportunities rather than gambling exclusively. However, the report also clearly identifies some of the negative health and wellbeing and financial costs of gaming affecting these same communities. Those from these groups that do engage in gambling, report disproportionate levels of gambling problems leading to expenditure of non-disposable income and psychosocial ill health resulting from stigmatisation due to cultural shaming practices.

Mapping of report against matrix framework for the impacts of gaming¹⁶ **(Report: The impact of gaming on specific cultural groups)**

Health & wellbeing - individuals and families level

Negative Impacts: Gambling problems reported by higher proportions of cultural groups than those of the general Victorian community .

Health & wellbeing – communities level

Positive Impacts: Rates of participation in gambling in all cultural groups was generally lower than in the Victorian community, as evidenced by the results of the Authority's *Survey of Community Gambling Patterns and Perceptions* survey series. As with the general community, the clear majority of people from these four cultural groups examined do not have and will not develop a gambling problem.

Negative Impacts: The research suggests that immigrants and particularly those from non-English speaking backgrounds may have diminished protective resources and hence increased risk of negative consequences of gambling activity. Compared to a Victorian community prevalence of 1.5 per cent, problem gambling (SOGS score 5 and over) rates amongst the respondents were: 7 per cent for Arabic respondents, 11 per cent for Chinese respondents, 9 per cent for Greek respondents, and 11 per cent for Vietnamese respondents.

Cultural - individuals and families level

Positive Impacts: The great majority of those interviewed believed that the increased availability of legalised gambling in Victoria had had no effect upon them personally.

Negative Impacts: 75 per cent of respondents considered gambling to be too widely accessible, and 67 per cent of respondents believed that poker machine numbers should be reduced.

Recreation & tourism - communities level

Positive Impacts: "Having all the entertainment I need under one roof " was a major attraction as was the Casino being "glamorous and thrilling" and the staff being "friendly and courteous". The Casino was reported as becoming increasingly a major social outlet for the communities interviewed.

Financial - individuals and families level

Negative Impacts: Gambling problems experienced by 10-12 per cent of individuals interviewed.

Financial - communities level

¹⁶ The mapping will only address those cells in the analytical framework for which project findings relate.

Negative Impacts: Dollar amounts outlaid by respondents from the specific cultural groups were substantially higher than outlays by the Victorian community as a whole.

6.9 The impact of gaming and crime statistics¹⁷ (Consultant: Centre for Criminology and Criminal Justice)

Purpose

The aim of this project was to undertake an assessment of the collection and evaluation of statistics of crime related offences associated with the gambling behaviour of individuals—in light of the insufficient statistical information available on possible links between gambling and crime. The project focused on the collection of data relating to crimes committed by individuals as a consequence of their gambling. This involved the tracking of offenders through the various records held by those entities who deal with offenders. The three primary sources of information for crime statistics were identified as the Victorian Police, the Courts, and Correctional Services (p. 3).

The project aimed to evaluate the availability of crime statistics to enable a meaningful analysis of the association between gambling and crime by: identifying the categories for which data is to be collected; examining and assessing existing data availability; and submitting a report to the Authority detailing the availability and quality of the data from the various sources (p. 5).

In Stage 2 of the project the researchers were to: collect data where available for the past few years - 1995, 1996, and 1997 (and where practicable back to 1992) and for the current year 1998; recommend appropriate future data generation, collection and analysis procedures; and submit a report to the Authority detailing the impact gaming has had on crime statistics and procedures for future data collection (p. 6).

Methodology

The scope of the project was limited with the primary aim being to identify, collect and evaluate statistics of criminal offences associated with gambling behaviour. The sources of crime statistics were determined to be the three major components of the Criminal Justice System in Victoria: the Police, Courts and Correctional Services. The Victorian Police agreed to arrange for a focus group discussion with relevant staff, including statisticians responsible for analysis of Law Enforcement Assistance Program (LEAP) data, practitioners in the field, investigators, prosecutors and research and planning staff. The Victorian Police also provided information on LEAP and approved any reproduction of relevant forms. The Department of Justice facilitated access to Court and Correctional staff and information data bases held by the Department (p. 11).

The Authority provided details of problem gambler support agencies and also of the gambling industry. In collaboration with the Authority and after an initial examination

¹⁷ All page numbers referred to in Section 6.9 relate to the report *The Impact of Gaming and Crime Statistics* (Centre for Criminology & Criminal Justice, 2000).

of research relating to the commission of criminal offences by problem gamblers, five research questions were identified. Agencies and key people to be approached and consulted were identified and contacted (p. 15). The first research question related to the extent of gambling-related crime and, in particular, the extent to which crimes are attributable to problem gamblers. The major data sources identified and perused were research studies, consultation with problem gambler support agencies and gambling industry representatives (p. 15).

The second research question related to determining the characteristics of criminal offences committed by problem gamblers, and utilised sources of information similar to those necessary for the first research question. The third research question was directed at an analysis of law enforcement policies and procedures. Information as to how and to what extent gambling-related crime is monitored, addressed operationally and recorded in official statistics, was sought from the Victorian Police. Data was also obtained from national and overseas research (p. 15).

Other focus group discussions also included representatives of the Victorian Police, who capture and record data relevant to the third research question. Senior police management commented on force policies and practices. Prosecutors provided current information about relevant court procedures. Crime statistics and police research personnel explained and detailed LEAP processes. Members of the Major Fraud Squad, the Casino Squad, Gaming and Vice Squad, and informants in prosecutions shared their knowledge of gambling-related crime in its many forms. Community policing staff provided information about the social consequences of problem gambling including family violence (p. 17).

The fourth research question relating to the Courts sought to determine the extent to which gambling-related offences are known and officially recorded by the Courts. The data sources identified were the various administrative areas within the Courts. Research conducted nationally and overseas was also reviewed. Discussions with senior court administrators within the Department of Justice, stipendiary magistrates, the Director of Public Prosecutions, Court Registrars, Victims Referral and Assistance Service, the Public Advocate and Legal Aid were conducted. Court statistics and transcripts were also perused (p. 17).

The fifth research question directed at correctional services sought to ascertain to what extent correctional officials were aware of gambling-related offenders undergoing sentences or placed on Community Based Orders (CBOs) supervised by Corrections and how these are recorded. Data sources held by corrections and relevant research studies both nationally and internationally were reviewed. Comprehensive analysis of this data required input from Corrections senior management, community corrections staff and the adult parole board. An examination of correctional databases and a review of specific research projects were also undertaken (p. 20).

Following the determination of methodological concepts, a literature survey of both national and international research projects was undertaken. Definitions of gambling-related crime and of problem gambling were formulated for use in discussions with the three criminal justice areas, welfare agencies and industry representatives. Having established definitions of terms, these were used in discussions with

stakeholders and others who were consulted (p. 22). International and national research projects were reviewed to ascertain the degree to which certain types of offending had been recorded in official statistics. The research was designed to determine what evidence existed to relate the commission of crime to gambling. The evidence examined ranged from anecdotal reports to that obtained from analysis of official statistics. The latter were obtained from the Victorian Police, the Department of Justice, Corrections and from a perusal of national and international research (p. 23). The definition of gambling-related crime and the characteristics of offenders were discussed with spokespersons from welfare groups and the gambling industry to determine whether any other areas within and outside the criminal justice system record the type of information being sought.

Key Findings

- The researchers were only able to report anecdotal evidence for some negative **legal/justice** impacts observed at the **individual and family** level. The researchers found that most gambling support groups and agencies contacted were invariably concerned about the impact of gambling upon their clients and, most particularly, families. The agencies contacted reported that many persons seeking help from these groups and agencies had committed criminal offences. Representatives confirmed that a few families had reported serious gambling offences by family members to the police (pp. 88-89). Discussions with other stakeholders also revealed a number of instances of the commission of gambling-related crime. However, it was established that at present there is no comprehensive method in each of the three areas of the criminal justice system in which the data had been systematically captured and recorded in official statistics (p. 90).

Limitations of the research

Apart from the obvious data collection issues, the authors also reported an initial conceptual limitation encountered in developing the report with respect to the definition of “problem gambling”. U.S. measures that have been developed to assess the occurrence of pathological gambling in the community are likely to prove over-inclusive and inaccurate when used in the Australian context. SOGS is the only international measure with acceptable reliability and validity, provided that when it is used in Australia it is interpreted in terms of the proportion of the population at risk of gambling-related problems using much higher cut-off scores than was originally intended (p. 8).

The researchers’ major concern about the use of the SOGS is that it is not sensitive to the unique ways in which different contexts can determine whether a player’s gambling has harmful impacts or not. Nor will it accurately address such issues in culturally diverse contexts. Consequently, the researchers had to adopt the recommended Victorian definition of problem gambling in order to avoid the pitfalls of academic dispute about the causes of problem gambling and to ensure that “problem gambling” research by the Authority prioritises the assessment of the extent and degree of harm per se (p. 9).

Conclusions

The consultants ultimately were only able to report anecdotal evidence toward the negative legal/justice impacts of gambling on individuals and families in Victoria, due to the fact that official statistics currently collected in the three major areas of the criminal justice system cannot be used to identify crimes as gambling-related. The consultants also found that there is no systemic recording by the Police, Courts or Correctional Services of the reasons individuals commit a crime, hence there is no way of determining the extent to which a crime is gambling-related. As a consequence, the research project was not able to progress to its intended second stage of investigating available records in order to analyse the link between gambling and crime. Given this, the consultants recommended that the Authority discuss with the Police, Courts and Correctional Services the possibility of undertaking pilot projects to collect relevant gambling-related crime statistics.

Mapping of report against matrix framework for the impacts of gaming¹⁸ (Report: The impact of gaming and crime statistics)

Legal/justice - individuals and families level

Negative Impacts: Gambling support groups and agencies contacted were concerned about the impact of gambling upon their clients. Many persons seeking help have committed gambling-related criminal offences.

6.10 Longitudinal community impact study¹⁹ (Consultant: KPMG Management Consulting)

Purpose

The study was conducted under the following terms of reference (pp. 5-7):

- Describe changes in the economic and social conditions of six Victorian regions in the period 1992 until the present. The following issues were considered: (1) changes in the demographic profile of the regions; (2) employment; (3) changes in the gaming industries in each region; (4) changes in the availability and use of community services; and (5) changes in the existence of entertainment, cultural, sporting and shopping facilities.
- Identify the existence and changing nature of social and economic problems in the regions, and identify any relationship between these problems and changes in gambling opportunities in the region. In this analysis, commonalities and differences between the communities were identified.
- Identify general and community-specific benefits of the gambling industries.
- Identify the different effects of the introduction of casinos and electronic gaming machines on the lifestyles of particular segments of the population. This includes a consideration of the following: (1) changes in consumer preferences; (2) cultural, sporting, entertainment and shopping activities; (3) socio-economic

¹⁸ The mapping will only address those cells in the analytical framework for which project findings relate.

¹⁹ All page numbers referred to in Section 6.10 relate to the report *Longitudinal Community Impact Study* (KPMG Consulting, 2000).

and demographic position of people who frequent gaming venues; (4) any changes in the availability of community services, and people's demands on those services; and (5) changes in community organisations.

- Describe different patterns of gaming activities so that different impacts of specific gaming venues can be identified. This includes identifying different patterns of movement to and from the region in order to participate in different gambling activities.
- Compare differences between the findings of this report and the Authority's *Community Gambling Patterns and Perceptions* survey series.
- Linking the socio-economic profile of an area with the data collected.
- Identify the issues suggested by the research and findings.

Methodology

This report examines gambling practices in the following regions: Greater Dandenong; Greater Geelong; Maribyrnong; Mildura; Moreland; and Wellington. These regions were chosen as research sites because they shared similarities to allow for generalisation of findings, while also evidencing differences that would allow the researchers to analyse any local differences (p. 5).

There were five stages in the methodology.

1. Establishing the context. This involved constructing regional socio-economic profiles by drawing on Australian Bureau of Statistics data. In addition, detailed gaming industry data was collected (p. 9).
2. Consultation. The researchers met with local government representatives so that stakeholders could be identified. The researchers developed an issues paper from those discussions, and then held interviews with stakeholders (gaming and non-gaming venues, community support agencies, and other organisations and the local government), and public meetings at which community members could express their views (p. 10). These consultations helped to identify the issues that required further investigation in the resident's survey. They also generated information on people's perceptions of gambling in the areas (p. 11).
3. Survey of community attitudes. The survey was administered to 1000 residents (consisting of a little under 170 residents from each region, and drawn from local government areas that complemented ABS Statistical Local Areas) by telephone. The survey instrument was developed after a review of existing data, previous surveys and community consultations. The survey was to identify (p. 92):
 - The problems people perceived in their areas, and the similarities and differences in those perceptions across regions.
 - Changes in consumption and lifestyle patterns, including changes in: (1) general wellbeing; (2) entertainment, sport, cultural and shopping patterns; (3) demands for services and amenities; and (4) the use of community organisations.

- Preferences for particular types of gaming.
 - Socio-economic and demographic characteristics of gaming venue patrons.
4. Econometric study. This study was conducted in order to explore factors associated with the variation in gambling expenditure over time and between regions. The significance of the following factors was explored: number of electronic gaming machines and venues, tourism expenditure, consumer attitudes and social security dependence.
 5. Reporting.

Key Findings

This report describes people's perceptions of the outcomes of gaming, as well as conveying measured outcomes. The following overview presents both the perceptual and actual outcomes of gambling listed in this study. There were difficulties in identifying and incorporating the differences in measurable and "common sense" outcomes. This issue is addressed in the limitations section of this review.

- In Victoria, people perceive that gambling has a positive impact on **health and wellbeing** at the **individual** level of analysis. They stated that gaming venues can provide an escape from loneliness, particularly for older people with limited social contact (p. 33) and means of escaping some of the pressures of family life (Dandenong) (p. 29). Venues also play a part in helping people relax (Dandenong) (p. 29). In contrast, some community organisations and people at public forums believed that gambling contributed to family breakdowns and relationship problems, a negative impact on **health and wellbeing** at the **individual and family** level of analysis (Dandenong, Geelong, Moreland) (pp. 30, 31, 38). In Mildura, people identified domestic violence (a negative effect on **individuals and families** that can also be counted as a **legal/justice** impact) and homelessness as a **health and wellbeing** problem associated with gambling (p. 36). More intense emotional problems, a loss of self-control and self-hate were also associated with gambling (Geelong) (p. 31). Problem gambling was also seen as a negative consequence of gambling at the individual level (Maribyrnong) (p. 34). People in Mildura also highlighted this problem, noting in particular the negative effects on at-risk groups such as the elderly, welfare recipients, Aborigines and unemployed people (p. 36). Venue operators in Moreland suggested that clients may not be safe late at night (p. 38).
- This report also provides information on actual outcomes of gambling on the **health and wellbeing** of people at the **individual and family** level of analysis. Of the people who had gambled in the last six months (approximately half the sample), 98 per cent were not at risk of becoming problem gamblers (as measured by the South Oaks Gambling Screen) (p. 71). Despite this measurement, 11 per cent of the sample reported that they or someone in their family had had problems with excessive gambling. Higher proportions of people reported specific negative outcomes of gambling. For example, 20 per cent of respondents stated that they had gambled more than they had intended to, and

16 per cent of gamblers had in the last six months experienced arguments over the money spent on gambling (p. 71).

- These findings are reflected in similar patterns across specific regions. However, there are some statistical differences between Maribyrnong and the other regions, with 35 per cent of gamblers in Maribyrnong stating that they have gambled more than they intended to, and almost 20 per cent of respondents who gambled claiming they felt guilty about their gambling or the consequences of that gambling (p. 90). There is a statistically significant difference between Mildura and the rest of the regions studied, on the item "Did you gamble more than you intended to?". Far fewer people in Mildura (approximately 13 per cent of respondents who gambled) responded in the affirmative to this question (p. 143). There are statistically significant differences between Wellington and the rest of the State over negative gambling experiences. People in Wellington were more likely to agree that they have wanted to stop gambling but felt like they could not, that they feel guilty about gambling or the effects of their gambling and more gamblers have stated that others have criticised their actions (p. 202).
- Community service organisations also report on the specific manifestations of problem gambling. In Mildura, community service agencies recognise four types of problem gamblers: retired pensioners, unemployed, Aborigines and farmers (p. 144). These gamblers suffer from personal problems including, relationship problems, family conflict, violence and breakdowns, child neglect, substance abuse problems, legal problems, depression, low self-esteem and shame (p. 144). It must be noted that the researchers were not able to study the degree to which these features were directly or indirectly related to problematic gambling practices.
- In Maribyrnong, the Carlton Family Resource Centre has reported increased case loads arising from EGM and Casino players, Footscray Centrecare states that approximately 20 per cent of their workers' caseloads relate to problem gambling and Migrant Resource Centre in Footscray finds that 5 per cent of cases involving relief are directly related to gambling (they believe this figure underestimates the extent of the problem) (p. 91). The Vietnamese Family Welfare Association reports that over 50 per cent of its cases involve gambling-related problems and the Catholic Family Welfare Association reports an increasing call on gambling counselling services (p. 92). Higher caseloads have led to increased demands on the resources of community support agencies.
- As in other areas, community support agencies in Wellington noted suicide and family violence (p. 204).
- It is also interesting to note that despite popular opinion, the higher the rate of unemployment, pension and benefit dependence in the region, the lower the amount of gaming expenditure (p. 80). The study also found that there is no relationship between a person's happiness and the frequency of their gambling practices or their risk of becoming a problem gambler (as measured by the SOGS) (p. 96).

- Gambling has a positive impact on **health and wellbeing**, **culture**, and **recreation and tourism** at the **community** level of analysis through the workings of the Community Support Fund. These benefits reflect actual outcomes. Hotel venues pay 8.33 per cent of daily net balances to that fund (Mildura, Moreland) (pp. 20, 35, 38).
- At the **regional** level, areas have benefited from rural community development programs, hospital capital improvement, contributions to youth affairs, tourism, the arts and mobile library programs (p. 20). Gaming venues also provide donations to community groups, in excess of their statutory defined obligations, and these practices also contribute positively to **health and wellbeing** at the **community** level of analysis.
- People's perceptions in Geelong highlight the positive impact of gambling on **recreation and tourism** at the **community** level of analysis. Residents believed that sporting clubs in particular enjoyed the benefits of donations from gaming venues (Geelong) (p. 31). However, gambling can also lead to increased demands on community support services, which may not have the resources to meet the needs of people in the community (Mildura, Wellington) (pp. 36, 41). This is a negative impact on **health and wellbeing** at the **community** level of analysis. People from Mildura also acknowledged a decrease in social interactions as a result of gaming venues (p. 36).
- Despite the perceived benefits to health and wellbeing, 81 per cent of respondents in this survey disagreed with the contention that "gambling does more good for the community than harm" and 82 per cent of the respondents believed that "gambling is a serious social problem", although the level at which the effects are felt was not specified in the study (p. 47).
- People perceive that gaming impacts on culture positively at the community level of analysis, with respondents in this study claiming that the existence of gaming venues has improved the appearance and liveliness of certain areas (Dandenong) (p. 29) and contributed to urban renewal (Moreland) (p. 38). In a similar vein, venues are seen as more aesthetically pleasing (p. 38). Conversely, people perceive that gaming also has the ability to impact negatively on **culture** at the **community** level of analysis, as the amenity of other areas were reported to decline as the focus of economic activity shifted (Dandenong) (p. 29).
- Findings in this study suggest that there are actual outcomes that affect **recreation and tourism** at the **individual and family** level of analysis. Respondents' motivations for gambling suggest that gambling has positive recreation effects for individuals. Among the 51 per cent of respondents who have gambled in the last six months, the primary reason for going to a venue with poker machines was to relax. The motivations of having a meal and socialising were also important (p. 53). Among those who played the poker machines, the most frequently given reason for involvement was social or to meet friends (pp. 23, 31).

- The importance of gambling as an enjoyable recreation experience is highlighted by the finding that although only 20 per cent of respondents stated that they had “good luck” the last time they played “the pokies”, the majority of players said that they had enjoyed themselves (p. 53). Similarly, the majority of people who used electronic gaming machines had a meal at the venue, and spent less than half the time at the venue gambling (p. 53).
- People’s reasons for going to particular gaming venues also highlight the importance of the social aspects of gambling. Ease of access was the most reported reason (approximately 70 per cent) for attendance at respondents’ most common venue. However, almost 70 per cent also stated that they visited the venue to relax, approximately 65 per cent believed the place offered good meals and restaurants, and a little under 50 per cent saw the venue as a good place to socialise (p. 116).
- This effect is reflected in the different use patterns of gaming venues across regions. In Dandenong, people who gamble spend less than half their time at gaming venues playing the pokies. They attend venues on the basis of their entertainment, the ambience, and the meals and restaurants that are provided (Dandenong) (p. 28). Similarly, in Geelong, Maribyrnong, Wellington and Mildura people choose a gaming venue on the basis of meals and restaurants, entertainment and convenience, and because it was a good place to relax and socialise (pp. 31-35). This is also the case in Moreland, where gambling is part of a recreational outing, and people chose their gaming venues on the basis of proximity and convenience, and to relax (p. 37). In Wellington, people are more likely to nominate the draw of the venue itself and the excitement of the atmosphere as the reasons for their gambling (this difference is statistically significant) (p. 197).
- People’s perceptions also highlighted the importance of the positive effects of gambling on **recreation and tourism** at the **individual** level. In Geelong, gaming venues were seen to provide a safe and accessible leisure option, which makes them particularly important for older people (Geelong, Maribyrnong) (pp. 31,33), women (Maribyrnong) (p. 33), and elderly women (p. 40). The comfort levels for women are associated with the non-threatening nature of gaming when compared to drinking (p. 33). This suggests that the role of gambling extends beyond that of (potentially) making money to a recreational past-time that provides contacts with one’s fellows.
- People perceived positive **recreation** effects at the **community** level of analysis. Gaming machines make venues more profitable, and these profits contribute to the upgrade of club facilities for members (Dandenong, Geelong, Maribyrnong, Moreland, Wellington) (pp. 29, 31, 33, 38, 40). In Moreland, gaming has also contributed to cheaper meals at gaming venues (p. 38). In addition, the existence of clubs with gaming opportunities also supports other social and sporting clubs (Maribyrnong, Moreland) (p. 33, 38). However, some people stated that gaming venues’ donations need to be measured against sporting clubs’ inability to compete with these gaming venues, a potentially negative impact on both **economic development** and **recreation and tourism**, at the **community** level (Geelong) (p. 31).

- The study also reported on the actual outcomes of gambling, and in particular its positive impact on **recreation and tourism** at the **community** and **region** level of analysis. The report found increased capital investment in clubs and pubs in all of the regions under study. However, there was no evidence to suggest that gaming encouraged tourism in an area, a finding consistent with the finding that people tend to gamble locally (see below) (p. 59). The authors of this report note that this result may have been different had the study focussed on tourist regions (p. 138).
- People perceived positive **employment** outcomes at the **individual** level, including increased employment and training prospects and new career paths for young people (Dandenong, Geelong, Mildura, Moreland, Wellington) (p. 29, 31, 35, 38, 40). Conversely, community service organisations in Moreland identify increasing unemployment as a result of gaming (p. 38).
- In terms of actual **employment** outcomes at the **individual** level, ABS data include gaming-related employment within the category of cultural and recreational services. These services provided 1.9 per cent of the employment (4619 jobs) in the regions in this study (p. 57). Generalising from a 1996 survey undertaken by the Authority, this report estimates that gaming venues provide up to 0.9 per cent of employment in the regions being studied (p. 57). The report overviewed the employment statistics of some gaming venues in the region, but did not contextualise them within the broader employment picture.
- People perceived an increase in gambling-related criminal activities. Mildura and Moreland residents recognised an increase in crime, the result of people's attempts to finance their gambling habits.
- There is little information on the actual impact of the crime-related activities of gamblers. In the Geelong study, 25 per cent of Break Even clients reported that they had committed crimes such as embezzlement (p. 38). However, there is no discussion of whether these crimes were associated with problem gambling practices. In Mildura, community support agencies offer anecdotal evidence that gambling leads to theft and assault (p. 144). Moreland community service agencies suggested that fraud and loan sharking are the crimes most commonly associated with gambling (p. 263). Community service organisations in Wellington noted the domestic violence associated with problem gambling (p. 204). Official statistics also highlight this issue, although the researchers state that the degree to which a rise in crime is an on-going feature of the region is unclear (pp. 36, 38). These findings suggest that there may be a negative impact on **law/justice** at the **individual**, **community** and **regional** levels of analysis.
- In Mildura, people's perceptions associate gaming with economic flow-ons through people's greater spending on food, drink and entertainment at gaming venues (p. 35). This is a positive **economic development** impact at the **community** level of analysis. In Mildura, the changed laws on gaming venues also discourages the flow of money across the border to gaming venues in New South Wales (p. 36). Some gaming venues in Wellington believe that businesses generally have benefited economically from a growth in trade that has been

generated through gaming (p. 40). People in Moreland explicitly recognised the flow-on effects of increased taxes to the Government, stating that in turn these taxes benefit the community in the longer term (p. 38). Thus, gambling indirectly contributes a perception of a positive financial impact to the community.

- However, gaming is also associated with negative **economic development** impacts at the **community** level of analysis, because businesses without gaming machines cannot compete with those that offer the opportunity to gamble (Dandenong) (p. 29). Similarly, retail establishments in smaller towns lose trade because of the money being spent on gaming. This is particularly the case in small towns (Wellington, Maribyrnong) (pp. 41, 55). Another problem is the flow of income away from the community (Dandenong) (p. 30).
- The study also reports on actual outcomes in relation to the **economic development** impacts at the **community** and **regional** levels of analysis. The study found that most gaming is done locally, and money is thus spent locally (p. 58). However, the significance of this, and gaming practices generally, on the local and regional economies, is difficult to determine. The researchers argue that it is inevitable that a growth in gambling will draw away money from other expenditures, and so other businesses will be relatively worse off (p. 69). However, it is difficult to unravel the various factors that may affect consumers' reduced spending at non-gaming venue local businesses. For example, it is difficult to determine the extent to which the growth in spending on gaming reflects policy changes or a general increase in consumer spending on entertainment. Local businesses may be facing difficulties because of the development of other shopping locations (p. 62). Thus, care must be taken when discussing the negative economic impacts at the community and regional level.
- Additionally, the high levels of government taxation of gambling practices mean that money leaks from the local and regional economies. This leakage is not reinvested via the Community Support Fund, which contributes to State-wide projects, rather than investing in regional development proportionate to the amounts the Government has derived from gambling taxation. The appropriation of profits by Tattersalls and TABCORP also contribute to the draining of monies from the local economy (p. 64). The researchers themselves do not see this process in a negative way, stating that leakage is an inevitable part of any economy (p. 69).
- People perceive that there are negative **financial** impacts at the **individual** level of analysis because gamblers spend money that is required for necessities (eg. food, rent, school expenses) on gaming (Dandenong, Mildura) (pp. 30, 36). People in Geelong recognised unspecified financial problems arising from gambling (p. 31). Family support services in Moreland stated that there was a trend of increasing requests for emergency material aid (p. 38). In Moreland, some gaming venue operators suggested that increasing the number of venues would lead to some places becoming economically unviable (p. 38).
- Despite these perceptions, the study did not find conclusive evidence that money needed for essential living expenses was in fact being spent on gambling. The survey found very little evidence that the actual outcomes of gambling had a

negative **financial** impact at the **individual and family** level of analysis. In Victoria, only 2.5 per cent of gamblers had borrowed money to gamble or pay their gambling debts, and less than 1 per cent had sold property to contribute to their gambling (p. 71). Overall, only 6 per cent of gamblers would otherwise use their money to pay bills and credit card owings; 2 per cent would use their money to fulfil rent or mortgage payments; 23 per cent would use the money they spent on gambling on “groceries and small household items”; and 23 per cent would use the money on “personal items (clothing, footwear)” (p. 53). These patterns were similar across all of the regions being studied. However, as the authors of this report point out, these categories include essential and non-essential items, and thus it is not possible to draw assumptions about the extent to which gambling is drawing money away from essential spending (p. 53). The authors of this report state that they agree with the Productivity Commission’s finding that the consumers’ enjoyment is a major positive outcome of the gambling industry in Australia (p. 53).

- Geelong Financial Counselling and Consumer Information representatives claimed that inquiries associated with gambling had doubled in areas where electronic gaming machines are located. However, only 5 per cent of clients who requested financial help identified gambling as the reason for their financial problems (p. 38). In Mildura community service organisations identified homelessness and being behind in rent and bills as results of problem gambling (p. 144). Community service agencies in Wellington also noted that problem gamblers could not pay day-to-day living expenses (p. 204).
- In Mildura, gambling has had a positive **financial** impact at the **individual** level of analysis for club operators, whose business have enjoyed increased profits since the introduction of gaming machines (p. 148). Gambling has also had positive **financial** impacts at the **State** level because it accounts for 7 per cent of the State government revenue, or 11 per cent of revenue if Commonwealth grants are excluded from the calculation (p. 19).

Limitations of the research

The key limitation of this study lies in the melding of different sources of data. Throughout this report there are instances when data collected from public forums and venue operators is treated in the same manner as data collected through surveys. Use of these different sources of information has implications for the reliability and the focus of the report. In particular, care must be taken when using data collected from public forums. This data is anecdotal, and is informed by personal experience or “common sense” understandings of the issues. It is not necessarily grounded in empirical reality, and provides more information on the common perceptions or biases than on patterns of gambling and their outcomes. An example of these difficulties is obvious in the discrepancies between the survey data on financial implications of gambling for individuals, and public and community service discussions of this issue. These stakeholders focus on the negative financial outcomes for gamblers (at times the distinction between problem gamblers, heavy gamblers and gamblers is not clear), but cannot contextualise their impressions in

broader terms concerning the gambling practices of the community or region. Similarly, the experiences of venue operators are localised, sometimes specific to their business, shaped by their relationships to their customers, their attitudes, and the nature of their business (economic, physical and social). Their comments reflect experiences and patterns that cannot be generalised without more rigorous sampling techniques.

It is also important to note, as the researchers do, that the sample size may have been too small (166 or 167 people per region) to identify differences between the regions, despite this being an aim of the study (p. 51). This also makes it difficult for the report to link the distinctive regional characteristics of the survey findings on gambling practices and impacts. Additionally, the survey cannot meet the longitudinal element of the study, relying as it does on questions asking people to compare the present situation to that of three years ago. The longitudinal component of the study is met in other analyses.

The information used to develop regional profiles draws on Australian Bureau of Statistics data. It should be noted that this data is older than the survey data. However, it is acknowledged that data with this level of detail is difficult and expensive to generate from other sources.

Reporting and analysis of the data does not distinguish between the community and regional levels of analysis, a melding that is reflected in some of the survey questions. However, it should be noted that the SERC framework had not been developed when this study was carried out.

The Terms of Reference of this study lead to little information being generated at the State level of analysis. The reporting of the data rendered distinctions difficult to draw between the community and regional levels of analysis. Much of the data and analysis focussing on the relative significance of factors in the growth of gambling and its impacts was outside of the SERC framework (eg. use of perception measures). Many of these analyses addressed relationships between changes in practices and opportunities for gambling, and changes in general regional characteristics, rather than outcomes of gambling *per se*. Much of the analysis of factors contributing to the growth of spending on gambling and the study of relationships between individual's perceptions and activities cannot be discussed in terms of the outcomes of gambling. Similarly, changes in gambling practices and regional characteristics were not related to the outcomes of gambling.

Conclusions

The report suggests that a great deal of the data generated reflects community perceptions of the outcomes of gambling, rather than its actual outcomes. Information was generated on the following issues:

- People's perceptions of: (1) positive and negative outcomes on health and wellbeing at the individual and community levels of analysis; (2) positive outcomes on culture at the community level of analysis; (3) positive employment outcomes at the individual level of analysis; (4) negative legal/justice outcomes at the individual and community levels of analysis; (5)

positive economic outcomes at the community level of analysis; and (6) negative financial outcomes at the individual level of analysis.

- Actual outcomes associated with: (1) positive and negative health and wellbeing impacts at the individual and community levels of analysis; (2) positive tourism and recreation outcomes at the individual, community and regional levels of analysis; (3) positive employment outcomes at the individual, community and regional levels of analysis; (4) negative legal/justice outcomes at the individual, community and regional levels of analysis; (5) positive and negative economic outcomes at the community and regional levels of analysis; and (6) financial outcomes at the individual level of analysis.

Mapping of report against matrix framework for the impacts of gaming²⁰ **(Report: Longitudinal community impact study)**

Health & wellbeing - individuals and families level

Actual outcomes:

Positive Impacts: Community Support Fund provides funding to sports and recreation, tourism and arts projects and bodies, and programs and services providing aid for problem gamblers and youth and families.

Negative Impacts: Problem gambling; arguments about gambling; people gamble more than they had planned to; conflicts and violence in relationships and families (including child neglect); substance abuse; depression, low self-esteem and shame; and borrowing money or selling property to finance gambling.

Community perceptions:

Positive Impacts: Gaming venues may provide an escape from loneliness; gaming venues may provide relief from family stress; gaming venues provide a place to relax.

Negative Impacts: Gambling is a social problem; gambling contributes to family and relationship problems; gambling can contribute to arguments over money; gambling leads to emotional problems, including a loss of self-control and self hate; gambling opportunities can lead to problem gambling, particularly among at-risk groups such as the elderly, welfare recipients, Aborigines and unemployed people; homelessness; and clients at gaming venues may not be safe late at night.

Health & wellbeing – communities level

Actual outcomes:

Positive Impacts: Community Support Fund provides funding to sports and recreation, tourism and arts projects and bodies, and programs and services providing aid for problem gamblers and youth and families; and gaming venues' contributions to community groups in excess of that which they are obliged to give through gaming taxes.

Negative Impacts: Higher case loads for community service organisations to manage; community perceptions; gambling is a social problem; increased demands on community services, whose financial

²⁰ The mapping will only address those cells in the analytical framework for which project findings relate.

resources are thus depleted; and decreased social interaction in the community.

Health & wellbeing – regional level

Actual outcomes

Positive Impacts: Community Support Fund provides funding to sports and recreation, tourism and arts projects and bodies, and programs and services providing aid for problem gamblers and youth and families. In particular, regions have benefited from rural community development programs, hospital capital improvement, contributions to youth affairs, tourism, the arts and mobile library programs.

Community perceptions:

Negative Impacts: Gambling is a social problem.

Health & wellbeing – state level

Actual outcomes:

Positive Impacts: Community Support Fund provides funding to sports and recreation, tourism and arts projects and bodies, and programs and services providing aid for problem gamblers and youth and families.

Community perceptions:

Negative Impacts: Gambling is a social problem.

Culture - individuals and families level

Actual outcomes:

Positive Impacts: Community Support Fund provides funding to sports and recreation, tourism and arts projects and bodies, and programs and services providing aid for problem gamblers and youth and families.

Culture - communities level

Community perceptions:

Positive Impacts: Areas are injected with new life; and the venues are more aesthetically pleasing.

Negative Impacts: Some areas decline through shifts in economic activity away from particular locales.

Recreation & tourism - individuals and families level

Actual outcomes:

Positive Impacts: Poker machine venues provide a place to relax; poker machine venues provide a place to socialise; poker machine venues provide meals; and gaming venues provide a place for recreation.

Community perceptions:

Positive Impacts: Poker machine venues provide a place to relax; poker machine venues provide a place to socialise; poker machine venues provide meals; poker machines have lead to cheaper meals; gaming venues provide places with a pleasant social ambience; and gaming venues provide a place that feels safe for women and older people (and older women in particular).

Recreation & tourism - communities level

Actual outcomes:

Positive Impacts: Investment and upgrade of existing club buildings.

Community perceptions:

Positive Impacts: Profits generated from electronic gaming machines contribute to upgraded facilities for club members; Community Support Fund provides funding to sports and recreation, tourism and arts projects and bodies, and programs and services providing aid for problem gamblers and youth and families; and gaming venues donate money to sporting clubs.

Negative Impacts: Sporting clubs cannot compete with gaming venues.

Recreation & tourism - regional level

Actual outcomes:

Positive Impacts: Investment and upgrade of existing club buildings.

Community perceptions:

Positive Impacts: Investment and upgrade of existing club buildings; realignment of the Geelong Football League with clubs able to reinvest gaming profits in better players;

Employment & education - individuals and families level

Actual outcomes:

Positive Impacts: Employment opportunities.

Community perceptions:

Positive Impacts: Increased employment and training opportunities and new career paths for young people.

Negative Impacts: Job loss due to gambling.

Employment & education - communities level

Actual outcomes:

Positive Impacts: Employment opportunities.

Community perceptions:

Negative Impacts: Rising unemployment.

Employment & education - regional level

Actual outcomes:

Positive Impacts: Provides employment opportunities.

Community perceptions:

Negative Impacts: Rising unemployment

Legal/justice - individuals and families level

Actual outcomes:

Negative Impacts: Unspecified legal problems; embezzlement and theft; assault; and domestic violence.

Community perceptions:

Negative Impacts: Domestic violence; fraud and embezzlement; and theft.

Legal/justice - communities level

Community perceptions:

Negative Impacts: Increase in crime.

Legal/justice - regional level

Community perceptions:

Negative Impacts: Increase in crime.

Economic development - communities level

Actual outcomes:

Positive Impacts: Most gaming is done locally, and thus benefits local gaming businesses.

Negative Impacts: Goods and services providers are relatively worse off because people are spending money on gaming instead of other things;

and taxation of gambling leads to leakage of money from the community.

Community perceptions:

Positive Impacts: More money spent on food, drink and entertainment at gaming venues; there has been a growth in business trade generally as a result of gaming; and allowing gaming machines stops the flow of money across the border to States with more liberal gaming laws.

Negative Impacts: Non-gaming venues lose business to those places that offer gambling opportunities; goods and services providers are worse off because people are spending money on gaming instead of other things; sporting clubs cannot compete with gaming venues; and flow of income away from the community.

Economic development - regional level

Actual outcomes:

Positive Impacts: Goods and services providers are relatively worse off because people are spending money on gaming instead of other things; and taxation of gambling leads to leakage of money from the community.

Economic development - state level

Actual outcomes:

Positive Impacts: A significant proportion of the State's revenue is generated by gambling taxes.

Financial - individuals and families level

Actual outcomes:

Positive Impacts: Club owners have enjoyed profits since installing gaming machines.

Negative Impacts: Money for necessities is spent on gambling.

Community perceptions:

Negative Impacts: Money for living necessities is spent on gambling; general financial problems arising from gambling; a need for emergency material help; and too much competition may render some venues unviable.

Financial - state level

Actual outcomes:

Positive Impacts: Gambling tax is an important source of State revenue

6.11 Summary and Conclusions

Table 6.1 shows which projects fall into each cell of the analytical framework developed by SERC. No projects in the Authority's *1998-99 Research Program* address the culture x region, culture x State, legal/justice x State, or financial x region cells. The majority of projects focus on the health and wellbeing, recreation and tourism, and financial dimensions of impact. The individual project reviews contained in this section will be used in Section 7 in order to: (1) highlight reasons for the convergence and divergence of findings in gaming impact research; and (2) draw conclusions about current knowledge on the social and related economic impacts of gaming.

Table 6.1. Analytical Framework of the Social Impacts of Gaming x Projects in the Victorian Casino and Gaming Authority's 1998-99 Research Program

	Level of Analysis			
Dimension of Impact	Individuals and Families	Communities	Regions	State
Health and Wellbeing	<i>Positive impacts:</i> Projects 1, 2, 3, 6, and 9 <i>Negative impacts:</i> Projects 1, 2, 6, 7, and 9	<i>Positive impacts:</i> Projects 1, 2, 4, 7, and 9 <i>Negative impacts:</i> Projects 1, 2, 6, 7, and 9	<i>Positive impacts:</i> Project 9 <i>Negative impacts:</i> Projects 3, 6, and 9	<i>Positive impacts:</i> Project 9 <i>Negative impacts:</i> Projects 6 and 9
Culture	<i>Positive impacts:</i> Projects 7 and 9 <i>Negative impacts:</i> Project 7	<i>Positive impacts:</i> Projects 1, 2, 4, and 9 <i>Negative impacts:</i> Projects 2 and 9		
Recreation and Tourism	<i>Positive impacts:</i> Projects 1, 2, 6, and 9 <i>Negative impacts:</i> Project 2	<i>Positive impacts:</i> Projects 1, 4, 5, 7, and 9 <i>Negative impacts:</i> Projects 1, 4, 5, and 9	<i>Positive impacts:</i> Project 4, 5, and 9 <i>Negative impacts:</i> Project 5	<i>Positive impacts:</i> Projects 5
Employment and Education	<i>Positive impacts:</i> Projects 1 and 9 <i>Negative impacts:</i> Project 9	<i>Positive impacts:</i> Project 2, 4, and 9 <i>Negative impacts:</i> Project 9	<i>Positive impacts:</i> Projects 3 and 9 Negative impacts Projects 5 and 9	<i>Positive impacts:</i> Projects 1 and 3
Legal/Justice	<i>Negative impacts:</i> Project 8 and 9	<i>Negative impacts:</i> Project 9	<i>Negative impacts:</i> Project 9	
Economic Development	<i>Positive impacts:</i> Project 4	<i>Positive impacts:</i> Projects 1, 4 and 9 <i>Negative impacts:</i> Project 9	<i>Positive impacts:</i> Projects 3, 5, and 9	<i>Positive impacts:</i> Projects 1, 5, and 9 <i>Negative impacts:</i> Project 6
Financial	<i>Positive impacts:</i> Projects 1, 2, 9 <i>Negative impacts:</i> Projects 1, 2, 3, 7, and 9	<i>Positive impacts:</i> Projects 1 and 4		<i>Positive impacts:</i> Projects 2, 3, and 9 <i>Negative impacts:</i> Project 7

Note: Project 1-Gaming-comparative history and analysis (Consultant: Australian Institute for Gambling Research); Project 2-Sixth and seventh surveys of community gambling patterns and perceptions (Consultant: Roy Morgan Research); Project 3- The economic impact of gambling (Consultant: National Institute of Economic and Industry Research); Project 4- Hotel and club industry gaming impact study (Consultant: Market Solutions Australia Pty Ltd); Project 5- The impact of the expansion of gaming on the tourism, entertainment and leisure industries (Consultant: Australian Institute for Gambling Research, School of Leisure, Sport and Tourism, and Department of Hospitality, Tourism and Leisure); Project 6- Longitudinal examination of perceptions and their relationship with actual findings (Consultant: Marketing Science Centre); Project 7- The impact of gaming on specific cultural groups (Consultant: Cultural Patterns Australia, Thomas & Associates, and the Australian Multicultural Foundation); Project 8- The impact of gaming and crime statistics (Consultant: Centre for Criminology and Criminal Justice); Project 9- Longitudinal community impact study (Consultant: KPMG Management Consulting).