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## 7. Summary and evaluation of the Victorian Casino and Gaming Authority's 1998-99 Research Program

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This section of the report aims to review the Authority's *1998-99 Research Program* by: (1) integrating findings within each column (ie. "level of analysis") and row ("dimension of impact") of the analytical framework; and (2) identifying, where necessary, reasons for convergence and divergence of findings across the framework.

### 7.1 Using "positive" and "negative" to describe gambling impacts

Before reviewing the results from the *1998-99 Research Program*, a conceptual note on the use of "positive" and "negative" to describe gambling impacts is required. As outlined in Section 3.1, part of the methodology for this project involved seeking feedback from key Victorian stakeholders and the *1998-99 Research Program* consultants about the analytical framework. A significant issue raised in this feedback was the relatively subjective use of "positive" and "negative" to describe gambling impacts within the framework. The application of these labels was viewed as problematic given that their basis lies in value judgements.

Underpinning this problem in nominating "positive" and "negative" impacts of gambling is the debate on the efficacy of positive versus normative research. Essentially, positive research is concerned with what is the case. Here, disagreements should be settled by appeal to the facts as they currently exist. Normative research, in contrast, focuses on what ought to be. Differences between individuals over normative conclusions cannot be settled by an appeal to the facts (National Institute of Economic and Industry Research, 2000)<sup>1</sup>.

In the gambling literature, normative arguments often increase the salience of particular gambling impacts. For example, the existence of problem gambling (although relatively infrequent) and its associated social and economic effects, features regularly in calls to restrict the availability of gambling products. Reliance on normative arguments in gambling impact research is also likely to be a by-product of the difficulty in quantifying (or establishing "facts" about) social impacts. As a result, there is a tendency for researchers to assign impacts as either "positive" or "negative" based on their normative views (or perceived societal attitudes).

In constructing the analytical framework for this project, the SERC research team recognises that the use of "positive" and "negative" to describe gambling impacts is subjective. It should be noted that, within the analytical framework, impacts are designated as either "positive" or "negative" dependent on how they are generally judged in the research literature.

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<sup>1</sup> Refer to National Institute of Economic and Industry Research (2000, pp. 8-10) for a detailed discussion of the implications of positive and normative research for evaluating gambling impacts.

## 7.2 Integration of Findings from the Victorian Casino and Gaming Authority's 1998-99 Research Program

Using the key components of the analytical framework findings from the Authority's 1998-1999 Research Program are presented in an integrated manner based on their location in each column ("level of analysis") and row ("dimension of impact") in the analytical framework. Factors contributing to the divergence of findings across projects (eg. type of sample, research design and instruments) will also be addressed.

### 7.3 Research findings x level of analysis

#### 7.3.1 Individual and family

Eight projects<sup>2</sup> identified gambling impacts at the individual and family level of data analysis. Summarising across these eight projects, principal findings in relation to individual and family impacts from gambling were:

- gambling provides an opportunity for social interaction;
- existence of problem gambling;
- gambling "buys time" in enjoyable circumstances;
- Increased employment opportunities;
- training opportunities for individuals working in the gambling industry;
- provides an opportunity to develop large cash resources for major purchases;
- loss of disposable income and other possessions;
- decreased expenditure and time spent on EGM gambling;
- community perceptions that: (1) gambling venues provide a safe and enjoyable environment; (2) gambling is an enjoyable activity; and (3) gambling does more harm than good.
- Gambling-related crime; and
- Redistribution of funds from household necessities and savings.

Although not directly examined in the Authority's *1998-99 Research Program*, there is a general assumption in the gambling literature that, at the individual and family level of analysis, "negative" gambling impacts are experienced solely by problem gamblers and their families. Limited attention is given in the *1998-99 Research Program* to identifying individual factors (eg. gender, age, ethnicity) and family factors (eg. level of cohesion) that affect the distribution of "positive" and "negative" gambling outcomes. Although the level of problem gambling in specific cultural groups was explored, reasons for the elevated

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<sup>2</sup> The eight projects identifying individual and family impacts were: Gaming—Comparative History and Analysis, Continuing Surveys of Community Gambling Patterns and Perceptions; The Economic Impact of Gambling; Hotel and Club Industry Gaming Impact Study; Longitudinal Examination of Perceptions and their Relationships with Actual Findings; The Impact of Gaming on Specific Cultural Groups; The Impact of Gaming and Crime Statistics; and Longitudinal Community Impact Study.

level of problem gambling in these cultural groups were not examined. Future research needs to incorporate individual and family variables that moderate gambling impacts, and identify the mechanisms through which these operate.

### 7.3.2 Community

Seven projects<sup>3</sup> identified gambling impacts at the community level of analysis. Summarising across these seven projects, principal findings in relation to community impacts from gambling were:

- it provides funds for community benefits and services;
- card playing promotes positive social interactions in Aboriginal communities;
- the incorporation of traditionally Asian games into mainstream gaming venues provides a sense of social legitimacy;
- it provides increased recreational options within communities;
- extending EGM licences to hotels undermines clubs' abilities to provide diversified recreational facilities;
- money spent on EGMs flows out of communities via gambling taxes;
- it promotes a redistribution of scarce economic resources;
- community benefits result from improvements to club and hotel infrastructure and facilities;
- it provides increased demand for leisure preferences, dining and socialising by "new" groups of gamblers (eg. women, older persons from diverse ethnic backgrounds);
- 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; and
- There is a community perception that: (1), on the whole gambling is an acceptable activity in the community; and (2) social problems of gambling outweigh the benefits to the community.

Findings from the *1998-99 Research Program* suggest that the "positive" and "negative" community impacts of gambling are distributed differently across gaming and non-gaming venues. That is, "negative" outcomes resulting from the introduction of EGMs to Victoria are more strongly associated with non-gaming venues.

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<sup>3</sup> The seven projects identifying community impacts were: Gaming—Comparative History and Analysis, Continuing Surveys of Community Gambling Patterns and Perceptions; Hotel and Club Industry Gaming Impact Study; The Impact of the Expansion of Gaming on the Tourism, Entertainment, and Leisure Industries; Longitudinal Examination of Perceptions and their Relationships with Actual Findings; The Impact of Gaming on Specific Cultural Groups; and Longitudinal Community Impact Study.

### 7.3.3 Regional

Six projects<sup>4</sup> identified gambling impacts at the regional level of analysis. Summarising across these six projects, principal findings in relation to regional impacts from gambling were:

- 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.
- increased employment;
- development of areas as tourist destinations;
- hospitality services which are integrated into tourism, entertainment, and leisure, appear to have improved levels of quality; and
- re-distributive effect on local entertainment and leisure expenditure.

Findings from the 1998-99 Research Program indicates that the “positive” and “negative” regional impacts of gambling are distributed differently across Victorian LGAs and regions. Low income LGAs were identified as more likely to experience “negative” regional impacts.

### 7.3.4 State

Seven projects<sup>5</sup> identified gambling impacts at the State level of data analysis. Summarising across these seven projects, principal findings in relation to State impacts from gambling were:

- increased employment levels in Victoria;
- a significant proportion of the State’s revenue is generated by gambling taxes;
- community perceptions recognising the financial benefits of gambling for the State;
- Interstate trips to Victoria have risen steadily across the decade; and
- increased market share of interstate travel;

State level data focuses on the economic rather than social impacts related to gambling. It remains difficult to ascertain the specific contribution of gambling to such aggregate level statistics.

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<sup>4</sup> The six projects identifying regional impacts were: Gaming—Comparative History and Analysis, The Economic Impact of Gambling; Hotel and Club Industry Gaming Impact Study; The Impact of the Expansion of Gaming on the Tourism, Entertainment, and Leisure Industries; Longitudinal Examination of Perceptions and their Relationships with Actual Findings; and Longitudinal Community Impact Study.

<sup>5</sup> The seven projects identifying State impacts were: Gaming—Comparative History and Analysis, Continuing Surveys of Community Gambling Patterns and Perceptions; The Economic Impact of Gambling; Hotel and Club Industry Gaming Impact Study; The Impact of the Expansion of Gaming on the Entertainment, Tourism, and Leisure Industries; Longitudinal Examination of Perceptions and their Relationships with Actual Findings; and Longitudinal Community Impact Study.

## 7.4 Research findings x dimensions of impact

### 7.4.1 Health and wellbeing

Six projects<sup>6</sup> identified health and wellbeing impacts associated with gambling. Summarising across these six projects, principal findings in relation to health and wellbeing impacts from gambling were:

- gambling provides an opportunity for social interaction;
- existence of problem gambling;
- gambling provides funds for community services;
- extending gaming licenses beyond club venues takes money away from clubs and reduces their ability to offer recreational services for the community; and
- community perceptions that: (1) the social problems of gambling outweigh the benefits, and (2) gambling venues provide a safe and enjoyable environment.

Within these six projects, health and wellbeing impacts were not addressed at either the regional or State levels of data analysis. Factors contributing to divergence of findings were:

- in assessing perceptions about gambling, respondents tended to attribute “positive” health and wellbeing impacts to their own gambling and “negative” health and wellbeing impacts to gambling by others. This finding is consistent with previous research (eg. Alcohol and Gaming Authority, 1998; Productivity Commission, 1999), and should be taken into account in future research employing self-report and attitudinal data.
- membership of specific cultural groups was associated with lower gambling participation rates than found in the general Victorian population. However, within the gambling population, membership of specific cultural groups was associated with higher rates of problem gambling than found in the general Victorian population.

### 7.4.2 Cultural

Four projects<sup>7</sup> identified cultural impacts associated with gambling. Summarising across these four projects, principal findings in relation to cultural impacts from gambling were:

- incorporation of traditionally Asian games into mainstream gambling venues; and

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<sup>6</sup> The six projects that identified health and wellbeing impacts were: Gaming—Comparative History and Analysis; Continuing Surveys of Community Gambling Patterns and Perceptions; The Economic Impacts of Gambling; Longitudinal Examination of Perceptions and their Relationship with Actual Findings; The Impact of Gaming on Specific Cultural Groups; and Longitudinal Community Impact Study.

<sup>7</sup> The four projects that identified cultural impacts were: Gaming—Comparative History and Analysis; Continuing Surveys of Community Gambling Patterns and Perceptions; The Impact of Gaming on Specific Cultural Groups; and Longitudinal Community Impact Study.

- community perception that gambling is an acceptable activity in the community.

Within these four projects, cultural impacts were not addressed at either the regional or State levels of data analysis.

Despite the cultural impacts identified above, findings from the Authority's *1998-99 Research Program* shed little light on how specific cultural factors (eg. gender, ethnicity, social class) influence gambling impacts. The need for further research into the cultural impacts of gambling is discussed in detail in Section 8.1 of this report.

### 7.4.3 Recreation and tourism

Seven projects<sup>8</sup> identified recreation and tourism impacts associated with gambling. Summarising across these seven projects, principal findings in relation to recreation and tourism impacts from gambling were:

- increased variety and quality of recreational options—gambling provides an opportunity to relax, socialise, and “buys time” in enjoyable circumstances (16 per cent of adult Victorians report having gambled in the last 12 months);
- extending EGM licences to hotels undermines clubs' abilities to provide diversified recreational facilities;
- increased visitation to clubs and hotels;
- improvements in accommodation, entertainment and opportunities for dining provided by clubs and hotels;
- development of areas as tourist destinations;
- increased demand for leisure preferences, dining and socialising by new “groups” of gamblers (eg., women, older people, members of specific cultural groups);
- increased interstate travel to Victoria;
- investment in and upgrade of gaming venues and associated increases in demand for services provided by other industries (eg. hospitality, entertainment, building); and
- decline in patronage of non-gaming venues.

Impacts on recreation and tourism were identified at all levels of data analysis in the analytical framework (ie. individual and family, community, regional, and State). A key factors contributing to divergence of findings across the seven projects was whether data was collected on gaming or non-gaming venues. “Positive” recreation and tourism impacts (eg. increased patronage and investment; improved facilities) were associated with gaming venues, while

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<sup>8</sup> The seven projects that identified recreation and tourism impacts were: Gaming—Comparative History and Analysis; Continuing Surveys of Community Gambling Patterns and Perceptions; Hotel and Club Industry Gaming Impact Study; The Impact of the Expansion of Gaming on the Tourism, Entertainment, and Leisure Industries; Longitudinal Examination of Perceptions and their Relationship with Actual Findings; The Impact of Gaming on Specific Cultural Groups; and Longitudinal Community Impact Study.

“negative” recreation and tourism impacts (eg. decline in patronage and quality of facilities) were associated with non-gaming venues.

#### **7.4.4 Employment and education**

Six projects<sup>9</sup> identified employment and education impacts associated with gambling. Summarising across these six projects, principal findings in relation to employment and education impacts from gambling were:

- increased employment opportunities;
- training opportunities for individuals working in the gambling industry;
- community perception that the introduction of gaming machines to Victoria has resulted in more jobs;
- reduced opportunities for live performances; and
- job loss due to problem gambling.

Impacts on employment and education were identified at all levels of data analysis in the analytical framework (ie. individual and family, community, regional, and State). However, across the six projects limited information was provided about the scale of employment and education impacts.

#### **7.4.5 Legal/justice**

Three projects<sup>10</sup> identified legal/justice impacts associated with gambling. Summarising across these three projects, principal findings in relation to legal/justice impacts from gambling were:

- support agencies report that many clients seeking their assistance have committed gambling-related crimes; and
- community perception that gambling leads to increased crime.

Legal/justice impacts were identified at all levels of data analysis in the analytical framework (ie. individual and family, community, regional, and State). However, as discussed in detail in Section 8.2 of this report, caution is required when interpreting gambling-related legal/justice impacts due to: (1) a lack of adequate gambling-related crime statistics; and (2) problems in making causal assumptions about the effect of gambling on crime.

#### **7.4.6 Economic development**

Six projects<sup>11</sup> identified economic development impacts associated with gambling. Summarising across these six projects, principal findings in relation to economic development impacts from gambling were:

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<sup>9</sup> The six projects that identified employment and education impacts were: Gaming—Comparative History and Analysis; Continuing Surveys of Community Gambling Patterns and Perceptions; The Economic Impact of Gambling; Hotel and Club Industry Gaming Impact Study; The Impact of the Expansion of Gaming on the Tourism, Entertainment, and Leisure Industries; and Longitudinal Community Impact Study.

<sup>10</sup> The three projects that identified legal./justice impacts were: Gaming—Comparative History and Analysis; The Impact of Gaming and Crime Statistics; and Longitudinal Community Impact Study.

- money spent on EGMs flows out of communities via taxation (ie. leakage due to taxation);
- most gaming is done locally and therefore benefits local gambling venues;
- a significant proportion of the State's revenue is generated by gambling taxes;
- 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 both the LGA and regional level net benefits from gaming are unequally distributed;
- 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;
- the introduction of EGMs to clubs and hotels has resulted in more innovative uses of general hotel licences, particularly in non-gaming venues in urban or regional centres (eg. bistros and café-style licensed premises); and
- community perception that gambling has little or no impact on the economy.

LGA and regional area were found to strongly influence the nature of economic development impacts resulting from the introduction of EGMs to Victoria. This may account for the divergence in findings within and across projects.

#### **7.4.7 Financial**

Six projects<sup>12</sup> identified financial impacts associated with gambling. Summarising across these six projects, the principal findings in relation to financial impacts from gambling were:

- gambling provides an opportunity to develop large cash resources for major purchases;
- loss of disposable income, and particularly problem gamblers' loss of disposable income and other possessions;
- redistribution of scarce economic resources;
- increased State revenue resulting from gambling taxes; and

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<sup>11</sup> The six projects that identified economic development impacts were: Gaming—Comparative History and Analysis; The Economic Impact of Gambling; Hotel and Club Industry Gaming Impact Study; The Impact of the Expansion of Gaming on the Tourism, Entertainment, and Leisure Industries; Longitudinal Examination of Perceptions and their Relationship with Actual Findings; and Longitudinal Community Impact Study.

<sup>12</sup> The six projects that identified financial impacts were: Gaming—Comparative History and Analysis; The Economic Impact of Gambling; Hotel and Club Industry Gaming Impact Study; The Impact of Gaming on Specific Cultural Groups; The Impact of Gaming and Crime Statistics; and Longitudinal Community Impact Study.

- both gaming and non-gaming venues make contributions to their local communities, with higher contributions coming from gaming venues.

Factors that affect the distribution and scale of “positive” and “negative” financial outcomes from gambling at each level of data analysis require further investigation.

## **7.5 Summary**

This analysis has suggested that the analytical framework provides a good basis for integrating the findings from the Authority’s *1998-99 Research Program*. A number of apparent contradictions are noted. For example:

- gambling is an enjoyable activity and a social problem;
- community benefits result from improvements to club and hotel facilities following the introduction of EGMs, however non-gaming venues experience adverse impacts (eg. Decline in membership and building improvements);
- an expansion in gaming opportunities is accompanied by increased opportunities for social interaction as well as an increase in problem gambling.

It is clear from these and other findings that the consequences that follow from an expansion of gambling activity have contributed to both an enhancement of personal and social wellbeing while at the same time mitigating such an enhancement. A task for future research will be to determine the net effects of these different forces.