Community Impacts of Electronic Gaming Machine Gambling (Part A)

FINAL REPORT

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The SA Centre for Economic Studies

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The Gambling Research Panel ceased operations effective 22 December 2004.

At that time it was actively managing five projects that had been commissioned in recent years. The on-going management of these projects was transferred to the Office of Gaming and Racing in the Department of Justice on 22 December 2004.

This report was commissioned by the Gambling Research Panel and is one of the five projects transferred to the management of the Department of Justice. Funding remains by Government through the Community Support Fund.

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FOREWORD

This report, *Community Impacts of Electronic Gaming Machine Gambling* originates from the 2002-03 Research Plan and its scope was broadened in the 2003-04 Research Plan of the Gambling Research Panel.

The focus of the research project is on identifying the community impact of electronic gaming machine gambling by comparing regions in Victoria with similar areas in Western Australia where there are no EGMs outside of Burswood Casino.

The researchers undertook consultations with local community leaders in business and local government, and conducted interviews, focus groups and/or surveys with local residents and stakeholders.

The functions of the Gambling Research Panel ceased on 22 December 2004. Its research that was still continuing at that time was transferred to the administration of the Office of Gaming and Racing, Department of Justice, to oversee its completion.

The Victorian Government continues to be committed to a gambling research program that will inform ongoing policy development. The Responsible Gambling Ministerial Advisory Council (RGMAC) has been established and will advise the Minister for Gaming on priorities for gambling research.

Further information about the RGMAC and an electronic copy of this report is available from the Gaming and Racing section of the Department of Justice website at: www.justice.vic.gov.au

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Executive Summary

The "community of interest" in this study is both the Victorian and Western Australian population, as well as specific regions in both these States. At the State level, data for total gambling expenditure, household disposable income devoted to gambling, per capita expenditure on gambling, average employment in hotels, cafes and restaurants and indicators of EGM problem gambling are provided to consider patterns of gambling, the broader gambling environment and impacts on other sectors (e.g., wagering, lotteries). Historical changes or trends over time such as the decline of wagering on racing, and the availability of Casino gambling are also examined.

At the regional level, such factors as community attitudes, participation in gaming, the change in local clubs, visits to local GPs, use of ATMs in hotels and clubs are discussed. Regional level data has been compiled from community surveys undertaken for this study to assess attitudes and behaviours relevant to participating in gambling, and supplemented by interviews with various stakeholders, the gambling industry, surveys of local GPs, financial counsellors and gambling counsellors. Differences between the two States on many variables are observable and attributable to the different gambling and gambling policy environments. On some variables the impact of EGMs on local communities in Victoria are relatively large. On other variables, the impacts are smaller and more difficult to discern.

Because the study was specifically concerned with the "impact of electronic gaming machines" it is important to view the expansion of this sector of the gaming industry in context.

In Australia (2002-03) there were more venues with electronic gaming machines (5,943 excluding in 13 casinos) than there were TAB outlets[1] and outlets for the sale of lottery tickets. The per capita ratio of venues/outlets was as follows for Australia:

- EGM venues 1 : 2,275 per adult person;
- Lottery outlet 1 : 3,116 per adult person; and
- TAB outlet 1 : 3,279 per adult person.

In Western Australia and Victoria the number of outlets and per capita gaming or wagering expenditure are shown at Table E1. The most significant difference is that Western Australia has no EGM venues outside of the Burswood Casino and therefore zero expenditure whereas Victoria has 540 local/community venues and average net gaming expenditure on EGMs of $624 per adult person. The availability of "convenience gaming" venues is the key difference in the respective gambling environments.

That all three forms of gambling in Table E1 are recreational is not contested. Of these three, that EGM play is the major source of problem gambling particularly for regular players is now well established. It is reflected in the number and severity of gambling related financial problems presenting to financial counsellors and gambling counsellors.

[1] All TAB outlets (total 4,568) including standalone TAB (retail outlets), those in hotels, clubs, at the casino, on-course, at sporting venues, newsagents and mobile outlets.

Table E1

	Lottery Outlets (No.)	Per Capita Lottery Expenditure ($)	Venues with EGMs (No.)	Per Capita EGM Expenditure ($)	TAB Outlets (No.)	Per Capita Wagering Expenditure ($)
Victoria	765	98	540	624	661	148
Western Australia	571	144	0	0	290	125
Australian Average		104		606		131

Source: SACES calculations, AGC Gambling Statistics 2004.

The different gambling environment and differences between communities are summarised below.

Summary of Gambling Expenditure

- since 1983-84 growth in real gambling expenditure has increased in Victoria almost 8 times more than household disposable income (HDI) and three times more than HDI in Western Australia in the same period;
- growth in gambling expenditure has overwhelmingly been driven by growth in expenditure on EGMs;
- the two States have experienced a dramatic reversal in the share of household disposable income (HDI) measured in real terms spent on gambling. In 1987-88 Western Australians spent on average 1.48 per cent of HDI on gambling while for Victorians, the figure was 1.30 per cent. In 2002-03 the figure for Western Australia was 1.60 per cent. In Victoria the level of expenditure had risen to 3.58 per cent, more than twice the level of expenditure in Western Australia;
- total spent on racing, in per capita terms in Victoria in 2002-03 was $148 per adult and $125 per adult in Western Australia;
- total spent on lotteries was $98 per adult in Victoria and $144 per adult in Western Australia;
- average total gaming expenditure per adult in Victoria was $1,133 in 2002-03 and $460 in Western Australia, with almost all the difference being accounted for by EGM spend (as in Table E1).

Key Features and Implications of Different Gambling Environments

- the key difference in the gambling environment between the two States is the 27,500 machines available in hotels and clubs in Victoria which are not available in Western Australia. In Victoria, physical accessibility to EGMs is relatively high, because of the smaller geographical size of the State and the dispersed location of machines. The single, destination site of the Burswood Casino within the large State reduces accessibility, while the older style video game machines reduce attractiveness and speed of play;

- problem gambling rates are lowest for lotteries (PC: 1999; Community surveys) followed by instant scratch tickets and highest for players of casino table games and EGMs. These findings largely explain Western Australia's relatively low rate of problem gambling;
- that problem gambling is more strongly associated with EGMs and casino table games and only weakly associated with lotteries has a significant bearing on the social and economic outcomes associated with the different gambling environments in Victoria and Western Australia;
- an increase of 11,250 problem gamblers could be expected if the Western Australian Government were to liberalise access to EGMs;
- racing expenditure as a proportion of total gambling expenditure (2002-03) was 13.0 per cent in Victoria and 27 per cent in Western Australia. Twenty five years of ago it was 58 per cent and 82 per cent of all gambling respectively;
- expenditure on racing declined by 17.6 percentage points in the two years after the establishment of the Crown Casino and by 25 percentage points following the establishment of the Burswood Casino;
- gaming expenditure as a proportion of total gambling expenditure (2002-03) was 86.4 per cent in Victoria and 72.4 per cent in Western Australia.

Employment in Gaming and Industry Sectors

The share of total State employment in hotels, taverns, bars and clubs in Victoria rose over the three years after gaming machines were introduced from 1.1 per cent in 1992 to 1.5 per cent in 1995. This employment boost (the 'installation impact') did not lead to permanently higher levels of employment, so that employment in the May quarter 2004 of 23,500 persons was below the peak level of 25,000 persons in the May quarter of 1991. While we express caution in interpreting movements in employment data, it remains that employment in Victorian venues has failed to grow over recent years despite EGM expenditure rising strongly up to September 2002.

In considering the impact of electronic gaming machines on employment we conclude the following:

- the introduction of EGMs in Victorian hotels and clubs was associated with a rise in employment in the order of 5,000 to 10,000 jobs;
- national data indicates that the job intensity associated with gambling expenditure is quite low at 3.2 jobs per $1 million of gambling income compared to 8.3 jobs per $1 million of income from sales of liquor/beverages and 20.2 jobs per $1 million of takings from food and meals;
- that the job intensity associated with gambling is low and that employment has failed to grow in line with gambling expenditure are both significant findings;
- expenditure may also have been drawn away from the café and restaurant sector. Western Australia has a higher prevalence of employment in this sector with 10 persons employed per 1,000 persons in comparison with 8 persons for Victoria;

- there was an average of 15.9 employees per café and restaurant business in Western Australia compared to 12.7 employees per business in Victoria (June 1999);
- the average number of employees per licensed premise was 16.3 in Victoria and 13.6 employees in Western Australia; thus, the legalisation of EGMs may reflect a shift of employment between sectors rather than increasing employment overall;
- the relative share of full-time employment in hotels, taverns and bars has remained virtually unchanged for Western Australia and Victoria (e.g., Western Australia 54 per cent in 1986 and 46 per cent in 2003; Victoria 58 per cent in 1986 and 50 per cent in 2003).

Insights into Community Attitudes and Awareness

- while a small minority in both States agree that "gambling is an acceptable activity in my community", far more Victorians (67 versus 36 per cent) state that gambling is too widely accessible. Forms of gambling are accepted in both communities but what is also clear is, that there is more concern in Victoria about the amount of gambling activity available in the local community;
- wagering, either on-course or via the TAB, was a slightly more popular form of gambling in Western Australia relative to Victoria as was participation in table games at the casino and the purchase of lottery/lotto tickets;
- the participation rate of Victorians in EGM gambling in hotels/clubs was 31.5 per cent in the SACES[2] 2004 survey (approximately the rate of 34 per cent reported in the *2003 Victorian Longitudinal Community Attitudes Survey*) and 1.8 per cent for Western Australians (see Table 6.3);
- some 43 per cent of Western Australians purchased lotteries/lotto tickets once a week or more compared to 31 per cent of Victorians;
- a significantly larger proportion of respondents from Victoria relative to Western Australia report that they know someone with gambling problems from EGM use (58 versus 28 per cent), while there is a clear perception that problem gambling is more prevalent in Victoria (Table 6.10). These differences are mirrored at the regional level;
- two outdoor activities of Western Australians which reflect the warmer climate — going to the beach (78.3 per cent) and fishing (42.0 per cent) — are both 15 percentage points above those for Victorians. Conversely two indoor activities — visited your local hotel (43.4 per cent) and visited a licensed club (35.2 per cent) are 28 percentage points below those recorded for Victorians (61.0 and 64.8 per cent respectively). This is a factor related to the availability of EGMs where (as noted above) the participation rate of Victorians in EGM gambling in hotels/clubs was 31.5 per cent. Once again, these differences are mirrored at the regional level;
- use of ATMs at hotels and licensed clubs is 25 per cent for Victorians and 14 per cent for Western Australians. The availability of ATMs in both States is in proportion to their respective populations. The only plausible explanation is the greater demand to access money for the purposes of gambling in Victorian venues.

[2] South Australian Centre for Economic Studies.

Incidence of Problem Gambling, Use of Financial Counselling and the Gambling Environment

- there is a clear relationship between gambling expenditure and problem gambling. Prevalence rates are higher in those States where per capita expenditure on non-lottery gambling is higher. The prevalence of problem gamblers (SOGS 5+) is estimated at 2.14 per cent in Victoria and 0.70 per cent in Western Australia;
- the liberalisation of EGMs has increased the number of female problem gamblers with links to EGM play in both Victoria and Western Australia. The PC (1999) study estimated there would be 10,500 more problem gamblers in Western Australia if access to EGMs were liberalised with an estimate of 11,250 in 2003;
- more males attend counselling in Western Australia (approximately two-thirds) citing wagering as a source of problem gambling; females in Western Australia attribute problem gambling principally to EGM play at the casino. This gendered gambling preference is consistent with a higher incidence of females in counselling as a result of EGM play in Victoria;
- the proportion of clients with gambling problems attending financial counselling was 34 per cent in the "EGM states" of Victoria and South Australia compared to 20 per cent in Western Australia;
- in Victoria 86 per cent of gambling related financial problems presenting to financial counsellors were related to EGM play; in Western Australia the figure was only 18 per cent;
- referrals to financial counsellors for assistance with gambling related financial problems was 44 per cent in Victoria and 9 per cent in Western Australia. This result reflects both the severity of financial problems arising from gambling and the closer integration of gambling and financial counselling services.

Gambling and Health

- Victorian GPs are four times more likely to identify patients presenting with health issues associated with problem gambling than their Western Australian counterparts (Victoria 17.7 per cent, Western Australia 4.3 per cent);
- the consulting report rates and the experience of GPs is a significant indicator of the difference between the two gambling environments. More males are identified in Western Australia; far more females present with gambling issues in Victoria (83 per cent);
- gambling related issues identified by GPs in Victoria include physical/emotional problems due to excessive gambling, stress, problems at work and relationship issues (Table 8.3);
- problem gambling is 'behaviourably conditioned' and is principally related to social and economic environments. "Pathological gambling" is not deemed to be the majority of problem gamblers as evidenced by referrals by GPs to gambling counselling services and not to psychologist/psychiatrists;

- we find no evidence that the rate of suicide is higher in the regions in Victoria relative to matched regions in Western Australia. One unexplained puzzle is the reason for the rise in female suicides in the age range 40-59 in the period 1993 to 2002 for all Victorians.

Gambling and Crime

- crimes associated with excessive or problem gambling, unless they relate to detection of fraud and/or embezzlement, too often are unreported or are not detected or disclosed;
- current data systems are inadequate to conclusively comment on the extent and the relationship of problem gambling and crime;
- while "high profile" cases of fraud are well publicised, most financial impacts are confined to the individual employer, the workplace, within the home or to the marital partner and children. It is most likely that attempts to quantify the extent of gambling related crime would result in significant underestimation;
- problem gambling related crime is involving individuals who prior to the onset of gambling problems had not been in trouble with the law;
- because financial difficulties are the main motive for problem gamblers turning to crime, and many problem gamblers in counselling self report criminal acts (44 per cent), the most common types of offences relate to obtaining finance to continue gambling, including cheque fraud, embezzlement and theft.

Gambling and Broader Community Impacts

- the provision of direct grants by LotteryWest to local government, community service/welfare agencies and sporting bodies assists in the promotion of LotteryWest and the public philanthropic role of LotteryWest. This role has a high recognition factor within organisations and the general community;
- the direct grants system (which is applications based) affords another avenue to advance the public profile of LotteryWest;
- the Community Support Fund (CSF) administered by the Department for Victorian Communities is a large scale funding program financed by 8.83 per cent of monies paid into EGMs in hotels. It is administrated by a government agency providing funding for various purposes. In contrast to LotteryWest there is a low recognition of any association with CSF purposes and a reduced public profile of the fund;
- social and gaming membership of RSL clubs with EGMs in Victoria had grown at an annualised average growth rate of 18.4 per cent since 2000 compared to "traditional RSL membership" growth of 1.5 per cent for all Victorian RSL clubs and 6.3 per cent for those RSL clubs with EGMs (1996-2003);
- an analysis of methods of direct giving to the Salvation Army Red Shield Appeal indicates a sharp decline in Victoria in the period 1993 to 1996 following the introduction of EGMs and opening of the casino. While this remains a puzzle, it is not possible to establish any causal negative relationship based on the data supplied to the researchers;

- the period 1994 to 1999 was the period of high growth in the number of pawnbrokers and second-hand dealers in the Greater Melbourne area. Pawnbrokers are mostly concentrated in areas where EGMs are located and where expenditure is high.

Impacts of Gambling on the Local Community

- there is genuine concern that convenience gambling venues tend to be concentrated in those local communities that suffer the highest degree of socio-economic disadvantage;
- many costs arising from excessive and problem gambling are felt within local communities, the family and extended family members;
- monitoring community impacts requires a multi-method or triangulation approach, using quantitative and qualitative methods, primary and second data sources, assessment of impacts on local service providers and by community workers and the involvement of local communities through the use of focus groups;
- compiling systematic data sets that facilitate detailed understanding of the social and economic impacts of EGM gambling on local communities over time is an important priority. It is suggested that central government and local government jointly develop a consistent set of gambling indicators that can be regularly collected and reported;
- currently, data limitations restrict definitive judgement on the impact of gambling on many community services; there is a need to collect more reliable and systematic data on demand for services arising from gambling. Community organisations and service providers should be resourced to help compile this data;
- because of data limitations and other restrictions encountered in this study, particularly with respect to analysis at regional and the sub-regional level, we consider there would be significant value in further developing this study;
- we consider there is a significant capacity to extend on this research involving the cooperation of two councils — and we suggest Maribyrnong (Victoria) and Belmont (Western Australia) supported by funding from CSF (Victoria) and LotteryWest (Western Australia) to document the use of community services, services provided by not for profit agencies, social and economic outcomes including the collection and analysis of primary, secondary and administrative data to comprehensively document local community impacts of gambling.

Summary Comments

The results of this study amplify differences in the respective gambling environment. The environments are not immutable as they are the creation of public policy decisions in all States, with Western Australia the only State to prohibit EGM gaming in local, community or suburban locations.

The majority of Victorians (75 per cent) believe EGMs do more harm that good, while a clear majority believe gambling is too widely accessible. More Victorians state they know someone with a gambling problem. Ex-Premiers and Mr Lloyd Williams founder

of the Crown Casino have expressed concerns that the availability of EGMs are potentially damaging to the 'social fabric' of communities.

The prevalence rate of problem gambling in Victoria is three times that of Western Australia; more clients in Victoria attend financial counselling with gambling problems, and the pattern of referrals confirms that it is EGM play that is the source of the problem (Victoria 86 per cent; Western Australia 18 per cent). Problems arising from EGM play have drawn in significant numbers of females into counselling, especially in Victoria, whereas males represent two-thirds of clients in Western Australia citing wagering/TAB as the source of problem gambling.

We have referred to the very significant differences in expenditure between the two States and expenditure patterns at the regional level. They are the result of the public policy decisions referred to above. For example, the region of Maribyrnong had a per capita spend (loss) of $1,085 per adult on EGMs in 2002-03 and Wyndham $911, well above the average of $624 for all Victoria. There is a considerable focus on expenditure data in much of the literature and we have examined this in some detail in Chapters 3 and 4.

However, the focus of this study is not simply the difference between the gambling environments, but the result or impact of the difference.

On an annual per capita basis the actual number of new clients attending counselling services in Victoria is some 13.4 times above that in Western Australia. The principal cause is EGM play within the local, community setting and financial counsellors experience is that gambling related financial problems are more severe in terms of harms to individuals and families (e.g., more severe: Victoria 72 per cent; Western Australia 20 per cent).

Victorian GPs in the study regions were four times more likely to identify patients presenting with health issues associated with gambling. Clients of problem gambling counselling agencies self-report high rates of criminal activity (44 per cent) mostly associated with obtaining money improperly.

The role of public lotteries is perceived differently in the two States. Participation in lotteries is higher in Western Australian than Victoria but it is only weakly associated with problem gambling. It is likely that clubs with EGMs have experienced more sustained membership growth than those without EGMs and "gaming membership" is effectively a new class of membership.

The job intensity associated with gambling expenditure is quite low and jobs growth has failed to grow with the substantial growth in gaming expenditure in Victoria in the last ten years. Much of the employment reflects shifting between sectors rather than increasing employment overall

The Future

It is not the role of the researchers to provide recommendations to the Victorian or Western Australian Governments, as the primary aim of this project was to report the impacts of different gambling environments at the State and regional level. Existing public policy in both States has created the different environments documented in this report and changes to the respective environments will occur as a result of dialogue between the respective communities, the industries and governments.

Notwithstanding, one area of the current gambling environment that needs to be empirically researched, is whether it is in fact the number of machines per venue that are causing the harm or the convenience of *where* they are available. Our initial view is, that it is the latter. From a public policy perspective it is likely that a more limited number of destination centres would contribute significantly to harm minimisation, the effectiveness of monitoring and regulation, industry self-regulation, improved monitoring of programs such as self-exclusion and the capacity to provide consumer protections.

Chapter One

Introduction

1.1 Introduction

It is evident that there are contrasting systems of thought in relation to the expansion of gaming opportunities over the last decade and a half throughout Australia and in particular, the introduction of electronic gaming machines (EGMs) into hotels and clubs in all States and Territories except Western Australia. Western Australia restricts EGMs to a single site casino in Perth.

And further, the decision of successive governments in Western Australia to restrict EGMs to the Burswood Casino (1,300 machines) and to limit machines to the 'harm minimising video terminals', that require player interaction and thereby exclude the newer real action, fast spinning EGMs, stands in contrast to the gambling environments in other jurisdictions. A key feature of the gambling environment in Western Australia relative to other States is that it is *destination based*, requiring a prior commitment or decision to visit the casino for the express purpose of gambling. In other jurisdictions the "convenience of gambling ... is now part of the suburban scene" (PC, 1999, p. 8) and this has increased accessibility of gambling to the local community.

A comparison between Victoria and Western Australia on two important comparative measures — real expenditure per adult and share of household disposable income devoted to gambling — illustrates the end result of markedly different gambling environments. Table 1.1 summarises these two measures for the decade 1992-93 to 2002-03. Contrastingly on both measures, Victoria experienced significant increases, Western Australia experienced significant declines.

Table 1.1
Victoria and Western Australia
Summary of Measures of Growth, 1992-93 to 2002-03

Date/State	Real Expenditure Per Adult ($ per Adult)	Share of Household Disposable Income (Per cent)
1992-93 Victoria	429	1.60
2002-03 Victoria	1,113	3.58
1992-93 Western Australia	547	2.15
2002-03 Western Australia	460	1.60

Source: Tasmanian Gaming Commission, *Australian Gambling Statistics 2004.*

In the space of one decade the real expenditure on all gambling increased at an annualised average rate of growth of 10.2 per cent in Victoria and declined by –1.7 per cent in Western Australia. Similarly, the share of household disposable income allocated to all gambling increased at an annualised average rate of growth of 8.4 per cent in Victoria yet fell by –2.9 per cent per year in Western Australia.

What remarkable force inclined Victorians, whose share of household disposable income spent on gambling was below that for Western Australia in 1992-93 (Victoria, 1.60 per cent c.f. Western Australia 2.15 per cent) to dramatically increase expenditure on gambling over the next ten years? Victoria experienced a severe economic slowdown in the early 1990s, that might be expected to have had a moderating, albeit small, impact on the rate of growth of gambling. Conversely, the value of output per capita was stronger over this period in Western Australia. Rising incomes, rising exports and wealth effects might have been expected to favour higher gambling expenditure in Western Australia.

In Victoria, the establishment of the Crown Casino (in 1994-95) and the introduction of EGMs (major introduction in 1992-93) into hotels and clubs sparked the growth in gaming expenditure. Expenditure on EGMs in Victoria (outside of the casino) represented 0.37 per cent of HDI in 1992-93 and 1.97 per cent of HDI by 2002-03; an annualised rate of growth of 18.2 per cent over the decade.

But this growth was not confined to Victoria alone. It is evident in the national data that all Australian gamblers lost $70.1 billion on machines in the decade to 2003 compared with $19.1 billion in the decade before. These facts are often reported in national gaming data and wider community debate concerning deregulation and expansion of the gambling industry.

1.2 Contrasting Views

The Productivity Commission (1999) somewhat imprecisely contrasted the polarisation of views, opinions and attitudes to the liberalisation and expansion of gambling in stating:

> "On one side are those who support the expansion of gambling, as a source of economic benefits to the states or regions concerned and entertainment value to consumers ...".
>
> On the other side, are those who either deny that gambling yields any benefits to the economy or community, or who consider that the social costs and impacts on social values of the 'new gambling' outweigh any such benefits". (PC, 1999, p. 5).

There has always been a 'third view' somewhere in the middle ground[3] that expressed a genuine concern about the impact of convenience gambling in the suburbs, the potential impact on local communities, the dramatic expansion in the availability and accessibility of EGMs, the inadequacy of industry self-regulation (measured by outcomes, not inputs) and the lack of consumer protections. The role of government in benefiting from the taxation revenue from gambling, as a promoter of gambling and yet ultimately accountable for minimising the harm from gambling, in many people's view remains problematic or unresolved.

The concerns held by many individuals and organisations are summarised in the description of gaming machines and the nature of gaming as a form of entertainment, provided by a sector of the industry, namely Clubs Victoria:

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[3] And thus cannot be labelled as "abolitionist" or "wowsers"; but individuals and organisations who express genuine concerns about the structure of the industry and the role of government.

> "This is a poor man's sport, playing gaming machines. It is simple, unstimulating and non-interactive but more poor, lesser educated like it more than do rich, educated people" (PC: transcript, p. 1309).

Again, it is unsurprising that independent research[4] consistently refers to the higher density of machines in low income and economically disadvantaged areas and the inverse relationship of machine numbers and income levels, particularly in Victoria and South Australia. These findings give rise to implications for public policy and have stimulated some re-thinking and reflections.

Reflections of decision makers over the past ten to twelve years provide for contrasting views, that acknowledge that the majority of harms experienced by problem gamblers are the result ("or can be traced") to gambling itself. That is to say, the principal problem for most individuals derives from regular, leading to excessive gambling, although for a small group, participation in gambling may exacerbate pre-existing problems.

The views of the Western Australian Premier Geoff Gallop are reported thus:

> "Here in Western Australia we're different and we are going to stay different .... We draw the line with poker machines". (Premier Gallop, *The Australian*, p. 11, 22 June 2004)
>
> "My Government is vehemently opposed to poker machines and is acutely aware of the severe social misery they inflict on the community. I believe Western Australians are better off [without them in pubs and clubs] and the fact we have the lowest rate of problem gamblers per capita is irrefutable evidence of this". (Premier Gallop, *The Australian*, p. 27, 14 August 2004).

Other Western Australian politicians, in bi-partisan sentiments on poker machines caution thus:

> "Poker machines are invasive. We just say we've made a political judgement that the social costs would outweigh the economic benefits, and in line with the Labor Party, we're against it". (B. House, Opposition Racing and Gaming, *The Australian*, p. 11, 22 June 2004).

That social costs may outweigh the economic benefits for gaming machines and wagering, but that lotteries show a clear net benefit as suggested by the Productivity Commission (1999) and SACES (2001)[5] supports the general assessment as stated above.

In commenting on the tax revenue forgone, Mr Max Evans, formerly Finance, Racing and Gaming Minister in the Court Government states

> "We don't need that sort of money for the pain it gives people". (*The Australian*, p. 11, 22 June 2004).

It is recognised that if introduced, gaming machines would impact on the profits of the Western Australian Lotteries Commission (trading as LotteryWest), that in 2004 distributed more than $150 million to government, community groups, charities, arts and sporting bodies and hospitals. It is claimed that Western Australians are the second

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4 SACES (2001, 2005), Productivity Commission (1999) and Marshall (2001).

5 SACES (2001), "The Impact of Gaming Machines on Small Regional Economies".

highest purchasers per capita of lottery tickets in the world.[6] On the other hand, there is absolutely no doubt gaming machines would add another revenue stream to State Treasury.

With the passage of time, two Victorian ex-Premiers — Jeff Kennett and Joan Kirner — in interviews[7] both stated they would strongly consider the Western Australian model and limit poker machines to the casino only:

> "Restricting them to the casino alone is a remarkably good idea" (J. Kirner).
>
> "It's easy to make comments in hindsight ... [but] I would certainly think about doing it differently" (J. Kennett).

A renowned Premier of South Australia, the late Don Dunstan was also concerned about the proliferation of gaming machines in hotels and clubs. At a public rally he cautioned

> "We're got far more here in this gambling activity than should ever have been allowed to take place and the State ought to admit that the decision to establish poker machines and particularly to allow them into hotels has been a gross mistake for the State. Now we have to set about rectifying it. The problems which have been stated here today are obvious enough and we have to stop what is going on. There should be no further development of poker machines and we should devise a means by which we peg them back over a period". (Public Rally, 25 July 1998. Read into South Australian Hansard by Hon. Nick Xenophon, MLC, 9 November 2004).

The South Australian Parliament passed legislation in late 2004 to reduce the number of gaming machines from 15,000 to 12,000 in an attempt to reduce problem gambling. The principal impact will be to withdraw the worst performing 3,000 machines with little impact on revenue overall. The impact on problem gamblers is indeterminate, but likely to be insignificant.

What is clear is, that while academic researchers, industry and others debate the economic and social impact of, particularly the accessibility of EGMs, some politicians are reflecting community concerns about the proliferation and impact of EGMs.

In some States (e.g., South Australia) clubs have been disadvantaged relative to hotels so that concern about the viability of many clubs, including even senior level football clubs, has emerged. Community impacts have been felt in other clubs and sporting bodies who have seen fund raising sources dry-up, notably surf life saving or have been impacted by cases of fraud related to gambling. Welfare agencies refer to an increase in applications for emergency financial relief and social security. Health professionals refer to an increase in presentation rates to medical clinics and community health centres. Financial counsellors refer to gambling problems increasingly as a trigger to seek financial counselling. Teachers refer to students who attend school for breakfast as household income has been spent on gambling.

This study attempts to 'draw out and illuminate' the impacts of different gambling environments on key socio-economic characteristics within communities in Victoria and Western Australia.

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6 The claim to the first rank is held by Norwegians.

7 *The Sunday Age*, 12 September 2004.

Where a casino is established[8] then the community of interest is at the State level as the casino is likely to impact on tourism and employment and certainly it will impact on the broader gambling environment because it offers products for gambling that previously did not exist. Problem gambling from wagering and from gambling in a casino is best approached as a statewide impact. Conversely, the introduction of EGMs into local hotels and clubs will impact at the local, or regional level and thus the 'community of interest' is more confined.

Notwithstanding, it remains a difficult and complex task to assess the impacts of different gambling environments and more so, at the regional level. This is because there is a lack of reliable data, data collection is simply not undertaken, aspects of gambling behaviours are not revealed (or deliberately concealed) while the direction of causation is inconclusive. Further, the regional approach to this study sometimes required unit record data or highly disaggregated data; however it was found that either confidentiality restrictions or the very small number of observations for each region (in some cases there were zero observations) meant that data was simply unavailable. In an endeavour to overcome these constraints, the researchers turned to the use of administrative data sets (if available) and extended the number of surveys to be undertaken for the study. The use of administrative data sets present their own problems; the data may be collected for varying purposes using different categories and time frames, it is not comparable across regions or even two States, it may vary in quality and therefore accuracy and reliability. The purpose for which the data set is collected may not accommodate the researchers specific interests. Survey samples need to be representative of the population with sufficient response rates. For two surveys, we sampled the entire population of gambling counsellors and financial counsellors. Finally, some data collections of interest, such as access to emergency financial relief, homelessness and even crime do not record or seek to establish any relationship with gambling or problem gambling. Aware of the many constraints, limitations and barriers, the researchers have employed a number of innovative methodologies to examine community impacts using 'before and after' data sources to assess policy changes, the use of standard data collections by single agencies across all States (e.g., Salvation Army, RSL Clubs) and analysis of trends in gambling expenditure.

This report is divided into two parts. Part A reports on the results of the study after first presenting a profile of the two States, their gambling industries and different expenditure patterns as a result of different gambling opportunities. The respective gambling environments are considered in some detail as they not only influence gambling behaviours but impact on the wider community, generating benefits and costs (both public and private). Part A includes separate chapters on community attitudes and the various surveys undertaken within regions for this study, and a discussion of health issues, problem gambling, crime and other dimensions of the gambling debate. Part A also includes a review of studies into the impact of gambling specifically to consider what further steps can be taken within local communities to monitor or measure economic and social impacts of gambling and problem gambling over time.

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[8] Western Australia Burswood 1985-86; Victoria Crown 1993-94 at temporary and later a permanent site at Southbank.

Part B of this report contains a discussion of the methodology used to undertake the study, a profile of the comparative regions in Victoria and Western Australia and the researcher's discussion paper "Community Impacts of Electronic Gaming Machine Gambling: A Review of Literature and Potential Indicators". This discussion paper was circulated quite extensively in the very early stages of the study and the researchers received very valuable feedback and suggestions on the proposed methodology, potential limitations of data sources and suggestions about possible impacts to measure.

1.3 Background

The Victorian Gambling Research Panel (GRP)[9] was established under the *Gaming Machine Control Act 1991*, and commenced active operation in November 2000. The GRP commissioned the South Australian Centre for Economic Studies to undertake a study to assess the impact of Electronic Gaming Machines (EGMs) on local communities (Theme 2: Project 3, GRP 2002-2003 research program). The GRP identified this area as a key research theme because:

> Little is known about the impact of new patterns of gambling on employment opportunities, quality of life, recreational activity and detailed household expenditure at the local community level — especially in lower socio-economic areas. The study will compare, at several points in time, areas with differing access to local gambling (EGM) opportunities for example, two local government venues, one on the urban fringe with no local venues, a regional LGA and one with little local access to suburban gambling opportunities — perhaps in Western Australia (given Casino-only EGM gambling in the State).

This research project, focusing on identifying the community impact of electronic gaming machine gambling, aims to study the issue by comparing regions in Victoria with similar areas in Western Australia — where there are no EGMs outside of Burswood Casino.

The primary aim of the project was to compare the impacts of different gambling environments in Australia on key socio-economic characteristics within communities. The study was undertaken by means of a comparative analysis of regions in Victoria with similar regions in Western Australia. The regions in Western Australia were selected because an analysis of their demographic profile (income, age distribution, etc.), suggested that they would have similar EGM expenditure levels were electronic gaming machines distributed in Western Australia in a similar pattern to Victoria.

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[9] Correspondence (undated) received by the SA Centre for Economic Studies (on 1 November 2004) from Mr Ross Kennedy, Executive Director – Gaming and Racing, Department of Justice advising that the Victorian Government has established a new body, namely the Responsible Gambling Ministerial Advisory Council which would replace the Problem Gambling Roundtable and in addition, the Gambling Research Panel would be discontinued.

1.4 Scope of the Research

In commissioning the research the GRP had a number of expectations about the manner in which the study would be undertaken. In particular, in undertaking the study the researchers were required to:

- examine the available literature on community impact of EGM gambling; in particular, relevant reports of research conducted by the Victorian Casino and Gaming Authority and the Victorian Local Governance Association report: *Gambling-Counting the Costs*;
- draw on trend data on local distribution of gambling in Victoria, including Tasmanian Gambling Commission figures;
- develop a methodology for comparing selected Victorian and Western Australian suburbs and LGAs on a range of dimensions including:
  - gambling environment;
  - patterns of gambling;
  - local economies and labour market profiles;
  - patterns of usage of community support services including gamblers help services;
  - health status;
  - food assistance and emergency relief;
  - patterns of suicide, family breakdown, divorce and use of family services;
  - the incidence of homelessness and alcohol abuse;
  - gambling related crime; and
  - quality of life, social networks, recreational activity and non-work leisure patterns, and levels of household expenditure and debt at the local community level; and any other relevant dimensions which may relate to gambling activity.
- final combinations of matched suburbs and LGAs will be advised by the GRP but likely to include at the minimum, City of Wyndham (Vic) with the City of Cockburn (WA); City of Greater Shepparton (Vic) with Albany (WA); and City of Warrnambool (Vic) with Geraldton (WA);
- draw on recent reports of social indicator research including:
  - the Australian Bureau of Statistics "Measuring Australia's Progress", and
  - Swinburne University report "Measuring Victoria's Progress: A System of Social Benchmarks and Indicators for Victoria, Report" for the Department of Premier and Cabinet, Melbourne, (2000);
- determine any differences between the communities under study that relate to differences in the gambling environments, and in accessibility to, and the presence of, local gambling opportunities; and
- undertake consultations with local community leaders in business and local government and others, and devise a methodology that includes interviews, focus groups and/or surveys with local residents and stakeholders.

Table 1.2 details the final areas matched for comparison between Victoria and Western Australia.

Table 1.2
Matched Comparison Regions

	Victoria Region:	Matched with Western Australian Region:
Metropolitan LGAs:	City of Wyndham City of Maribyrnong	City of Cockburn City of Belmont
Non-Metropolitan LGAs:	City of Greater Shepparton City of Warrnambool	City of Albany City of Geraldton
Postcode Areas:	3875, Bairnsdale (East Gippsland Shire) 3915, Hastings (Mornington Peninsula Shire) 3799, Warburton (Yarra Ranges Shire)	6280, Busselton (Shire of Busselton) 6167, Kwinana (Town of Kwinana) 6073, Mundaring (Mundaring Shire)

Source: SACES listing of regions.

1.5 Project Outcomes

The primary objective of this research project is to compare the impacts of different gambling environments and various forms of gambling in Australia on key socio-economic characteristics within the affected communities. In particular, it is hoped that the comparative analysis will lead to a better understanding of the way in which the extent of opportunities to participate in electronic gaming machine gambling relates to gambling and recreational behaviour, and to social harms. The project will also seek to develop a methodology for implementation at local government and local community levels for better longitudinal assessment of community impacts.

It is hoped that a better understanding of the relationship between gambling environments, opportunities and behavioural patterns on the one hand — and patterns of expenditure, recreational activity and community well-being on the other — will yield useful information and advice for policy makers and planners concerned with the creation of sustainable communities.

The nature of the study was experimental. That is to say, to satisfactorily undertake a comparative and regional study using a range of dimensions including health indicators, patterns of usage of community support services, access to food assistance and emergency financial relief, gambling and crime, etc., requires that data is available at the state and regional level, that it is accessible, reliable, verifiable and timely. In order to quantify or measure indicators of difference it is important that the data is comparable, that it is accurate and collected in a similar timeframe and it is able to be subject to quantitative analysis.

The researchers prepared a detailed methodology to guide the study and provided a discussion paper which summarised the literature relating to potential community, social and economic impacts and indicators and invited comment from knowledgeable and experienced practitioners and researchers in the gambling field. At the same time

we proposed the possible use of various data sets and discussed the limitations of each. In some cases, we suggested that data, or the quality of data was problematic and that endeavours would have to be made to unearth "other sources" of information. The researchers also indicated that certain information/data was only available at a State or a relatively high level, so that regional or small area comparisons would not be possible.

We anticipated when commencing this study that we would most likely encounter situations where data or specific information was either unreliable, not available (at the appropriate level, if at all) or simply not collected. We were not disappointed in this; in some cases we were able to generate information, data, survey results to overcome the problem; in other cases we were not. These issues are considered in the report.

There are several other important considerations to note:

- the "impacts of gambling" are sometimes deliberately hidden, because of personal shame, guilt or legal implications and/or the intensely personal impact is confined to within the family;
- problem gambling is often associated with other events or situations in life (co-morbidity) so that is extremely difficult to establish causation; and
- some information and data sets either fail to include gambling (as a question or potential cause), data is difficult to generate and there are biases in data that is collected for administrative purposes or by survey methods.

A final note is to be aware that while participation in gambling may be a factor in bankruptcy, that it may lead to job loss or even criminal activity, virtually none of this information is available at a local level (if at all). The unit of analysis will be the State level. The researchers also rely on the cooperation of industry and this was not always forthcoming, so that we were not always able to compare, for example, regional expenditure patterns on gaming products and thereby draw out findings and implications.

Chapter Two

Profile of the States

2.1 Economic Performance and Trends

In order to be able to assess community impacts of EGM gambling in Victoria and Western Australia, it is important to first understand some of the key features, similarities and differences between the people and economies of the two States.

There are some key differences between the economies of the two States. The Victorian economy went through a deep recession in the first half of the 1990s with high rates of total and youth unemployment and a fall in income and output per capita. The Western Australian economy was less severely affected by the slowdown of the 1990s and, until the past few years, has had consistently lower rates of total and youth unemployment. In Western Australia, income and output per capita has consistently been higher than in Victoria and for Australia as a whole. However, much of this can be explained by the different industry structures in the two States and, in particular, the strong presence of the mining industry in Western Australia.

The following discussion provide additional detail on the features of the Victorian and Western Australian people and economies. Part B, Chapter Two (Profile of the Regions) discusses similar characteristics for seven pairs of matched Victorian and Western Australian regions.

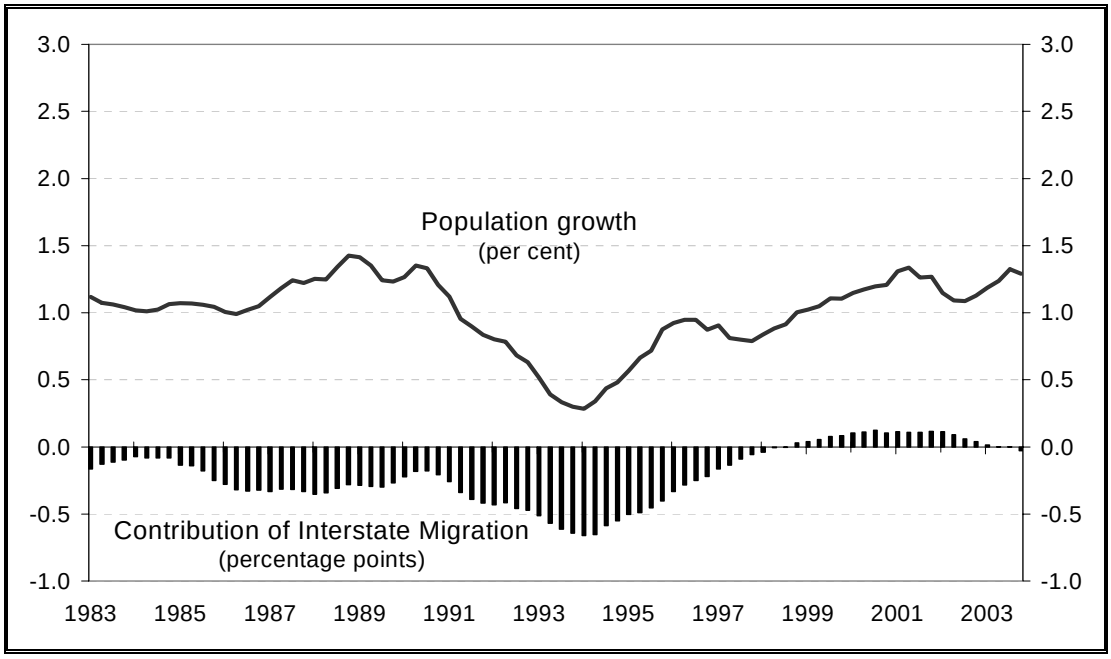
2.2 The People

At the end of 2003, Victoria had a population of over 4.9 million people — almost one-quarter of the Australian population — over 70 per cent of whom were born in Australia, and only around 0.5 per cent of whom were Indigenous. Western Australia, with not quite 2 million people representing just under 10 per cent of the Australian population, had a higher proportion of residents who were born overseas and over 3 per cent of residents who are Indigenous.[10]

Over the past three decades, population growth in Victoria has generally remained steady between 1 and 1.5 per cent. The exception, however, was in the early 1990s as the State went through a period of economic slowdown and recession. Population growth fell consistently between 1990 and 1994 and, as Figure 2.1 clearly shows, the outward migration of residents to other States contributed significantly to this slowdown in population growth. Similarly, the recovery in population growth in the mid to late 1990s was driven, in part at least, by a slowdown in outward migration and, by 1999, inward migration. Since the end of the 1990s, interstate migration has contributed positively to population growth in Victoria.

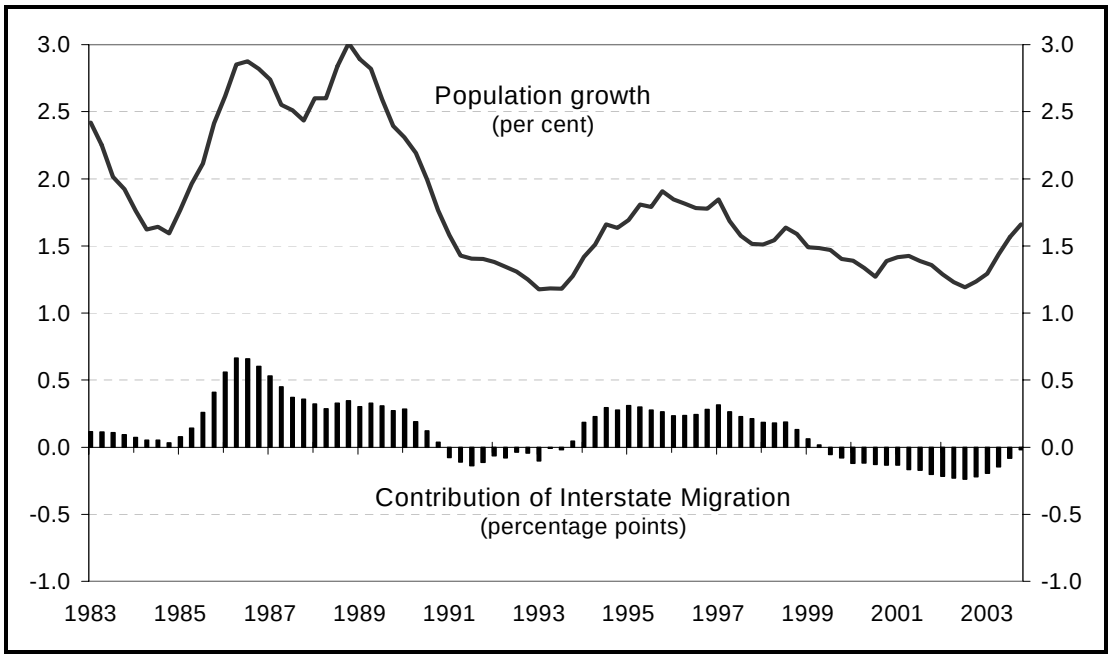
[10] In the 2001 Census, the State of Victoria had a resident adult population of 3,475,197 people (and a total resident population of 4,612,097 people). Western Australia had a resident adult population of 1,356,291 people (and a total resident population of 1,832,008 people).

Figure 2.1
Victoria
Population growth: 1983 to 2003



Source: ABS, Australian Demographic Statistics, Cat. No. 3101.0.

Figure 2.2
Western Australia
Population growth: 1983 to 2003

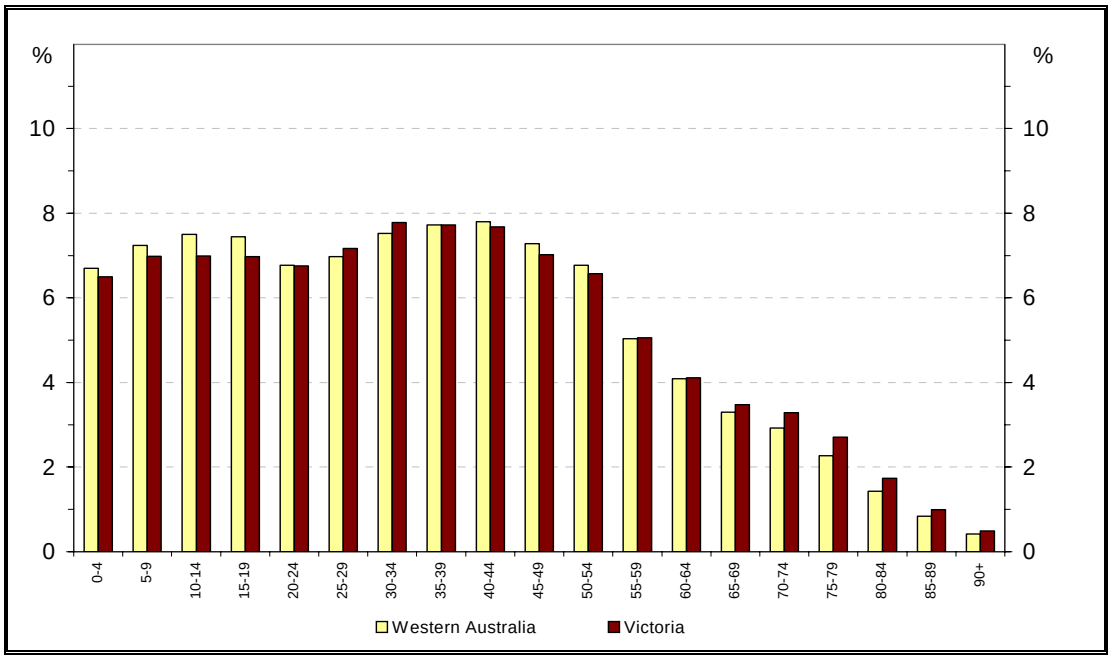


Source: ABS, Australian Demographic Statistics, Cat. No. 3101.0.

Unlike Victoria, population growth in Western Australia has fluctuated widely over the past 30 years with growth of up to 3 per cent in the second half of the 1980s falling sharply to below 1.5 per cent by the early 1990s. Figure 2.2 depicts population growth between 1983 and 2004 and the contribution of interstate migration. Interstate migration had a heavy influence on population growth with strong inward migration during the late 1980s and mid 1990s, and outward migration during the early 1990s and also the most recent few years.

The age profiles of Victoria and Western Australia were similar at the 2001 Census (see Figure 2.3). The proportion of residents aged between 20 and 64 years inclusive is very similar in the two States (60 per cent respectively). Western Australia, however, has a slightly younger population with proportionally more residents aged below 20 years and proportionally fewer aged over 65 years. However, overall, the distributions are similar.

Figure 2.3
Age Distribution, Victoria and Western Australia: 2001



Source: ABS, 2001 Census Basic Community Profiles, Time Series Profile.

In comparison to Western Australia, Victoria has a relatively high proportion of Australian-born residents. At the last Census, over 70 per cent of the State reported being at least second generation Australians. Of those born outside Australia, the most common country of birth was the United Kingdom accounting for almost five per cent of the State's residents. Table 2.1 reports the ten most common places of birth of Victorian and Western Australian residents.

By contrast, around 67 per cent of Western Australian residents were born in Australia. Again, the United Kingdom was the most common origin of migrants. However, almost 11 per cent of Western Australians derived from the United Kingdom. Other significant origins of Western Australian residents are presented in Table 2.1.

Table 2.1
Country of Birth, Victoria and Western Australia
(Per cent of Total Population)

Country of Birth	Victoria 2001	Western Australia 2001
Australia	70.6	67.1
United Kingdom	4.4	10.9
New Zealand	1.2	2.4
Italy	1.9	1.2
Greece	1.2	
Vietnam	1.2	0.5
China (excludes SARs and Taiwan Province)	0.8	
India	0.7	0.7
Germany	0.6	
Sri Lanka	0.6	
Malaysia		0.9
South Africa		0.8
Netherlands		0.6
Singapore		0.6

Source: ABS, 2001 Census Basic Community Profiles, Time Series Profile.

Population characteristics are important to a consideration of gambling because studies in Australia and overseas suggest that preferences for certain types of gambling activities are related to gender and age. Younger people and men prefer casino games, sports betting and racing, whereas older people and women favour lotteries, bingo and instant lotteries. Women also favour electronic gaming machines (Delfabbro and Le Couteur, 2003). There is also some limited evidence that specific ethnic groups in Australia including the Indigenous and Vietnamese communities, but also other cultural groups are more likely than Caucasian Australians to experience problems with gambling (Delfabbro, 2003). Thus, it might be expected that those States and regions in which Indigenous and other non-Caucasian groups are over-represented by comparison with other States and regions will suffer more adverse economic and social impacts from gambling than those States and regions where the population characteristics more closely reflect those of the national population. As previously indicated there is a greater representation of the Indigenous community in Western Australia, and Table 2.1 indicates a higher representation of Vietnamese and other non-Caucasian people in Victoria than in Western Australia.

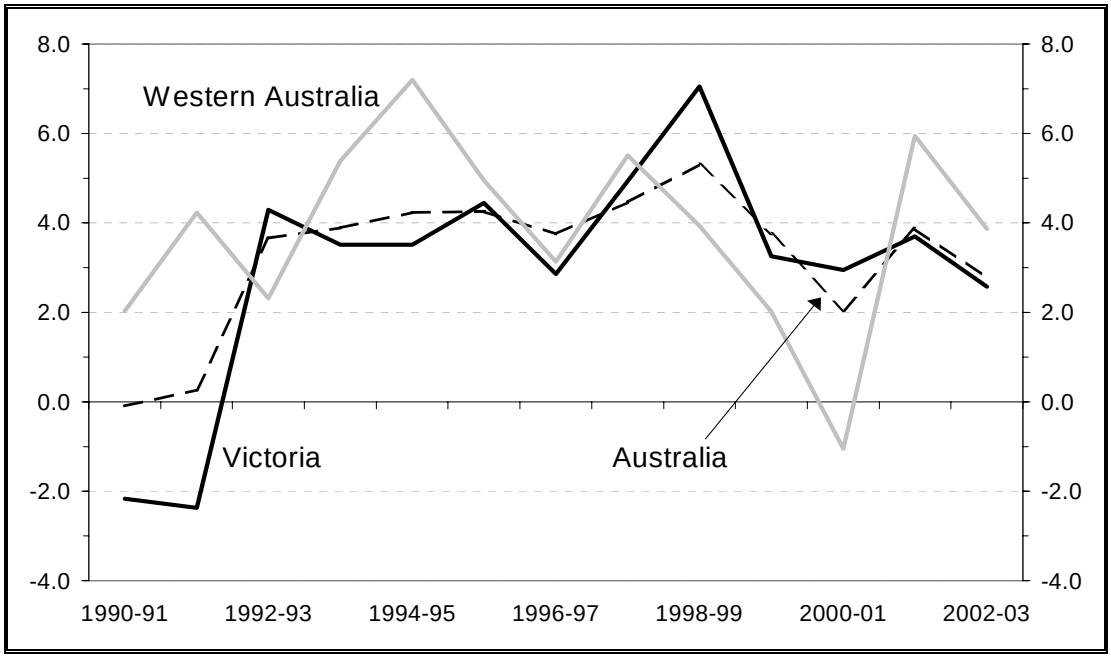
2.3 The Economy

Gross State Product (GSP) is a measure of the aggregate value of economic production for a State or Territory. Gross Domestic Product (GDP) is the corresponding national aggregate. Economic growth rates are calculated from percentage changes in GSP and GDP. To account for differences in the rate of population growth for Victoria and Western Australia, most of the following material is presented in per capita terms.

Figure 2.4 illustrates the per capita economic growth rates for Victoria and Western Australia. The recession of the early 1990s constrained economic growth, particularly in Victoria because of the reliance of its economy on the manufacturing sector. Growth in GSP per capita has fluctuated significantly in Victoria since 1990-91 with negative

growth in GSP per capita in the first few years of the decade. Figure 2.4 clearly illustrates the effect of the economic slowdown in Victoria in the early 1990s. Western Australia followed a different growth path through the 1990s. The economy grew strongly in per capita terms relative to the Victorian and national economies through the first half of the 1990s. However, per capita economic growth in Western Australia appeared to slow sharply in the second half of the 1990s before recovering strongly in 2001-02.

Figure 2.4
Growth in Gross State Product per capita,
Victoria and Western Australia: 1989-90 to 2002-03
(Annual percentage change)

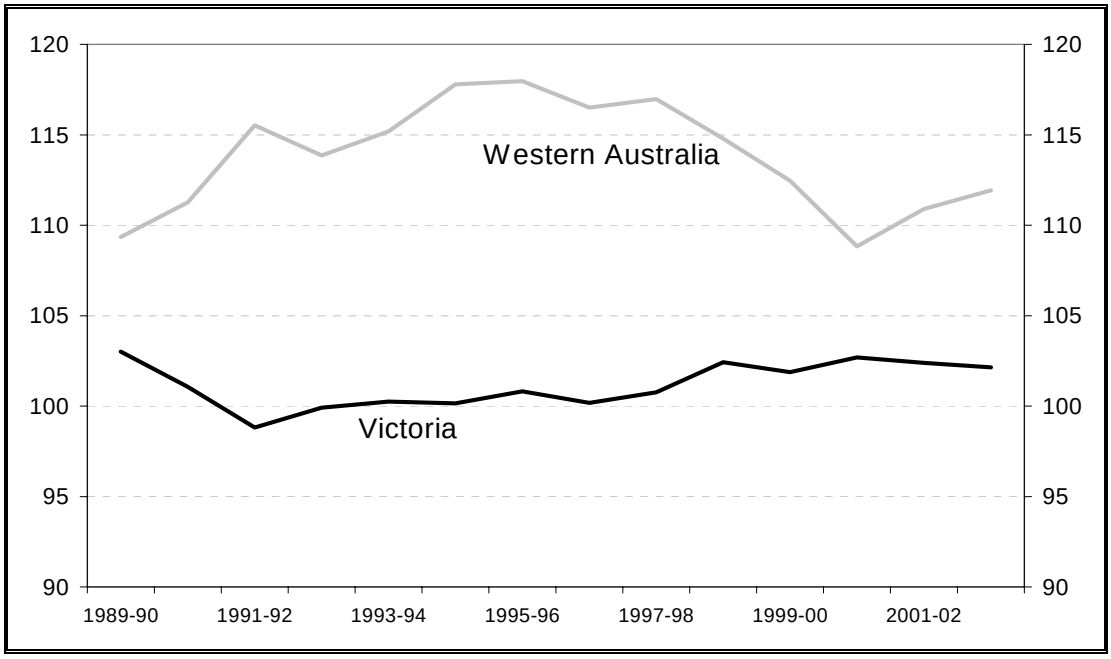


Source: ABS, Australian National Accounts: State Accounts, Cat. No. 5220.0.

In addition to comparing economic *growth rates*, we can also examine whether the *amount* ($ value) of GSP per capita is higher or lower in Victoria or Western Australia and how it compares with the $ value of GDP per capita for Australia by indexing GDP per capita to 100 for each year and then calculating comparable index numbers for the two States. These index numbers will take on values greater than 100 when the dollar value of output per capita is higher in the States than it is for Australia as a whole. Conversely, the index numbers will take on values of less than 100 when output per capita in either of the States is less than the value of output per capita across Australia.

Figure 2.5 illustrates GSP per capita for Victoria and Western Australia indexed against GDP per capita for Australia. In 1991-92 and 1992-93, GSP per capita in Victoria fell below the Australian level reflecting the severity of the recession, while GSP per capita in Western Australia continued to rise against the Australian level. In the late 1990s, per capita GSP in Western Australia fell against the Australian and Victorian levels but has recovered in the past few years. However, throughout the past 15 years, the value of output per capita has been higher in Western Australia than in Victoria.

Figure 2.5
Gross State Product per capita, Victoria and Western Australia: 1989-90 to 2002-03
(Index, Australian GDP per capita = 100)



Source: ABS, Australian National Accounts: State Accounts, Cat. No. 5220.0.

Economic growth rates and the absolute value of output and income that States generate are important because they give rise to tax revenues that finance the provision of government funded services. Although taxes raised by different levels of government will have differing impacts on the provision of government services at the State and regional levels, it is likely that those States and regions that can generate more income and in which economic growth rates are highest will be more able to fund services including gambling help and related services.

Perhaps more importantly, those States and regions in which economic growth is high are likely to have higher employment growth and lower unemployment rates. Studies have shown that problem gamblers are more likely to be young, male and unemployed and thus it might be expected that those regions with higher rates of unemployment particularly where the unemployment is concentrated on young males might expect to suffer greater negative impacts from problem gambling than those regions where unemployment is lower.

2.4 Industry Structure and Employment

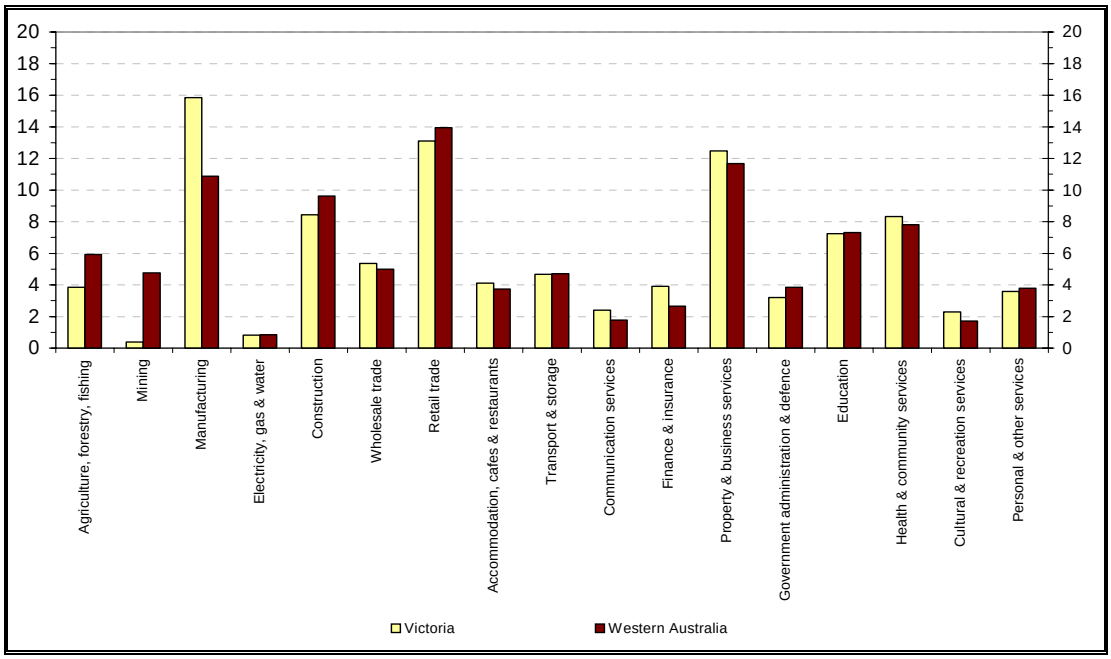
Differences in the performance of the Victorian and Western Australian economies are partly explained by differences in the industrial structure of the two economies. In particular, manufacturing is much more significant to the Victorian economy, while mining is more important to the Western Australian economy. National Accounts data indicates that manufacturing accounted for about 15 per cent of the Victorian economy's total factor income (TFI) in 2003-04, compared to 9.0 per cent of Western Australian TFI. The divergence for mining is much more stark with mining accounting for 18 per cent of Western Australian overall TFI but only 1.4 per cent of Victorian TFI.

The relatively greater importance of manufacturing to the Victorian economy explains the poorer economic performance of the State during the 1990 recession and early 1990s. The historical reliance of the Victorian economy on protected manufacturing activities meant the economy became burdened with a greater degree of uncompetitive firms. As competitive pressures grew over time due to factors such as a shift in consumer preferences towards services associated with rising incomes, ongoing labour displacing technological change, and reductions in protection and subsidies together with increased competition from imports, uncompetitive manufacturing firms and activities have receded, with the recession acting as a particular catalyst for change. In contrast, the relatively smaller role of manufacturing in Western Australia has meant that the economy has not had to endure such a high degree of restructuring.

The different industry structure in the two States also goes part way to explaining the consistently higher level of GSP per capita in Western Australia compared to Victoria and Australia as a whole. The capital-intensive nature of the mining industry (resulting in high output per worker) means that the State naturally has a higher GSP per capita.

In terms of employment, manufacturing was the largest employing industry sector in Victoria in 2003. Almost 16 per cent of Victoria's workers were employed in manufacturing compared to around 11 per cent in Western Australia (see Figure 2.6 which depicts employment by industry for the two States in 2003). In Western Australia, mining is a significant but not the most important sector in terms of employment, which is due to the capital intensive nature of mining activity. Almost 5 per cent of workers are employed in mining compared to less than 0.5 per cent of workers in Victoria.

Figure 2.6
Employment by industry, Victoria and Western Australia: 2003
(Per cent)



Source: ABS, Labour Force, Australia, Cat. No. 6202.0.

Other major employing industries in both States were retail trade (about 13 per cent in Victoria and 14 per cent in Western Australia) and property and business services (about 12 per cent in Victoria and in Western Australia).

2.5 Employment and Unemployment

Between early 1990 and mid 1991, employment fell in Victoria by almost 8 per cent with more than 160,000 jobs lost. The unemployment rate rose sharply from a low of 4.5 per cent at the end of 1989 to a peak of 12 per cent in the September quarter of 1993. During this period, youth unemployment reached a high of 27 per cent in the June quarter of 1992, and has not fallen to pre-recession levels since this time. These aggregate trends are important because the impact of the recession and a significant rise in joblessness can impact on a communities capacity to help those in greatest need or to give to charity (see Chapter Ten). The prospect of job creation from a liberalised gaming industry and the belief that gambling would add to tourism, were arguments advanced in support of the decision to expand the industry in the early 1990s.

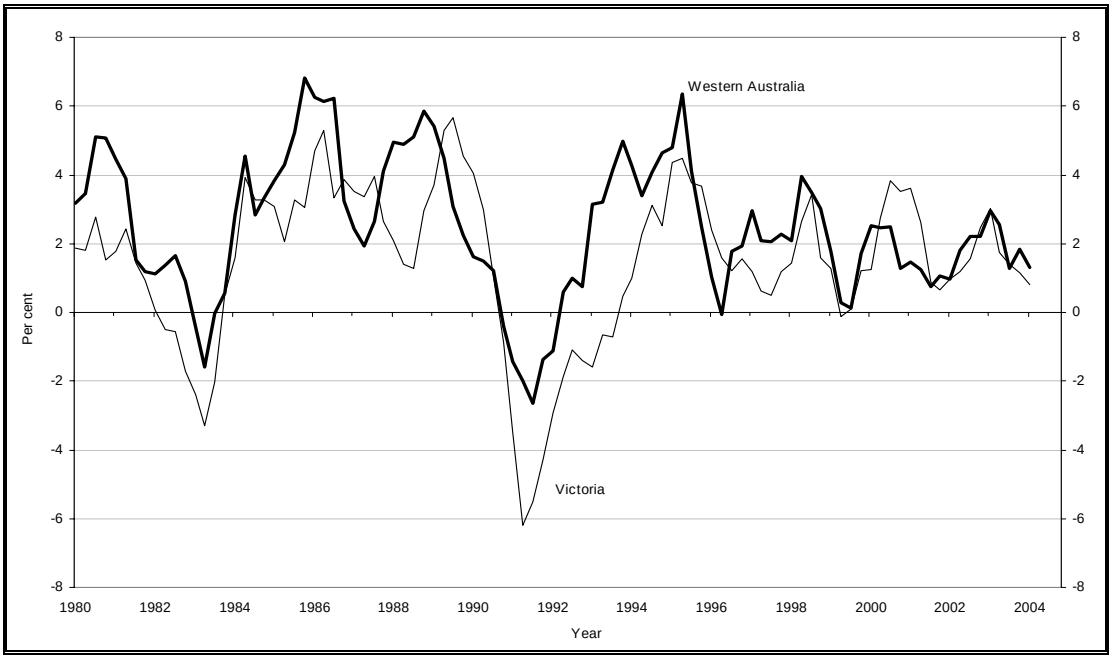
By contrast, in Western Australia, employment fell less severely between early 1990 and mid 1991 (by about 4 per cent or 30,000 jobs). The unemployment rate peaked at 11 per cent in the March quarter of 1992 before falling sharply. The youth unemployment rate also rose sharply from a low of about 12 per cent in mid 1989 to a peak of 25 per cent (in the September quarter of 1992.

In 2003, employment grew by around 1 per cent in Victoria and almost 2 per cent in Western Australia. By the end of 2003, the unemployment rate was around 5.5 per cent in Victoria and approximately 6 per cent in Western Australia, while youth unemployment rates were about 15 and 17 per cent respectively.

Figures 2.7 — 2.9 depict the evolution in employment growth, the unemployment rate and youth unemployment for Victoria and Western Australia.

The divergent economic performance during the early 1990s did not appear to result in markedly different wages growth. Since 1985, wages growth has been similar in the two States. Figure 2.10 shows that, apart from two instances in the late 1990s and early 2000s when wages growth was significantly higher in Western Australia, the two time-series align closely.

Figure 2.7
Employment growth, Victoria and Western Australia: 1980 to 2004
(Year-ended percentage change)

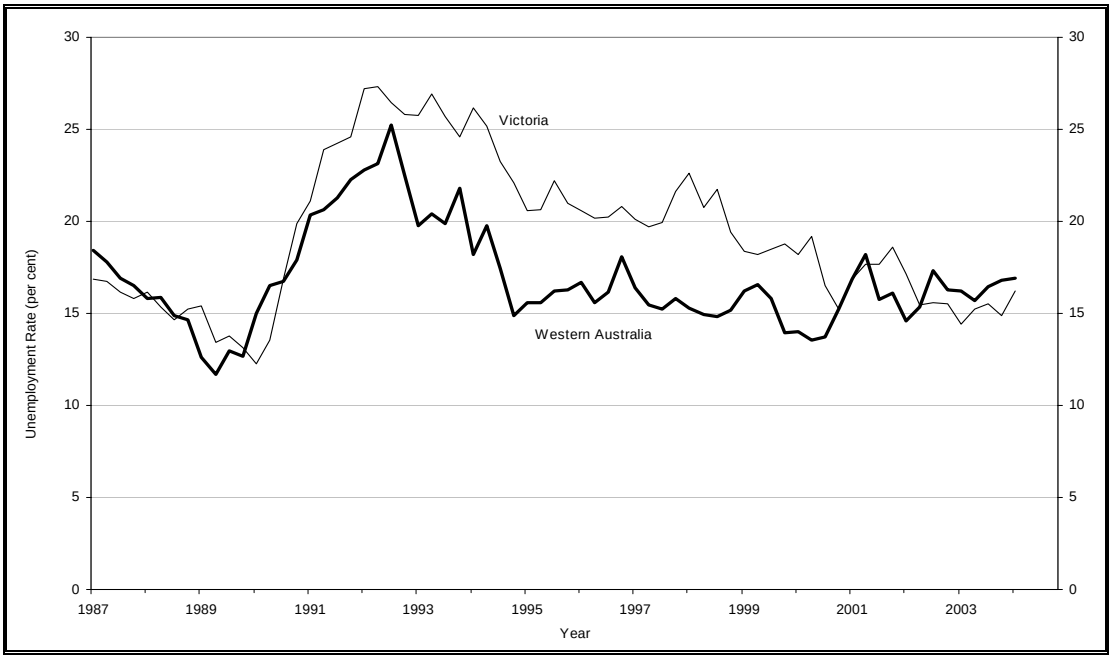


Source: ABS, Labour Force, Australia, Cat. No. 6202.0.

Figure 2.8
Unemployment rate, Victoria and Western Australia: 1980 to 2004
(Per cent of the labour force)

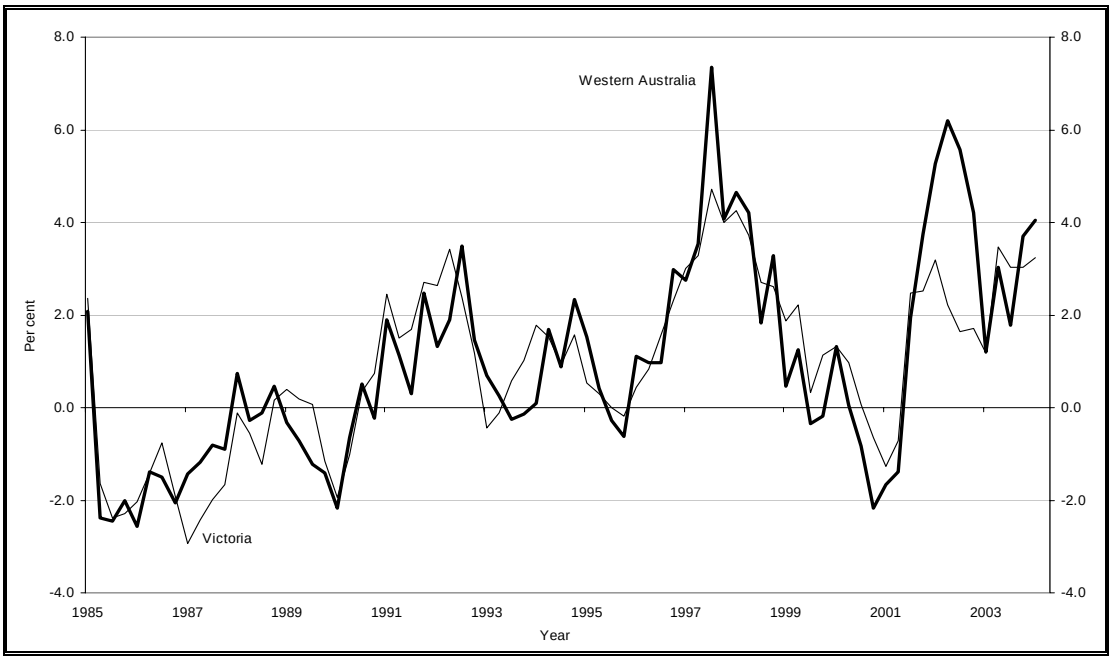
Source: ABS, Labour Force, Australia, Cat. No. 6202.0.

Figure 2.9
Youth unemployment rate, Victoria and Western Australia: 1987 to 2004
(Per cent of the labour force)



Source: ABS, Labour Force, Australia, Cat. No. 6202.0.

Figure 2.10
Wages growth, Victoria and Western Australia: 1985 to 2004
(Average Weekly Ordinary-Time Earnings, Year-ended percentage change)

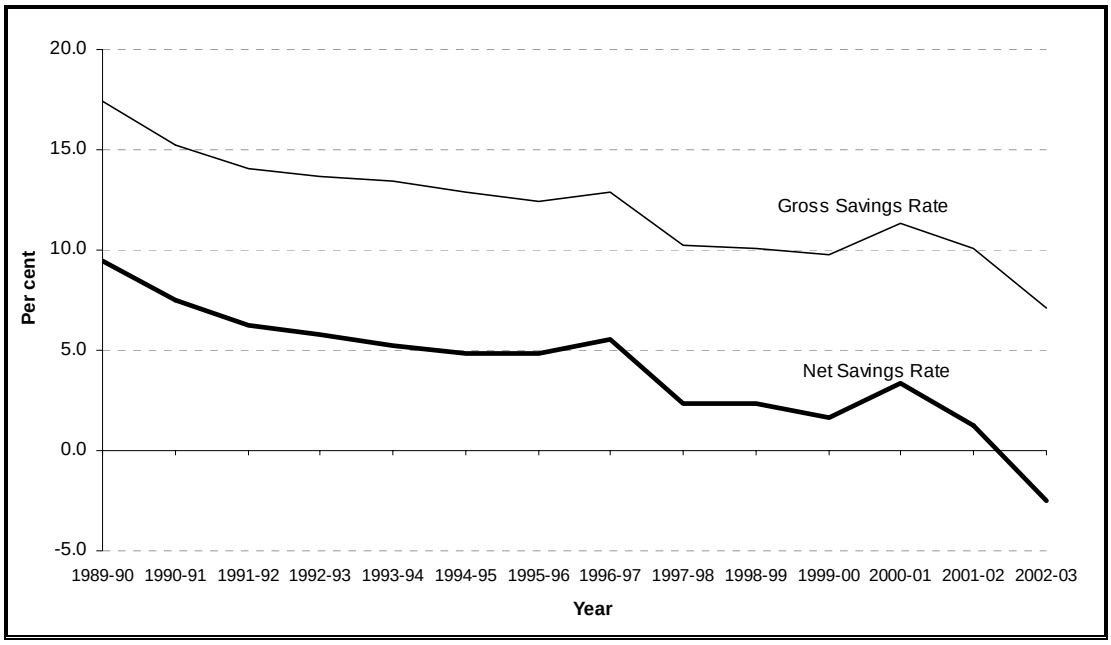


Source: ABS, Average Weekly Earnings, Australia, Cat. No. 6302.0.

2.6 Comments on Savings Rate

Some commentators and researchers (NIEIR, 1997a) have suggested that the relative impacts on other sectors of the economy (e.g., retail) from the growth in gambling expenditure have been relatively small, principally because they conclude that the growth in gaming expenditure has been largely funded out of savings. As to when this growth is expected to slow as savings are depleted no forecasts are provided. Gambling must be financed either by drawing down savings or by diverting expenditure from other consumption goods/purchases or through the sale of assets, the last of these that must also deplete or by some combination of all of the above. The various "savings hypothesis studies" utilise householder expenditure survey data (HES) which consistently under reports estimates of gambling expenditure and provides poor quality expenditure data on EGMs. That is to say, even the ABS advises against the use of HES data for gambling studies because of the systematic underreporting of gambling expenditure.

Figure 2.11
Gross and Net Savings Rate: National
1989-90 to 2002-03



Source: ABS, *Australian National Accounts: National Income, Expenditure and Product* (5206.0).

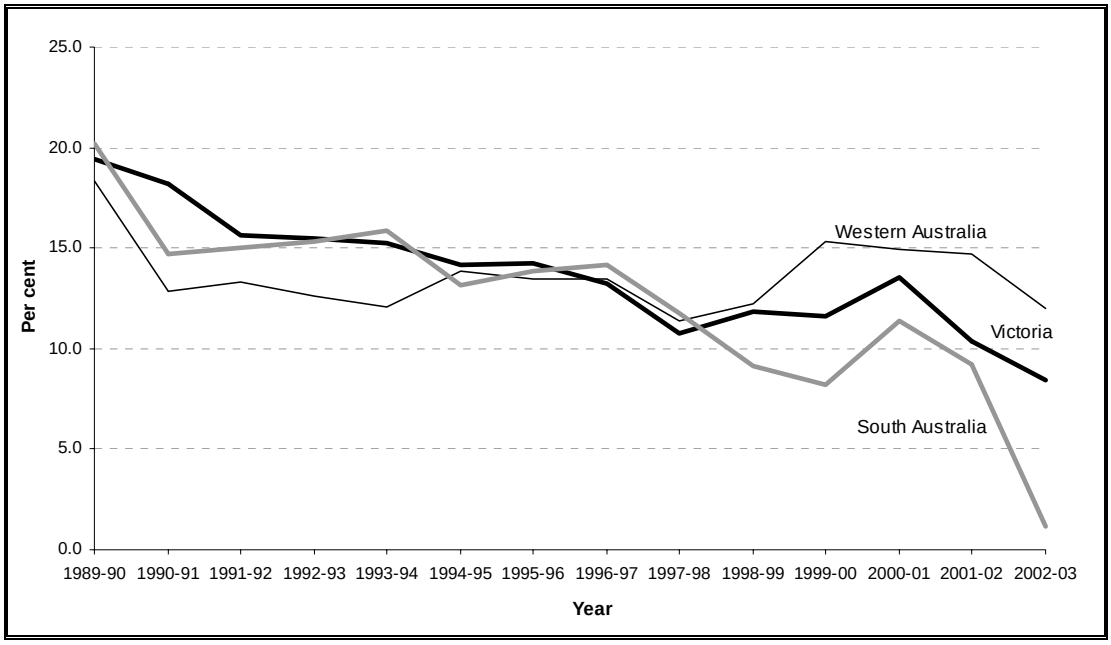
Unfortunately, in seeking to compare the two States, the savings rate hypothesis (that EGM gambling has been funded through reduced savings) is not immediately testable by comparing States because the ABS doesn't publish net household savings rate data for each State.[11] In Figure 2.11 the gross and net saving rate for Australia is shown where gross savings is net savings plus consumption of fixed capital (i.e., running down the stock of houses and consumer durables). In Figure 2.11 both the gross and net savings rate for Australia has declined over the entire period. In Figure 2.12 we note that for the record, the gross savings rate did fall less rapidly in Western Australia during the past decade or so than in all other States but that the long run trend for all States and

[11] It does publish this data at a national level.

nationally has been of decline and is unlikely to be much impacted by growth in gambling expenditure.

However, the pattern of gambling expenditure in Victoria[12] shows a distinct trend which suggests considerable gambling activity is financed from debt contributing to a decline in personal savings (i.e., implies a reduction in future consumption) and a run down of capital stock (i.e., housing investment, repairs, maintenance) and reduction in expenditure on consumer durables.

Figure 2.12
Gross Saving Rate: Three States
1989-90 to 2002-03



Source: ABS, *Australian National Accounts: National Income, Expenditure and Product* (5206.0).

In this brief overview of the people, the economy, industry structure and employment and unemployment we have sought to 'paint a picture' of the respective economic performance of the two States and identify any factors that might subsequently be important in examining trends in other data. For example, was unemployment persistently higher in any one State as unemployment and participation in gambling are frequently associated. A period of recession can constrain a community's ability to donate to charity which might be incorrectly associated with the timing of the introduction of EGMs. Population characteristics — gender, age and ethnicity — are often associated with preferences for certain types of gambling activities.

[12] The SACES analysed long run trends in gambling expenditure in a recent report on The Impact of Regional Caps for the Victorian GRP (February, 2005).

Chapter Three

Gambling Industries and Expenditure

This chapter profiles the gambling industries in Australia, Victoria and Western Australia drawing on the available statistics on expenditure and participation in gambling activities. The primary source on expenditures are the statistics collected by the Tasmanian Gaming Commission.

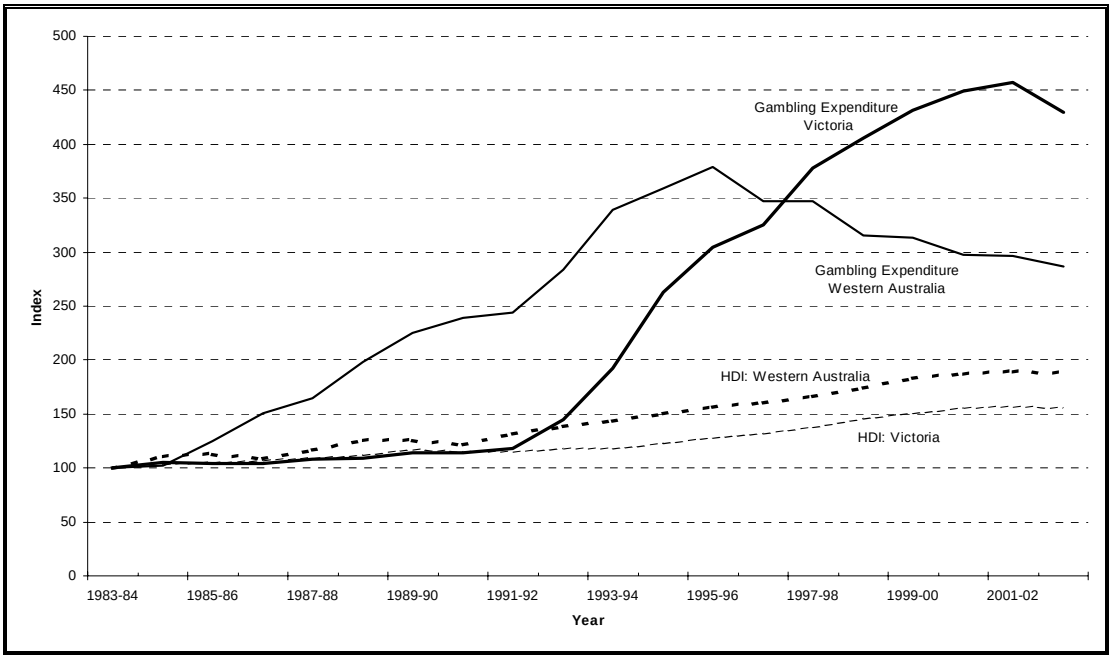
Summary of Gambling Expenditure

- since 1983-84 growth in real gambling expenditure has increased in Victoria almost 8 times more than household disposable income (HDI) and three times more than HDI in Western Australia in the same period;
- growth in gambling expenditure has overwhelmingly been driven by growth in expenditure on EGMs;
- the two States have experienced a dramatic reversal in the share of household disposable income (HDI) measured in real terms spent on gambling. In 1987-88 Western Australians spent on average 1.48 per cent of HDI on gambling while for Victorians, the figure was 1.30 per cent. In 2002-03 the figure for Western Australia was 1.60 per cent. In Victoria the level of expenditure had risen to 3.58 per cent, more than twice the level of expenditure in Western Australia;
- in 2003 more was spent on casino gaming in Victoria than on racing, sports betting and all other recorded forms of gaming combined (excluding EGMs);
- in Western Australia, unlike the experience in Victoria and Australia, total expenditure growth was most significant following the opening of the Burswood Casino, but per capita expenditure on casino gambling fell significantly from 1997-98 onwards;
- total spent on racing, in per capita terms in Victoria in 2002-03 was $148 per adult and $125 per adult in Western Australia;
- total spent on lotteries was $98 per adult in Victoria and $144 per adult in Western Australia;
- average total gaming expenditure per adult in Victoria was $1,133 in 2002-03 and $460 in Western Australia, with almost all the difference being accounted for by EGM spend.

Economic growth, employment growth and wages growth are interlinked and all contribute to increases in household disposable income (HDI). Increases in real HDI (i.e., HDI adjusted for inflation) enable households to increase their consumption expenditure, including expenditure on gambling. However, Figure 3.1 shows that in the past, growth in real gambling expenditure (monies spent on gambling less gambling payouts) have vastly exceeded growth in HDI in both Victoria and Western Australia. Since 1983-84, gambling expenditure in Victoria has increased about fourfold compared with the rise in HDI of about 56 per cent. That is, expenditure on gambling has increased almost 8 times more than HDI. Gambling expenditure in Western Australia rose very rapidly until 1995-96 when it peaked at about 3.5 times its 1983-84 level compared with a 57 per cent increase in HDI until 1995-96. Real gambling expenditure has since declined in Western Australia but by 2003-04, gambling expenditure was still almost three times

as high as two decades earlier whereas household disposable incomes were only twice as high. The following section discusses the gambling industries and expenditure in Victoria and in Western Australia in much greater detail.

Figure 3.1
Growth in Household Disposable Income and Gambling Expenditure in Victoria and Western Australia: 1983-84 to 2002-03 (Index: 1983-84 = 100)



Source: Tasmanian Gaming Commission, *Australian Gambling Statistics 2004*.

3.1 Recent history of Australia's gambling industries

The Australian gambling industries as a group have undergone tremendous growth in the past quarter of a century. Total expenditure on gambling, that is the net amount lost by gamblers, has grown from $1,104 million in 1977-78 to $15,365 million in 2002-03. In part, this reflects economy-wide inflation; total expenditure in 1977-78 was $4,084 million in terms of 2002-03 dollars[13], growing to $15,365 million by 2002-03 at an average annual rate of growth of 5.5 per cent.

Table 3.1 below shows various measures of the level of gambling expenditure in Australia at 5 year intervals starting from 1977-78 and the average annualised growth rates between the selected years. Even considering the fact that, over the past 25 years, Australia has also experienced an increase in the adult population eligible to gamble and an increase in the standard of living that has provided Australian households with greater disposable income to spend on entertainment, it is clear that expenditure on gambling is accounting for an ever-increasing proportion of household budgets. This is evident from the last two columns of Table 3.1 which show that, in the 25 years since 1977-78, expenditure per adult (in real terms) and share of household disposable income have more than doubled.

[13] By this we mean that the $1,104 million spent on gambling in the year 1977-78 could have instead bought a typical selection of consumer goods and services in an amount that would have cost $4,084 million for a similar selection in 2002-03.

Table 3.1
Measures of the growth in Australia's gambling expenditure
1977-78 to 2002-03

	Total expenditure ($ million)		Real expenditure[1] (2002-03 $ million)		Expenditure per adult ($ per adult)		Real expenditure per adult* (2002-03 $ per adult)		Share of household disposable income (Per cent)	
	Level	Rate[2]	Level	Rate[2]	Level	Rate[2]	Level	Rate[2]	Level	Rate[2]
1977-78	1,104		4,084		113		420		1.72	
1982-83	1,924	11.8	4,430	1.6	178	9.5	411	-0.4	1.68	-0.5
1987-88	3,378	11.9	5,488	4.4	285	9.8	463	2.4	1.82	1.7
1992-93	5,991	12.1	7,749	7.1	461	10.1	597	5.2	2.27	4.5
1997-98	11,346	13.6	13,222	11.3	815	12.1	950	9.7	3.29	7.7
2002-03	15,365	6.3	15,365	3.0	1,026	4.7	1,026	1.6	3.41	0.7

Note: [1] Inflated using the Consumer Price Index, ABS catalogue no. 6401.0.
[2] 'Rate' refers to the annualised percentage rate of growth over the previous five years.
Source: Tasmanian Gaming Commission, 2004.

Also apparent from Table 3.1 is the fact that almost all of the real growth in expenditure per adult and gambling expenditure as a share of household disposable income has occurred in the past 15 years. In particular, between 1992-93 and 1997-98, real expenditure per adult grew at almost 10 per cent per year.

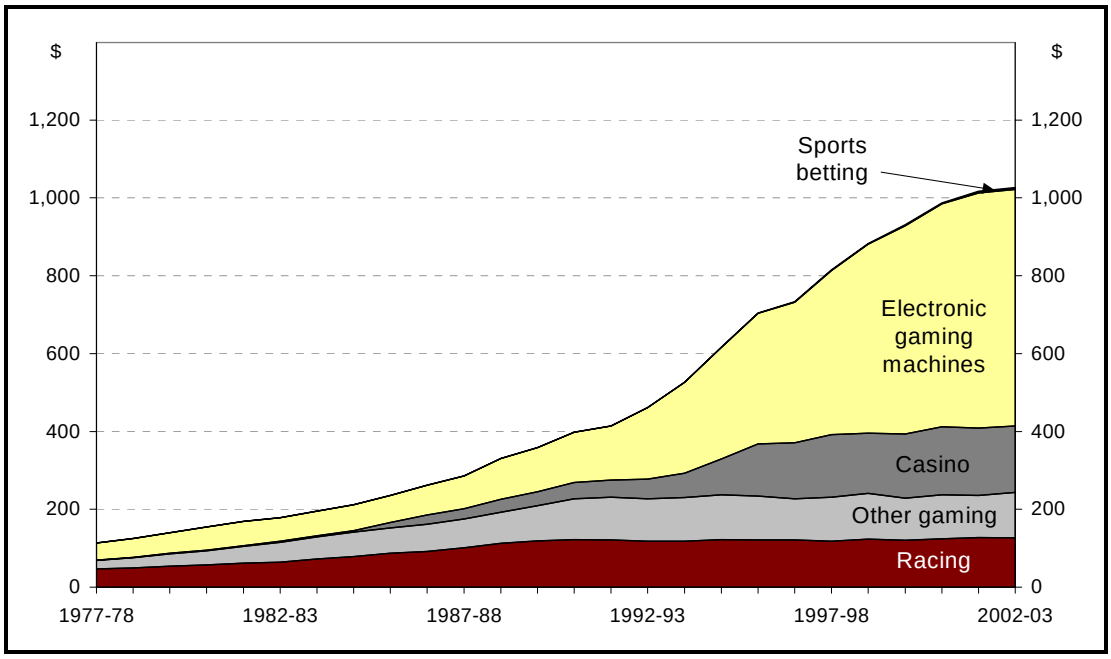
It is evident from Figure 3.2 that gambling expenditure growth has overwhelmingly been driven by growth in expenditure on EGMs and, to a lesser extent, on casino gaming, though this graph smoothes over the dramatic changes in expenditure within individual states as they successively introduced EGMs and casinos at different times. For example, New South Wales has had EGMs in licensed clubs since 1956, and in hotels since 1984. The Australian Capital Territory introduced EGMs in 1976. Victoria, Queensland, South Australia, Tasmania and the Northern Territory all introduced EGMs in the 1990s, while Western Australia still does not permit EGMs in hotels or clubs.

Expenditure on EGMs has grown rapidly over the past decade in all States in which these are permitted, increasing from $2,388 million in 1992-93 to $9,096 million in 2002-03, and accounting for nearly 60 per cent of all gambling expenditure in 2002-03. The bulk of the growth in EGM expenditure has been due to the Victorian, Queensland, South Australian, Tasmanian and the Northern Territory Governments successively legalising the installation of EGMs in hotels or licensed clubs.

The expansion in the number of casinos has also contributed to this growth. And though casino gaming expenditure remains small compared to EGM expenditure outside of casinos (where this is available), nevertheless more money is lost in Australian casinos than is lost (separately) on wagering, or on all other forms of gaming combined (excluding EGMs). Whereas prior to the 1980s casino gaming was available only in Tasmania, today casino gaming is available in every State and Territory; a total of 13 casinos provide gaming opportunities to the Australian public, including four casinos in Queensland, and two casinos in each of Tasmania and the Northern Territory.

More recently, expenditure on sports betting has grown very rapidly, but it is still a small industry with consumer expenditure recorded as just $76.4 million in 2002-03.

Figure 3.2
Per capita gaming expenditure, Australia: 1977-78 to 2002-03



Source: Tasmanian Gaming Commission, 2004.

Table 3.2
Australian expenditure on gambling activities
Percentage of household disposable income
1977-78 to 2002-03

	Electronic Gaming Machines	Casino Gaming	Lotteries, Lotto and Pools	Minor Gaming	Other Gaming	Racing	Sports betting
1977-78	0.67	0.01	0.29	0.04	0.00	0.71	0.00
1982-83	0.57	0.02	0.32	0.06	0.09	0.61	0.00
1987-88	0.54	0.17	0.32	0.07	0.09	0.64	0.00
1992-93	0.90	0.25	0.30	0.12	0.12	0.58	0.00
1997-98	1.70	0.65	0.29	0.06	0.11	0.48	0.01
2002-03	2.01	0.57	0.29	0.01	0.09	0.42	0.02

Source: Tasmanian Gaming Commission, 2004.

The gambling opportunities available to Australian consumers have multiplied and, in this environment, it is perhaps not surprising that the conventional gambling experiences of racing and other forms of gaming (lotteries, scratch tickets, keno and minor gaming) have struggled to maintain their share of consumers' interest. In particular, Table 3.2 shows that average expenditure on racing gambling as a percentage of household disposal income fell by 0.16 percentage points over the decade to 2002-03 (a fall of over one-quarter from its 1992-93 level), following a fall of 0.13 percentage points over the fifteen-years to 1992-93 (a fall of almost one-fifth from its level in 1977-78). The recorded expenditure on 'other gaming' activities, as a percentage of household disposable income, has also fallen in recent years, though this is exaggerated by the recent cessation of recording of minor gaming in Victoria and Queensland.[14]

[14] Minor gaming notionally includes charity raffles, bingo, lucky envelope, trade competitions, etc. although the extent of recording varies from State to State.

Nevertheless, expenditure on lotteries, lotto and pools for which good data exists fell as a percentage of household disposable income from 0.32 per cent in 1987-88 to 0.29 per cent in 2002-03, after increasing by a similar amount over the ten years to 1987-88. Expenditure on scratch tickets has almost halved over the past decade (as a percentage of household disposable income).

3.2 The Victorian gambling industry

The Victorian gambling industry has undergone a similar, though exaggerated, transformation to the national industry over the past quarter of a century. The Victorian parliament passed legislation enabling the introduction of EGMs into hotels and licensed clubs in 1991, and Melbourne's Crown casino opened on 30 June 1994. While total expenditure on gambling in Victoria rose from $232 million in 1977-78 to $904 million in 1991-92, this largely reflected inflation and the natural increase in the adult population over this period; there was very little growth in gambling expenditure as a share of household disposable income. However, by 2002-03 gambling expenditure had increased to $4,236 million, approaching five-times the level of a decade earlier during a period of low inflation. Table 3.3 shows that — by any measure — Victorian gambling expenditure has grown at a phenomenal rate during the past decade. In particular, the five-year period ending in 1997-98, which followed the introduction of EGMs and included the opening of the Crown Casino, saw expenditure as a percentage of household disposable income more than double.

Table 3.3
Measures of the growth in Victoria's gambling expenditure
1977-78 to 2002-03

	Total expenditure ($ million)		Real expenditure[1] (2002-03 $ million)		Expenditure per adult ($ per adult)		Real expenditure per adult* (2002-03 $ per adult)		Share of household disposable income (Per cent)	
	Level	Rate[2]	Level	Rate[2]	Level	Rate[2]	Level	Rate[2]	Level	Rate[2]
1977-78	232		857		88		326		1.31	
1982-83	390	10.9	904	1.1	137	9.2	318	-0.5	1.26	-0.7
1987-88	661	11.1	1,069	3.4	214	9.3	347	1.7	1.30	0.5
1992-93	1,112	11.0	1,427	5.9	334	9.3	429	4.4	1.60	4.3
1997-98	3,197	23.5	3,728	21.2	915	22.3	1,067	20.0	3.58	17.4
2002-03	4,236	5.8	4,236	2.6	1,133	4.4	1,133	1.2	3.58	0.0

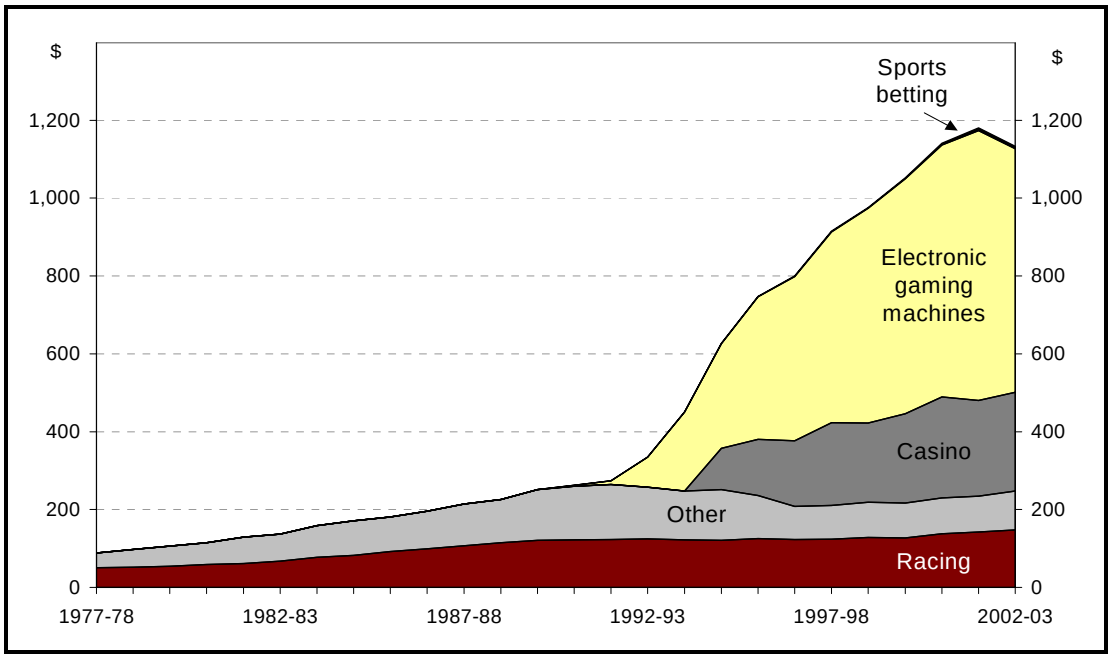
Note: [1] Inflated using the Consumer Price Index, ABS catalogue no. 6401.0.
[2] 'Rate' refers to the annualised percentage rate of growth over the previous five years.
Source: Tasmanian Gaming Commission, 2004.

Figure 3.3 makes clear that this explosive rate of growth in expenditure is due entirely to the expansion of expenditure on EGMs and casino gaming. In recent years the growth in EGM expenditure has slowed. In fact, in 2002-03, $2,334 million was spent on EGMs (equivalent to $624.48 per adult), which is a fall of 8.9 per cent from the peak of $2,563 million (or $692.67 per adult) spent in the previous year, and is also below the level of expenditure in 2000-01. The principal reason for this was the introduction of smoking bans in gaming facilities in September 2002. Average monthly expenditure declined by 20 per cent in the year after the ban on smoking in gaming areas was introduced. The average monthly expenditure for the year to August 2002 — the year prior to the ban — was $234 million per month compared to $188 million per month for

the year after the implementation of the ban. Other contributing factors include the capping of the number of machines at 27,500 in 1996; more recently a series of legislative reforms aimed at reducing the extent of gambling problems include, *inter alia*:

- a ban on $100 note acceptors on machines;
- prohibiting the increase of machine spin rates above current levels;
- a ban on autoplay facilities;
- setting a maximum bet limit of $10; and
- requiring additional consumer advice on machines such as displaying information about odds of winning and the amount of time and money spent by the player.

Figure 3.3
Per capita gaming expenditure, Victoria: 1977-78 to 2002-03



Source: Tasmanian Gaming Commission, 2004.

The other significant change was the reduction in venue gaming hours from 24 hours to a maximum of 20 hours, causing venues to experience a decline in revenue of about 3.3 per cent of total revenue.

Expenditure on casino gaming expanded rapidly following the introduction of the Crown Casino. In 2002-03, following a slight dip in expenditure in the previous year, casino gaming expenditure peaked at $952 million ($254.61 per adult). More was spent on casino gaming in Victoria than on racing, sports betting and all other recorded forms of gaming combined (excluding EGMs).

Table 3.4
Victorian expenditure on gambling activities
Percentage of household disposable income
1977-78 to 2002-03

	Electronic Gaming Machines	Casino Gaming	Lotteries, Lotto and Pools	Minor Gaming	Other Gaming	Racing	Sports betting
1977-78	0.00	0.00	0.51	0.04	0.00	0.76	0.00
1982-83	0.00	0.00	0.44	0.12	0.08	0.62	0.00
1987-88	0.00	0.00	0.45	0.15	0.05	0.65	0.00
1992-93	0.37	0.00	0.38	0.19	0.06	0.60	0.00
1997-98	1.91	0.83	0.31	n.a.	0.03	0.48	0.01
2002-03	1.97	0.80	0.29	n.a.	0.03	0.47	0.02

Source: Tasmanian Gaming Commission, 2004.

As with the national gambling industry, it is clear that while the EGM and casino industry have found a receptive clientele in Victoria, the traditional gambling industries (racing and other gaming industries) have struggled to hold onto their existing customer base. The decline in wagering expenditure in Victoria appears to be slightly less severe than the national average (a fall of around 0.13 percentage points during the ten years ending in 2002-03 (or roughly one-fifth of its 1992-93 level). The decline in 'other gaming' expenditure is exaggerated by the cessation of recording of minor gaming in 1996. Nevertheless, expenditure on lotteries (generally) has fallen markedly as a percentage of household disposable income over the past quarter of a century, with a particularly sharp decline in the five years ending in 1997-98, while expenditure on scratch tickets has suffered a similar fate. Where in 1991-92, racing and lotteries (generally) dominated the gambling industries, by 2002-03 these were both minor players in the overall gambling industry.

3.3 The Western Australian gambling industry

The gambling environment in Western Australia is markedly different to Victoria and the rest of the country. In December 1985, the Burswood Casino opened in Perth and, in the late 1980s, legislation was introduced to amalgamate under one body (the Gaming Commission) all gaming with the exception of Lotto, instant lotteries and other lotteries conducted by the Lotteries Commission. All wagering remained under the ambit of the Totalisator Agency Board.

Since that time, the structure of the Western Australian gambling industry has remained largely unchanged. The Western Australian Government has, to date, rejected the policy of introducing EGMs into hotels and clubs and, consequently, electronic games[15] are still unique to the casino.

While total expenditure on gambling in Western Australia rose from $50 million in 1977-78 to $670 million in 2002-03 (more than 13 times the level of 25 years ago), gambling expenditure as a percentage of household disposable income increased by only around 70 per cent in this time, reflecting inflationary and population effects. However,

[15] Legislation in Western Australia requires that all electronic gaming machines in the Burswood Casino must emulate casino games.

it is important to note that, unlike the experience in Victoria and Australia as a whole, total expenditure growth was most significant in the late 1980s and early 1990s — i.e., the years following the introduction of the Burswood Casino — with average growth of around 21 per cent per annum in the five years to 1987-88 and 16 per cent per annum in the five years to 1992-93. In fact, in the most recent five-year period, total gambling expenditure fell by an average of almost 1 per cent per annum and gambling expenditure as a share of household disposable income fell by an average of around 6 per cent per year.

Table 3.5 shows this slowdown and subsequent decline in the growth of gambling expenditure in Western Australia over the past ten years.

Table 3.5
Measures of the growth in Western Australia's gambling expenditure
1977-78 to 2002-03

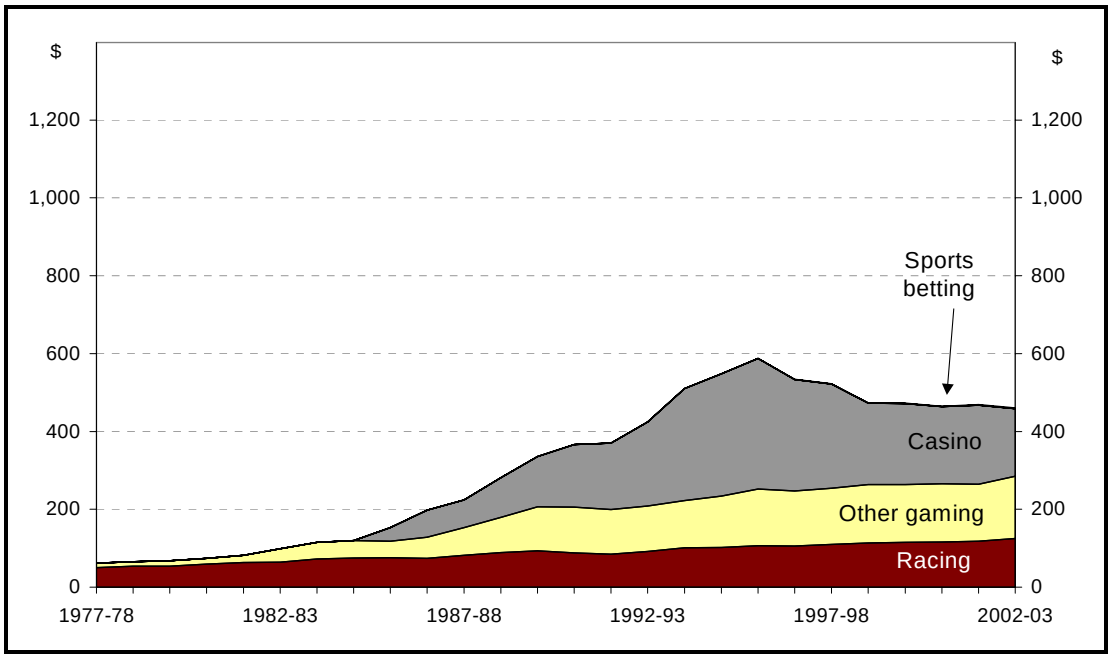
	Total expenditure ($ million)		Real expenditure[1] (2002-03 $ million)		Expenditure per adult ($ per adult)		Real expenditure per adult* (2002-03 $ per adult)		Share of household disposable income (Per cent)	
	Level	Rate[2]	Level	Rate[2]	Level	Rate[2]	Level	Rate[2]	Level	Rate[2]
1977-78	50		177		62		218		0.94	
1982-83	92	13.0	208	3.3	98	9.8	222	0.3	0.93	-0.3
1987-88	242	21.2	385	13.1	224	17.9	357	10.0	1.48	9.8
1992-93	514	16.3	662	11.5	424	13.6	547	8.9	2.15	7.7
1997-98	699	6.3	810	4.1	522	4.2	605	2.1	2.19	0.3
2002-03	670	-0.8	670	-3.7	460	-2.5	460	-5.3	1.60	-6.1

Note: [1] Inflated using the Consumer Price Index, ABS catalogue no. 6401.0.
[2] 'Rate' refers to the annualised percentage rate of growth over the previous five years.
Source: Tasmanian Gaming Commission, 2004.

Figure 3.4 shows that gaming expenditure per capita in Western Australia rose significantly in the years following the opening of the Burswood Casino, peaked in 1995-96 before falling off in the second half of the 1990s and levelling out in recent years. It is evident from the graph that much of this increase in spending on gambling activities can be explained by expenditure on casino gaming — in the ten years after opening, expenditure on casino gaming increased to $253 million and, by 1995-96, comprised 60 per cent of total gambling expenditure in the state in that year.

However, in the late 1990s, per capita expenditure on casino gambling fell significantly and has stabilised at lower levels in the past few years. A number of factors may have contributed to this. In the mid to late 1980s, Burswood Casino was one of few casinos in the Australasian region and was able to provide attractive facilities and packages to patrons from interstate and overseas. In the past two decades, however, numerous casinos have opened up in Australia and around the region and Burswood struggled to maintain market share (and company revenue overall, but particularly from international gaming, has decreased in recent years). Further, the introduction of Burswood's policy of no smoking on the main gaming floor in December 2001 has had an effect on gaming turnover in the casino and negatively impacted on company revenue in the period following its introduction.

Figure 3.4
Per capita gaming expenditure, Western Australia: 1976-77 to 2002-03



Source: Tasmanian Gaming Commission, 2004.

However, in per capita terms there has also been a slow upward trend in expenditure on the traditional gambling activities of the State, including racing (from $50 per adult in 1977-78 to $125 per adult in 2002-03) and lotteries/lotto (from $11 per adult in 1977-78 to $144 per adult in 2002-03). The equivalent spent on racing in Victoria was $148 per adult and $98 on lotteries in 2002-03.

Despite the opening of the Casino in 1985, expenditure on lotteries, lotto and pools continue to grow as a proportion of household disposable income. In the 25 years to 2002-03, expenditure on lottery products as a proportion of household disposable income more than doubled with total expenditure of $210 million in that year.

Expenditure as a percentage of household disposable income on wagering, however, has declined consistently over the past 25 years (a fall of around 0.34 percentage points during the period). Minor gaming and other gaming have also accounted for declining proportions of household disposable income over this time. Declining expenditure on minor gaming in Western Australia is driven by a real reduction in expenditure on instant lotteries ("scratchies"), while the decreasing significance of minor gaming (which includes charity raffles, bingo, etc) may, in part, reflect the fact that community groups and charities nation-wide have struggled for members and funds.

In the late 1980s, Western Australians spent a higher share of their household disposable income on gambling activities than did Victorians (1.48 and 1.30 per cent respectively). In the subsequent 15 years, the roles dramatically reversed, largely through the introduction of EGMs into hotels and clubs throughout Victoria and the resulting increase in the number of gambling opportunities available.

Table 3.6
Western Australian expenditure on gambling activities
Percentage of household disposable income
1977-78 to 2002-03

	Electronic Gaming Machines	Casino Gaming	Lotteries, Lotto and Pools	Minor Gaming	Other Gaming	Racing	Sports betting
1977-78	0.00	0.00	0.17	0.00	0.00	0.77	0.00
1982-83	0.00	0.00	0.19	0.00	0.13	0.61	0.00
1987-88	0.00	0.47	0.35	0.00	0.12	0.54	0.00
1992-93	0.00	1.10	0.38	0.09	0.12	0.46	0.00
1997-98	0.00	1.12	0.43	0.08	0.09	0.46	0.00
2002-03	0.00	0.60	0.43	0.05	0.07	0.43	0.01

Source: Tasmanian Gaming Commission, 2004.

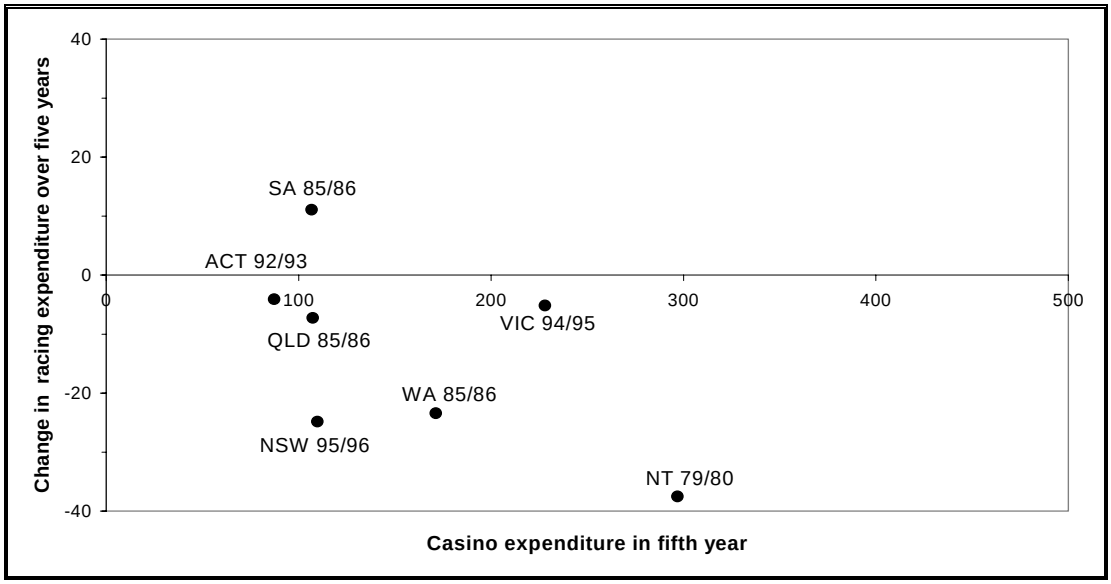
While access to gambling opportunities is undeniably greater in Victoria, most Western Australian residents have access to some form of gambling. Unlike Victoria, however, accessibility to gambling opportunities in Western Australia varies across the state. The ability to enter a lotto draw, buy a scratch ticket or place a bet on a horse, trots or greyhound race exists in most areas of the state. However, clearly gambling opportunities at the Burswood Casino are most accessible to residents in suburban Perth. To improve accessibility, the Casino provides regular return bus trips from various suburbs in the greater Perth area direct to the Casino. Further, although on a less regular basis, various community organisations arrange group trips to the Casino. The Casino has also provided increased gaming opportunities over the period since opening. In 1985, there were around 200 electronic gaming machines in the casino and, by 2002-03, this had increased over six-fold to around 1,300 machines.

3.4 Trends in Expenditure following the introduction of Casinos and EGMs

Figure 3.5 shows that six of the seven jurisdictions that have introduced casinos during the past quarter of a century have subsequently seen a decline in real racing expenditure per adult. In Victoria, real wagering expenditure per adult fell from $150.48 in 1993-94 to $141.74 in 2000-01 (albeit at a time when expenditure on EGMs was also increasing very rapidly).

Figure 3.6 shows real expenditure per adult for four States with Western Australia, South Australia and Queensland each establishing a casino in 1985-86 and Victoria much later in 1994-95.

Figure 3.5
Gambling Expenditure Following the Opening of Casinos
Casino Gaming and Wagering, Real Expenditure per Adult, 2001-02 $



Source: Tasmanian Gaming Commission, 2003, Australian Gambling Statistics 1976-77 to 2001-02.

Figure 3.6
Gambling Expenditure by State or Territory
Casino Gaming, Wagering and EGM Expenditure
Real Expenditure per Adult, 2001-02 $, 1976-77 to 2001-02

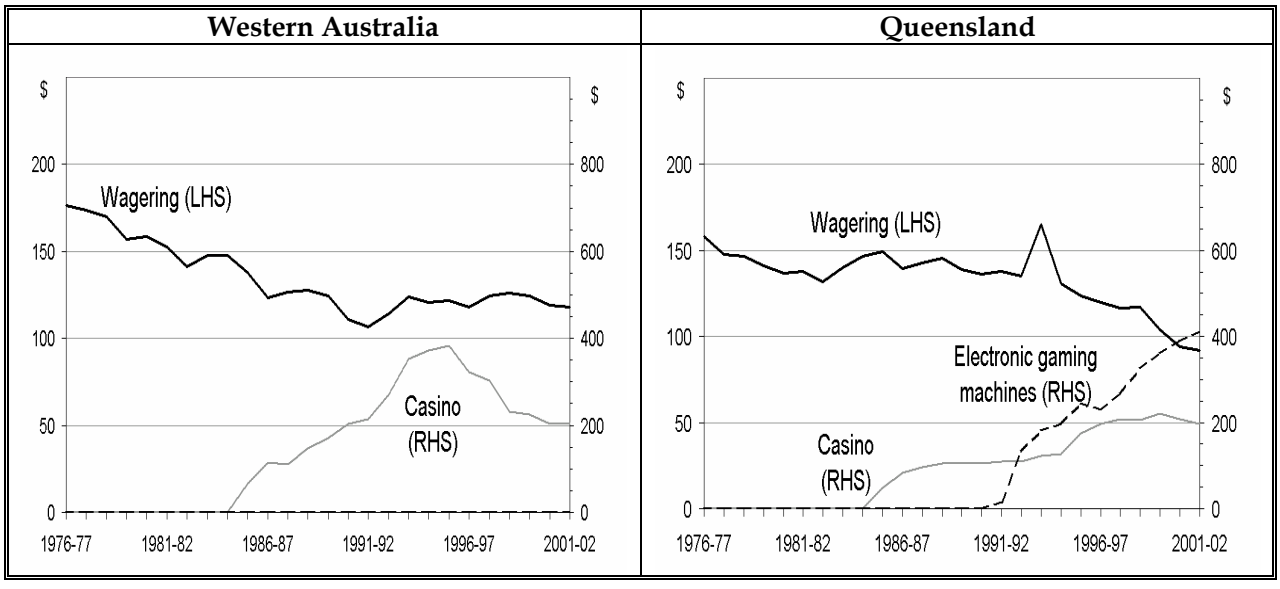
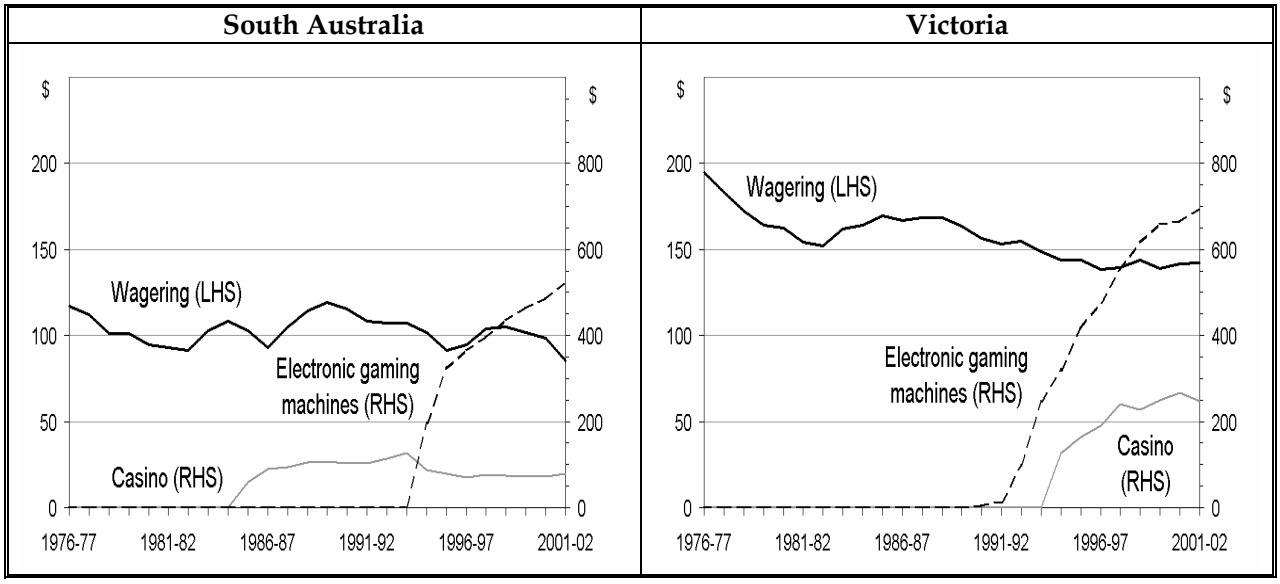


Figure 3.6 (continued ...)
Gambling Expenditure by State or Territory
Casino Gaming, Wagering and EGM Expenditure
Real Expenditure per Adult, 2001-02 $, 1976-77 to 2001-02



Source: Tasmanian Gaming Commission, 2003, Australian Gambling Statistics 1976-77 to 2001-02.

Participation in TAB wagering and casino gambling are well documented as mostly preferred forms of gambling for males. Various forms of lotteries are recorded as being preferred by more females. In Table 3.7 we summarise the changes in TAB wagering 8 years before and 2 eight year periods after the establishment of a casino in Western Australia, South Australia and Queensland, with the second eight year period incorporating EGMs in South Australia and Queensland only; then, using 8 year time periods, the impact on lotteries from firstly the casino and then the introduction of EGMs; and finally two periods to illustrate trends in casino gaming. The data is shown as annualised average growth rates.

Table 3.7
Changes in Gambling Expenditure Following Establishment of Casino and EGMs
(Growth Rate in Per cent)

	Western Australia	South Australia	Queensland
TAB Wagering			
Pre Casino	6.9	9.0	9.2
Post Casino (Period 1)	4.8	8.2	5.6
Post Casino (Period 2)	4.2	5.5	3.1
All Lotteries			
Pre Casino	19.7	19.9	18.6
Post Casino	32.8	8.5	5.4
Post Casino + EGMs	15.8[1]	2.4	1.7
Casino (Own Performance)			
First Nine Years	27.6	9.9	17.0
Next Eight Years	-7.1	1.6	7.3

Note: [1] No EGMs in Western Australia.
Source: SACES calculations.

While the level of wagering expenditure has been trending downwards over time both before and immediately following the introduction of a casino, this trend moderated in Western Australia in the mid 1990s; in Queensland the trend appears to have accelerated since the mid 1990s during which time both casino gaming and EGMs have expanded, so that the growth in TAB wagering expenditure that was originally stronger than Western Australia (by 2.3 per cent CAGR[16]) had declined to be less than the rate of growth in Western Australia (by 1.1 per cent, CAGR). For all lotteries, South Australia and Queensland experienced a rapid decline in growth following the introduction of the casino, and this accelerated in the second period when EGMs were introduced in those two States. On the other hand casino expenditure peaked in the mid-1990s in Western Australia and has since declined by almost half while growth in lotteries expenditure held up.

In all three States growth in casino expenditure was initially very strong, but it dramatically reversed in Western Australia in the absence of EGMs and dramatically declined in the other States following the introduction of EGMs.

3.5 Summary

Overall, in Victoria from 1977-78 to 1991-92 the increase in gambling expenditure largely reflected the increase in the adult population and inflation. There was an inconsiderable increase in gambling expenditure as a share of household disposable income.

In Western Australia with the opening of the Burswood Casino in 1985, gambling expenditure per capita increased significantly, before declining and levelling out in the mid-1990s. Expenditure on wagering has declined; expenditure on lottery products as a proportion of HDI has more than doubled in the 25 years to 2002-03 to $210 million.

The combined impact of the Crown Casino and the introduction of EGMs in Victoria led to explosive growth in expenditure (Casino $254 per adult; EGMs $624 per adult in 2002-03), commencing in 1992-93.

The two States have experienced a dramatic reversal in the share of HDI (measured in real terms) spent on gambling: Western Australia rose from 1.48 per cent (1987-88) to 2.19 per cent (1997-98) and has since declined to 1.60 per cent in 2002-03; Victoria from 1.30 per cent of HDI to 3.58 per cent in 2002-03, more than twice the level of expenditure in Western Australia.

16 Compound Average Growth Rate.

Chapter Four

Different Gambling Environments

In order to be able to assess the impacts of EGM gambling on Victorian and Western Australian communities, it is imperative to understand some of the key features and differences of the gambling environments in the two States.

The following section provides an overview of the gambling environments that exist in Victoria and Western Australia. A key focus of this section is to identify the differences that exist between the two States. Such differences are significant as they affect the relative prevalence of problem gambling, and hence the relative social costs associated with legalised forms of gambling in both States.

Key Features and Implications of Different Gambling Environments

- average total gaming expenditure per adult in Victoria was $1,133 in 2002-03 and $460 in Western Australia, with almost all the difference being accounted for by EGM spend;
- the key difference in the gambling environment between the two States is the 27,500 machines available in hotels and clubs in Victoria which are not available in Western Australia. In Victoria, physical accessibility to EGMs is relatively high, because of the smaller geographical size of the State and the dispersed location of machines. The single, destination site of the Burswood Casino within the large State reduces accessibility, while the older style video game machines reduce attractiveness and speed of play;
- the prohibition on EGMs outside of the Casino is an important consumer protection and harm minimisation measure;
- the respective ratio of machines per 1,000 adults are Victoria 8.1 and Western Australia 0.9. One consequence is that more Victorians have played poker or gaming machines in the last month or previous twelve months than Western Australians;
- racing expenditure as a proportion of total gambling expenditure (2002-03) was 13.0 per cent in Victoria and 27 per cent in Western Australia. Twenty five years of ago it was 58 per cent and 82 per cent of all gambling respectively;
- expenditure on racing declined by 17.6 percentage points in the two years after the establishment of the Crown Casino and by 25 percentage points following the establishment of the Burswood Casino;
- gaming expenditure as a proportion of total gambling expenditure (2002-03) was 86.4 per cent in Victoria and 72.4 per cent in Western Australia;
- problem gambling rates are lowest for lotteries (PC: 1999; Community surveys) followed by instant scratch tickets and highest for players of casino table games and EGMs. These findings largely explain Western Australia's relatively low rate of problem gambling;
- that problem gambling is more strongly associated with EGMs and casino table games and only weakly associated with lotteries has a significant bearing on the social and economic outcomes associated with the different gambling environments in Victoria and Western Australia;;
- an increase of 11,250 problem gambler's could be expected if the Western Australian Government were to liberalise access to EGMs;
- participation in lottery/lotto games, purchase of instant scratch tickets, bet on a racing event was estimated to be higher in Western Australia relative to Victoria, but the reverse was the case for 'played poker or gaming machines'. There is significant demand for gambling in Western Australia.

4.1 Availability of Gambling

The most significant difference between the gambling environment in Victoria and Western Australia is that accessibility to gambling is much more widespread in the former. As Table 4.1 shows, additional forms of gambling are permitted in Victoria with EGMs allowed outside of the casino and keno available in hotels and hotels. These forms of gambling are not available in Western Australia. In accordance with the Commonwealth Interactive Gambling Act 2001, residents in Victoria and Western Australia are not permitted to access interactive gambling sites.

Table 4.1
Forms of Gambling Undertaken in Victoria and Western Australia

	Victoria	Western Australia
Racing	3	3
Sports betting	3	3
Lotteries	3	3
Gaming machines[a]	3	7
Casino gaming	3	3
Keno	3	7
Football pools	3	3
Interactive gaming[b]	7	7
Minor gaming	3	3

Note: [a] Refers to gaming machines located outside of a casino.
[b] Australian residents are not permitted to access interactive gaming sites under the Commonwealth Interactive Gambling Act 2001 that came into effect in August 2001.
Source: Tasmanian Gaming Commission, *Australian Gambling Statistics 2004*.

Although a number of forms of gambling are available in Western Australia (see Box 4.1), the ban on EGMs outside the casino has a significant impact on the availability of legalised gambling in the state relative to Victoria. The Crown Casino in Victoria has 2,500 EGMs, while there were some 27,260 machines also operating in hotels and clubs throughout the State in June 2003, leading to a total of 29,760 machines in the State. In comparison, there were only 1,318 machines in Western Australia, all of which were restricted to the Burswood Casino, while gaming machines are not permitted in hotels and clubs. The prevalence of EGMs is therefore much higher in Victoria with there being an average of 8 machines per 1,000 adults at June 2003 compared to less than 1 machine per 1,000 adults in Western Australia.

Table 4.2 presents estimates of the number of gaming machines in all States and Territories in 2001-02 by the type of venue in which they are located. The data shows that Western Australia is unique in that it is the only jurisdiction in Australia which does not permit gaming machines in clubs and hotels. As a consequence, the structure of the gambling industry is one that provides for 'destination' gambling but not convenience gambling. The results is that Western Australia have a much lower accessibility to gaming machines relative to all other jurisdictions in Australia (see Table 4.3).

Box 4.1
Gambling Activities in Western Australia

TAB, lotteries and one casino (Burswood) are the principal three sites for wagering and gaming in Western Australia. In addition to its physical locations, the TAB provides telephone betting and internet wagering, with the internet being seen as a logical extension of telephone wagering. Internet wagering represents a more convenient mode by which to place bets, particularly for those who live in remote communities. The WA Department of Racing, Gaming and Liquor in fact noted that the introduction of internet wagering[17] had resulted in a shift from agency and telephone betting to internet betting as opposed to an increase in betting. Based on 1999 to 2002 data:

- that real per capita gambling expenditure decreased from $500 to $464 in this period;
- internet wagering turnover had doubled ($10.9m to $22.4m); and
- overall gambling expenditure increased by only $1.1m from $656.5m to $657.6m in the same period.

The Burswood Resort Casino opened in 1985. It presently has around 123 gaming tables on offer as well as over 1,300 electronic gaming machines. There is an important distinction between the EGMs that exist in the casino and those available elsewhere in Australia. The machines in Burswood are electronic video game machines which simulate casino style games rather than the traditional 'pokie' style machine. In fact, the 'pokie' style machine is banned in Western Australia.

Table 4.2
Estimated Number of Gaming Machines in Australia by Venue Type by State/Territory 2001-02, Number

Location	In Clubs	In Hotels	In casino(s)	Total Machines
New South Wales	76,830	24,628	1,500	102,958
Victoria	13,671	13,729	2,500	29,900
Queensland	19,280	17,013	3,238	39,531
South Australia	1,690	12,957	850	15,497
Western Australia	0	0	1,318	1,318
Tasmania	193	1,842	1,153	3,188
Australian Capital Territory	4,910	60	0	4,970
Northern Territory	633	238	610	1,481
Total	117,207	70,467	11,169	198,843

Note: Australian Casino Association Annual Report (2004) shows Queensland's casinos held 3,691 machines, Tasmania 1,158 and the Northern Territory 635, a total of 11,652 in 2004.
Source: State/Territory Gaming Authority Annual Reports (2001-02), Australian Casino Association 2002, *Annual Report 2001-02*.

[17] Introduced in Western Australia TABs in 1997.

Table 4.3
Estimated Number of Gaming Machines in Australia
Total Machines, Machines Per capita (Adult)
by State/Territory, 2001-02

Location	Total Machines	Adult Population (million)	Machines per 1,000 (adults)
New South Wales	102,958	5.031	20.5
Victoria	29,900	3.714	8.1
Queensland	39,531	2.769	14.3
South Australia	15,497	1.169	13.3
Western Australia	1,318	1.442	0.9
Tasmania	3,188	0.354	9.0
Australian Capital Territory	4,970	0.243	20.4
Northern Territory	1,481	0.138	10.7
Total	198,843	14.860	13.4

Source: State/Territory Gaming Authority Annual Reports (2001-02), Australian Casino Association 2002, *Annual Report 2001-02*, Australian Bureau of Statistics and industry interviews.

What is unmistakable is that Western Australia has the lowest rate of problem gambling in Australia, it does not permit EGMs in hotels or clubs and it has restricted EGMs to a single casino site. In all other jurisdictions gambling has become much more widely accessible, particularly the ability to attend almost any club or hotel to play the pokies. One of the consequences of the expansion of the gambling sector is the rise in the number of problem gamblers Problem gambling issues in Western Australia principally derive from TAB wagering and table games (for males) and lotto and EGMs at the casino for women (see discussion Chapter 7: Problem Gambling).

An area of the current gambling environment that needs to be empirically researched, is whether it is in fact the number of machines per venue that are causing the harm or the convenience of *where* they are available, as is illustrated in Table 4.4 (see Discussion 6.3.1).

Table 4.4
Venues with Gaming Machines in Australia by State/Territory
2001-02, Number

State	Clubs	Hotels	Casinos	Total
New South Wales	1,388	1,828	1	3,217
Victoria	293	251	1	545
Queensland	610	748	4	1,362
South Australia	87	505	1	593
Western Australia	0	0	1	1
Tasmania	12	94	2	108
Australian Capital Territory	69	6	0	75
Northern Territory	36	29	2	67
Total	2,495	3,461	12	5,968

Source: State data and Australian Gaming Council (2003).

4.2 Accessibility and Participation Rates

While the number of EGMs in Victoria leads to a much higher accessibility to gambling activities than in Western Australia, accessibility is also relatively higher because of the widespread geographic distribution of EGMs throughout hotels and clubs. Data from the Office of Gambling Regulation indicates there are 531 approved gaming Venues in Victoria, of which 246 are hotels and 285 are clubs.[18] Of these venues, 340 are located in the Melbourne metropolitan area and operate a total of 19,786 EGMs, which represents about 73 per cent of total non-casino EGMs in Victoria. Since EGMs are not permitted outside the casino in Western Australia, the population generally has much further to travel to gamble on EGMs, which acts as a disincentive to gamble thus reducing participation, at least for this form of gambling. For instance, the Productivity Commission's *National Gambling Survey,* conducted in March and April of 1999, found that only 16 per cent of Western Australians had played poker or gaming machines over the previous 12 months in comparison with 45 per cent of Victorians.

Participation rates for specific forms of gambling for Victoria, Western Australia and Australia as estimated by the Commission's *National Gambling Survey* are presented in Table 4.5. The most significant difference in participation between the two States was for EGMs, with significantly higher participation in this form of gambling at both clubs and hotels in Victoria (the small proportion of Western Australians gambling at these venues must reflect gambling undertaken in other States given EGMs are not permitted in these venues). Participation in EGM gambling at the casino was also significantly higher in Victoria (22 per cent) than in Western Australia (15 per cent).

Interestingly, despite the greater availability of different forms of gambling in Victoria, particularly of EGMs, overall participation in gambling by adults was slightly higher in Western Australia than in Victoria in 1999 (84 per cent versus 81 per cent). This higher participation appears to reflect the greater popularity of lottery games and instant scratch tickets in Western Australia, which nationally are the two most popular forms of gambling. Some 74 per cent of adults in Western Australian had played lotto or some other lottery game compared to 62 per cent in Victoria, while 53 per cent had bought instant scratch tickets compared to 33 per cent in Victoria. This outcome indicates that there exists significant demand for gambling in Western Australia, with the relatively low access to EGMs resulting in relatively greater participation in other forms of gambling.

Participation in the remaining forms of gambling was generally similar across both States. In terms of minor differences, playing table games at the casino was slightly more popular in Victoria, while betting on a sporting event was more popular in Western Australia. More recent estimates of participation in gambling activities are presented in Chapter 6, which summarises the results of the 2003 Victorian *Longitudinal Community Attitudes Survey,* and the researchers survey of community participation in recreation and gambling in Victoria and Western Australia.

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[18] Office of Gambling Regulation, *Details of Approved Gaming Venues by Club/Hotel*, [Online], Available: http://www.ogr.vic.gov.au/domino/web_notes/ogr/ogrsite.nsf/pages/CompleteVenues [2004, August 18].

Table 4.5
Participation in Gambling by Location
Per cent of adults who participated in the last 12 Months – 1999

Form of gambling	Victoria	WA	Australia
Played poker or gaming machines	45	16	39
at a club	34	5	30
at a hotel/pub	23	3	18
at a casino	22	15	17
Bet on horse or greyhound races	25	27	24
on-course	15	17	13
off-course	19	18	19
by phone	4	2	3
via the internet	..	..	..
Played lotto or other lottery game	62	74	60
a weekly lottery game	60	74	57
a daily lottery game	4	4	12
Bought instant scratch tickets	33	53	46
Played keno at a club/hotel/casino/other	11	9	16
Played tables games at a casino	14	9	10
Played bingo at a club or hall	5	3	5
Bet on a sporting event	5	9	6
Played an internet casino game	1	..	..
Played games privately for money	6	5	5
Played any other gambling activity	..	1	1
Participated in any gambling activity	81	84	82

Source: Productivity Commission (1999).

The significant differences in accessibility to EGMs and thus participation in this form of gambling between Victoria and Western Australia produces large differences in average expenditure on gambling. As Table 4.6 shows, average total gambling expenditure per adult was $1,133 in Victoria compared to $460 in Western Australia in 2002-03. The higher expenditure for Victoria reflects the greater accessibility to gambling that exists in the State due to the presence of EGMs in hotels and clubs.[19] Expenditure on EGMs in Victoria was equal to $625 per adult in 2002-03, which accounts for almost all of the additional $673 per adult that is spent on gambling in Victoria compared to Western Australia.

The impact of EGMs on total gambling expenditure is perhaps better illustrated by Figure 4.1, which shows the evolution in total gambling expenditure per adult for Victoria and Western Australia, and EGM expenditure per adult for Victoria. Prior to the introduction of EGMs in Victoria in July 1992, total gambling expenditure per adult was actually higher in Western Australia than in Victoria. This is largely explained by the presence of the casino in Western Australia during this period, which opened in 1985, whereas the casino in Victoria did not open until June 1994. Following the introduction of EGMs in Victoria in July 1992, total gambling expenditure per adult soared to be higher than the level of expenditure in Western Australia by 1994-95. The

[19] Per capita expenditure is reasonable proxy for accessibility to gambling. This issue is discussed in further detail in Section 7.1.

opening of the casino in 1994 would also have contributed to the faster pace of growth in expenditure for Victoria, however the introduction of EGMs remains the most significant factor behind the solid rise.

The data in Table 4.6 indicates that the high level of per capita expenditure on EGMs in Victoria has not necessarily come at the expense of reduced spending on other forms of gambling. Expenditure on casino gaming, racing, and sports betting were also higher in Victoria than in Western Australia in 2002-03. While the presence of EGMs will have reduced spending on other forms of gambling to some degree compared to what they would have been in the absence of EGMs, it seems their introduction has largely stimulated new forms of expenditure.[20] This may reflect that the introduction of gaming machines in hotels and clubs has helped foster a stronger gambling culture in Victoria, however this is speculation, and other factors may be more significant.

Table 4.6
Average Expenditure Per Adult by Form of Gambling
Victoria and Western Australia – 2002-03

	Victoria	Western Australia
Racing	147.6	124.9
Sports betting	6.9	1.9
Lotteries[a]	97.7	144.1
Gaming machines[b]	624.5	na
Casino gaming	254.6	173.8
Keno	1.6	na
Football pools	0.3	0.5
Interactive gaming	na	na
Minor gaming	unavailable	15.0
Total	1,133.2	460.2

Note: na = not applicable.
[a] Lotteries defined here to include expenditure on lotteries, lotto and instant lottery.
[b] Refers to gaming machines located outside of casino only.
Source: Tasmanian Gaming Commission, *Australian Gambling Statistics 2004*.

In terms of other forms of gambling, the availability of Keno in Victoria generates little additional spending on gambling with the State having an average Keno expenditure in 2002-03 of only $1.60 per adult (there is no spending on Keno in Western Australia as it is not permitted). On the other hand, expenditure on lotteries is significantly higher in Western Australia. Average expenditure on lotteries in 2002-03 was equal to $144 per adult in Western Australia compared to $98 per adult in Victoria. In fact, Western Australians are the highest per capita purchasers of Lotto tickets in Australia (and the second highest per capita purchasers in the world after Norwegians).[21] This outcome is explained by there being significant demand for gambling in Western Australia, which coupled with controls on gambling alternatives, results in greater participation in this non-continuous form of gambling. The important difference is that lotto/lottery products are more infrequent relative to EGMs that represent a continuous form of gambling.

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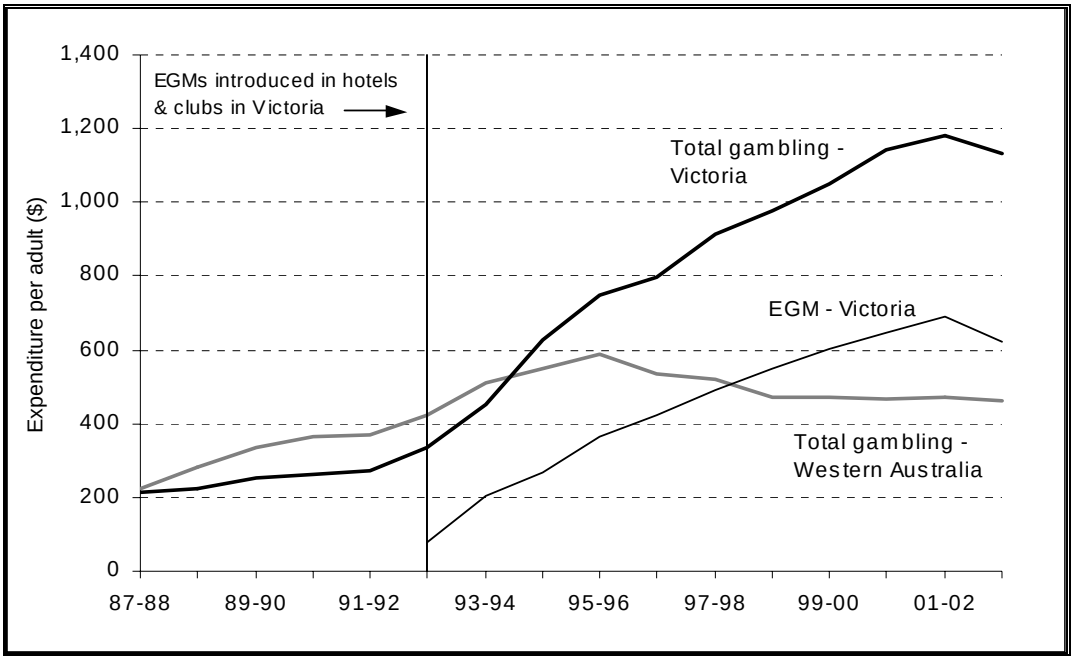
[20] SACES (2004), "Changes in Wagering Within the Racing Industry", wherein the researchers estimated that wagering expenditure in Victoria in 2001-02 which was $142.39 per adult might have been about $6 per adult higher in the absence of EGMs and $9 per adult higher in the absence of the Crown Casino (see p. 47).

[21] *The Australian*, "West on Bandit Alert", 22 June 2004, p. 11.

Figure 4.1
Average Total Gambling Expenditure Per Adult
Victoria and Western Australia – 1987-88 to 2002-03



Source: Tasmanian Gaming Commission (2004).

4.3 Gambling Regulation Environment

Individual State legislation is important in establishing and regulating the broader gambling environment. In Western Australia the Department of Racing, Gaming and Liquor is responsible for the three racing codes and some eleven acts governing betting, bookmakers, racing and the Casino, and is responsible for guidelines relating to interactive forms of gambling.

In response to the increased incidence of problem gambling various governments have introduced direct restrictions on the 'quantity' or availability of gambling. Apart from casinos, the quantity restrictions are most evident in relation to gaming machines. There are caps on the number of machines, at a venue level or jurisdictional level or both, in all States and Territories (see Table 4.7). Victoria currently has a State-wide cap of 27,500 machines excluding Crown Casino, with hotels and clubs limited to 105 machines each. This represents approximately 15 per cent of all EGMs in Australia.

The strong positive relationship between problem gambling and the availability of gaming machines as highlighted by the Productivity Commission has been held up in Western Australia as justification for the ongoing policy of prohibition of EGMs outside the Casino and other forms of highly accessible interactive gambling. For instance, in their submission to the review of the Commonwealth's Interactive Gambling Act 2001, the Western Australian Department of Racing, Gaming and Liquor supported the intent of the Act (2001) to prohibit interactive forms of wagering and gambling, including the "virtual gaming machine" and "casino style" gaming products using the internet.[22] The Department stated in that submission:

[22] Review of Issues related to Commonwealth Interactive Gambling Legislation, April 2003.

> "Western Australia has maintained a responsible approach to regulation of gambling and in this regard was identified in the report of the Productivity Commission inquiry into Australia's Gambling Industries, as having the lowest incidence of problem gambling. This was attributed [to] the long-standing government policy of prohibiting the licensing of electronic gaming machines outside of the Casino". [p. 1]

In terms of shaping the gambling environment, while on-line wagering is seen as a logical extension of telephone betting, interactive gaming on the internet has been consistently opposed by Western Australia. The difference is that the punter or player does not exert any control over the event (the horse race, the lottery draw, soccer result) in on-line wagering whereas in interactive settings, the player is involved in making choices or decisions that affect the outcome of the game (e.g., poker draw) or the decision to continue participating in repeat events (e.g., casino gaming products such as roulette, virtual gaming machines). For these reasons, interactive gaming services have the potential to exacerbate problem gambling and therefore require robust protective, harm minimisation measures.

Table 4.7
Capped Numbers of Gaming Machines by Venue, 2003

Location	Gaming Machines in Clubs (Per Venue)	Gaming Machines in Hotels (Per Venue)	Gaming Machines in Casinos (Per Venue)	State-wide Cap (Machines)
New South Wales	450	30	1,500	104,000
Victoria	105	105	2,500	30,000
Queensland	280	40	3,238	[b]
South Australia	40	40	850	[c]
Western Australia	0	0	1,318	1,318
Tasmania	40	30	1,153	No Cap
Australian Capital Territory[d]	No Cap	13	0	5,200
Northern Territory	45	10	610	[a]

Notes: [a] Total number of gaming machines in clubs and hotels must not exceed 55% of the national average of gaming machine numbers per capita.
[b] State-wide cap of 18,843 gaming machines in hotels, but no restriction for clubs.
[c] A freeze on the number and location of gaming machines in South Australia was imposed with effect from 7 December 2000. This freeze was placed on applications and, hence, any backlog of applications placed prior to this date may still be processed. Hence, the number of gaming machines was not capped. Current proposal to reduce number of machines by 3,000 and cap at 12,000 state-wide.
[d] In the ACT taverns may have 2 machines.
Source: SACES, compiled from AGS note, AGC, and data requests.

It is clear, that in relation to consumer protection and the regulation of gambling, that the Western Australian government and the Opposition see the prohibition on EGMs outside of the single casino site as a significant protection and the ultimate harm minimisation measure. It is worth re-stating this bi-partisan perspective on harm minimisation:

> "Here in WA we're different and we're going to stay different .... We draw the line with poker machines".[23] (Premier G. Gallop)

> "Poker machines are invasive. We just say we have made a political judgement that the social costs outweigh the economic benefits and ... we are against it".[24] (WA Opposition Spokesman on Racing and Gaming).

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[23] *The Australian*, "West on Bandit Alert", 22 June 2004, p. 11.

As discussed in earlier chapters, different gambling environments lead to different patterns of gambling and therefore have different community impacts, including on the prevalence of problem gambling behaviours. We consider this issue here and more extensively in Chapter 7.

4.4 Impact of Gambling Environment on Problem Gambling

The main difference in the gambling environment between Victoria and Western Australia identified in section 4.2 was the presence of electronic gaming machines in the former and their absence in the latter. This is significant as EGMs have a profound impact on the relative prevalence of problem gambling. For instance, the Productivity Commission found that problem gambling was more strongly associated with particular forms of gambling with EGMs being particularly significant:

> "In summary, it appears that some forms of gambling, in their current forms, currently present low risks for problem gambling. Other forms, particularly regular playing of gaming machines and casino table games, appear to be associated with a higher likelihood of gambling problems." [1999, p. 6.53]

Table 4.8 shows the Productivity Commission's estimates for Australia of the prevalence of problem gambling by mode and frequency of gambling. Problem gamblers here are defined as those that scored 5 or more on the South Oaks Gambling Screen (SOGS). In terms of specific forms of gambling, casino table game players had the highest prevalence of problem gambling with 6.1 per cent of people who played this form being estimated to be problem gamblers. This was followed by EGMs (4.7 per cent) and racing (4.5 per cent). The incidence of problem gambling was lowest for lotteries followed by instant scratch tickets (both 2.8 per cent).

Looking at the prevalence of problem gambling among frequent players (i.e., those who play weekly) reveals that EGM related problem gambling is almost on a par with casino table games with almost 23 per cent of frequent EGM players having gambling problems compared to about 24 per cent of casino table game players. On this basis lotteries and instant scratch tickets (essentially, non-continuous forms of gambling) are again found to have the lowest prevalence of problem gambling.

Table 4.8
Prevalence of Problem Gambling by Mode and Frequency of Playing[a]

	All Players	Weekly players
EGM players	4.67	22.59
Racing	4.46	14.72
Instant scratch tickets	2.83	5.49
Lotteries	2.75	2.48
Casino table games	6.12	23.84
Other commercial games	5.60	13.31
All commercial gambling	2.55	4.62

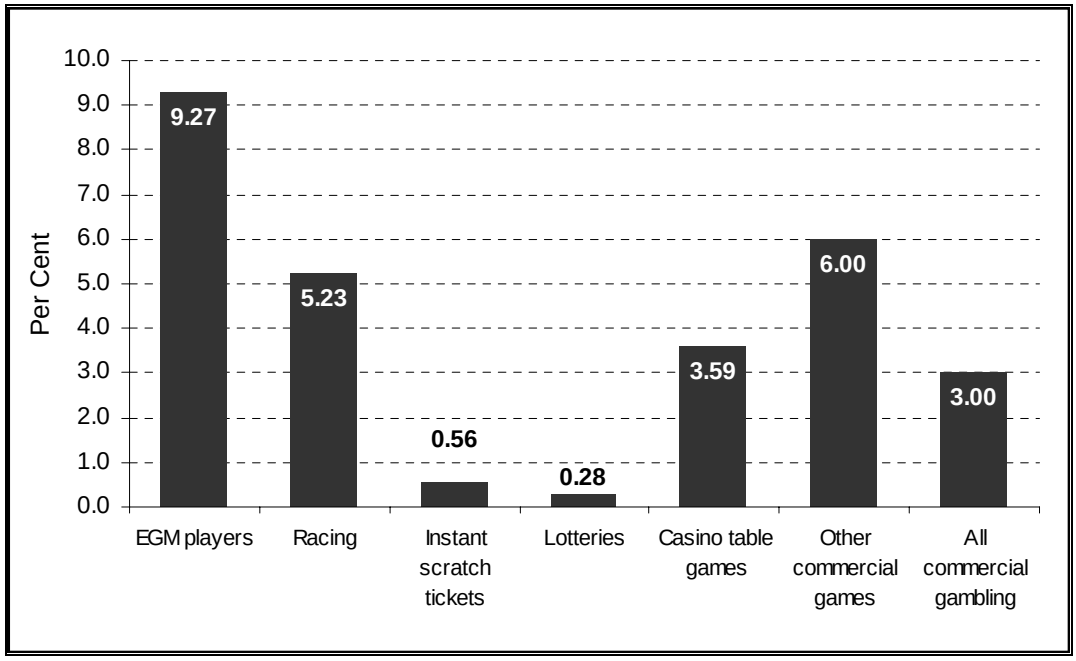
Note: [a] Problem gamblers defined as persons with a SOGS score of 5 of more.
Source: Productivity Commission (1999), adapted from Table 7.15.

[24] *ibid*.

Another way to estimate the relative prevalence rate of problem gambling associated with different gambling modes is by comparing problem gambling by gamblers favourite mode of gambling. The Productivity Commission's estimates on this basis are illustrated in Figure 4.2. Problem gambling is estimated to be highest among EGM players, followed by those who favourite mode is racing, and then casino table games. Problem gambling is again quite low among those whose favourite modes of gambling are instant scratch tickets and lotteries. These two modes of gambling are the most favoured by the greatest number of Western Australians — 74 per cent played a weekly lottery game (compared to 60 per cent of Victorians) and 53 per cent purchased instant scratch tickets (compared to 33 per cent of Victorians). The combined effect of these non-continuous forms of gambling and developed preferences, plus the 'distance decay' effect of the casino[25] rewards Western Australia with the lowest rate of problem gambling in Australia.

Why is it that problem gambling is more strongly associated with EGMs? Part of the reason is that accessibility for this form of gambling is quite high relative to other forms. Accessibility for EGMs is high not only in terms of the number of machines that are available and their widespread geographic distribution (except in Western Australia), but in other dimensions such as their ease of use and the low initial outlay that is required to play them.

Figure 4.2
Prevalence of Problem Gambling by Favourite Mode of Gambling



Source: Productivity Commission (1999).

The Productivity Commission concluded that EGMs along with lotteries were the most accessible forms of gambling followed by TABs and casino gambling. This raises the question as to why then is problem gambling more strongly associated with EGMs than lotteries if accessibility to the latter is also high as demonstrated by the high participation in this form of gambling (see Table 4.5). A large part of the reason appears to be that

[25] Its single site location in Perth, given the size of the State and disperse population restricts the outreach of the Burswood Casino to a more limited local population than other casinos in Australia.

EGMs have a high degree of random reinforcement, whereby they "involve repetitive, but random, rewards for further play – which conditions behaviour in some people to gamble persistently".[26] In contrast, lotteries generally have significant time intervals between draws (i.e., days in the case of lotto), leading to a lack of random reinforcement.

That problem gambling is more strongly associated with EGMs and casino table games and only weakly associated with lotteries has a significant bearing on the outcomes associated with the different gambling environments in Victoria and Western Australia.

Since EGMs and the casino are more accessible and popular in Victoria, whereas lotteries are a relatively more popular form of gambling in Western Australia (Table 4.5), problem gambling can be expected to be higher in Victoria. This was reflected in the Productivity Commission's estimates of problem gambling, with 2.1 per cent of the adult Victorian population estimated to have significant problems with gambling compared to 0.7 per cent of the adult Western Australian population. They estimated that Western Australia could expect an increase of an *additional* 10,500 (11,250 based on population estimates as at 2003) problem gamblers were the Government to liberalise access.

It is also significant to note that the Commission found that the prevalence of problem gambling was highest in those States where accessibility to gambling was high (i.e., New South Wales and Victoria), and lowest where accessibility to gambling was low (i.e., Western Australia and Tasmania). This was an important finding as EGMs have a significant impact in terms of greatly increasing accessibility to gambling. The issue of accessibility and problem gambling is discussed in more detail in Chapter 7.

What can be concluded from the study undertaken by the Productivity Commission (1999) and our analysis of gambling data, rates of participation across different gambling products and trends in gaming expenditure is that the different gambling environments in both States produce significantly different outcomes in terms of the prevalence of problem gambling. The implications of the Productivity Commission's analysis are significant for this study because they confirm that costs and benefits from various forms of gambling will vary across the two States.

[26] Productivity Commission (1999), p. 7.7. See also SACES Discussion Paper: Section A2.2 What is Problem Gambling.

Chapter Five

Impact of Electronic Gaming Machines on Employment

One of the potential benefits of electronic gaming machines (EGMs) is that they have contributed to greater employment in those venues where they are located (i.e., hotels, clubs and casinos). The following section gauges the impact of EGMs on employment by comparing employment trends for those sectors which operate gaming venues in Victoria with the corresponding sectors for Western Australia. Since EGMs are not permitted in these venues in Western Australia (they are only permitted in the casino), the comparison gives some indication of the impact of EGMs on employment. Other data is also considered to further explore the impact of EGMs and gambling on employment.

Employment in Gaming and Industry Sectors

In considering the impact of electronic gaming machines on employment we report the following:

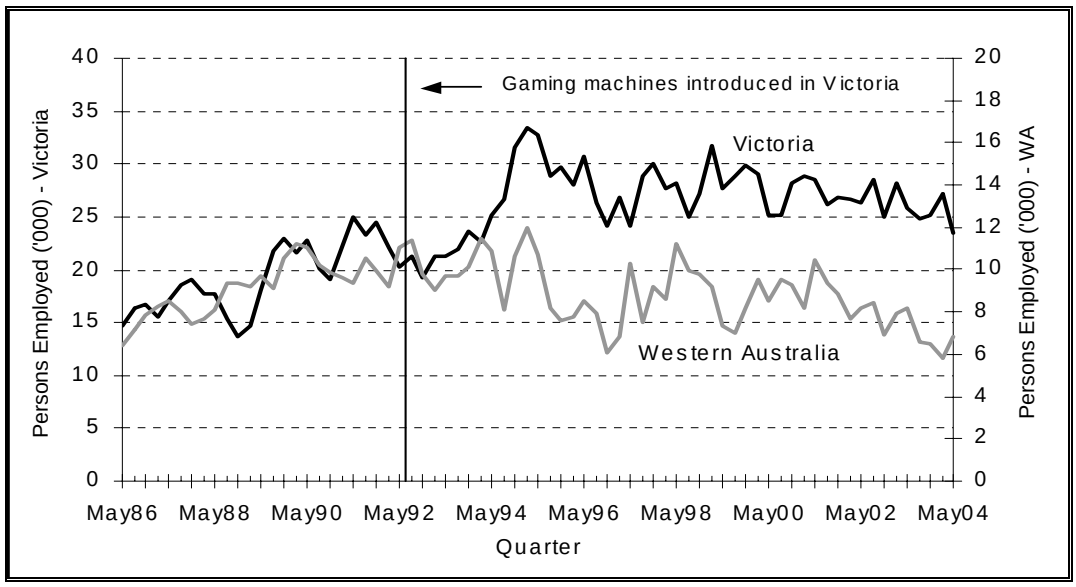
- the introduction of EGMs in Victorian hotels and clubs was associated with a rise in employment in the order of 5,000 to 10,000 jobs;
- national data indicates that the job intensity associated with gambling expenditure is quite low at 3.2 jobs per $1 million of gambling income compared to 8.3 jobs per $1 million of income from sales of liquor/beverages and 20.2 jobs per $1 million of takings from food and meals;
- that the job intensity associated with gambling is low and that employment has failed to grow in line with gambling expenditure are both significant findings;
- the retail sector in Australia employs 6.5 persons per $1 million of income (higher than the gambling sector), thus the net impact on employment of gaming activities may be negative to the extent this has involved expenditure switching;
- expenditure may also have been drawn away from the café and restaurant sector. Western Australia has a higher prevalence of employment in this sector with 10 persons employed per 1,000 persons in comparison with 8 persons for Victoria;
- there was an average of 15.9 employees per café and restaurant business in Western Australia compared to 12.7 employees per business in Victoria;
- the average number of employees per licensed premise was 16.3 in Victoria and 13.6 employees in Western Australia, thus, the legalisation of EGMs may reflect a shift of employment between sectors rather than increasing employment overall;
- the fall in gaming expenditure from the smoking ban had only a moderate impact on employment, given the relatively low labour intensive nature of gaming related employment; and
- the relative share of full-time employment in hotels, taverns and bars has remained virtually unchanged for Western Australia and Victoria (e.g., Western Australia 54 per cent in 1986 and 46 per cent in 2003; Victoria 58 per cent in 1986 and 50 per cent in 2003).

5.1 Employment in Hotels, Taverns, Bars and Clubs

5.1.1 Employment Outcomes

Figure 5.1 shows quarterly estimates of total employment in hotels, taverns, bars and clubs for Victoria and Western Australia from the May quarter 1986 to May quarter 2004. Employment in hotels, taverns, bars and clubs rose in both Victoria and Western Australia during the late 1980s. Employment in Victorian venues began to rise strongly about a year after EGMs were introduced in July 1992, and peaked in the February quarter 1995. Despite some significant variations from quarter to quarter, employment in the sector appears to have fallen steadily but slowly since the peak in early 1995. In contrast, there was no corresponding pick up in employment in these venues in Western Australia, with employment instead remaining flat during the early 1990s, and falling slowly since about the mid 1990s. It therefore appears that the introduction of EGMs did provide a boost to employment in hotels, taverns, bars and clubs in Victoria.

Figure 5.1
Total Employment in Hotels, Taverns, Bars and Clubs
Victoria and Western Australia – May 1986 to May 2004



Source: ABS, AusStats, Labour Force (Cat. No. 6291.0).

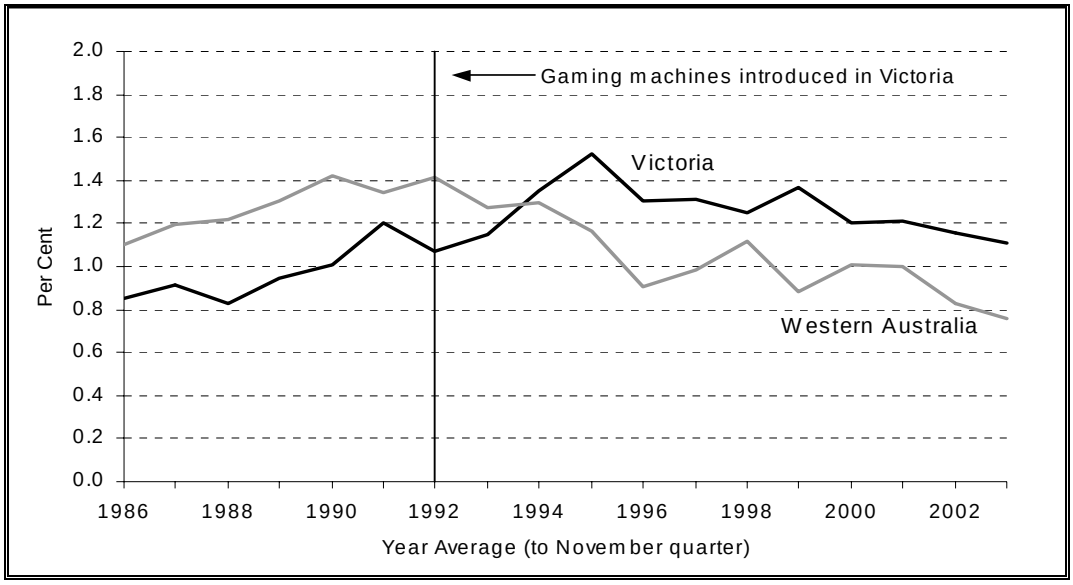
One needs to be careful interpreting the sharp rise in employment for Victorian venues in 1994 as being representative of the impact of EGMs on employment in this sector. This is because the rise in employment may be partly driven by other factors, while part of the rise may be artificial, reflecting sampling error that is naturally associated with data collected from sample surveys. Nevertheless, there is a clear rise in employment for Victoria during the period in which EGMs were rapidly introduced into venues.

Estimating the number of jobs created by the introduction of EGMs is beyond the scope of this project. Nevertheless, the divergent paths in employment for Victoria and Western Australia suggest that the introduction of EGMs was associated with a rise in employment in Victorian venues in the order of 5,000 to 10,000 jobs. Previous research conducted for the Victorian Casino and Gaming Authority (VCGA) estimated that direct gambling industry employment rose by 8,291 persons in Victoria between 1992 and

1996.[27] This estimate falls within our range although the estimate for the VCGA includes additional employment associated with the Casino and the establishment of the VCGA.

The different employment outcomes for Victoria and Western Australia due to the introduction of EGMs in Victoria is also demonstrated by Figure 5.2, which shows hotels, taverns, bars and clubs' share of total State employment. The sector's share of total employment rose in both States during the late 1980s but in Western Australia the sector's share fell steadily from 1993 onwards due to falling aggregate employment in the sector and stronger employment growth in other sectors of the economy. In contrast, the sector's share of total Victorian employment rose over the three years after gaming machines were introduced, rising from 1.1 per cent in 1992 to 1.5 per cent in 1995.

Figure 5.2
Hotels, Taverns, Bars and Clubs Share of Total State Employment
Victoria and Western Australia – 1986 to 2003, Year Average



Source: ABS, AusStats, Labour Force (Cat. No. 6291.0).

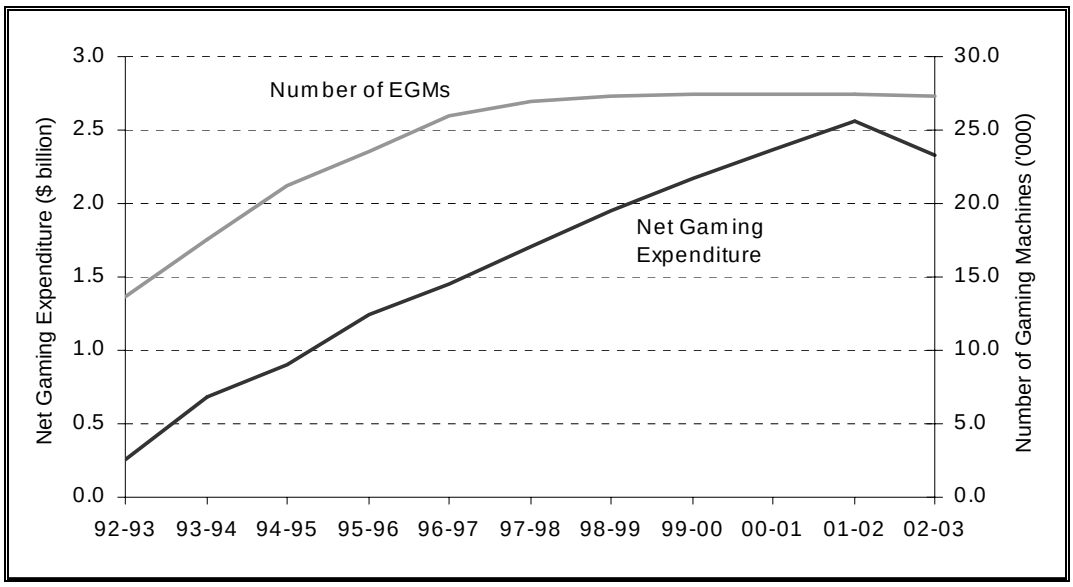
Although the introduction of EGMs did provide a boost to employment in hotels, taverns, bars and clubs in Victoria, most recent employment estimates suggest that their introduction did not lead to a permanently higher level of employment. As Figure 5.1 shows, employment appears to have fallen over recent years with employment for the May quarter 2004 (23,500 persons) being below the peak level (25,000 persons) reached in May quarter 1991 prior to the introduction of EGMs. However, given the variability in the data one needs to be cautious in concluding that there has been a sustained decline over recent years although the trend for Western Australia supports such an interpretation. At the very least the introduction of EGMs has allowed venues in Victoria to support a higher level of employment than would have otherwise been the case.

Nevertheless, it remains that employment in Victorian venues has failed to grow over recent years despite EGM expenditure rising strongly up until 2001-02 (see Figure 5.3). One reason for this is that the job intensity associated with gambling expenditure is quite

[27] *The Effect of Gambling on Employment in Victoria*, research report prepared for the Victorian Casino and Gaming Authority.

low. This is illustrated by Table 5.1, which shows national data on employment by occupation and income by source of income for Victorian hotels, taverns, bars and clubs in 2000-01. By attributing certain occupations to income earned from particular sources one can derive estimates of the relative job intensity of particular venue activities. In this case, earnings from the sale of liquor and other beverages have been attributed to bar managers and bar staff, earnings from gambling income (i.e., all gambling activities) to gaming staff and cashiers, and takings from meals and food sales to catering staff. While the estimates are not precise due to the nature of data and simplified methodology used (e.g., staff may perform more than one activity while persons in other occupations have not been allocated to particular sources of income for the sake of simplicity), they should nevertheless provide a reliable indication of the relative job intensity of particular venue activities. Furthermore, while data for Victoria was not immediately available, we believe that the national data is consistent with the relative job intensity of venue activities in Victoria.

Figure 5.3
Electronic Gaming Machines: Net Expenditure and Number of Machines
Victoria – 1992-93 to 2002-03



Source: Victorian Office of Gambling Regulation; Tasmanian Gaming Commission.

The results indicate that gambling activities are not as job intensive as other venue activities. For venues with gambling facilities, there were 3.2 jobs per $1 million of gambling income earned compared with 8.3 jobs per $1 million of income from sales of liquor and other beverages, and 20.2 jobs per $1 million of takings from meals and food sales. While job intensity associated with gambling activities is low, the high level of gambling expenditure involved means that employment directly associated with gambling is significant. For instance, ABS data indicates that there were almost 19,000 gaming staff and cashiers employed in venues in Australia in 2000-01 compared with about 23,000 catering staff.[28] It should also be noted that data on job intensity understates the contribution of gambling to employment since revenue earned from gambling, particular EGMs, has enabled many venues to improve their facilities and

[28] The corresponding figure for the number of bar managers and bar staff employed was about 49,000 persons in 2000-01 (Source: ABS, Clubs, Hotels, Taverns and Bars, Cat. No. 8687.0).

services in other areas of the venue, which has in turn increased patronage and thus employment in other areas.

Table 5.1
Hotels, Taverns, Bars and Clubs: Jobs per $million of Income
Australia: 2000-01

	With Gambling Facilities	Without Gambling Facilities
Occupation of persons employed:		
Managers and administrative staff	13,922	2,650
Bar managers and bar staff	49,064	11,865
Gaming staff and cashiers	18,866	
Catering staff	23,125	4,486
Other	21,356	3,815
Total	126,332	22,816
Sources of total income:		
Sale of liquor and other beverages	5,885	1,203
Gambling income	5,957	n.a.
Takings from meals and food sales	1,145	227
Other	689	198
Total	13,676	1,628
Persons employed per $ million of income:		
Sale of liquor and other beverages	8.3	9.9
Gambling income	3.2	n.a.
Takings from meals and food sales	20.2	19.7

Source: ABS, Clubs, Hotels, Taverns and Bars, Australia (Cat. No. 8687.0).

However, that job intensity associated with gambling expenditure is low remains a significant finding. This is because from an economic perspective the benefit of gambling should also take into account the jobs lost due to expenditure being diverted from other activities. If the introduction of new forms of gambling such as EGMs has diverted expenditure from more job intensive activities (which is likely given the low job intensity associated with gambling expenditure), then the introduction of new gambling activities may actually have had a negative impact on employment.

It is beyond the scope of this project to estimate the net impact on employment of gambling activities, but a simple comparison may prove instructive. One area from which gambling is likely to have diverted expenditure is retail spending. The Australian Bureau of Statistics latest survey of retail industries indicates that the Australian retail industry employed 6.5 persons per $1 million of income in 1998-99, which is higher than the job intensity associated with gambling in hotels, taverns, bars and clubs (3.2 persons per $1 million). This suggests that the net impact of gambling activities on employment in Victoria (as suggested by national data on job intensity) has been negative on the assumption that gambling expenditure has indeed been largely funded by a diversion of spending from retail activities.

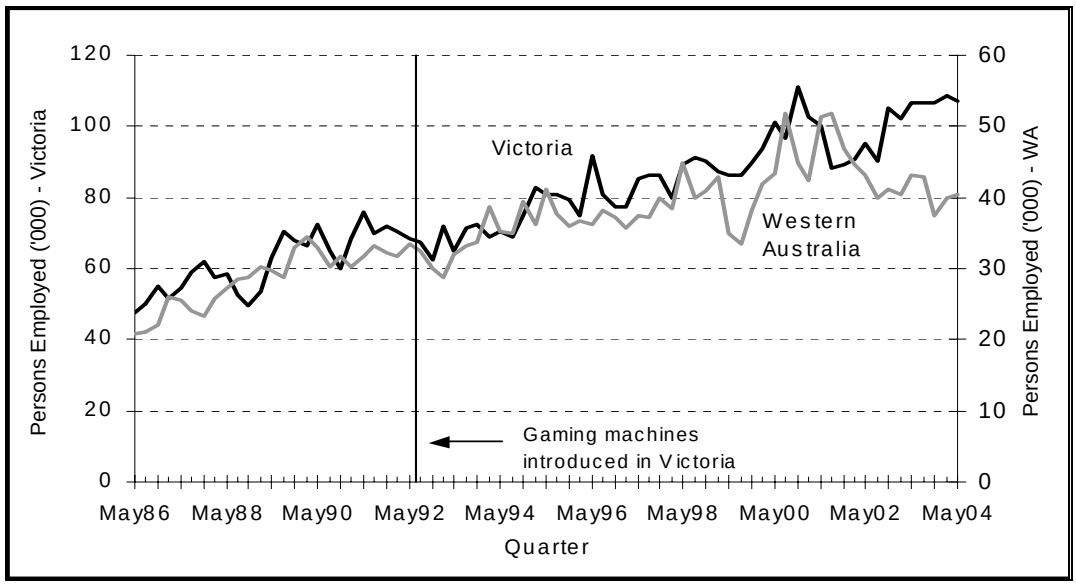
A more pertinent example may be to compare for Victoria and Western Australia the trend in employment for the broad industry sector to which hotels, taverns, bars and clubs are allocated in the ABS industry classification, i.e., accommodation, cafes and

restaurants. Such a comparison may provide some indication of the extent to which the introduction of EGMs has impacted on employment in other competing industry sectors.

Figure 5.4 presents quarterly estimates of employment in accommodation, cafes and restaurants for Victoria and Western Australia. Employment in this sector grew at a similar pace in both States throughout the period examined. Only in the two most recent years and in 1999 was there a significant divergence in the pattern of employment with employment falling in Western Australia. Given that employment in hotels, taverns, bars and clubs in Victoria rose significantly in the mid 1990s after the introduction of EGMs (see Figure 5.1), the similar pattern of employment for both States suggests that the rise in Victoria may have been offset by a fall or weaker growth in employment in competing sectors (i.e., accommodation, cafes and restaurants) due to a switch in expenditure between sectors. However, other factors such as differences in tourist visitation, local dining patterns, etc may also explain the similar overall employment patterns despite stronger employment growth for gaming venues in Victoria.

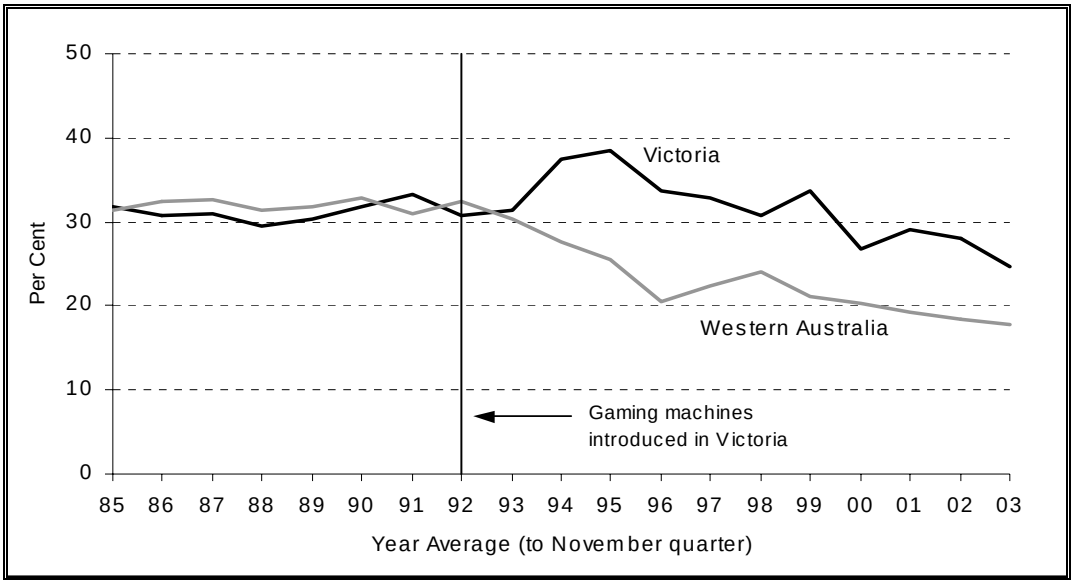
Figure 5.5 shows the impact of EGMs on the sectoral pattern of employment in the accommodation, cafes and restaurants (i.e., hospitality) sector for Victoria. In the several years following the introduction of EGMs, hotels, taverns, bars and clubs share of total hospitality sector employment rose significantly, from 31 per cent in 1992 to almost 39 per cent in 1995. In contrast, hotels, taverns, bars and clubs share of hospitality sector employment in Western Australia fell steadily through this period. This indicates that the introduction of EGMs in Victoria did at least have an impact on the sectoral pattern of employment in the hospitality sector, and may have drawn employment to the hotels, taverns, bars and clubs sector from related industries.

Figure 5.4
Total Employment in Accommodation, Cafes and Restaurants
Victoria and Western Australia – May 1986 to May 2004



Source: ABS, AusStats, Labour Force (Cat. No. 6291.0).

Figure 5.5
Employment in Hotels, Taverns, Bars and Clubs as a Proportion of Employment in Accommodation, Cafes and Restaurants
Victoria and Western Australia – 1986 to 2003, Year Average



Source: ABS, AusStats, Labour Force (Cat. No. 6291.0).

Further evidence that EGMs have shifted expenditures and resources between industries is provided in Figure 5.6, which shows the relative prevalence of businesses and employment in the cafes and restaurants sector for each State and Territory at end of June 1999. While Victoria and Western Australia have a similar prevalence of café and restaurant businesses (6.3 and 6.4 businesses per 10,000 persons respectively), Western Australia has a much higher prevalence of employment in the cafes and restaurants sector, with 10 persons employed in the sector per 1,000 persons in comparison with 8 persons for Victoria. The higher prevalence of employees in cafes and restaurants in Western Australia relative to Victoria and all other States with the exception of the Australian Capital Territory suggests that employment may be relatively higher because of the absence of EGMs in licensed venues in Western Australia; the presence of EGMs in other States may have drawn expenditure away from the cafés and restaurants sector.

The relatively greater number of employees in cafes and restaurants in Western Australia is reflected in data on the average number of employees per business. There was an average of 15.9 employees per café and restaurant business in Western Australia compared to 12.7 employees per business in Victoria at the end of June 1999. However, reflecting the presence of EGMs in hotels and clubs in Victoria, the average number of employees per licensed premises was higher in Victoria (16.3 employees per premises) than in Western Australia (13.6 employees per premises) for hotels, taverns, bars and clubs at the end of June 1998.[29] This outcome suggests that, from an employment perspective, the decision to legalise EGMs may simply reflect a choice of shifting employment between sectors rather than increasing employment overall.

[29] Source: ABS, *Clubs, Hotels, Taverns and Bars, Australia*, 1997-98, (Cat. No. 8687.0). Calculations by SACES.

Figure 5.6
Cafes and Restaurants: Ratio of Businesses and Persons Employed to Total Population in State/Territory
States and Territories – End June 1999

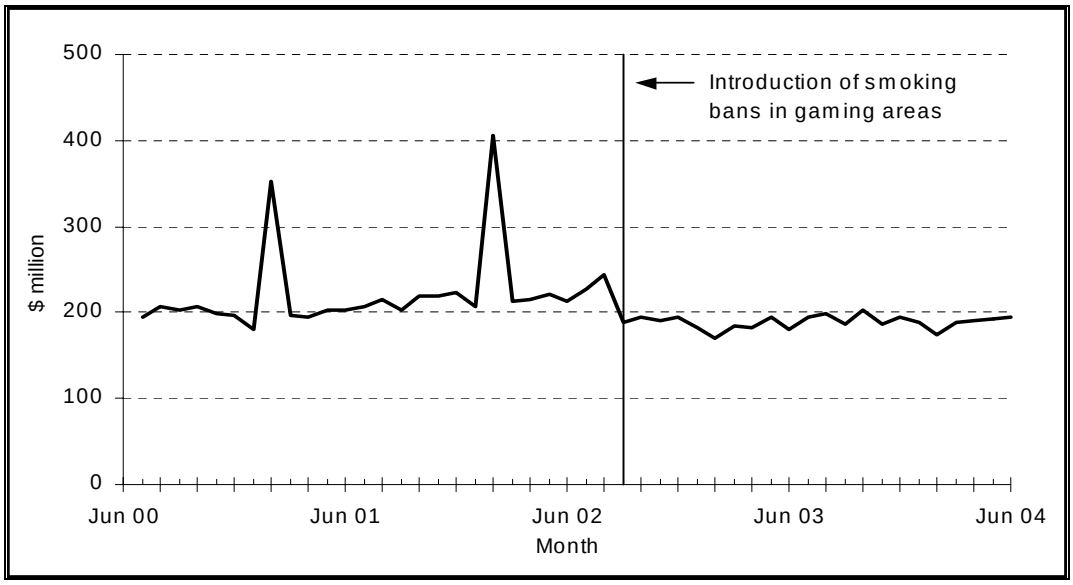
Source: ABS, Cafes and Restaurants Industry, Australia, 1998-99, Cat. No. 8655.0.

In our view, that spending on a particular activity is associated with relatively greater employment than if it was spent on another activity is not a significant issue from a public policy perspective since such spending would reflect the preferred choices of individuals who make their choices to maximise their wellbeing. It other words, there is no case for government intervention to direct individual spending to its employment maximising uses since this would prevent individuals making their preferred choices and reduce their overall wellbeing, and thus the wellbeing of society as a whole. However, to the extent that spending on gambling is associated with problem gambling, and therefore reflects irrational decision-making and self-destructive behaviour (i.e., decreases wellbeing), then there would seem to be a strong case for public intervention to try and control such irresponsible gambling behaviour and thus spending on gambling.

5.1.2 Impact of Smoking Bans on Employment

In this Chapter we consider the impact of smoking bans on employment in hotels, taverns, bars and clubs. The impact of smoking bans is important because the bans appear to have had a significant effect on gambling behaviour with gaming activity and expenditure falling following the introduction of bans on smoking in gaming areas on 1st September 2002 in Victoria. This is demonstrated by Figure 5.7, which shows that monthly net expenditure on EGMs in Victoria fell to a lower level following the introduction of smoking bans. Prior to the ban on smoking in gaming areas expenditure was running at over $200 million per month but then fell below this level following the bans.

Figure 5.7
Monthly Net Expenditure on Gaming Machines in Victoria



Source: Office of Gambling Regulation.

The impact is more clearly illustrated by the financial years results. Net gaming expenditure for Victoria in 2002-03 was down almost 9 per cent or $229 million on total net gaming expenditure of $2,563 million in 2001-02.

The fall in gaming expenditure also had a corresponding impact on state taxation revenues from gaming machines. The Victorian State Treasurer noted in his *Financial Report for the State of Victoria, 2002-03* that:

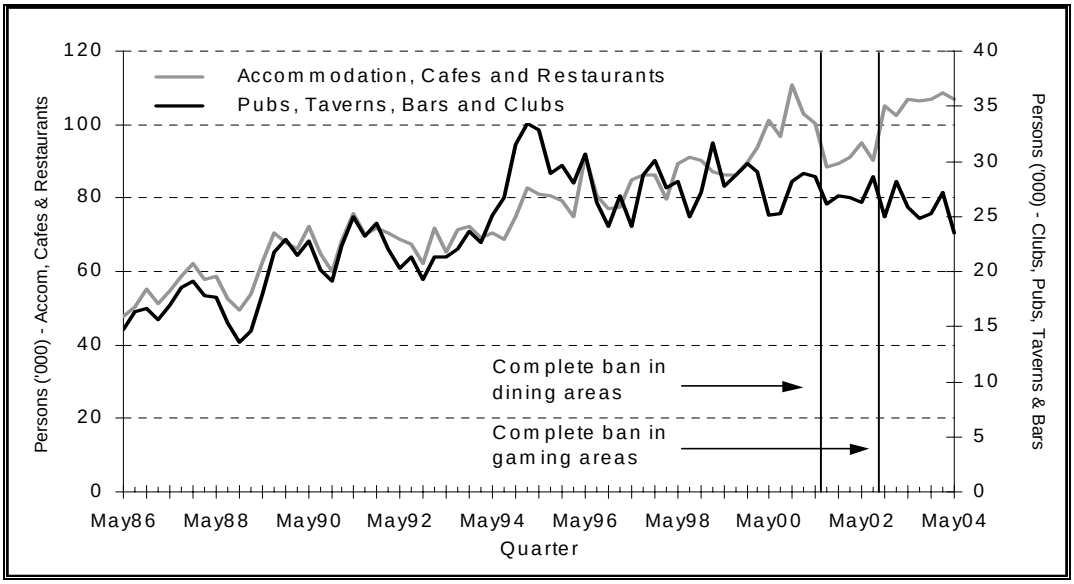
> "gambling tax revenue in 2002-03 was $129 million lower than expected, with the shortfall mainly resulting from the negative impact of the smoking ban on revenues from electronic gaming machines and the Casino since 1 September 2002." [p. 9]

It is clear that the ban on smoking in gaming areas has led to some reduction in expenditure on EGMs with people being induced to gamble less. The exact direct behaviour through which the reduction in activity has occurred is unknown, but probably reflects a combination of people visiting venues less often, patrons spending more time in other non-gaming areas of the venue where they can smoke, and patrons deciding to leave the venue after interrupting a gaming session to smoke.

The impact of smoking bans on employment in hotels, taverns, bars and clubs and the broader accommodation, cafes and restaurants sector is shown in Figure 5.8. Evidence of the impact of smoking bans on employment is mixed. Employment in both sectors fell following the introduction of smoking bans in dining areas. However, employment in the hospitality sector rose strongly after smoking was banned in gaming areas while employment in hotels, taverns, bars and clubs fell only slightly. For instance, average employment in hotels, clubs, taverns and bars over the 4 quarters after smoking bans were introduced (i.e. to August quarter 2003) was only 1.2 per cent lower than average employment over the 4 quarters prior to the bans.

The ban on smoking in gaming areas does not seem to have had a significant negative impact on employment in gaming venues. Part of the reason for this is that, as explained previously, expenditure on EGMs is not very labour intensive, such that any given fall in expenditure has a much more moderate impact on employment.

Figure 5.8
Introduction of Smoking Bans and Total Employment in Hotels, Taverns, Bars and Clubs and Accommodation, Cafes and Restaurants Victoria– May 1986 to May 2004



Source: ABS, AusStats, Labour Force (Cat. No. 6291.0).

5.1.3 Gaming Machines and Forms of Employment

While the net impact of EGMs on total employment is somewhat uncertain, it is interesting to consider whether the introduction of EGMs has had an impact on the composition of employment. This is because employment in gaming venues tends to be composed of greater proportions of part-time and causal employment relative to other sectors. For instance, at the national level in 2003, about 49 per cent of persons employed in the accommodation, cafes and restaurants sector — i.e., the broad industry sector to which non-casino EGM venues are classified — were employed on a part-time basis compared to about 29 per cent for the economy as a whole. In fact, the accommodation, cafes and restaurants sector had the highest share of part-time employment of any industry sector in 2003.

Table 5.2 shows data on employment in hotels, taverns, bars and clubs for Victoria and Western Australia for select years between 1986 and 2003. The data should not be interpreted too literally as it is at a fine level and based on a sample survey (i.e., the ABS Labour Force Survey) meaning that it is subject to a relatively higher degree of potential error than more aggregate estimates.

Table 5.2
Employment in Hotels, Taverns, Bars & Clubs by Full & Part-time Status
1986 to 2003, Year Average (to November quarter)

	1986	1991	1996	2001	2003
Employed persons ('000)					
Full-time					
Victoria	9.1	12.3	15.7	13.7	13.0
Western Australia	3.9	4.9	4.8	4.2	3.3
Part-time					
Victoria	6.5	11.4	11.6	13.9	13.1
Western Australia	3.3	5.0	2.8	5.0	4.0
Change from previous period (per cent)					
Full-time					
Victoria	-	34.7	27.9	-12.7	-5.4
Western Australia	-	25.3	-2.8	-11.5	-20.5
Part-time					
Victoria	-	74.8	1.1	20.7	-6.4
Western Australia	-	49.9	-42.9	77.0	-21.2
As proportion of total employment (per cent)					
Full-time					
Victoria	58.3	51.8	57.6	49.6	49.9
Western Australia	54.0	49.5	62.5	45.5	45.7
Part-time					
Victoria	41.7	48.2	42.4	50.4	50.1
Western Australia	46.0	50.5	37.5	54.5	54.3

Source: ABS, AusStats, Labour Force (Cat. No. 6291.0).

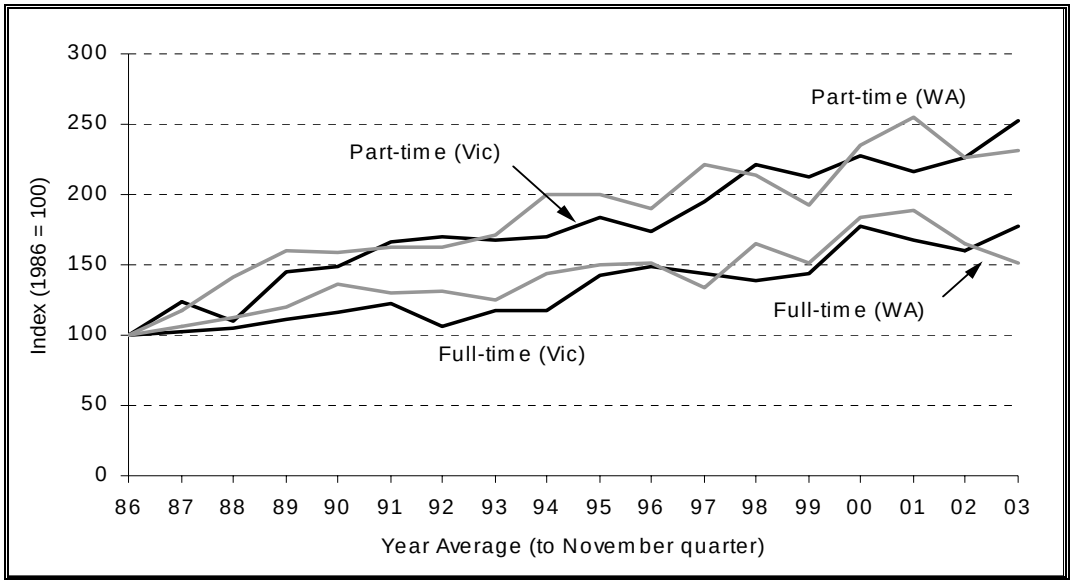
The table shows that full and part-time employment in hotels, taverns, bars and clubs has held up more strongly in Victoria than in Western Australia with both forms of employment generally rising in Victoria while they have generally fallen in Western Australia. Between 1991 (i.e., the year prior to the introduction of EGMs in Victoria) and 2003, full-time employment rose by 5.6 per cent and part-time employment by 14.2 per cent in Victoria, while in Western Australia full-time and part-time employment fell by 32 per cent and 20 per cent respectively. The stronger performance for Victoria probably in large part reflects the impact of EGMs on venue activity and overall employment.

However, the introduction of EGMs in Victoria does not appear to have had an impact on the composition of employment in Victoria relative to Western Australia. While Victorian hotels, taverns, bars and clubs had a higher share of full-time employment than those in Western Australian in 2003 (49.9 per cent c.f. 45.7), the relative difference has not changed since the introduction of EGMs. For instance, the share of full-time employment in Victoria was 4.1 per cent higher in 2003, which is almost exactly the same as the difference in 1986 when the share of full-time employment was 4.3 per cent higher in Victoria. This suggests that the higher share of full-time employment for Victoria is determined by other factors.

While the relative differential in the share of full-time employment has remained unchanged between the two States, both have experienced a steady decline in the share of full-time employment. The share of full-time employment fell from 58 to 50 per cent

in Victoria, and from 54 to 46 per cent in Western Australia between 1986 and 2003. The common experience suggests that the decline for Victoria reflects factors other than the introduction of EGMs. Such factors would include an increase in demand from employers for part-time and casual employment due to the non-wage costs and costs of unfair dismissal associated with full-time employment, and a desire for more flexible working arrangements in order to improve the productivity and flexibility of their workforces.

Figure 5.9
Index of Full & Part-time Employment in Accommodation, Cafes & Restaurants
Victoria and Western Australia – 1986 to 2003



Source: ABS, AusStats, Labour Force (Cat. No. 6291.0).

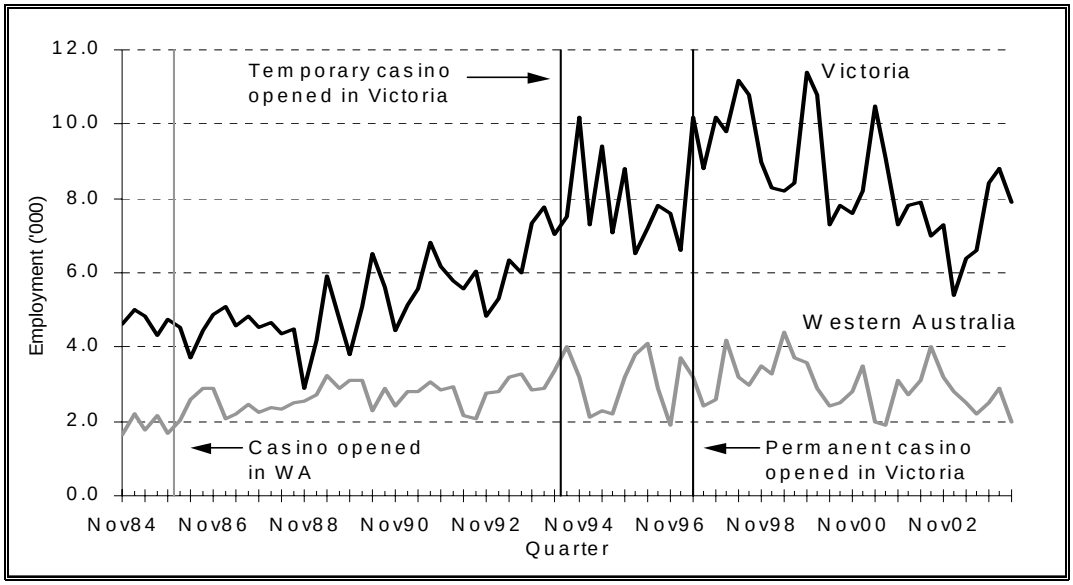
Despite the stronger growth in full and part-time employment in hotels, taverns, bars and clubs for Victoria relative to Western Australia, growth in both forms of employment in the broader accommodation, cafes and restaurants sector has been remarkably similar for both States between 1986 and 2003 (see Figure 5.9). This again suggests that stronger employment growth in hotels, taverns, bars and clubs in Victoria may have been offset by weaker employment growth in accommodation and cafes and restaurants. However, without more detailed data on the potential impact of EGMs on potential shifts in expenditure in Victoria, it is premature to make such a conclusion.

5.2 Employment in Gambling Services Sector

The following section presents ABS labour force estimates of employment in the gambling services sector for Victoria and Western Australia. The gambling services sector includes casinos, lotteries and other small gambling activities such as bookmaker operations, football pools operation, totalisator agency operation etc. Gambling services therefore covers most forms of gambling that take place outside hotels, taverns, bars and clubs.

Quarterly estimates of total employment in the gambling services sector for both States are presented in Figure 5.10. The data needs to be interpreted with caution since the small size of the estimates means they have a relatively high exposure to sampling error, meaning that they have a relatively high chance of deviating from the true population estimate. Thus movements from quarter to quarter should not be interpreted as literal movements in employment, although general trends should be representative of population trends.

Figure 5.10
Total Employment in Gambling Services
Victoria and Western Australia – November 1984 to May 2004



Source: ABS, AusStats, Labour Force (Cat. No. 6291.0).

Employment in gambling services in Victoria rose strongly from the late 1980s to the late 1990s, but appears to have eased off since this time. The pattern of employment in gambling services in Western Australia is similar, with a rising trend in employment up until the mid to late 1990s followed by a decline over recent years. Perhaps more interesting is the impact of casinos on employment. Employment in gambling services rose in both States following the opening of casinos but appears to have eased off over a year later. The opening of the permanent casino in Victoria also seems to have been associated with an initial rise in employment.

Chapter Six

Community Attitudes and Awareness

This chapter explores community attitudes and awareness towards gambling in Victoria and Western Australia in order to understand what differences, if any, exist between the two due to their dissimilar gambling environments. Information on community attitudes was derived from a survey of households from selected regions in both States conducted in early 2004. Prior to comparing the community attitudes held towards gambling in both States, we consider what previous surveys conducted at the national level and in Victoria reveal about community attitudes towards gambling.

Insights into Community Attitudes and Awareness

- in surveys conducted in **Victoria** prior to the 1999 Productivity Commission *National Gambling Survey* and in all major surveys since that time, more than three-quarters of those polled held the view that EGMs in clubs and hotels "do more harm than good". Demand for a reduction in machines remains high;
- comparatively two-thirds of **Western Australians** (in the PC survey, 1999) responded that gambling does more harm than good and at that time only 6.2 per cent of Western Australian residents wanted an increase in the number of machines;
- while a small minority in both States agree that "gambling is an acceptable activity in my community", far more Victorians (67 versus 36 per cent) state that gambling is too widely accessible. Forms of gambling are accepted in both communities but what is also clear is that there is more concern in Victoria about the amount of gambling activity available in the local community;
- wagering, either on-course or via the TAB, was a slightly more popular form of gambling in Western Australia relative to Victoria as was participation in table games at the casino and the purchase of lottery/lotto tickets;
- the participation rate of Victorians in EGM gambling in hotels/clubs was 31.5 per cent in the SACES[30] 2004 survey (approximately the rate of 34 per cent reported in the *2003 Victorian Longitudinal Community Attitudes Survey*) and 1.8 per cent for Western Australians (see Table 6.3);
- some 43 per cent of Western Australians purchased lotteries/lotto tickets once a week or more compared to 31 per cent of Victorians;
- a significantly larger proportion of respondents from Victoria relative to Western Australia know someone with gambling problems from EGM use (58 versus 28 per cent), while there is a clear perception that problem gambling is more prevalent in Victoria (Table 6.10). These differences are mirrored at the regional level;
- both communities express a strong desire to limit the harms from problem gambling and to restrict gaming by minors (social policy objectives); encouraging tourism related gambling and creating jobs in the gambling industry (economic objectives[31]) are rated as very important by only 10 per cent and 24 per cent of respondents;

30 South Australian Centre for Economic Studies.

31 We have heard the term 'economic defences' for the gambling industry.

Insights into Community Attitudes and Awareness (continued ...)

- two outdoor activities of Western Australians which reflect the warmer climate — going to the beach (78.3 per cent) and fishing (42.0 per cent) — are both 15 percentage points above those for Victorians. Conversely two indoor activities — visited your local hotel (43.4 per cent) and visited a licensed club (35.2 per cent) are 28 percentage points below those recorded for Victorians (61.0 and 64.8 per cent respectively). This is a factor related to the availability of EGMs in these venues. Once again, these differences are mirrored at the regional level;
- use of ATMs at hotels and licensed clubs is 25 per cent for Victorians and 14 per cent for Western Australians. The availability of ATMs in both States is in proportion to their respective populations. The only plausible explanation is the greater demand to access money for the purposes of gambling in Victorian venues;
- it does not appear that differences in gambling environment at the regional level have resulted in different perceptions on the assessment of community well being.

6.1 National and Victorian Surveys of Community Attitudes

Notwithstanding high participation rates in gambling activities amongst Australian adults, the Productivity Commission's *National Gambling Survey* (1999), consistent with earlier State-based surveys, found widespread community concern about the overall impact of gambling and the amount of gambling opportunities available. Some 71 per cent of Australians either slightly or strongly disagreed with the statement that "overall, gambling does more good than harm for the community" (see Table 6.1). In addition, 55 per cent of Australians either strongly or slightly disagreed that wider availability of gambling provided more opportunities for recreational enjoyment. The survey indicated that 51 per cent believed that the number of gaming machines should be decreased (34 per cent a large decrease and 17 per cent a small decrease), while 41 per cent thought that it should stay the same.

Table 6.1
Results from Productivity Commission Survey:
Community Attitudes to Gambling (Per cent)

	Strongly Agree	Slightly Agree	Neither Agree nor Disagree	Slightly Disagree	Strongly Disagree	Don't Know/ Can't Say
Gambling does more good than harm	3.8	11.2	11.9	23.9	47.4	1.8
Gambling has provided more opportunities for recreational enjoyment	7.0	25.5	11.0	20.9	33.7	1.9

Source: Productivity Commission (1999).

The Productivity Commission survey also provided insight into community attitudes at the state level. Despite the reduced access to gambling activities in Western Australia, a similar, though smaller, proportion of respondents disagreed that "gambling does more good than harm" relative to respondents from Victoria (67 per cent versus 72 per cent). Furthermore, only 6.2 per cent of respondents from Western Australia wanted an

increase in the number of EGMs despite the relative lack of machines. This suggests that there are generally strong negative attitudes towards gambling across communities regardless of the type of gambling environment that exists in the community (see Box 6.1 for a summary of results from a recent survey of South Australian community attitudes).

Box 6.1
South Australian Community Attitudes Towards Gambling

In July 2004, on the 10th anniversary of the introduction of electronic gaming machines into hotels and clubs in South Australia, a telephone survey of 504 people was conducted by McGregor Tan Research to determine community attitudes and perceptions towards gambling in South Australia. The results revealed strong community concern regarding the impact of EGMs.

An overwhelming 73 per cent of respondents believed that the decision to introduce EGMs was a "bad" one (16 per cent responded that it was a "good" decision). The results indicate there has been a modest increase in negative attitudes towards EGMs since 1995, when a survey found that 68 per cent of respondents disagreed with the decision, while 27 per cent agreed.

The survey revealed that one in five people (20 per cent) had played an EGM at some stage in the previous month. Electronic gaming machines were the second most popular form of gambling for respondents, behind lottery games (i.e., Lotto, Pools, Powerball), on which 40 per cent of respondents had participated in the last month. The next most popular form of gambling after EGMs was the purchase of raffle tickets (18 per cent of respondents).

Problem gambling in South Australia was regarded as being "extremely" serious by 56 per cent of respondents, while 34 per cent felt that it was "quite" serious. And in this regard, most respondents (72 per cent) thought that the government was placing "too little" emphasis on dealing with problem gambling, while about a quarter felt the government was placing the "right amount" of emphasis on dealing with the problem.

In terms of dealing with problem gambling, the most popular measure to deal with the problem was to limit withdrawals from automatic teller machines (ATMs) in venues, with 81 per cent of respondents agreeing with this measure. The next most popular measures were further reductions in machine numbers, and a ban on credit card advances from ATMs in venues (79 per cent agreeing respectively).

Source: *Sunday Mail*, Adelaide, 8th August 2004.

Victorian surveys from 1996 to 1999 report consistently high levels of community concern about the adverse effects of gambling.[32] For instance, 77 per cent of Victorians in 1996 slightly or strongly disagreed with the statement that "gambling does more good for the community than harm" compared to 79 per cent in 1999.

More recently, the *2003 Victorian Longitudinal Community Attitudes Survey* surveyed almost 8,500 Victorian residents to determine their participation in gambling activities and track changes in community perceptions and attitudes since the earlier studies. The survey also obtained information on a number of new issues identified in consultations prior to the survey. There were three broad issues considered in terms of the community consultation phase of the study:

[32] Victorian Casino and Gaming Authority, (1999), *Seventh Survey of Community Gambling Patterns and Perceptions*.

- community attitudes towards gambling in general;
- perceptions of the effects of gambling on both a statewide and local community basis; and
- perceptions of government policies on gambling.

The survey found that Victorians continue to hold negative views towards gambling, in particular EGM gambling. They also have negative perceptions of the effects of gambling on the community. The main findings were as follows:

- A substantial majority of Victorians (85 per cent) agreed or strongly agreed that "gambling is a serious social problem in Victoria".
- A smaller but still large majority (76 per cent) agreed that "gambling is too widely accessible in Victoria".
- There was a strong perception held by Victorians (81 per cent) that gambling-related problems had become worse in Victoria over the last three years.
- Demand for a reduction in the overall number of gaming machines remains high and steady with 74 per cent of Victorian residents in the latest survey agreeing that the number of poker machines in Victoria should be reduced, which compares with 73 per cent in the 1999 survey.
- Support for a decrease in the number of machines was highest for a decrease in the number located in hotels (91 per cent of respondents), followed closely by clubs (85 per cent), while a smaller proportion agreed the number of EGMs in the Crown Casino should be decreased (64 per cent).
- A small proportion of Victorian respondents (13 per cent) agreed with the statement "overall gambling does more good for the Victorian community than harm" with less than 1 per cent strongly agreeing with this statement. This represents a fall in agreement since the Productivity Commission's 1999 survey, when almost 16 per cent of Victorians agreed with a similar statement.
- A majority of Victorians disagreed or strongly disagreed with the statements that poker machines in clubs (73 per cent) and hotels (78 per cent) do more good for the Victorian community than harm.

Community attitudes towards gambling were generally uniform for residents from the metropolitan and non-metropolitan areas. However, there was a perceptible difference between the two groups with residents in the metropolitan area tending to have a stronger opinion in either direction (i.e., strongly agree or strongly disagree) than residents from the non-metropolitan area. This indicates that EGMs tend to generate stronger opinions in the metropolitan area, which probably reflects that they are concentrated there, meaning their impacts are magnified. It may also reflect that EGMs are more accepted in regional communities, perhaps due to the relative lack of other recreational activities and/or stronger perceptions of the economic benefits associated with EGMs. For instance, 20 per cent of residents from the non-metropolitan area agreed with the statement "EGMs have been good for your suburb or local community" compared with 9.2 per cent of metropolitan residents.

Another area of significant difference between metropolitan and non-metropolitan residents related to whether there was more gambling in the local community compared to three years ago. Metropolitan residents had a stronger perception that gambling had continued to expand in their area with 18 per cent of metropolitan residents disagreeing with the statement that "there is more gambling in your local community than three years ago" compared to 29 per cent of non-metropolitan areas who disagreed.

6.2 Survey of Victorian and Western Australian Community Attitudes and Participation in Recreation and Gambling

In February 2004 the researchers conducted a survey of seven communities in both Western Australia and Victoria to obtain information on participation in recreation and gambling, and attitudes towards gambling. The purpose of the survey was to find out whether different gambling environments lead to different patterns of gambling behaviour and recreational activities.

The survey was initially mailed to 7,000 residents of the seven matched pair regions randomly selected from the White Pages, by matching on postcodes. The numbers selected to mail out were in proportion to the share of population of each region and is show at Table 6.2. The response rate was 26 per cent overall, ranging from Bairnsdale (Victoria) at 33.2 per cent to Belmont (Western Australia) 20.4 per cent. The average response rate was Victoria 26.3 per cent and Western Australia 25.3 per cent. Some 1,800 surveys were returned to the researchers for a variety of reasons (principally changed address or business name) and each was replaced, so that in total, approximately 9,000 surveys were mailed out.

Table 6.2
Survey Sample and Returns

	Surveys	Response Number	Response Rate (Per cent)
Wyndham (Victoria)	1,210	301	24.9
Cockburn (Western Australia)	1,040	263	25.3
Maribyrnong (Victoria)	1,000	216	21.6
Belmont (Western Australia)	540	110	20.4
Greater Shepparton (Victoria)	880	264	30.0
Albany (Western Australia)	480	142	29.6
Warrnambool (Victoria)	470	143	30.4
Geraldton (Western Australia)	320	70	21.9
Bairnsdale (Victoria)	250	83	33.2
Busselton (Western Australia)	280	87	31.1
Hastings (Victoria)	120	30	25.0
Kwinana (Western Australia)	260	68	26.2
Warburton (Victoria)	100	24	24.0
Mundaring (Western Australia)	50	12	24.0
Total	7,000	1,813	25.9

Source: SACES, 2004.

6.2.1 Participation in Gambling Activities

We begin by examining participation in gambling activities by respondents from Victoria and Western Australia. Table 6.3 shows participation rates for gambling activities for both States. Participation rates refer to the number of respondents who participated in the activity at least once over the past year as a proportion of the total who indicated how often they participated in the activity, including those that advised they did not participate. Thus, the small number of respondents who did not indicate whether or not they participated (or attended a gambling venue over the past year in the case of casinos, hotels and clubs) were excluded from the calculation of the participation rate. It is also important to note that because the results are based on a survey of selected communities in both States, they may not be representative of average gambling patterns for the States as a whole.

Table 6.3
Participation in Gambling Activities by Location
Per Cent of Respondents Who Participated Once or Sometimes Over Last Year[a, b]

Form of Gambling	Western Australia	Victoria
Lotto (X-lotto, Powerball etc)	80.1	71.5
Raffle ticket	86.2	82.6
Bingo at a club or hall	4.9	6.9
Casino:		
EGMs	20.2	19.2
Table games	16.0	8.1
Hotels and licensed clubs:		
EGMs[c]	1.8	31.5
Horses, trots, greyhounds	12.9	13.6
Wagering (placed a bet):		
Horses, trots, or greyhound race	36.0	33.7
Professional sporting event	8.2	6.3
Local TAB	30.3	25.2
Track or sporting venue	13.8	14.2
Local hotel	11.6	11.5
Licensed club	1.9	7.6
Casino (attended)	15.7	6.5
Internet	1.6	1.6
Telephone	2.0	5.6

Note: [a] For wagering activities and lotteries participation is calculated as the number who gambled at least once over the past year as a proportion of total responses (i.e., those that did not indicate how often they participated in a gambling form were excluded). For gambling at the casino, hotels and clubs, participation was based on the number who gambled at least once or sometimes over the past year as a proportion of the total number who indicated how often they attended these venues (i.e., the small number of respondents who did not indicate how often they attended in the past year but did indicate participation in gambling at these venues were excluded).

[b] Percentages in Tables 6.3 to 6.19, drawn from the SACES 2004 survey, are rounded up to one decimal place so that they may add, in some cases to 99.9 or 100.1 per cent.

[c] The 1.8 per cent reported play rate in Western Australia likely refers to play when interstate or respondents referred to this activity when visiting the casino.

Source: SACES, 2004.

The pattern of participation in gambling activities is generally similar between Victoria and Western Australia. However, there are some notable differences. Most significant is that participation in playing EGMs at hotels or licensed clubs is much lower in Western Australia (1.8 per cent of respondents) than in Victoria (32 per cent) due to EGMs not being permitted in these venues in Western Australia. The participation rate in EGM gambling for Victoria was in fact very close to that found by the *2003 Victorian Longitudinal Community Attitudes Survey,* which estimated that almost 34 per cent of Victorian adult residents participated in this form of gambling in 2003.

Interestingly, the proportion of respondents who had attended a casino to play table games was much higher in Western Australia than in Victoria (16 per cent versus 8.1 per cent). It is likely that the Western Australian result is an over-estimate and is not representative for the State as a whole. For instance, the Productivity Commission's *National Gambling Survey* found that only 9 per cent of Western Australians had played casino table games in 1999, compared with 14 per cent of Victorians (shown in Table 4.5). The recent outcome could be explained by the location of the regions chosen for Western Australia — if the regions were on average closer to the casino than those used for Victoria, then participation would be expected to be higher in these regions. However, it could be that a larger proportion of Western Australians were in fact referring to playing tables games when visiting the casino in the more distant past than was asked by the survey (i.e., over past year).

The estimated participation rate for casino table games for Victoria was close to that found in the *2003 Victorian Longitudinal Community Attitudes Survey* (7.3 per cent).

Consistent with the 1999 *National Gambling Survey*, the SACES survey (2004) found that gambling on lotto was higher in Western Australia (80 per cent) than in Victoria (72 per cent). While these rates are somewhat higher than those estimated by other studies they are consistent with the data from LotteryWest by region, that shows growth in expenditure for all lottery products in the seven regions in Western Australia had outstripped average growth for Western Australia. The results while higher than those reported in the Productivity Commission survey (1999) are consistent in that lottery participation in Western Australia exceeds that for Victoria by about 10 percentage points. The most recent Victorian longitudinal survey found that 61 per cent of adult Victorians had played lotto or a lottery game in 2003, while the 1999 *National Gambling Survey* estimated that 62 per cent of residents in Victorian played lotto or some other lottery game compared to 74 per cent in Western Australia.

Nevertheless, the SACES survey (2004) results confirm that there is significant demand for gambling in Western Australia with the relative lack of gambling alternatives, particularly EGMs, resulting in relatively greater participation in lotto gambling.

In regard to wagering, a greater proportion of Western Australians reported they had placed a bet on the races or had placed a bet at the local TAB, while a larger proportion of residents in Victoria had placed a bet at a licensed club and over the telephone.

The remainder of this section considers the frequency with which residents in Victoria and Western Australia participated in gambling activities.

Table 6.4 shows the frequency with which respondents in both States gamble on lotteries and raffles. A relatively higher proportion of Western Australians played lotto once a week or more (43 per cent versus 31 per cent) than Victorians. This reflects greater participation in this form of gambling in Western Australia due to the underlying demand for gambling activities that exists in the State. A slightly larger proportion of respondents from Western Australia also bought a raffle ticket once a week or more, while the participation rate in bingo was very low in both States.

Table 6.4
Frequency of Playing Lotteries and Raffles (Per cent)

	Western Australia			Victoria		
	Played Lotto (X-Lotto, Power Ball, Tatts, Pools)	Bought a Raffle Ticket	Played Bingo at a Club or Hall	Played Lotto (X-Lotto, Power Ball, Tatts, Pools)	Bought a Raffle Ticket	Played Bingo at a Club or Hall
Never in the Past Year	17.3	11.2	91.2	25.4	14.1	88.4
Once or twice in the past year	9.0	24.9	2.1	16.4	33.6	2.6
Once every few months	13.2	37.6	0.9	14.9	30.1	1.0
Once or twice every month	15.0	16.8	0.4	9.5	14.7	1.3
Once a week or more	42.8	6.9	1.5	30.7	4.2	1.9
Not stated	2.7	2.7	3.9	3.1	3.3	4.7

Source: SACES, 2004.

The frequency of playing EGMs at a casino was remarkably similar for the Victorian and Western Australian respondents (see Table 6.5). A larger proportion of respondents from Western Australia indicated they had played table games at a casino 'sometimes' and 'always' over the past year, which perhaps reflects the dominance of this activity in the Burswood Casino relative to the older style gaming machines.

Table 6.5
Frequency of Gambling at Casino (Per cent)

	Western Australia		Victoria	
	EGMs	Table Games	EGMs	Table Games
Never	77.9	82.2	79.1	89.9
Sometimes	11.2	10.7	10.9	6.2
Often	3.9	1.6	3.4	1.0
Always	5.2	3.7	5.0	0.9
Not stated	1.9	1.7	1.7	2.0

Source: SACES, 2004.

In terms of the frequency of gambling at hotels and licensed clubs, the pattern of participation in betting on horses, trots and/or greyhounds was very similar in both States (see Table 6.6). Around 1 per cent of respondents in both States always gambled on this form when visiting these venues. The frequency of EGM gambling was

obviously very different for the communities of the two States. Of the 32 per cent of Victorian respondents who had played EGMs, the majority (22 per cent) were only casual players — only playing EGMs "sometimes" when visiting a hotel or club over the past year.

Table 6.6
Frequency of Gambling at Hotels and Licensed Clubs (Per cent)

	Western Australia		Victoria	
	EGMs	Horses, Trots, Greyhounds	EGMs	Horses, Trots, Greyhounds
Never	n.a.	83.7	64.4	81.6
Sometimes	n.a.	9.4	22.3	10.5
Often	n.a.	2.2	5.2	2.1
Always	n.a.	1.4	4.0	1.0
Not stated	n.a.	3.4	4.1	4.8

Source: SACES, 2004.

Table 6.7 reports the frequency of placing bets on horse, trots and/or greyhound races and professional sporting events in Victoria and Western Australia. Comparing the responses reveals that there are only relatively small differences between the two States in terms of the wagering behaviour of the respondents. Very few respondents in both States regularly place bets on a professional sporting event, whilst about 4 per cent of respondents from both States place a bet on a horse, trots and/or greyhound race at least once a week or more.

Table 6.7
Wagering: Placed a Bet (Per cent)

	Western Australia		Victoria	
	Horse/Trots/ Greyhound Race	Professional Sporting Event	Horse/Trots/ Greyhound Race	Professional Sporting Event
Never in the Past Year	60.0	84.7	62.5	87.9
Once or twice in the past year	23.9	5.6	24.1	4.5
Once every few months	4.5	1.2	3.2	1.0
Once or twice every month	3.3	1.2	2.9	0.8
Once a week or more	4.3	0.3	3.5	0.0
Not stated	4.0	7.0	3.8	5.7

Source: SACES, 2004.

In a recent report on the *Changes in the Wagering Industry in Victoria* (SACES 2004) the researchers reported some 5 per cent of the adult population in Victoria were regular gamblers wagering at least once a week involving approximately 180,000 adults.

And further, this 5 per cent of the Victorian adult population (18 years+) equates to 15 per cent of only those who wager and who contribute 78 per cent of industry turnover,[33]

[33] The researchers estimated from industry data that 10 per cent of those who wager, account for 91 per cent of TAB turnover. Many are professional and/or syndicate punters. The researchers estimated 2,500 and 4,000 racing punters were likely to experience gambling problems.

similar in scale to the 6 per cent of Victorian adults who account for 57 per cent of EGM losses.

Table 6.8 gives an indication about how frequent wagering is undertaken in certain locations. In general, wagering refers to placing a bet on a racing or sporting event. It is possible that some respondents referred to non-wagering gambling when indicating whether they placed a bet at a particular location (i.e., playing a gaming machine at a casino, hotel, licensed club etc.).

The most common place where a wagering bet was placed was respondents' local TAB in both States. In fact, wagering by frequent players (i.e., those who bet once or more per week) was highest in local TABs in both Western Australia and Victoria (4.0 per cent and 2.6 per cent of respondents respectively). Again, for both States, this is consistent with the fact that the wagering market continues to shift decisively off-course. The researchers reported that approximately 95 per cent of turnover for horse and greyhounds comes from TAB retail outlets, telephone and internet betting.

The other significant difference between the two States related to the frequency of placing a bet at a casino. As discussed above, the results for Western Australia suggest a level of participation that is probably higher than the true participation rate for the local communities surveyed. Almost 13 per cent of respondents indicated that they placed a bet at a casino once or twice a year compared to 4.9 per cent of respondents from Victoria. The result for Western Australia seems unusually high.

In terms of placing a bet at other locations, the pattern of frequency of placing a bet was quite similar across both States. Minor differences worth noting relate to placing a bet at a licensed club or over the telephone with Victorians being more likely to bet using these outlets.

6.2.2 Attitudes Towards Wagering and Gambling

In order to obtain information on community attitudes towards gambling, individuals were asked to indicate their level of agreement with various statements about gambling. The results for Victoria and Western Australia are presented in Table 6.9.

A majority of respondents from both States (about 54 per cent) agreed with the statement that "gambling is an acceptable activity in my community". However, the responses reveal that a significantly higher proportion of Victorians than Western Australians (67 per cent versus 36 per cent) agreed that gambling was "too widely accessible" in their local community and that there were "enough opportunities to gamble" in their local area (91 per cent versus 79 per cent). Furthermore, a larger proportion of respondents from Victoria than from Western Australia disagreed with the statement that "the current level of gambling in our community is appropriate". These results indicate that while gambling is equally accepted in both communities as a recreational activity, there is relatively greater concern in Victoria about the amount of gambling activities available in the local community.

Table 6.8
Wagering: Frequency of Placing a Bet by Location (Per cent)

	Local TAB	Track or sporting venue	Local hotel	Local licensed club	Casino	Internet	Telephone
Western Australia							
Never	64.1	79.1	81.8	91.1	77.7	91.8	91.2
Once or twice a year	19.9	9.7	6.3	0.8	12.5	0.0	0.5
Once every few months	3.5	2.7	1.3	0.5	2.9	0.4	0.1
Once or twice every month	2.9	1.2	1.5	0.0	0.3	0.5	0.3
Once a week or more	4.0	0.3	2.5	0.5	0.0	0.7	1.1
Not stated	5.6	7.0	6.6	7.0	6.6	6.6	6.8
Victoria							
Never	69.8	80.2	83.3	86.8	87.7	92.6	89.0
Once or twice a year	17.8	11.0	6.1	5.1	4.9	0.8	2.5
Once every few months	2.5	2.3	2.5	1.3	1.0	0.2	1.1
Once or twice every month	2.3	0.8	1.9	0.7	0.4	0.3	0.5
Once a week or more	2.6	0.2	1.0	0.6	0.2	0.3	1.4
Not stated	5.0	5.6	5.2	5.6	5.8	5.7	5.5

Source: SACES, 2004.

Table 6.9
Community Attitudes Towards Wagering and Gambling (Per cent)[a]

Statement	Western Australia			Victoria		
	Agree	Disagree	Unsure	Agree	Disagree	Unsure
Gambling is an acceptable activity in my community	54.0	23.7	18.9	53.4	25.2	15.9
Gambling is too widely accessible in my community	35.5	33.8	26.7	66.8	15.8	13.8
Gambling should not be allowed to be advertised	48.7	31.8	15.7	61.3	20.5	14.1
There are enough opportunities to gamble in my local area	79.1	3.6	14.8	91.0	2.3	3.1
There are enough recreational activities (other than gambling) in my local area	73.7	14.0	9.6	68.4	19.9	8.6
The current level of gambling in our community is appropriate	43.6	17.8	34.4	25.7	46.2	24.0
Wagering on races is less likely to cause harm to gamblers than playing EGMs (poker machines)	30.2	36.6	29.9	27.1	46.3	22.4
Gambling is an important source of entertainment in my community	15.4	52.7	28.5	27.5	44.4	23.8
Problem gambling is a serious social problem in my community	33.0	18.1	44.9	59.7	6.7	29.6
Gambling does more harm to the community than good	54.5	17.8	23.8	68.9	10.6	17.1
I am aware of support services available for people with gambling problems	59.2	12.9	22.7	79.9	6.2	9.7

Note: [a] Proportion of respondents that did not state a response not show.
Source: SACES, 2004.

The results show that Victorians are much more concerned about problem gambling and other negative impacts associated with gambling. Most significantly, about 60 per cent of Victorians agreed with the statement that "problem gambling is a serious social problem in my community" compared to one third of Western Australians. Furthermore, a greater proportion of Victorians believe that "gambling does more harm to the community than good" (69 per cent c.f. 55 per cent).

This result is remarkably similar to the findings of the Productivity Commission (1999) survey quoted earlier, and the findings of the recent Victorian Longitudinal Attitudes Survey (2003). Overall, the consistency of the results provides further confidence in the sample survey.

More significantly, the consistency of these opinions over the five years since the Productivity Commission Survey of 1999, plus the Victorian Community Attitude surveys and that in Western Australia, reaffirms the strongly held views of citizens that gambling is too freely available and that it does more harm than good. Greater exposure to gambling opportunities as in the Victorian situation, tends to harden/strengthen held opinions.

The survey results provide insight into why Victorians are relatively more concerned about problem gambling. As Table 6.10 shows, a significantly larger proportion of respondents from Victoria (52 per cent) than from Western Australia (28 per cent) indicated they knew someone with problems associated with EGMs, while a similar proportion of respondents from both States knew someone who has problems with wagering and/or other forms of gambling. The presence of EGMs in hotels and licensed clubs in Victoria therefore appears to be the main contributing factor towards relatively greater community concern and awareness of problem gambling in Victoria. It is almost certainly the case that the much greater prevalence of EGMs in Victoria is also behind the relatively greater concern about the availability of gambling activities in the State.

Despite the increased concern about problem gambling and its availability in Victoria relative to Western Australia, a greater proportion of respondents from Victoria than Western Australia (28 per cent c.f. 15 per cent) agreed with the statement "gambling is an importance source of entertainment in my community". This shows that there are benefits associated with the greater availability of gambling activities in Victoria, with many respondents enjoying gambling as a recreational activity.

Table 6.10
Respondents Knowledge of People With Gambling Problems (Per cent)

	Western Australia				Victoria			
	Agree	Disagree	Unsure	Not Stated	Agree	Disagree	Unsure	Not stated
I know someone who has problems with EGMs	28.2	39.0	21.8	11.0	51.5	27.8	13.8	7.0
I know someone who has problems with wagering	30.3	35.1	22.7	11.8	32.2	34.1	20.8	12.8
I know someone who has problems with other gambling (eg, lotteries, scratch tickets, etc)	24.1	41.4	23.0	11.6	22.7	40.5	23.4	13.4

Source: SACES, 2004.

The survey asked respondents to indicate how important were a list of factors in terms of guiding government decision making when undertaking a review of gambling activities. The results are shown in Table 6.11, with the factors listed in order of importance based on responses from Western Australia.

Community attitudes towards how important are the various factors in guiding government decision-making were generally uniform for the two States. The two most important factors identified in both States were to 'prevent criminal activity' and 'restrict gambling by minors'. The next three most important factors in both States related to reducing the impacts of problem gambling:

- Provide counselling for people with gambling problems;
- Inform people of the risks of developing gambling problems; and
- Limit the harm problem gambling can cause people.

However, a larger share of respondents from Victoria considered these factors to be 'very important'. This is consistent with the community perception in Victoria that problem gambling is relatively more prevalent.

Table 6.11
Community Attitudes Towards Government Decision Making (Per cent)

Statement	Western Australia			Victoria		
	Very important	Of some importance	Not at all important	Very important	Of some importance	Not at all important
Prevent criminal activity	91.4	2.9	1.7	91.0	3.6	1.4
Restrict gambling by minors	89.4	3.7	3.2	91.5	2.7	1.8
Provide counselling for people with gambling problems	82.7	9.4	3.9	87.3	6.8	1.9
Inform people of the risks of developing gambling problems	80.9	12.4	2.7	84.7	8.7	1.9
Limit the harm problem gambling can cause people	78.3	14.6	1.7	83.4	9.7	2.5
Ensure gambling profits fund worthy causes	70.3	19.3	5.7	73.0	15.4	6.5
Ensure fairness for players	68.6	19.5	7.2	63.9	21.2	9.4
Protect jobs in other industries	63.6	22.5	9.2	71.0	17.9	5.8
Inform people of the chance of winning	49.1	21.5	24.3	59.9	14.1	20.1
Restrict opportunities to gamble	46.3	39.1	10.5	57.3	32.1	5.9
Raise taxes from gambling in order to avoid raising other state taxes	45.5	29.7	19.8	40.1	32.5	20.9
Create jobs in the gambling industry	24.3	39.4	31.3	23.3	41.7	29.0
Avoid restricting the availability of gambling	19.5	36.7	38.3	19.7	31.3	41.6
Support the racing industry	16.0	38.0	41.5	12.8	41.8	39.5
Provide financial assistance to people with gambling problems	15.8	30.9	48.3	20.5	34.8	38.6
Encourage tourism related to gambling	10.6	35.8	48.3	9.8	31.5	53.3
Encourage competition in the gambling industry	10.4	25.7	57.6	9.7	24.8	58.5

Source: SACES, 2004.

The largest differences in opinion between the two States related to informing people of the chance of winning, restricting opportunities to gamble, and protecting jobs in other industries, with a higher share of Victorian respondents considering these factors to be 'very important'. More forceful agreement with the first two factors again seems to relate to the greater concern in Victoria about problem gambling and greater availability of gambling activities. Concern about the prevalence of gambling and thus potential for spending to be diverted from other activities probably also lies behind the Victorian respondents' concern about protecting jobs in other industries.

Encouraging 'tourism related to gambling' and 'competition in the gambling industry' were regarded by respondents from both States as the two least important factors that should guide government decision making in relation to gambling policy. Interestingly tourism income, creating jobs in the gambling sector and even the use of gambling as a tax revenue stream — are rated far less significantly by citizens than limiting harms from gambling, providing counselling and protecting minors. The "social good" rates more highly as the basis for good economic and social policy than is usually acknowledged. The findings demonstrate that individuals think about gambling in a community sense in terms of costs and benefits but most likely view their own gambling behaviour in a fairly positive sense.

6.2.3 Participation in Recreation Activities

Individuals from communities in Victoria and Western Australia were asked to indicate how often they participated in a variety of recreational activities over the past year. This information was obtained in order to determine whether the different gambling environments resulted in different patterns of recreational activity in the two States.

Table 6.12
Participation in Recreational Activities (Per cent)[a]

Activity	Western Australia	Victoria
Visited friends in your local area	91.8	93.0
Visited family/relatives	91.0	93.0
Gone to the beach	**78.3**	**63.8**
Hosted a BBQ.	72.9	69.7
Seen a film at a cinema	71.3	73.0
Been on a picnic with your family	66.6	61.2
Been on a weekend trip with your family	63.2	70.6
Attended a fair in your local community	61.8	60.7
Attended a concert	46.5	42.8
Attended a school function	44.3	43.3
Visited your local hotel	**43.4**	**61.0**
Played sport (golf, cricket, netball, bowls, etc)	42.8	41.3
Attended a professional sporting event	42.6	45.1
Been fishing	42.0	27.0
Gone to your local swimming pool	37.4	38.2
Visited a licensed club	**35.2**	**64.8**
Attended an opera or a theatrical performance	33.8	35.2
Attended a horse/trots/greyhound race	18.1	18.4
Been surfing	9.7	7.7

Note: [a] Participation calculated as proportion of all respondents who participated in the activity at least once in the past year.
Source: SACES, 2004.

Participation rates in a range of general recreational activities are listed in Table 6.12 for Western Australia and Victoria. The pattern of recreational activities participated in by the communities of both States is very similar. However, there are some notable differences.

The largest differences related to visiting a licensed club and the local hotel. Almost two thirds of Victorians surveyed indicated they had visited a licensed club compared to a little over a third of Western Australians, while 61 per cent of Victorians surveyed had visited their local hotel over the past year compared to 43 per cent of Western Australians surveyed. This outcome is most likely explained by the presence of EGMs in these venues in Victoria and their absence in Western Australia. It would appear then that EGMs are an important factor in attracting additional visitors, though not the most important (see below).

The difference in visitation between the two States helps to partly explain why the hotels and clubs industry is generally strongly against measures that involve reducing the number of EGMs in their venues; a reduction in the number of EGMs would have a significant negative impact on patronage and thus spending at these venues, not only in terms of gambling, but also on other venue activities such as sales of drinks, meals etc.

Other notable differences in recreational participation related to going to the beach and fishing with a significantly larger share of respondents from Western Australia engaging in these activities, taking advantage of the warmer climate and the proximity to suitable beaches and fishing sites.

There appears to be no systematic difference in the pattern of recreational activity between the two States due to their different gambling environments except for higher attendance at hotels and clubs in Victoria. However, higher attendance at these gambling venues does imply that participation in other recreational activities (e.g., spending time with family at home, pursuing hobbies etc) is lower than they otherwise would have been in the absence of EGMs. Unfortunately there is no direct information on which activities Victorian respondents have reduced their participation in order to spend increased amounts of time at gambling venues.

In addition to their participation in gambling activities, individuals were asked to indicate how often they engaged in other activities when visiting the casino. Table 6.13 shows that having a meal and meeting up with friends were the two most common activities undertaken by respondents in both States when visiting the casino. As stated above, a larger share of respondents from Western Australia than Victoria indicated they played table games when visiting the casino, which is not consistent with previous surveys with the result for Western Australia potentially being an overestimate. The other main difference related to attending live entertainment at the casino with about 17 per cent of respondents from Western Australia doing so over the past year compared to 10 per cent from Victoria. Slightly more Victorian visitors to a casino access an ATM which most likely reflects greater participation in gambling on EGMs. We conclude this because of the difference in ATM usage at hotels and clubs in Victoria relative to Western Australia (see Table 6.13).

Table 6.13
Participation in Recreational Activities at the Casino (Per cent)[a]

Activity	Western Australia	Victoria
Met up with friends	25.4	22.6
Played EGMs (poker machines)	20.2	19.2
Played table games (eg, blackjack, roulette etc)	16.0	8.1
Had a meal	26.5	25.4
Attended live entertainment	17.3	9.8
Attended a business or social function	8.3	8.1
Used ATM (Automatic Teller Machine) facilities	11.3	13.7
Rented accommodation	6.3	2.4

Note: [a] Participation calculated as the proportion of those who indicated they did or did not visit a casino in the past year who participated in activity "sometimes", "often" or "always".
Source: SACES, 2004.

Information on participation in recreational activities at hotels and licensed clubs was also obtained with the results shown in Table 6.14. Participation in activities at these venues is generally higher for Victoria. In fact, the largest difference in participation was for playing EGMs.

A much larger proportion of Victorian respondents also visited a hotel and/or licensed club to meet up with friends, have a drink and have a meal. This is also probably due to the presence of EGMs in Victoria since this is arguably the most substantial difference in the venue environment between the two States. However, the impact may also be partly indirect, in the sense that EGMs have provided venues in Victoria with an additional significant revenue stream which has enabled some venues to improve their facilities and provide additional or enhanced services (e.g., cheaper meals, free coffee, tea etc). Such enhancements have made venues in Victoria more attractive, encouraging people who would not normally have visited these venues to do so, even though they may not visit with the intention of gambling.

Table 6.14
Participation in Recreational Activities at Hotels and Licensed Clubs (Per cent)[a]

	Western Australia	Victoria
Met up with friends	54.6	72.0
Had a drink	56.1	72.3
Had a meal	52.0	75.7
Played EGMs (poker machines)	n.a.	31.5
Placed a bet on horses/trots/greyhounds	12.9	13.6
Attended live entertainment	27.3	32.3
Watched sporting telecasts	21.6	23.0
Used the Automatic Teller Machine	13.9	25.1

Note: [a] Participation calculated as the proportion of those who indicated they did or did not visit a hotel or licensed club in the past year who participated in activity "sometimes", "often" or "always".
Source: SACES, 2004.

Twenty five per cent of all Victorian respondents reported accessing an ATM at licensed venues whereas only 14 per cent do so in Western Australia. The apparent different pattern in the use of ATMs is most plausibly due to the greater need to access money for the purpose of gambling in Victorian hotels/clubs relative to Western Australia. This is an important finding as we know from the Productivity Commission study that less than 5 per cent of recreational gamblers reported accessing an ATM "often" compared to 60 per cent of problem gamblers (SOGS 10+) and 38 per cent of problem gamblers (SOGS 5+).

Problem gamblers, Gambler's Help counsellors and financial counsellors all urge the removal of ATMs from gaming lounges or nearby to gaming facilities. Another option would be to impose withdrawal limits from ATMs or permit only debit cards. Towards the conclusion of this research we were made aware of the legal opinion, commissioned by the Uniting Church in Victoria, in support of State's powers to restrict or ban ATMs in gaming venues.

6.3 Survey of Community Participation in Recreation and Gambling: Comparison of Matched Regions

In the following section we compare the eight matched LGA regions to identify whether there are any differences between the regions in terms of patterns of recreation and gambling which may be explained by the different gambling environments that exist in the regions.

6.3.1 Participation in Gambling Activities by Location

Table 6.15 shows participation in gambling activities by location for the eight primary matched regions. Each Western Australian region is shown together with its matched Victorian region.

The most consistent and significant difference between the Victorian and Western Australian regions is the participation in the former in gambling on electronic gaming machines (EGM) at hotels and licensed clubs. The highest rate of participation was in Wyndham at 42 per cent. In three of the Western Australian regions, respondents indicated they had participated in this form of gambling despite EGMs being banned in these venues in Western Australia. This probably reflects gambling that has taken place in hotels and/or licensed clubs in other States in the past year or perhaps the respondents were referring to this activity when visiting the casino.

It is important to note that in all eight regions that the participation rate in gaming activities at the Casino, generally declines with distance from the casino. For instance, the rate of participation is significantly higher for respondents in Belmont (Western Australia) than Geraldton or Albany. The 'distance decay effect' is also evident for the eight regions in actually attending the casino. Again, in Western Australia the attendance rate for Belmont is seven times that of Albany. The distance decay effect is not significant for all regions in regard to wagering, placing a bet at the TAB or the purchase of lotto/lottery tickets as these gambling forms are readily accessible.

Table 6.15
Participation in Gambling Activities by Location[a]

Gambling form	Cockburn	Wyndham[b]	Belmont	Maribyrnong[b]	Albany	Greater Shepparton[b]	Geraldton	Warrnambool[b]
Lotto (X-lotto, Powerball etc)	83.3	81.1	82.7	63.0	68.3	74.6	85.7	63.6
Raffle ticket	85.9	82.4	83.6	77.3	82.4	89.0	88.6	83.2
Bingo at a club or hall	4.2	10.3	7.3	7.4	5.6	3.8	2.9	4.9
Casino:								
EGMs	25.8	33.2	28.9	16.4	6.1	15.9	21.2	16.2
Table games	21.3	12.2	25.8	9.0	2.3	6.3	12.1	7.4
Hotels and licensed clubs:								
EGMs	1.5	42.1	2.8	20.0	1.4	32.8	0.0	24.3
Horses, trots, greyhounds	13.5	14.0	17.8	14.3	1.4	12.7	21.4	15.7
Wagering (placed a bet):								
Horses, trots, or greyhound race	35.4	39.2	42.7	39.4	24.6	28.0	54.3	34.3
Professional sporting event	9.5	9.6	7.3	5.6	4.9	4.5	7.1	7.0
Local TAB	32.7	30.9	36.4	28.2	23.2	18.2	32.9	28.7
Track or sporting venue	10.3	17.3	21.8	11.6	8.5	12.5	21.4	23.1
Local hotel	12.5	12.0	16.4	11.6	1.4	10.2	21.4	12.6
Licensed club	3.0	11.0	1.8	6.9	0.7	7.2	1.4	5.6
Casino (attended)	21.3	10.0	24.5	7.9	3.5	3.0	10.0	7.7
Internet	0.8	2.0	1.8	1.9	1.4	0.8	4.3	2.1
Telephone	1.9	8.3	1.8	4.6	0.7	3.4	0.0	7.0

Note: [a] See footnote to Table 6.3 for methodology on how participation rates were calculated.
[b] Denotes Victorian region.
Source: SACES, 2004.

The issue of accessibility and the rate or prevalence of problem gambling is considered in Chapter Seven (see 7.1). From a public policy perspective it is likely that a limited number of destination centres would contribute significantly to harm minimisation.

The higher level of participation in EGM gambling in the Victorian regions at hotels and licensed clubs does not appear to have an obvious impact on wagering at these venues with two paired regions having similar levels of participation, while in the other two paired regions, one Victorian region (Greater Shepparton) had a significantly higher level of participation relative to its matched region (by a margin of 11 per cent), while in the other the Western Australian region (Geraldton) had a significantly higher level of participation relative to its matched region (by 5.7 per cent).

In terms of other gambling activities, participation in lotto gambling was higher in three of the Western Australian regions relative to the paired Victorian regions, with two of the Western Australian regions (Belmont and Geraldton) having substantially higher participation in this form of gambling (by 20 and 22 per cent respectively). There is further evidence that participation in other gambling activities was higher in Western Australia. For instance, table game gambling at the Casino and buying raffle tickets was higher in three of the four Western Australian regions, while wagering at the TAB and the Casino was consistently higher in the Western Australian regions. On the other hand, wagering at a licensed club was consistently higher in the Victorian regions, as was telephone betting.

The above results indicate that there is a demand for gambling activities in Western Australia. However, an equally appropriate conclusion to draw is that the introduction of EGMs in hotels and licensed clubs in Victoria has reduced participation in other forms of gambling in that State (involved a degree of expenditure switching), which is supported by the analysis of expenditure data while drawing in new clientele to EGM gambling.

6.3.2 Participation in Recreational Activities at Hotels and Licensed Clubs

Table 6.16 shows participation in recreation and gambling activities at hotels and licensed clubs for the eight matched regions. Participation in recreation activities at hotels and licensed clubs tended to be significantly higher in all the Victorian regions relative to their Western Australian counterparts. Having a meal, having a drink and meeting up with friends were all significantly more popular in the Victorian regions relative to the Western Australian regions. The use of automatic teller machines was also higher. Watching live entertainment was also higher in three of the four Victorian regions. Given that the presence of EGMs in these venues is the most significant difference between the two States, it is clear that their presence encourages greater attendance at these venues and hence participation in other recreational activities at these venues and results in higher ATM use. It should be noted that the number of ATMs per adult in Victoria and Western Australia approximates the respective populations, so higher ATM use in Victoria is not due to greater availability.

In terms of other recreational activities at hotels and licensed clubs, there was no consistent significant difference between the two States in terms of placing a bet on horses/trots/greyhounds, and watching sporting telecasts.

Table 6.16
Participation in Recreational Activities at Hotels and Licensed Clubs (Per cent)[a]

	Cockburn	Wyndham[b]	Belmont	Maribyrnong[b]	Albany	Greater Shepparton[b]	Geraldton	Warrnambool[b]
Met up with friends	53.3	68.6	48.6	63.3	50.0	80.3	67.1	76.4
Had a drink	52.1	71.2	49.5	64.3	54.3	78.0	70.0	77.9
Had a meal	47.5	73.6	47.7	66.2	50.0	81.9	60.0	82.9
Played EGMs (poker machines)[c]	1.5	42.1	2.8	20.0	1.4	32.8	0.0	24.3
Placed a bet on horses/trots/greyhounds	13.5	14.0	17.8	14.3	1.4	12.7	21.4	15.7
Attended live entertainment	29.3	29.1	21.5	29.0	29.7	32.0	28.6	37.9
Watched sporting telecasts	23.2	23.7	23.4	22.4	18.1	24.3	25.7	30.0
Used the ATM	17.8	31.1	16.8	19.0	3.6	23.2	14.3	25.7

Note: [a] See footnote to Table 6.14 for methodology on how participation rates were calculated.
[b] Denotes Victorian region.
[c] Referred to Victoria only.
Source: SACES, 2004.

Table 6.17
Participation in Recreational Activities (Per cent)[a]

Region	Cockburn	Wyndham[b]	Belmont	Maribyrnong[b]	Albany	Greater Shepparton[b]	Geraldton	Warrnambool[b]
Visited friends in your local area	89.7	92.0	87.3	91.7	92.3	94.7	97.1	95.1
Visited family/relatives	89.4	93.0	89.1	93.5	88.7	95.8	94.3	91.6
Seen a film at a cinema	79.1	77.1	75.5	83.8	58.5	70.1	67.1	65.7
Hosted a BBQ.	78.3	76.1	63.6	66.2	64.1	70.1	74.3	69.2
Gone to the beach	77.9	67.8	62.7	71.3	78.9	45.8	87.1	77.6
Been on a picnic with your family	71.9	62.1	62.7	60.2	62.7	56.8	61.4	69.2
Been on a weekend trip with your family	63.1	67.1	50.9	70.4	65.5	75.8	77.1	72.7
Attended a professional sporting event	52.1	43.2	35.5	57.9	26.8	45.1	45.7	49.0
Attended a concert	50.2	34.2	40.0	55.1	47.2	47.3	41.4	45.5
Attended a fair in your local community	49.4	56.1	51.8	62.0	67.6	61.4	70.0	66.4
Attended a school function	49.4	46.2	30.0	41.2	43.7	45.5	41.4	44.1
Played sport (golf, cricket, netball, bowls)	42.6	34.9	34.5	43.1	43.7	46.6	58.6	51.0
Been fishing	40.7	24.9	36.4	21.3	44.4	31.8	41.4	26.6
Visited a licensed club	38.8	67.1	37.3	53.2	26.8	74.2	44.3	61.5
Gone to your local swimming pool	37.6	41.5	40.0	39.4	26.1	33.3	44.3	43.4
Attended opera or theatrical performance	36.9	31.2	30.9	49.5	34.5	29.5	28.6	41.3
Visited your local hotel	33.8	56.8	42.7	59.3	44.4	61.4	48.6	68.5
Attended a horse/trots/greyhound race	12.9	19.3	29.1	18.1	12.7	17.4	20.0	27.3
Been surfing	6.1	5.0	6.4	10.6	15.5	7.6	15.7	11.9

Note: [a] See footnote to Table 6.12 for methodology on how participation rates were calculated.
[b] Denotes Victorian region.
Source: SACES, 2004.

6.3.3 Participation in Recreational Activities

Table 6.17 provides a broader overview of participation in recreational activities for the matched regions. The most significant and consistent difference between the two States is visiting local hotels and licensed clubs with such participation being significantly higher in all of the Victorian regions relative to their matched Western Australian regions. As stated previously, this reflects the presence of gaming machines in these venues in Victoria and their absence in these venues in Western Australia.

Looking at other recreational activities, participation in fishing was consistently higher among all the Western Australian regions relative to the Victorian regions. This may reflect that the Western Australian regions were on average closer to oceans, rivers and other fishing spots relative to their Victorian counterparts. This would also explain significantly higher visitation to the beach among three of the four Western Australian regions.

There were no other significant and consistent differences in participation in recreation activities across the matched regions. In terms of more isolated differences, a significantly higher proportion of respondents for two Western Australian regions (Belmont and Albany) had been on a weekend trip with their family and attended a professional sporting event relative to their Victorian paired regions (Maribyrnong and Greater Shepparton respectively).

The results suggest that the presence of gaming machines in Victoria does not produce an obvious difference in the pattern of recreational activities between the two States with the exception of there being increased participation in gambling and other recreational activities at hotels and licensed clubs in Victoria. However, this does not mean that Victorians have not substituted time spent gambling on EGMs for other recreational activities. It may be that Victorians have forgone small amounts of time across a range of recreational activities to spend time gambling on EGMs. Furthermore, it may be that Victorians have sacrificed time on other recreation activities that were not covered by the survey (e.g., watching television, spending time at home with/without family members etc).

6.3.4 Respondents Knowledge of People With Gambling Problems

Given that the presence of gaming machines is the most significant difference in the gambling environment between the two States, persons in both States were asked whether they knew someone who had problems with particular types of gambling to determine what impact this difference may have on the pattern of problem gambling in both States. The results for these questions are summarised in Tables 6.18A and 6.18B for the matched regions.

A consistently higher proportion of respondents in the Victorian than the Western Australian regions agreed with the statement that they knew someone who has "experienced problems with electronic gaming machine (poker machine) gambling". Agreement with this statement was from 17 to 33 per cent higher in the Victorian regions relative to their counterpart Western Australian regions. The highest level of identified problem gambling was in the Victorian regions of Wyndham and Warrnambool, where about 55 per cent of respondents respectively agreed that they knew someone who has

experienced problems with EGM gambling. The results indicate that an adverse effect of EGMs in hotels and licensed clubs in Victoria is an increased prevalence of problem gambling.

There was no consistent and significant difference between the regions in both States in terms of the level of identified problem gambling for other forms of gambling. While a greater proportion of respondents in three of the Victorian regions relative to their matched Western Australian regions agreed that they knew someone who has "experienced problems with wagering", the higher share for two of the Victorian regions (i.e., Wyndham and Greater Shepparton) was rather small. In terms of persons who have experienced problems with "other gambling (eg, lotteries, scratch tickets etc)", respondents in two of the Victorian regions (Maribyrnong and Wyndham) reported a lower level of identification of persons with such problems relative to their paired Western Australian regions, while the other two Victorian regions (Warrnambool and Greater Shepparton) reported a higher level of identification.

Table 6.18A
Respondents Knowledge of People With Gambling Problems (Per cent)

	I know someone who has problems with EGMs	I know someone who has problems with wagering	I know someone who has problems with other gambling (eg, lotteries, scratch tickets, etc)
Cockburn			
Agree	28.1	32.7	25.5
Disagree	35.7	32.7	39.9
Unsure	25.9	26.2	25.9
Not stated	10.3	8.4	8.7
Wyndham[a]			
Agree	54.8	35.2	24.9
Disagree	28.9	33.9	42.9
Unsure	10.3	18.9	20.3
Not stated	6.0	12.0	12.0
Belmont			
Agree	32.7	31.8	26.4
Disagree	36.4	31.8	39.1
Unsure	20.0	23.6	23.6
Not stated	10.9	12.7	10.9
Maribyrnong[a]			
Agree	49.5	30.6	19.0
Disagree	30.6	38.0	45.4
Unsure	14.8	21.3	24.5
Not stated	5.1	10.2	11.1

Note: [a] Denotes Victorian region.
Source: SACES, 2004.

Table 6.18B
Respondents Knowledge of People With Gambling Problems (Per cent)

	I know someone who has problems with EGMs	I know someone who has problems with wagering	I know someone who has problems with other gambling (eg, lotteries, scratch tickets, etc)
Albany			
Agree	28.9	28.2	19.7
Disagree	35.9	33.8	40.8
Unsure	21.1	21.1	22.5
Not stated	14.1	16.9	16.9
Greater Shepparton[a]			
Agree	46.2	29.2	23.1
Disagree	28.0	34.5	38.3
Unsure	18.2	24.2	25.4
Not stated	7.6	12.1	13.3
Geraldton			
Agree	21.4	27.1	21.4
Disagree	48.6	41.4	51.4
Unsure	21.4	22.9	22.9
Not stated	8.6	8.6	4.3
Warrnambool[a]			
Agree	54.5	36.4	25.9
Disagree	27.3	34.3	39.9
Unsure	11.9	16.1	19.6
Not stated	6.3	13.3	14.7

Note: [a] Denotes Victorian region.
Source: SACES, 2004.

6.3.5 Respondents Views About Their Local Community

Respondents were asked to indicate whether they agreed with a number of positive statements in respect of their local community. The proportion of respondents in the paired regions who 'agreed' with these statements is summarised in Table 6.19.

There were no *consistent* and *significant* differences in the level of agreement with the statements across the matched regions. In fact, there were some conflicting trends. For instance, three of the Western Australian regions had a slightly higher level of agreement with the statement that "I personally feel part of my local community" (by a margin ranging from 2.0 to 5.8 per cent), while three of the Victorian regions had a slightly higher level of agreement with the statement "there is a 'strong community spirit' " (by a margin ranging from 3.5 to 5.7 per cent).

The only other consistent difference across the regions was that three of the Western Australian regions reported higher levels of agreement that "local community facilities and services are good" (by a margin ranging from 4.8 to 13 per cent).

Table 6.19
Respondents Views About Their Local Community
(Per cent that agree with statement)

Statement	Cockburn	Wyndham[a]	Belmont	Maribyrnong[a]	Albany	Greater Shepparton[a]	Geraldton	Warrnambool[a]
I personally feel part of my local community	80.2	74.4	73.6	75.0	88.7	86.7	95.7	90.9
People get on pretty well in my local community	90.9	86.0	85.5	88.9	93.7	92.8	95.7	96.5
People are good neighbours in my local community	88.6	86.7	87.3	89.4	90.8	93.2	92.9	93.0
There is a strong 'community spirit'	67.3	61.1	59.1	64.8	76.1	79.5	80.0	85.2
The local community facilities and services are good[b]	88.6	81.1	84.5	71.8	88.0	88.3	97.1	92.3
I use these facilities and services regularly	72.6	65.4	65.5	68.1	73.2	75.4	87.1	81.8

Note: [a] Denotes Victorian region.
[b] Examples of community facilities and services included child care, local library, local school, health care, parks and gardens.
Source: SACES, 2004.

There were some consistent differences between paired regions. For instance, respondents from the Western Australian region of Cockburn generally reported higher levels of agreement with the statements compared to respondents from its paired region of Wyndham, though the difference was not always large. On the other hand, the Victorian region of Maribyrnong generally had higher levels of agreement in comparison with its matched region of Belmont. However, the differences were again generally small.

In conclusion, it does not appear that the difference in gambling environments between the regions in Victoria and Western Australia has resulted in clear differences in terms of feelings about community well-being and/or spirit.

Chapter Seven

Problem Gambling

While gambling might offer a pleasurable recreational activity for many, for some it also may give rise to problems. Those people who spend increasing amounts of time and money on gambling may find it difficult to control the impulse to gamble, may lie about their gambling, and may engage in socially destructive behaviour to continue to gamble. A review of literature on problem gambling and the prevalence of problem gambling is included in the researcher's discussion paper (see Part B, Appendix A: 2.2). Here we employ the definition of problem gambling as defined by the Productivity Commission (1999) as a lack of control by the gambler over his or her gambling behaviour which gives rise to adverse personal, economic and social impacts particularly financial losses (relative to the gambler's means).

The purpose here is to assess and make comparison of community impacts of gambling between different gambling environments and to consider the Terms of Reference "... patterns of usage of community support services including gamblers help services".

Incidence of Problem Gambling, Use of Financial Counselling and the Gambling Environment

- there is a clear relationship between gambling expenditure and problem gambling. Prevalence rates are higher in those States where per capita expenditure on non-lottery gambling is higher. The prevalence of problem gamblers (SOGS 5+) is estimated at 2.14 per cent in Victoria and 0.70 per cent in Western Australia;
- expenditure per capita is a good proxy for accessibility. Restricting accessibility is an important factor in lowering problem gambler prevalence rates as the "destination venue" in Western Australian indicates, and as is the case in many overseas countries;
- the decision not to allow EGMs outside of the casino has played a substantial role in limiting the prevalence of problem gambling;
- the liberalisation of EGMs has increased the number of female problem gamblers with links to EGM play. The PC (1999) study estimated there would be 10,500 more problem gamblers in Western Australia if access to EGMs were liberalised (11,250 in 2003);
- the total number of new clients in Gambler's Help services in the two States confirms the differential rates of problem gambling. We accept that the number of people who currently access services is not a true indicator of the number of problem gamblers;
- more males attend counselling in Western Australia (approximately two-thirds) consistent with wagering as a source of problem gambling; females in Western Australia attribute problem gambling principally to EGM play at the casino. This result is reflected in a higher incidence of females in counselling in Victoria;
- the gender of callers to helpline services confirms the respective profile of problem gamblers in the two States;
- the proportion of clients with gambling problems attending financial counselling was 34 per cent in the "EGM states" of Victoria and South Australia compared to 20 per cent in Western Australia;

Incidence of Problem Gambling, Use of Financial Counselling and the Gambling Environment (continued ...)

- in Victoria 86 per cent of gambling related financial problems presenting to financial counsellors were related to EGM play; in Western Australia the figure was only 18 per cent;
- referrals to financial counsellors for assistance with gambling related financial problems was 44 per cent in Victoria and 9 per cent in Western Australia. This result reflects both the severity of financial problems arising from gambling and the closer integration of gambling and financial counselling services;
- problem gamblers in counselling tend to experience higher rates of decreased work productivity, crime, domestic violence and homelessness relative to other clients in financial counselling.

7.1 Accessibility and Problem Gambling

The relationship between accessibility to gambling and problem gambling is important as accessibility represents the biggest difference between the gambling environments of Victoria and Western Australia with accessibility being much higher in the former. It is also important from a public policy perspective because if there is a strong link between the two, then policies that address accessibility can be used to limit the potential for problem gambling. The following section explores the issue of accessibility and problem gambling, drawing mainly on extensive analysis of this issue conducted by the Productivity Commission in its 1999 report on *Australia's Gambling Industries*.

Demand for a gambling activity is determined by various attributes of that activity including the prize money on offer, accessibility of the gambling product and the odds of winning which together influence a consumer's decision on whether to gamble, how much to gamble, and which product they prefer. The Productivity Commission (1999) found that the accessibility of gambling has increased significantly over the last two decades. Today, there is at least one casino in every State and Territory, and EGMs are available in hotels and licensed clubs. Increased accessibility has lowered the cost of gambling and satisfied higher levels of demand for gambling products.

The Commission points out that there are a number of dimensions to accessibility in addition to the number and geographic distribution of gambling opportunities among the population. These additional dimensions include opening hours and conditions of entry to venues, the initial outlay required to gamble, ease of use of the particular form of gambling, and the degree of social acceptance. Among the major gambling forms, EGMs and lottery products are the most accessible, followed by TABs and lastly, casinos.

The Commission presented evidence from Australian surveys and other sources suggesting a significant connection between the extent of problem gambling and the accessibility of gambling, with there being a notable exception for lotteries. The Commission's main findings in respect of gambling accessibility were as follows:

- Problem gambling prevalence rates tend to be higher in those States where per capita expenditure on gambling is higher, and lower in those States where per capita expenditure on gambling is lower;
- Patterns of help-seeking by problem gamblers are also strongly positively associated with accessibility to gambling;
- There has been a sharp rise in the involvement of women in gambling and women with gambling problems, which is correlated with the increased access to EGMs; and
- Survey data indicates that problem gambling rises more than proportionately with the number of regular gamblers.

Table 7.1 summarises the Commission's estimate of the prevalence of problem gamblers in each State (rates as SOGS5+) and self assessed indicator of harm.

Table 7.1
Prevalence of Problem Gamblers and Harm Incidence in the Adult Population
(Per cent)

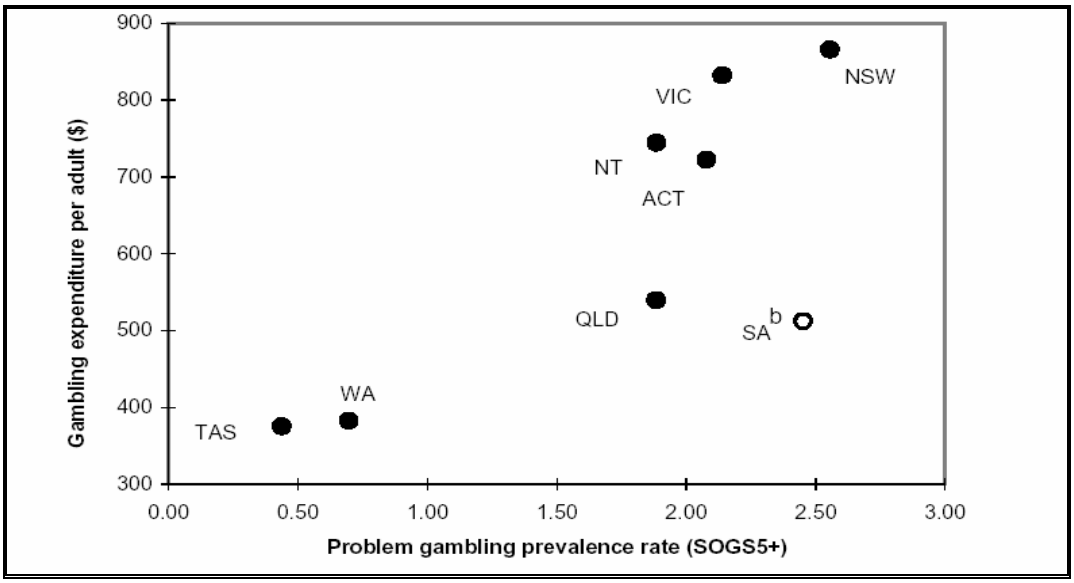
	SOGS 5+	Severe Problems	HARM Incidence[a]
Victoria	2.14	0.82	2.05
Western Australia	0.70	0.17	1.50
New South Wales	2.55	1.25	1.96
Queensland	1.88	0.76	1.79
South Australia	[b]	[b]	1.44
Tasmania	0.44	0.09	0.12
ACT	2.06	0.73	1.32
Northern Territory	1.89	0.77	1.24
Australia	2.07	0.92	1.80

Note: [a] A self assessed indicator of significant adverse impacts on the life of the gambler.
[b] The numbers derived for SA are 2.45 per cent for SOGS 5+ and 1.38 per cent for severe problems. These results appear to be unrealistically high and are likely to reflect sampling error.
Source: Productivity Commission (1999).

Figure 7.1 plots Australian States and Territories by their gambling expenditure per adult and prevalence of problem gambling as estimated by the Commission. There is a clear relationship between gambling expenditure and problem gambling with the prevalence of problem gambling tending to be higher in those States where per capita expenditure on non-lottery gambling is higher, such as New South Wales and Victoria, and lower where such expenditure is lower, namely in Tasmania and Western Australia.

That a strong positive relationship between gambling expenditure per adult and the prevalence of problem gambling is evidence of greater accessibility causing a higher rate of problem gambling, depends on whether gambling expenditure per adult is a good indicator of relative accessibility. Data on the relationship between the number of EGMs, EGM expenditure and the prevalence of problem gambling suggests that it is.

Figure 7.1
Problem Gambling Prevalence Rate (SOGS5+)[a]



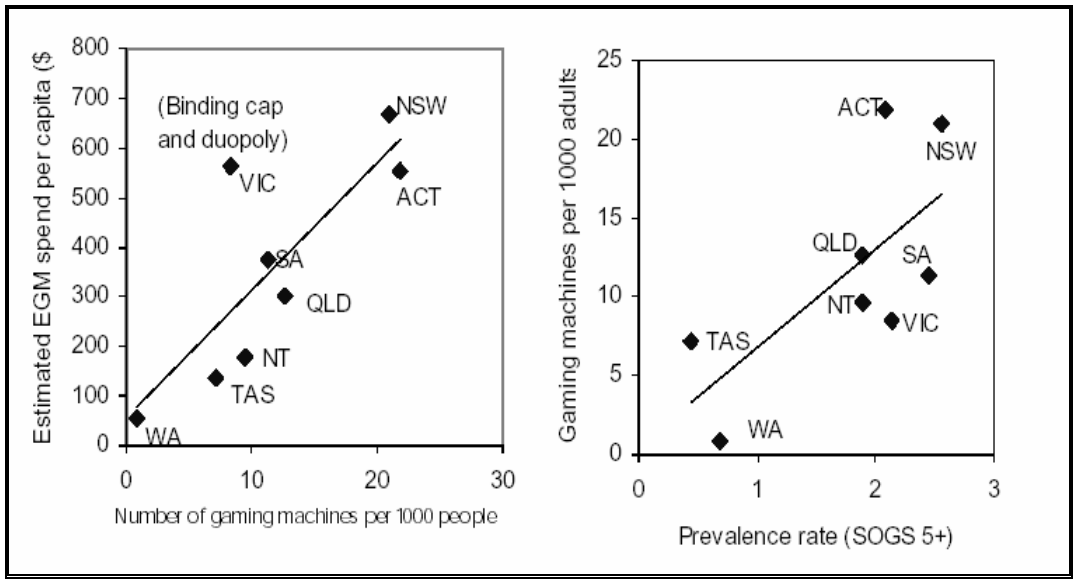
Note: [a] The spending is per capita gambling expenditure for 1997/98 where gambling includes racing, EGMs and casino gambling, but not lotteries or minor forms of gambling. [b] The South Australian prevalence rate is outside expected bounds and is likely to reflect random sampling error.
Source: The Productivity Commission's *National Gambling Survey* (1999), pg. 38.

Figure 7.2 shows there is a relatively close and positive relationship between the relative number of gaming machines and per capita gaming machine expenditure for the States and Territories. Victoria is a notable outlier here which is probably explained by the unique EGM supply arrangement in the State whereby there are duopoly gaming suppliers, combined with a global and binding cap. The positive relationship between expenditure per capita and the number of EGMs indicates that the former is a good proxy for accessibility.

Figure 7.2 also shows that there is a strong positive relationship between the number of EGMs per 1,000 adult and the overall problem gambling prevalence rate in a jurisdiction as estimated by the Commission. States with a relatively greater number of machines (i.e., accessibility) have a relatively greater number of people with gambling problems. This provides robust evidence that greater accessibility leads to increased problem gambling.

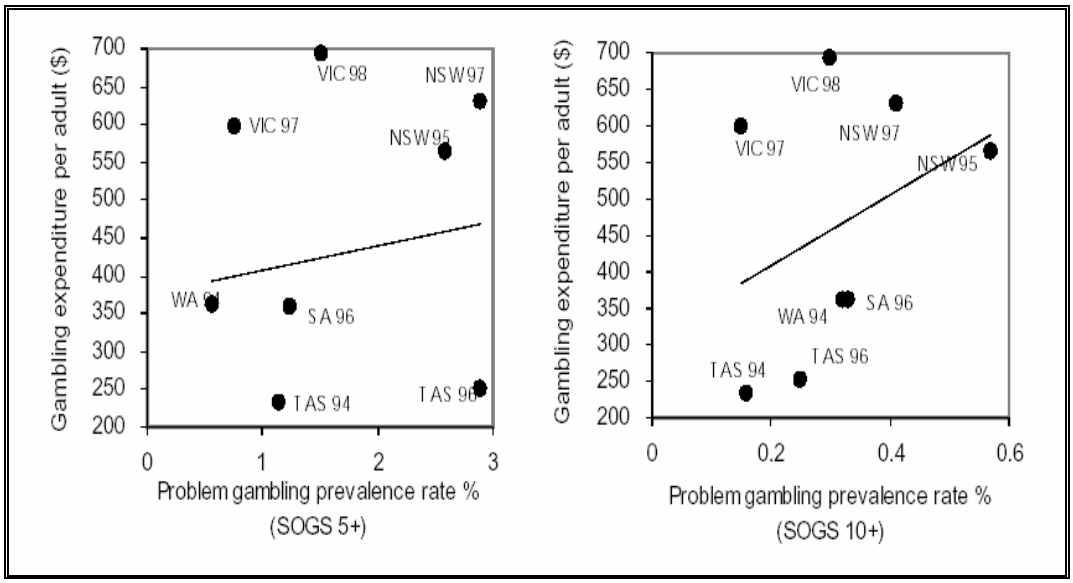
Further support for the view that greater accessibility leads to higher levels of problem gambling is provided by Figure 7.3, which shows the relationship between gambling expenditure per adult and estimates of the prevalence of problem gambling for the States from earlier studies as compiled by the Commission. It shows problem gambling tends to be relatively higher in those States with a higher per capita non-lottery gaming expenditure. For example, New South Wales, which has legalised EGMs for much longer than other States and has a comparatively high gambling expenditure, has consistently higher levels of problem gambling than other States, while Western Australia, where gaming machines are not permitted outside the casino, has a much lower estimated level of problem gambling.

Figure 7.2
The link between gaming machine spending, machine numbers and problem gambling



Source: The Productivity Commission's *National Gambling Survey* (1999), p. 8.9.

Figure 7.3
Problem Gambling Prevalence Rates and Gambling Expenditure [a]



Note: The spending is real per capita gambling expenditure (1989-90 prices) where gambling includes racing, gaming machines and casino gambling, but not lotteries or other minor forms of gambling.
Source: The Productivity Commission's *National Gambling Survey* (1999), p. 8.10.

The results have significant implications for the impact of the different gambling environments in Victoria and Western Australia on problem gambling. For instance, as one study noted by the Commission observed in relation to an identified higher rate of problem gambling in New South Wales compared to Western Australia and Tasmania:

> "Given the strong association between SOGS scores and a preference for gaming machines and betting, the restriction of the former to casinos in Tasmania at that time and Western Australia may be the single most important factor contributing to the lower prevalence figures found in those states". [1999, p. 8.12]

In other words, the decision in Western Australia not to allow EGMs outside of the casino has played a substantial role in limiting the prevalence of problem gambling. In contrast, the decision to liberalise access to EGMs in Victoria has generated higher levels of problem gambling.

While the Commission's Australian data indicates that there is a strong link between accessibility and problem gambling, there is no doubt that differences in accessibility alone do not completely explain differences in the prevalence of problem gambling. Other economic, social and cultural factors would also play a role in generating differences in the rate of problem gambling. However, based on data from the *National Gambling Survey,* the Commission estimated that around 60 per cent of the variation in the prevalence of problem gambling across States and Territories was explained by their varying intensity of gambling. Thus accessibility appears to be the most significant factor that determines the level of problem gambling.

One critique of the Commission's use of gambling expenditure per adult as a proxy for accessibility is that accessibility may be high but actual expenditure on gambling low due to low participation for whatever reason. However, as the Commission argued, this theoretical scenario simply does not apply in the current Australian context. Those States with relatively high access to gambling, due primarily to the presence of large numbers of EGMs (i.e., New South Wales, Victoria, South Australia and Queensland) have very high levels of expenditure, while States with relatively low access to gambling activities have very low levels of expenditure (i.e., Western Australia). Gambling expenditure therefore does seem to capture very well differences in relative access to gambling in the Australian gambling environment.

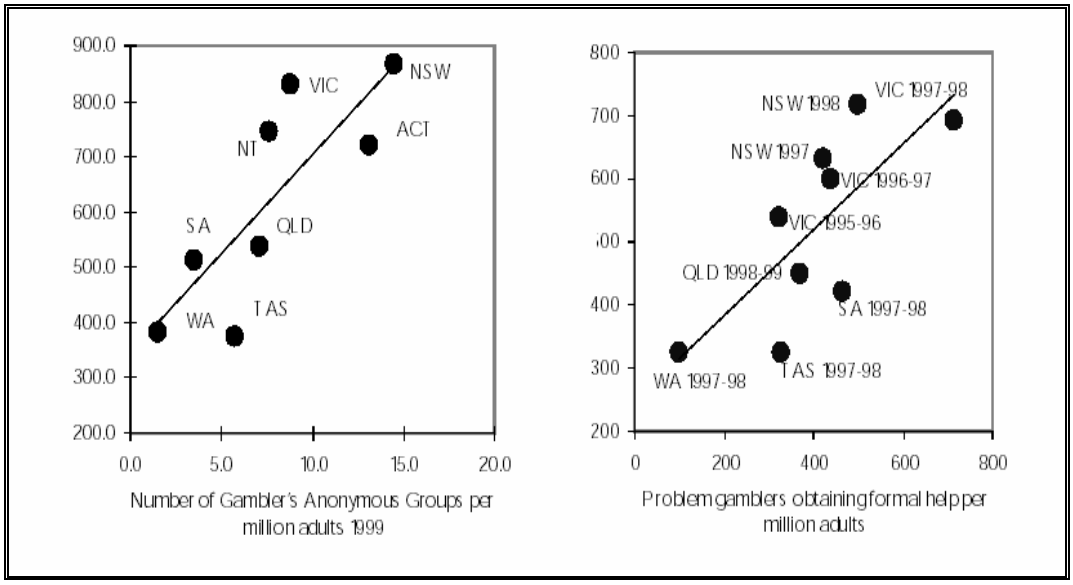
However, the Commission does urge caution when using expenditure data as an indicator of accessibility since there is an issue of causality between expenditure and problem gambling. Because problem gamblers spend large amounts on gambling, regions that have a high rate of problem gambling will naturally have a higher level of expenditure regardless of whether greater accessibility leads to more problem gambling. Hence, differences in expenditure do not solely reflect differences in accessibility. While the automatic relationship between expenditure and problem gambling is a potentially significant problem, statistical analysis undertaken by the Commission suggests that it is 'unlikely' that the positive relationship between expenditure per adult and estimated problem gambling for Australian jurisdictions is purely the result of the impact of problem gamblers on expenditure.

Another way of assessing the link between accessibility and problem gambling is to compare the relationship between gambling intensity and the usage of help and counselling services by problem gamblers.

Figure 7.4 shows the relationship between gambling expenditure and the prevalence of Gambler's Anonymous groups and number of problem gamblers obtaining formal help. There again appears to be a strong positive relationship between the level of problem gamblers obtaining help and expenditure per adult. Once again, those States with high expenditure/accessibility have relatively more problem gamblers. What is also interesting is that while gambling expenditure has increased over time (most likely in response to an increase in the amount of gambling activities available), the relative

number of problem gamblers seeking help has also increased in both States. While as the Commission notes this outcome could in a significant way "reflect increased awareness of services", it further supports the case that increased accessibility leads to greater problem gambling.

Figure 7.4
The link between gambling intensity and clients of counselling agencies



Source: Productivity Commission (1999), p. 8.16.

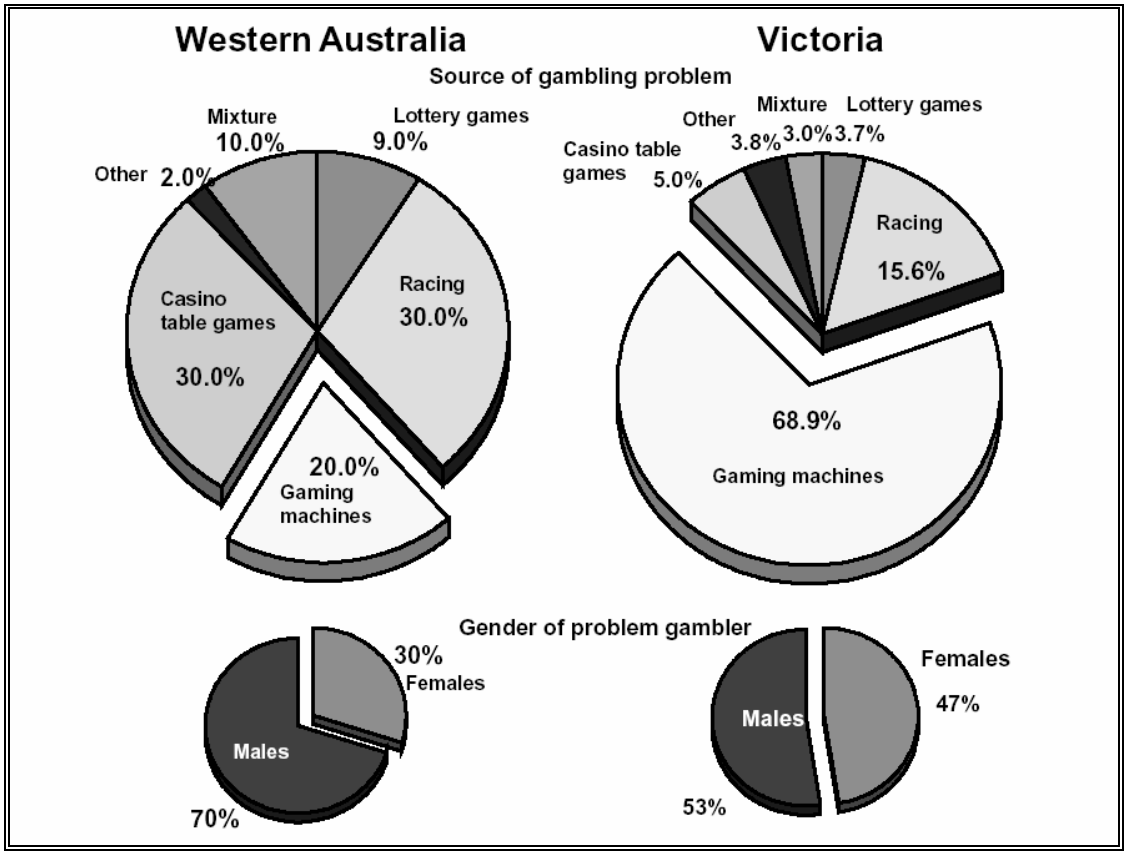
Other research into the relationship between help-seeking by problem gamblers and accessibility to gambling noted by the Commission — namely Relationships Australia Queensland analysis of their client data and a study by Jackson et. al. (1999), of nine Victorian regions in respect of EGM density — was also suggestive of a positive relationship between the two. However, the studies were not rigorously supportive of such a conclusion. Part of the reason is that it is difficult to separate out the impacts between accessibility, problem gambling and help seeking from issues of causality. For instance, help seeking may be higher in regions with higher accessibility because gambling venues choose to locate in regions that have a high tendency towards gambling and/or have large populations, meaning problem gambling will automatically tend to be higher. Furthermore, it may simply reflect that counselling services tend to be located and/or advertised more strongly in regions that have a greater incidence of gambling activities based on the assumption by service providers that demand will be higher there.

Nevertheless, changes in the demographic profile of problem gamblers since the introduction of EGMs, specifically a large increase in female problem gamblers, does provide perhaps the most persuasive evidence of a causal link between accessibility and problem gambling. For instance, the Commission's *National Gambling Survey* revealed that around 40 per cent of people with gambling problems were female in 1999, whereas a study by Dickerson et. al., of gambling in four States found that only about 14 per cent of problem gamblers were female in 1991 — a time when access to EGMs was severely limited in most States.

Furthermore, a comparison of Commission data on the characteristics of clients of gambling counselling agencies in Western Australia and Victoria, which have very different environments in terms of access to EGMs, also provides evidence that liberalisation of EGMs leads to increased female problem gambling. As Figure 7.5 shows, 30 per cent of clients in Western Australia in 1997-98 were female while 20 per cent of clients had problems linked to EGM gambling. In contrast, 47 per cent of all clients in Victorian were female while 69 per cent of all clients had problems linked to EGM gambling.

International studies have also found a similar link between EGM gambling and the incidence of problem gambling among female players. Abbot and Volberg (1999) cite studies of jurisdictions with high EGM accessibility (Montana, Oregon and South Dakota) where around half of all problem gamblers were female.

Figure 7.5
Source of Problem Gambling in Western Australia[a] and Victoria



Note: [a] Data from the Western Australian Government also suggested a similar gender split of 75 per cent males (based on data on clients from July 1997 to June 1998).
Source: PC (1999), pg. 8.22, figure 8.11.

In the end, the large observed increase in females with gambling problems associated with EGMs was considered by the Commission to be "the most powerful evidence in favour of a connection between problem gambling and the availability of gaming machines" (p. 8.22).

Given evidence of a strong positive link between accessibility and problem gambling, it is interesting to consider the extent to which the different gambling environment in Western Australia compared to Victoria contributes to a reduction in problem gambling. Interestingly, the Commission estimated that there would be an additional 10,500 problem gamblers in Western Australia if access to EGMs was liberalised to the extent they were in the rest of Australia (at the time of the study in 1999).[34]

There is evidence that only a small proportion of those with gambling problem seek help, and less than half of those in Productivity Commission's *National Gambling Survey* who admitted that they wanted help had actually sought it. Those gamblers who do seek help have generally reached a crisis, which may involve legal proceedings, job loss, family break-up, or attempted suicide. Hence, the problem gamblers in counselling belong to most severe category and as such any information relating those will to some degree understate the actual figures of problem gamblers in general population. Furthermore, data on problem gamblers in counselling generally excludes the significant number participating in Gamblers Anonymous and other group support sessions, as well as those who may obtain help from generic community service, legal or relationship counselling. Nevertheless, data from counselling agencies provides a useful tool to assess any differences in rates of problem gambling among different gambling environments and to provide a profile of problem gamblers who do seek help.

7.2 Gamblers Help Services: Break Even and DHS Data

There is no single clear definition of what constitutes "problem gambling" and therefore there appears to be little agreement or consistency in the ways people speak about "problem gambling". The researchers recently completed a study for the National Gambling Research Working Party[35] which recommended that the following definition of problem gambling be adopted:

> "Problem gambling is characterised by difficulties in limiting money and/or time spent on gambling which leads to adverse consequences for the gambler, others, or for the community".

While debates over definitions may well continue, a definition adopted would be one that accounts for the full range of consequences resulting from people's gambling behaviour for themselves, their families and the communities in which they live. This could include the following categories:

- People with gambling problems who recognise and acknowledge that a problem exists and who seek assistance;
- Family members and partners of a person with a gambling problem who seek assistance from specialist and non-specialist services;
- People with a gambling problem who come to the attention of the industry or generic services, but who do not recognise or acknowledge that a problem exists and who do not access any services; and

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34 SACES estimate as at 2003 is 11,250 problem gamblers.

35 SACES (2005), Problem Gambling and Harm: Towards a National Definition", prepared for the National Gambling Research Program Working Party. At the time of printing, the Nation Secretariat had not officially indicated it would adopt the definition as recommended.

- People with a gambling problem who seek assistance for a gambling related problem or for some other "presenting" problem from generic non-specialist services such as their local GP. These people may or may not recognise or acknowledge that a problem exists, rather someone else does (service provider, family member, community member).

The belief that gambling is inherently harmless coupled with widespread promotion and marketing of gambling in the wider community, is seen as a significant factor contributing to a blurring of boundaries between recreational and problem gambling. Service providers are concerned that contradictory messages and images about gambling and the existence of a positive environment for gambling contributes to beliefs about the inherent harmlessness of gambling. The existence of such beliefs is seen to have a major negative impact on the help-seeking behaviour of people with gambling problems.

Service providers as well as many people with gambling problems have difficulty distinguishing between an appropriate level of recreational gambling and problem gambling. Furthermore, it is not possible to put a precise figure on the number of people with gambling problems (and those affected by problem gambling) based on the numbers who currently attend problem gambling services. This information can only include data about the very small number of people who currently access services, or those who seek assistance. It is, therefore, not an adequate measure of the extent of problem gambling.

All States have problem gambling strategies in place. Some are more comprehensive than others, but most involve the provision of funding for problem gambling counselling and support agencies, phone helpline services as well as a community education strategy and research into the impacts of gambling. This funding is generally a small proportion of government taxes or levies on the industry. Government funded counselling agencies are organized as a geographically based network and are called BreakEven services in Western Australia (and South Australia) and Gambler's Help Problem Gambling in Victoria.

Problem gamblers are generally reluctant to register or participate in specialist help services for gamblers, just as they are in joining self-exclusion programs. It is generally recognised that only a small proportion of people with health, lifestyle, psychological or social problems use available services. Many people who present with gambling problems only do so as a last resort, for example when a summons has been issued or the family is breaking down. The analysis of the BreakEven data in Western Australia indicates that only a small percentage of people with gambling problems utilise specialist services. This is neither unusual nor unexpected. Care needs to be exercised in comparing "problem gamblers in counselling" across the two States; notwithstanding, gambling and problem gambling is a socially conditioned phenomena and it is well established, that the prevalence rate for problem gambling is directly linked to rates of participation. It is also a well established fact that the major source of problem gambling for gamblers in counselling in Victoria (and South Australia) is attributed to EGM play. Given this background, it is reasonable to expect that there may be variations in problem gambler client intakes in Western Australia and Victoria.

Table 7.2 summarises the number of new clients in the three years, 2001 to 2003 and of less importance, the cases closed by Western Australian BreakEven Services and those which are currently open. The number of new clients in each of the years was just over 110 persons. If no other factors were different between the two States, then on a per capita basis it might be expected that the number of new clients in Victoria each year would approximate 300 adult persons.[36] Table 7.3 reveals that for 2001 to 2003 the actual number of new clients in Victoria (first visit) is on average 13.4 times our estimate of 300 for Victoria on a per adult population basis.

Table 7.2
Western Australia
Number of Client Intake: BreakEven Services

	New Clients	Cases Closed	Currently Open
Jan-June 2001	58	36	80
July- Dec 2001	53	0	133
Jan-June 2002	59	65	127
July- Dec 2002	59	43	143
Jan – June 2003	61	121	83
July- Dec 2003	54	76	58

Source: BreakEven (2004).

Table 7.3
Victoria
Number of Client Intake: Gambler's Help

Year	First Visit	Total Number of Clients
1995	[a]	3
1996	[a]	92
1997	1,239	2,292
1998	2,543	2,985
1999	3,113	3,552
2000	3,506	3,891
2001	4,733	5,309
2002	4,292	4,832
2003	3,022	3,508

Note: [a] There is no reliable information available on the new intakes due to the very small number of clients recorded in both 1995 and 1996
Source: Victorian DHS (2004).

While advertising and knowledge of the availability of gambling help services may be more widespread in Victoria, the population is more geographically concentrated and perhaps better able to access services, these factors alone cannot account for the difference in the utilisation of gambling help services. There may be more services in Victoria because there are more problem gamblers; given that EGMs are most often cited as the source of problem gambling and the prevalence of problem gambling is linked to the rate of participation, it is reasonable to conclude that environmental conditioning

[36] Adjusted ratio of 2.6 to compare the size of the two adult populations in Victoria and Western Australia.

(i.e., the greater opportunity to gamble) induces both demand for gambling and creates more problem gamblers. Quite clearly, this is reflected in comparative data for the two States.

The source of problem gambling for gamblers in counselling also shows differences across the two States, as illustrated in Tables 7.4 and 7.5. While again the two data sets are slightly different (and are presented differently here), in Western Australia males mostly account for all problems arising from wagering (TAB, TAB on-course, on-course horses, dogs) while women attribute gambling problems to EGMs and gambling activities at the casino (see Table 7.4). An important point to be drawn from the two tables is that it is principally EGM play, either within the Victorian community or in Western Australia that is a significant and growing source of problem gambling.

Table 7.4
Western Australia
Source of Problem Gambling: Gamblers in Counselling (Per cent)

	Male			Female		
	2001	**2002**	**2003**	**2001**	**2002**	**2003**
Gaming Machines	14.6	2.6	12.9	46.2	41.7	50.0
Casino	38.2	20.7	27.3	46.2	50.0	35.0
Card Games (Non Casino)	1.1	1.7	3.6	0	0	5.0
Lottery	3.4	5.2	3.6	0	4.2	5.0
TAB	36.0	49.1	36.0	0	4.2	5.0
Bingo	0	0	1.4	3.8	0	0
Internet Gambling	1.1	0.9	1.4	3.8	0	0
On Course (Horses, Dogs, etc)	5.6	6.9	7.2	0	0	0
Telephone Betting	0	6.0	0	0	0	0
TAB On Course	0	6.9	6.5	0	0	0

Source: BreakEven (2004).

Table 7.5
Victoria
Source of Problem Gambling: Gamblers in Counselling (Per cent)

	1997	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**
EGMs	35.4	51.7	51.3	42.0	36.9	37.7	36.7
Races	1.9	1.9	1.5	1.3	1.2	1.5	9.0
TAB	6.6	8.5	8.0	6.4	4.6	5.2	12.4
Bingo	1.7	1.8	1.4	0.9	0.7	1.3	8.7
Cards	1.7	2.3	2.2	2.5	1.6	2.3	7.2
Lotto	1.4	2.0	1.8	0.5	0.7	0.9	8.8

Source: Victorian DHS (2004).

Table 7.6 shows that consistent with participation in wagering, Western Australia has a greater proportion of gamblers in counselling that are male. This is also consistent with research findings that participation in wagering is predominantly a male activity.[37] The profile of those who wager has been characterised as shown below:

- predominantly male (83 per cent);
- aged between 35 and 64 years;
- Australian born, English main language at home;
- in full-time employment;
- personal income more than $25,000 per annum; and
- educated up to high school.[38]

The wagering fraternity attend race meetings and generally (in Victoria) have not changed gambling preferences to sports betting or EGMs, preferring to maintain a strong association with racing. Note that over the three years shown in Table 7.6 the share of females in counselling has risen by 10 per cent.

Table 7.6
Western Australia
Gender of Problem Gamblers in Counselling: BreakEven Services (Per cent)

	Male	Female
Jan-June 2001	78.6	21.4
July-Dec 2001	69.2	30.8
Jan-June 2002	82.1	17.9
July-Dec 2002	77.1	22.9
Jan-June 2003	72.5	27.5
July-Dec 2003	68.5	31.5

Source: BreakEven (2004).

Victoria has much higher proportion of female problem gamblers in counselling than Western Australia where males tend to represent a majority of clients. Researchers in other countries have reported that liberalisation of gaming machines leads to "the feminisation of problem gambling". Ladouceur and Blume (1990) reported that in North America women prefer gaming machines, card games and lotteries over male pursuits such as betting on sports and horse racing. The Annual Report of the Gaming Commission of Western Australia (2002) noted the consequences of this preference in that the TAB and casino-gaming machines were the most reported gambling type to the gambling helpline conducted by McKessons Asia Pacific Pty Ltd. Males accounted for approximately 72 per cent of calls related to the TAB; females accounted for 60 per cent of calls related to casino-gaming machines.

37 SACES (2004), "Changes in Wagering Within the Racing Industry".
38 *op. cit.,* p. 89.

Table 7.7
Victoria
Characteristics of Problem Gamblers in Counselling (Per cent)

	1996	1997	1998	1999	2000	2001	2002	2003
Female	47.8	53.0	53.7	54.3	52.5	53.6	54.4	47.9
Sole Parent	4.3	5.4	6.6	5.5	4.8	4.9	4.4	5.1
Unemployed	7.6	9.8	11.9	10.4	9.4	8.8	8.4	10.3

Source: Victorian DHS (2004).

The respective age groups of problem gamblers in counselling are shown in Tables 7.8 and 7.9 for Western Australia and Victoria respectively. There are two potentially interesting sets of information in the data (although again, we express caution about the accuracy of the data and its representativeness for all problem gamblers). The first is that Victoria has a lower number of problem gamblers in counselling in the 18-25 year age cohort. This is consistent, with our research and industry data[39] that identifies that it is not the younger age groups that are significant players of EGMs. In fact, Tattersall's report that "customers between the ages 46-55 years provide the greatest value to the business ... [and that] ... customers falling within the age group 36-65 years contribute the highest player expenditure per visit".[40] Second, that on average it is this very age group (i.e., 36-55) in Victoria relative to Western Australia, that is more likely to be in counselling.

Table 7.8
Western Australia
Age Groups of Gamblers in Counselling: BreakEven Services (Per cent)

	18 – 25	26 – 35	36 – 45	46 – 55	Over 55
Jan-June 2001	11.3	20.8	30.2	28.3	5.7
July-Dec 2001	15.1	26.4	26.4	7.5	11.3
Jan-June 2002	17.0	22.6	32.1	11.3	11.3
July-Dec 2002	13.6	22.0	25.4	25.4	13.6
Jan-June 2003	11.1	31.5	20.4	20.4	11.1
July-Dec 2003	13.0	20.4	27.8	18.5	18.5

Note: Age Group 18 or less was not included in table as there were no clients belonging to this group.
Source: BreakEven (2004).

39 Tattersall's (2002), Customer Relationship Management Programme.
40 *op. cit.*, p. 14.

Table 7.9
Victoria
Age Groups of Problem Gamblers in Counselling, 2000 to 2004 (Per cent)

	18-25	26-35	36-45	46-55	Over 55
2000	9.2	27.0	26.4	18.9	9.9
2001	8.3	26.6	26.2	17.8	9.2
2002	6.9	23.0	25.2	18.9	10.5
2003	6.9	24.8	25.9	19.3	12.5
2004	7.1	24.4	30.2	21.0	14.6

Note: Less reliable data for 1995 to 1999 not shown in table.
Source: Victorian DHS (2004).

7.3 Telephone Help Services: Turning Point and McKesson Data

Two telephone help and referral services — Turning Point in Victoria and McKesson based in New South Wales but providing services to Western Australia — assist problem gamblers in a variety of ways, through referral, advice and information. Not all callers to these services are problem gamblers themselves; they may comprise loved ones, family, work colleagues. However, it is possible to review the reason for the call by problem gamblers.

The decision to fund problem gambling services reflects recognition by governments that the liberalisation of access to gambling has resulted in more people needing help for gambling related problems. As a response to this need, 24-hour telephone crisis counselling services have been introduced in all States to provide counselling and support services and are an important first point of contact for problem gamblers seeking help. Typically between 20 and 40 per cent of clients seeking help at counselling agencies have been referred by telephone counselling services.

The Helpline data revealed some appreciable differences in source of gambling problems by gender of gamblers. More of the female gamblers played electronic gaming machines in a typical gambling episode, while the favourite mode of gambling by males were betting at the races on TAB and casino games. In Western Australia where access to gaming machines (video cards and keno machines) is restricted, the main sources of gambling problems were racing and casino table games. A very small proportion of clients of counselling agencies report playing lottery games as their favourite mode of gambling. This strongly suggests that lotteries and instant scratch tickets, in their current forms, present few direct problems. Other forms, particularly regular playing of gaming machines and casino table games, appear to be associated with a higher likelihood of gambling problems.

The Productivity Commission's *National Gambling Survey* suggests that males are still somewhat more highly represented among problem gamblers in the general population. Experienced counsellors and others claim that males may be less willing to seek professional counselling assistance. However, as noted in Table 7.6 in Western Australia males outnumber females in counselling by a factor of 3 to 1 and this almost certainly reflects the participation of males in wagering and the relative inaccessibility of EGMs within the Western Australian community.

Tables 7.10 and 7.11 summarise the gender of callers to the respective Helplines; while the data is for a relatively short time period there is a slight predominance of male callers overall.

Table 7.10
Western Australia
Gender of Help Service Clients (Per cent)

	Male	Female
July – Dec 2001	48.2	51.8
2002	55.0	45.0
2003	54.1	45.9
Jan – Mar 2004	60.8	39.2

Source: McKesson (2004).

Table 7.11
Victoria
Gender of Helpline Clients (Per cent)

	Male	Female
2001-02	49.6	50.4
2002-03	51.2	48.8
2003-04	52.5	47.5

Source: Turning Point (2004).

Finally, while methods of recording the nature of the information sought and specific reason(s) for calls to Gambler's Helpline vary across the two services, we sought to understand whether the nature of the request differed for the two States. Reasons for the call to a Helpline service are shown in Tables 7.12 (Victoria) and 7.13 (Western Australia).

Between the financial years 2001-02 and 2003-04, the significant proportion of Victorian gamblers seeking helpline services was due to the gambling problems. Around one third of calls included agency and information enquiries. During the period, a relatively high proportion of the callers reported interpersonal problems, intrapersonal (such as depression and anxiety, etc.) and financial problems. What can be observed from Table 7.12 is the relative consistency in the reason for the call over the time period reported here.

The two main reasons for the majority of calls to the Western Australian Gambler's Helpline throughout the period presented in Table 7.13 seems to be for obtaining information and awareness concerning gambling problems and how the individual might begin to address the problem.

Table 7.12
Victoria
Reason(s) for Call to Gambler's Helpline (Per cent)

	2001-02	2002-03	2003-04
Gambling Problem	67.0	69.2	65.4
Agency Enquiry	29.8	33.2	27.7
Interpersonal Problems (Relationships, etc.)	17.2	10	15.3
Information	15.1	19.2	19.6
Intrapersonal Problems (anxiety, depression, etc.)	9.4	6.8	8
Financial	7.5	8.1	12.5
Self Exclusion	3.1	3.7	3.6
Grief	2	12	2.1
Legal	0.9	7.9	0.9
Welfare/Material Aid	0.7	7.6	0.6
Employment/Work Related Issues	0.7	0.4	
Leisure Related Issues	0.6	0.6	0.7
Medical/Health	0.5	0.4	0.3
Suicide	0.5	0.3	0.3
Accommodation	0.3	0.4	
Violence/Family Violence	0.3	0.3	0.3
Drug/Alcohol Problem	0.1	0.2	
Homicide	0.1	0.6	
Other	8.1	0.2	1.6

Note: Multiple reasons could have been entered for a single call.
Source: Turning Point (2004).

Table 7.13
Western Australia
Reason(s) for Call to Gambler's Helpline (Per cent)

	July – Dec 2001	2002	2003	Jan – Mar 2004
Awareness	25.3	27.6	24	30.1
Debts	1.9	3	1.9	3.5
Expenditure	3.8	5.1	5.4	5.6
Information	43	39.1	36.2	30.8
Loss Of Control	8.7	9.6	8.2	8.4
Not Known	0.8	0.8	1.2	0
Other Financial	0.4	1.1	1.2	0
Referral Agency	2.6	4	1.6	5.6
Referral to Provider	10.6	6.8	15.5	10.5
Relapse	0	0	1.2	2.8
Relationship	3	2.3	3.5	2.8
Suicide Ideation	0	0.8	0.5	0

Source: McKesson (2004).

The number of calls to Victorian Gamblers Helpline illustrates the importance of the ongoing need to keep potential clients fully informed of the availability of the services by publicity and awareness campaigns. The number of calls to the Victorian Gambler's Helpline cannot be directly related to those who attend counselling; we simply note that the ratio of these two activities is in order of 4 to 1 (calls to counselling) and both the number of first visits to counselling and the number of calls have trended downwards since 2001-02.

The Victorian Casino and Gaming Authority (2000) reported that some of the 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 communities from accessing problem gambling support services.

Table 7.14
Victoria
Number of Calls to Gamblers Helpline: March to February

	2001-02	2002-03	2003-04
March	972	1,047	1,056
April	1,085	1,132	1,083
May	1,212	1,214	1,039
June	1,046	1,331	1,090
July	1,681	1,348	1,126
August	2,150	1,413	1,145
September	1,390	1,361	1,075
October	1,767	1,186	1,295
November	1,851	897	1,020
December	1,190	918	749
January	1,101	904	767
February	1,002	850	902
Total	16,447	13,601	12,347

Note: Monthly calls consist of all calls and include all genuine callers from gambler, friend, family member as well as non-genuine calls.
Source: Turning Point (2004).

7.4 Problem Gamblers in Financial Counselling

The literature suggests that financial pressure can act as a major stressor triggering further episodes of gambling. As the frequency and duration of gambling sessions increases and expenditure goes beyond disposable income, then the gambler may use household money, credit card advances and multiple loans. At this stage, gamblers may perceive gambling as the only way of finding sufficient funds quickly enough to solve their problems, which then leads to the downward spiral of gambling. Thus begins a vicious cycle of more losses and more loans, which can lead to embezzlement and other offences, depression or even suicide. For these reasons, financial counselling and advice *in conjunction with* psychological intervention are seen as essential elements of the treatment process (Blaszczynski et al 1997).

The researchers were well aware that problem gamblers may seek out other forms of assistance including financial counsellors, medical practitioners, family support services, the self-exclusion program hosted by the AHA(Vic), Gambler's Anonymous and other professionals. It is also clear that many individuals do not approach any service, relying instead upon their own motivations and/or the assistance of family and friends. Of particular interest, is the role of financial counsellors in assisting problem gamblers. The researchers surveyed financial counsellors in Western Australia, Victoria and South Australia in the course of this study.

Data from Victoria shows that people with gambling related problems present to a range of family support and/or financial counselling services, in addition to specialist problem gambling services. The Victorian data suggests that of 121 family service agencies most (89 per cent) indicated that services were being used for people with gambling related problems. The Victorian data demonstrates that many agencies providing services to problem gamblers operate outside the specialist funding programs.[41]

Problem gamblers frequently use financial counselling services, particularly in gaining skills in money management and budgeting. According to financial counsellors, the proliferation of EGMs and the increased accessibility to these since 1992 has resulted in significant increases in the number of problem gamblers seeking assistance. This, they observed, has been exacerbated by the fact that EGMs tend to be concentrated in lower socio-economic areas where disposable income is limited (Centre for Criminology and Criminal Justice, 2000).

Financial counsellors in both States express concern about the contradictory messages and images about gambling being presented by policy makers, government and industry. There is a belief that such contradictory messages and images make it more difficult for people with gambling problems to acknowledge that they have a problem and to seek assistance, because gambling is constantly being promoted as a legitimate, government endorsed activity.

In 1999-2000 the Problem Gaming Support Services Committee commissioned a survey of financial counsellors in Western Australia. The survey found:

- Problem gamblers are seeking assistance from financial counsellors. Fourteen financial counsellors surveyed identified 183 clients with financial issues due to their gambling and another 123 who were suspected of financial problems due to their gambling;
- The majority of clients do not initially disclose gambling problems to financial counsellors;
- Financial counsellors have developed their own methods of assessing problem gambling. The majority of financial counsellors surveyed do not use a formal assessment tool;
- Financial counsellors most often refer clients presenting with gambling problems to specialist gambling services such as BreakEven and the Gambling Helpline, and to other services such as Legal Aid, food distribution and medical assistance, printed information and emergency relief;

[41] Victoria has integrated financial counselling services with gambling counselling services.

- Only a few financial counsellors offer a number of counselling sessions to problem gamblers; and
- Financial counsellors who see problem gamblers often see the client and the spouse/partner.

The 2003 Victorian Longitudinal Community Attitudes Survey reports that of those Victorians with a self-assessed gambling problem who had sought help for their gambling problem in the 12 months prior to the survey, 95 per cent reported that financial problems had prompted them to seek help. This is significantly higher than the findings for the Productivity Commission's national survey of clients of counselling agencies and ACT survey conducted in 2001 (32 per cent).

In order to better understand the impact of different gambling environments on the nature of problem gambling, the researchers surveyed financial counsellors in Victoria , South Australia and Western Australia to determine whether there are any significant differences in terms of the characteristics and experiences of people who present with financial problems, particularly with regard to problems that are gambling related. Copies of the separate surveys sent to financial counsellors are attached in Appendix C.

7.5 SACES: Survey of Financial Counsellors

In surveying general financial counselling service providers we first sought their estimate of the total number of all clients seen in a typical month and their assessment of the number who presented with an underlying gambling problem, as summarised in Table 7.15. The survey indicated that the proportion of clients with gambling problems seen by financial counsellors was 34 per cent in Victoria and South Australia compared to 20 per cent in Western Australia.

Table 7.15
Total Clients and Those With Underlying Gambling Problems

	Total Clients Per Month	Gambling Problem	Per cent
Western Australia	497	99	19.9
Victoria and South Australia	2,223	748	33.6

Source: SACES Survey of Financial Counsellors (2003-04).

Victoria and South Australia with easier access to EGMs recorded that approximately one-third of all clients had experienced gambling problems whereas in Western Australia it was one-fifth.

Counsellors were later asked about clients with known gambling related financial problems, what proportion resulted from the activities referred to in Table 7.16.

Table 7.16
Gambling Related Financial Problems
Source of Gambling

	EGMs (Poker Machines)	Wagering/ Sports Betting Losses	Casino Table Gaming	Private Gaming[1]	Other Gambling Forms	Total (Per cent)
Total Western Australia	17.7	28.8	32.7	9.3	11.6	100.0
Total Victoria & South Australia	86.4	6.8	3.2	1.2	2.4	100.0

Note: [1] E.g., card games with friends.
Source: SACES Survey of Financial Counsellors (2003-04).

There was a significant difference in the contribution of EGMs to gambling and financial problems reflecting the different gambling opportunities between the States. In Victoria and South Australia, 86 per cent of those presenting with gambling related financial problems were due to the excessive playing of electronic gaming machines. Western Australia, where the only gaming machines are video card machines in the casino, records a much lower prevalence of problems associated with gaming machines. Moreover, the figures for Victoria and South Australia are confirmed by Gambler's Help/Breakeven data and in community surveys wherein it is reported that most gamblers experience problems with EGMs.

The survey revealed that the proportion of people in Victoria who experienced financial hardship due to excessive gambling was almost double compared to Western Australia. (32 per cent versus 18 per cent — see Table 7.17).

Table 7.17
Most Common Causes of Financial Hardship
(Per cent)

	Western Australia	Victoria
Credit Card Debt/Over-commitments	88.2	67.6
Poor Budgeting Skills[1]	70.5	20.6
Gambling	17.6	32.4
Relationship Breakdown	41.2	52.9
Unemployment	47.1	91.2
Ill Health/Mental Health Issues	23.5	41.2
Drugs/Alcohol	23.5	8.8
Lack of Public Housing	0.0	11.8

Note: [1] This group principally includes those with poor financial management skills also manifested through lack of education and consumer awareness. Includes those with large mobile phone debts.
Note: Multiple responses allowed.
Source: SACES Survey of Financial Counsellors (2003-04).

Table 7.18 shows a percentage breakdown of those factors which prompted people to seek help from financial counsellors.

The proportion of clients who have been referred to financial counsellors by problem gambler counsellors and/or due to high gambling losses was estimated at 44 per cent in Victoria. This is significantly higher than in Western Australia where only 8.9 per cent of

clients were induced to use financial counselling services due to referral from gambling counsellor and/or large gambling losses.

Table 7.18
Most Common Triggers that Induce Those with Financial Related Problem to Seek and Attend Counselling
(Per cent)

	Western Australia	Victoria
Disconnections/High Costs	88.2	67.6
Referral by Problem Gambler Counsellor/Gambling Losses	8.9	44.1
Debt Collectors/Agency Pressure[1]	64.7	82.4
Emergency Relief	29.4	26.5
Court order/ Summons	35.3	0
Relationship breakdown/Dom. Violence	11.8	20.6
Ill health/Mental Health Issues	5.9	5.9
Drugs/Alcohol	5.9	2.9
Attempted Suicide	0	5.9

Note: [1] This group includes those who faced repossessions, debt collections as well as those who received notices of eviction.
Note: Multiple responses allowed.
Source: SACES Survey of Financial Counsellors (2003-04).

It has been observed that where gamblers exhibit 'problem gambling' behaviour, they will have impacts on others. Problem gambling may bring grief not just to gamblers but also to their families, friends, people they work with, and their employers who may get less productive effort for the wage they pay. Problem gambling also necessitates expenditures by governments or welfare agencies, and sometimes the court or prison system, on measures to deal with and ameliorate the impacts of problem gambling. The Productivity Commission (1999) estimated that on average, seven people other than the problem gambler are affected by the gambling problem.

The survey reveals that in both States problem gamblers in counselling tend to experience higher rates of decreased work productivity, crime, domestic violence and homelessness relative to other clients in financial counselling (Tables 7.19 and 7.20). Although some similarities can be drawn from the experience of financial counsellors in two States in respect to the additional harms experienced by their clients there are also some notable differences. For example, while the relationship breakdowns among Victorian problem gamblers are higher relative to the experiences of other clients, in Western Australia they are lower. Alcoholism is more present among problem gamblers in Victoria relative to other clients whereas in Western Australia is present less often. Resort to crime is also more prevalent for problem gamblers in Victoria relative to all clients.

Table 7.19
Western Australia
Experience of Harms: All Clients and Problem Gambler Clients (Per cent)

Experience of Harms	All Clients With Financial Problems			Problem Gamblers		
	In most cases	Occasionally	Never	In most cases	Occasionally	Never
Relationship breakdown (e.g., divorce, separation)	70.6	29.4	0	64.3	28.6	7.1
Physical violence within the family (i.e., domestic abuse)	29.4	70.6	0	53.9	23.1	23.1
Decreased work productivity	37.5	62.5	0	41.7	41.7	16.7
Unemployment	88.2	11.8	0	41.6	50.0	8.3
Depression	88.2	11.8	0	77.0	7.8	15.4
Low self-esteem or sense of worth	93.8	6.3	0	75.0	16.7	8.3
Social isolation	68.7	31.3	0	66.7	25	8.3
Poor physical health	64.7	35.3	0	58.4	25	16.7
Drug abuse	53.3	46.7	0	33.4	50	16.7
Alcoholism or binge drinking	53.3	46.7	0	50.0	33.3	16.7
Crime	25.1	68.8	6.3	38.5	46.2	15.4
Debt burden	93.7	6.3	0	84.7	15.4	0
Poorer economic well being of family members	100.0	0.0	0.0	84.7	7.7	7.7
Poorer physical well being of family members	66.6	26.7	6.7	66.7	25	8.3
Homelessness	13.4	80	6.7	30.0	60.0	10.0
Suicide Ideation	23.1	53.8	23.1	27.3	45.5	27.3
Loss of essential services	71.5	21.4	7.1	66.7	25.0	8.3

Note: Responses labelled 'often' have been combined with the 'in most cases' due to their similarity.
Source: SACES Survey of Financial Counsellors (2003-04).

According to the assessment of financial counsellors the absolute proportion of the problem gamblers suffering depression was very high in both States, which is consistent with Blaszczynski (2002) finding that approximately 75 per cent of people with a gambling problem meet criteria for major depression. But there is a notable difference between the two States in the relative proportion of problem gamblers suffering depression; in Victoria depression was more common among problem gamblers than among problem gamblers in Western Australia. Unemployment is more prevalent among problem gamblers in Victoria than in Western Australia.

Although the findings of financial counsellors in both States confirm that clients with a gambling problem tend to be more suicidal then the rest of their clients, this difference is more significant in Victoria than in Western Australia. Financial counsellors responses indicated that "in most cases" problem gamblers were more vulnerable to experience suicide ideations than their other clients by 12 per cent in Victoria compared to 4 per cent in Western Australia.

Table 7.20
Victoria
Experience of Harms: All Clients and Problem Gambler Clients (Per cent)

Experience of Harms	All Clients With Financial Problems			Problem Gamblers		
	In most cases	Occasionally	Never	In most cases	Occasionally	Never
Relationship breakdown (e.g., divorce, separation)	78.8	21.2	0.0	93.1	3.4	3.4
Physical violence within the family (i.e., domestic abuse)	20.6	76.5	2.9	36.6	56.7	6.7
Decreased work productivity	60.6	27.3	12.1	62.1	34.5	3.4
Unemployment	88.2	11.8	0.0	62.1	31.0	6.9
Depression	88.2	8.8	2.9	90.0	6.7	3.3
Low self-esteem or sense of worth	93.9	6.1	0.0	90.0	6.7	3.3
Social isolation	76.5	17.7	5.9	80.0	13.3	6.7
Poor physical health	76.5	20.6	2.9	48.2	41.4	10.3
Drug abuse	21.2	75.8	3.0	13.7	69.0	17.2
Alcoholism or binge drinking	9.1	87.9	3.0	20.7	72.4	6.9
Crime	9.1	81.8	9.1	34.4	62.1	3.4
Debt burden	97.1	2.9	0.0	96.6	3.4	0.0
Poorer economic well being of family members	90.9	9.1	0.0	82.7	17.2	0.0
Poorer physical well being of family members	67.6	29.4	2.9	55.1	41.4	3.4
Homelessness	0.0	96.8	3.2	13.7	75.9	10.3
Suicide Ideation	9.1	72.7	18.2	20.6	69.0	10.3
Loss of essential services	44.1	52.9	2.9	62.0	31.0	6.9

Note: Responses labelled 'often' have been combined with the 'in most cases' due to their similarity.
Source: SACES Survey of Financial Counsellors (2003-04).

Financial counsellors in both states report very high rates of unemployment experienced by those problem gamblers in counselling which is consistent with socio-demographic characteristics of a significant proportion of problem gamblers.

In summary, problem gamblers in both States are reported, relative to all clients seeking financial assistance, as more likely to have experienced a relationship breakdown, decreased work productivity, engaged in some level of criminal activity, experienced homelessness and have thought of suicide. These responses of highly skilled professionals who have very extensive experience in financial and personal counselling support the findings and administrative data collated by specialist gambling help agencies (e.g., DHS (Vic), BreakEven (SA)).

7.5.1 Responses to Open Ended Questions

The survey of financial counsellors included a number of open-ended questions and issues raised by respondents are reported below.

One of the major concerns of financial counsellors is that gambling debts frequently have an impact on the wider family. Excessive gambling leads to the loss of assets, including

the home and repossession of assets that may have been offered as security for a loan. In the experience of counsellors, gambling, alcohol and drugs were often associated in causing severe harms, as they damaged the individual, resulting in depression, anxiety and contemplation of suicide, while they gave rise to domestic violence and severe relationship issues.

> "Gambling addictions seem to affect more people because its not just the person with the problem that is affected, its their family and extended family eg, through lack of food and utilities through non-payment of bills". (Response from counsellor)

Assets held in joint names are very often at risk as a result of gambling problems.

> "We have seen clients that have suffered significant impacts on the financial security because of gambling, i.e., house mortgage unpaid, many thousands of dollars more than the partner was aware of. Other outcomes may be family breakdown and separation, property loss, loss of employment, etc". (Response from counsellor)

A distinguishing feature of gambling debts is that they can build fairly rapidly and may continue to grow as other assets are pawned or sold. Gambling debts are initially associated with a reduction in assets rather than a build-up of credit liabilities through the misuse of credit.

Long-term unemployment, permanently low income or long-term association with Centrelink (for various reasons) contribute to a more gradual build up of debt. A misuse or a lack of understanding of credit or problems with mobile phone contracts (and use of phone) contributes to build up debts and lead to an inability to meet essential obligations such as utility bills, rent, food and school fees. Excessive drinking, smoking or drug taking also contributes to harm to the individual and family and gambling exacerbates situations of permanently low income. However, gambling debts are not confined to those on low income and possess the characteristics that they can build very quickly and unsuspectingly to other family members.

> "All forms of financial related problems result in harm. However with car and home loans, sale of the asset (car or home) clears the debt. However, gambling debts, credit cards, mobile phone accounts, Centrelink over-payments and debt incurred through their motor vehicles not being insured are causing greater harm to young people". (Response from counsellor)

In terms of public interventions to assist those experiencing non-specific forms of financial hardship, greater availability of public housing and tougher legislation to impose some form of credit limits were most often suggested. The offer of unsolicited credit facilities should also be curtailed. Because the threat of disconnection and failure to pay utility bills were frequently cited, greater use of the CentrePay facility and the ability to negotiate payment arrangements with providers were called for.

> "Have CentrePay set up for essential services and have money in credit for food". (Response from counsellor)

General financial counsellors were asked to assess, based on their caseload and experience in dealing with clients, the extent to which gambling was a cause of financial hardship.

The experience of counsellors in Western Australia is significantly different to their counterparts in Victoria and South Australia. The majority of financial counsellors in Western Australia reported it was not a cause of financial hardship (No: 15; Yes: 2). In Victoria the response was overwhelming that gambling did contribute to financial hardship (No: 3; Yes: 31) as was the case in South Australia (No: 5; Yes: 35).

> "It would be the greatest single cause and also the one associated with greatest level of hardship". (Victorian Financial Counsellor).
>
> "Gambling addiction is often well hidden. While it plays a part with female clients far more than males. It is a product of being poor, having no hope and being socially isolated in many cases". (Response from counsellor)

Financial Counsellors deal with a diverse group of clients who experience financial difficulties, that are the result of numerous and often complex causes. The situation of some clients is far more difficult or problematic than other clients. The severity of the problems is different and so too is the necessary action, assistance or counselling to address financial concerns. The researchers asked financial counsellors, based on their experience and caseloads, whether they considered gambling related financial problems were 'less, more severe or similar in terms of harm to the individual and their families than other forms of financial related hardship'. These results are summarised in Table 7.21.

The experience of financial counsellors in Western Australia reflects the lower prevalence rate of problem gambling and clients who present for financial counselling with problems arising from gambling. Less familiarity with clients who experienced gambling related financial harms is also reflected in these counsellors who responded "don't know".

Table 7.21
Financial Problems due to Gambling Relative to Other Forms of Financial Hardship in Terms of Harm to Individuals and Their Families
(Per cent)

	Less Severe	More Severe	Similar	Don't Know
Western Australia	0.0	20.0	46.7	33.3
Victoria	3.1	71.9	18.8	6.3

Source: SACES Survey of Financial Counsellors (2003-04).

Just as the experience of problem gamblers differs across the two States, and the source of problem gambling, the experience of financial counsellors also reflects the different genesis of problems and the nature of problems for the clients they assist.

In contrast, seventy two per cent of Victorian financial counsellors (some 52 percentage points higher than in Western Australia) consider gambling related financial problems to be more severe in terms of harm to individuals and their families than other forms of financial hardship.

Gambling losses and excessive gambling behaviours were rated as more severe for two specific reasons. The first is that, in many cases the individual is already vulnerable and isolated and gambling opportunities by their nature, act to compound this isolation and vulnerability. The activities are solitary, devoid of interpersonal relationships with a capacity to reinforce anxiety and depression. Gambling is also highly addictive for some.

> "Gambling related financial problems are usually worse as there are other issues also impacting, like loss of trust, lies and deception." (Response from counsellor)
>
> "The level of debt rises very rapidly. Gambling frequently leads to depression and exacerbates low self-esteem — these immobilise people in addressing their financial problems". (Response from counsellor)
>
> "More severe — the addiction cycle is hard to get out of. It affects the very fabric of a persons life — personality and relationships. Is much harder to address". (Response from counsellor)

The second reason was that the individual will attempt to hide the consequences of excessive gambling, will steal and/or borrow from family and friends or commit crimes in order to continue gambling. These behaviours are very rare for clients who seek help from financial counsellors due to other misfortunes or bad decisions such as bankruptcy, over-commitment on credit cards, long term low income or temporary problems with utilities, car repossession, mobile phone accounts, etc. Financial institutions are "less understanding" of those who experience debts and financial problems from gambling, while the individual gambler is said to experience "personal shame and does not want others to know about gambling behaviours".

So the severity of harm, the accessibility to gambling opportunities and relapse rates, the relatively long time taken to overcome gambling addiction (7-8 years) and address the harms it caused means that financial counselling services are involved in extending the length of time they are assisting clients. There are high rates of referral from general financial counselling services to services for problem gamblers (estimated 38 per cent).

Two items were proposed as appropriate public intervention to help both problem gamblers and those with more general financial problems were:

- implement stronger community education programs, in schools and on television, explaining credit issues, consumer protection and understanding contracts, mobile phone usage; and
- the need to increase the number of financial counsellors in response to existing demand and current waiting lists.

Public interventions to minimise financial difficulties arising from excessive gambling suggested by financial counsellors were principally preventative measures, including *inter alia*:

- a significant reduction in accessibility or the removal of machines;
- removal of ATMs from gambling facilities;
- imposition of withdrawal limits;
- removal of all note acceptors;
- the introduction of credit limited smart cards; and
- improvements in the effectiveness of self-exclusion programs.

Chapter Eight

Health Issues

Gambling and Health

- Victorian GPs are four times more likely to identify patients presenting with health issues associated with gambling than their Western Australian counterparts (Victoria 17.7 per cent, Western Australia 4.3 per cent);
- the consulting report rates and the experience of GPs is a significant indicator of the difference between the two gambling environments. More males are identified in Western Australia; far more females present with gambling issues in Victoria (83 per cent);
- gambling related issues identified by GPs in Victoria include physical/emotional problems due to excessive gambling, stress, problems at work and relationship issues (Table 8.3);
- problem gambling is 'behaviourably conditioned' and is principally related to social and economic environments. "Pathological gambling" is not deemed to be the majority of problem gamblers as evidenced by referrals by GPs to gambling counselling services and not to psychologist/psychiatrists;
- we find no evidence that the rate of suicide is higher in the regions in Victoria relative to matched regions in Western Australia;
- one unexplained puzzle is the reason for the rise in female suicides in the age range 40-59 in the period 1993 to 2002 for all Victorians.

8.1 Introduction

> "Problem gambling impacts on the health and well-being of a significant number of gamblers and their families, and results in costs to the health system. In some cases it may be linked with mental health problems. Although there is continuing debate as to the cause of problem gambling, in the Australian context it would seem useful to regard it as a social issue rather than a human pathology" (Department of Health and Aged Care).

The AMA notes that problem gambling is an issue of concern not only for the person with the gambling problem and for their family but also for medical practitioners, the gambling industry, the community and governments.

> "The AMA acknowledges that the social, physical and mental health of people with problem gambling and their families are often at risk as a result of reduced household income and associated social disruption. They may experience stress-related physical and psychological ill health. Other adverse effects include family breakdown, domestic violence, criminal activity, disruption to or loss of employment and social isolation. Additionally, problem gambling may compromise their capacity to afford necessities such as adequate nutrition, heating, shelter, transport, medication and health services".[42]

[42] Public Health (AMA), "Health Effects of Problem Gambling", (1999).

Following from these concerns, the AMA has encouraged General Practitioners (GPs) to play a role in assessing problem gamblers and their family members and referring them to appropriate counselling services. Patients may go to their GP seeking advice or treatment to address the adverse physical and psychological symptoms associated with gambling-related anxiety and depression.

It has been recognised that gambling can adversely affect nutrition of the gamblers and their immediate family members where normal consumption expenditure is diverted to gambling activities. Problem gamblers are known to diminish their purchasing capacity for the remainder of the pay period, frequently chasing losses. The nutrition and care of children may be neglected during gambling sessions and general household hygiene may be compromised when gambling debts result in unpaid electricity and water bills.

Brown (1997) in a study of female gamblers found that 56 per cent of the women reported that gambling adversely affected their health. Symptoms identified by respondents included depression, stress, anxiety, lethargy, insomnia, poor nutrition, suicidal thoughts, increased caffeine and nicotine consumption, sweats, confusion, panic and ulcers. Apart from attendance at State funded counselling services and Gamblers Anonymous, 18 out of the 84 gamblers in the study who had sought help had accessed psychologist/ psychiatrist, doctors, community health professionals and other counsellors. Gambling problems were identified as the reason for seeking assistance.

It is commonly accepted that many gamblers and/or their family members may seek assistance from health workers for health or mental health problems but without naming gambling as a problem.

8.2 Survey of General Practitioners

The researchers sought to compare the reporting rate to GPs of problem gamblers, who identified a gambling problem at the time of visit. In surveying general medical consulting service providers in the regions under study, we first sought their estimate of the total number of all patient visits in the last six months and their assessment of the number of patients who presented with an underlying gambling problem.

There was a marked difference between the reported experience of general practitioners in the two States, with local GPs in Victoria four times more likely to assess that the patient presented with health issues identified as being associated with gambling, as shown in Table 8.1.

The survey revealed that medical practitioners in Western Australia consult only a relatively small numbers of patients who present with health issues associated with excessive gambling. In Western Australia with restricted access to EGMs, but higher participation rates in various forms of lotteries, GPs recorded that only 4.3 per cent of all patients reported health problems that arose due to excessive gambling. In Victoria it was 17.7 per cent.

Table 8.1
Total Patients Consulted and Those With Underlying Gambling Problem

	Western Australia	Victoria
Number of patient visits	81,911	47,947
Patients presenting with health issues arising from gambling (number)	3,522	8,487
Patients presenting with health issues arising from gambling (per cent)	4.3	17.7

Source: SACES Survey of Medical Practitioners (2004).

The experience of GPs is a significant indicator of the impact of the different gambling environments in the two States. The consulting and report rates, where gambling is identified as impacting on the individual are not estimates of problem gambling prevalence, but they are in line with other estimates of the difference between the two States, specifically:

- estimates of problem gambling prevalence by the Productivity Commission (1999)[43] of 0.7 per cent and 2.14 per cent in Western Australia and Victoria respectively (Victoria 3.1 times the Western Australian estimate); and
- GPs survey and interviews based on consulting experience where Victoria was 4.1 times the Western Australian GP's experience and attendance at gambling counselling and the number of calls per capita to gambler's helplines.

The survey indicated that male patients in Western Australia are more likely to report health issues due to gambling whereas in Victoria female patients tend to be far more inclined than males to disclose gambling as a problem to their medical practitioners (83.1 per cent) shown at Table 8.2.

Table 8.2
Gender of Patients With Underlying Gambling Problem

	Western Australia	Victoria
Female Patients with Gambling Issues	43.8	83.1
Male Patients with Gambling Issues	56.3	16.9

Source: SACES Survey of Medical Practitioners (2004).

This is not an unexpected finding for two reasons. Firstly, that we know while problem gamblers are disinclined to seek assistance often waiting until a crisis has occurred, it is generally acknowledged that females are more active in seeking help and attendance at counselling. Second, we observe that the availability of EGMs in hotels and clubs has resulted in more females playing 'the pokies' than when the machines were more restricted to a single casino site. These figures are consistent with the problem gamblers indicators identified from helpline services and counselling services data presented earlier. The proportion of male and female problem gamblers seen by general practitioners in the two States is also consistent with the finding by the Productivity

[43] Also see Section 6.2 of this Report for the discussion on problem gambling prevalence rates in two States.

Commission (1999) that Victoria has more female problem gamblers than Western Australia.

Medical practitioners in the study regions of the two States were then surveyed on the more specific health problems observed in those patients that reported problems arising from their gambling behaviour. The results are presented in Table 8.3.

Table 8.3
Proportion of Patients that Experience Gambling-Related Issues as Reported by GPs
(Per cent)

Health/Personal Issues	Western Australia	Victoria
Stress Related Health Issues due to Gambling	2.2	24.0
Physical/emotional problems due to problem gambling	2.2	24.0
"Seriously Depressed" arising from gambling	1.9	4.1
Considered/reported thoughts about or attempted suicide due to gambling problems	0.9	1.1
Reported experiencing problems at work due to gambling	1.9	6.0
Reported family/relationship issues due to excessive gambling	11.1	11.5
Led to break-up of a significant relationship	2.2	7.1

Source: SACES Survey of Medical Practitioners (2004).

Family/relationship issues were the most reported gambling-related problems experienced among 11.1 per cent of Western Australian patients, which is very close to the Victorian estimate of 11.5 per cent. While the source or origin of gambling problems may be different, the immediate costs indicating personal and financial costs are felt within the family. The two States also appear to be very similar in the proportion of patients that report suicide ideations due to the gambling problems, close to one per cent of all patients in both States. The proportion of the patients that were "seriously depressed" due to a gambling problem in Victoria is double that for West Australia. The two States differ considerably in the proportion of patients that report stress-related health issues and physical/ emotional problems due to problem gambling, 24 per cent and 2.2 per cent on each issue in Victoria and West Australia respectively.

Overall, the most significant finding is that Victorian GPs experience a rate of self-reporting of underlying gambling issues/problems 4 times the rate found in Western Australia. Health or personal issues are more strongly identified, as summarised in Table 8.3, and will be more likely to spillover into problems at work, conflict in relationships and the wide range of personal and emotional reactions.

Importantly, and this is one difficulty in estimating the private and then social cost of problem gambling, these private costs are internalised by the individual in the form of stress, depression and family conflict. Measures of the impact of problem gambling using traditional methods such as surveys, helplines or those in counselling are a useful barometer but limited to the extent the "true" family costs are hidden. It would appear that some "hidden costs" are silently transferred to the national health system.

General practitioners in both Victoria and Western Australia revealed that they do provide referral for most of their clients with a gambling problem to the specialist help services as long as the consent is obtained.

Analysis of BreakEven data in Western Australia shows that:

- GPs are an important source of referrals to the agency; and
- BreakEven has targeted GPs, along with financial counsellors, as a first point of contact for many people with gambling problems and as a group, GPs have sought to obtain information about Problem Gambling and BreakEven services.

Gamblers Anonymous also report that GPs are a source of referrals to their support groups.

The experience of medical practitioners in Western Australia reflects the lower prevalence rate of problem gambling and therefore the lower number of clients who present for medical consultation with problems arising from gambling. The majority of medical practitioners in Western Australia reported that gambling was not a cause of health issues. In Victoria the response was overwhelming that gambling did contribute to medical problems.

Despite quite a low number of patients with problem gambling seen by medical practitioners in Western Australia and therefore minimal level of experience in adverse effects of gambling on individuals and their families, their responses suggest strong opposition to the introduction of electronic gaming machines outside the Casino. Some of the comments made by medical practitioners were as follows:

> "Please, please, please, no EGMs in Western Australia" (response from GP).
>
> "I am glad the Casino is in Perth… only the lottery commission and the TAB are available for gambling" (response from GP)

Medical practitioners consistently report that in many cases patients were already socially isolated and have considered gambling as "a way of escape", and as reported earlier gambling opportunities and the environment in which they occur, possess a capacity to exacerbate this isolation and vulnerability. Major health issues reported to medical practitioners by those patients involved in excessive gambling were stress, depression and the feeling of being "inadequate". The experience of medical practitioners tends to support those of financial counsellors in respect of the impact of excessive gambling on the family and other relations. They too have raised concern of the impact gambling debts frequently have on families. Alcohol and drugs have been identified as contributing factors in causing serious harms exacerbating the feeling of depression, anxiety and causing relationship break-ups. Another assessment made by medical practitioners in Western Australia is that female patients with problem gambling issues tend to prefer playing electronic gaming machines in the Burswood casino while male patients declare betting on horses as their preferred gaming mode. This assessment is consistent with the finding of the previous chapter that the principal source of problem gambling for female players is gambling on EGMs while for male gamblers it was placing bets on racing and casino table games.

General Practitioners in Victoria are united in their opinion that problem gambling is significantly underestimated. It was indicated that patients find it more difficult to disclose gambling as a problem due to the fact that there is no substance involved to blame and the shame factor is higher for this type of addiction. Several General Practitioners from Victoria made the observation that GPs are now more frequently asking about gambling in the standard history and that this should be asked alongside questions relating to cigarettes and alcohol consumption. This practice has been encouraged in a 1999 Australian Medical Association policy statement, which said that GPs "should include gambling as part of their systemic lifestyle risks assessment when taking a medical history".

8.3 Consultations by General Practitioners in Matching Regions

While it is clear from the experience of local GPs that issues related to gambling problems are more frequently canvassed in patient consultations in Victoria than in Western Australia, this is not to infer that consultations with Victorian GPs "are on the rise" relative to their counterparts in Western Australia. As well, we find no evidence to conclude that different prevalence rates of problem gambling translates into other health indicators. Table 8.4 reports the self-assessed health status of Victorian and Western Australian males and females at two points in time; the self-assessed health status is both a subjective assessment and highly aggregated in Table 8.4 with only one difference of any significance, namely that more Victorians report "poor health" over time and relative to their Western Australian counterparts.

Table 8.4
Self-assessed health status, 1995 and 2001 (Per cent)

	Victoria		Western Australia	
	1995	**2001**	**1995**	**2001**
Males				
Excellent	21.3	18.1	20.3	20.7
Very Good	36.7	32.9	36.7	32.5
Good	26.6	31.8	29.0	29.6
Fair	11.2	11.7	10.4	13.3
Poor	4.1	5.5	3.6	3.9
Total	100.0	100.0	100.0	100.0
Females				
Excellent	20.7	19.5	17.9	18.2
Very Good	35.7	33.4	36.9	33.1
Good	26.7	29.5	30.6	32.7
Fair	12.8	12.3	11.0	12.1
Poor	4.1	5.4	3.6	3.9
Total	100.0	100.0	100.0	100.0
Total				
Excellent	21.0	18.8	19.1	19.4
Very Good	36.2	33.2	36.8	32.8
Good	26.6	30.6	29.8	31.2
Fair	12.0	12.0	10.7	12.7
Poor	4.1	5.4	3.6	3.9
Total	100.0	100.0	100.0	100.0

Source: ABS, Self-assessed health status: 1995 and 2001.

Table 8.5 reveals the annual average growth rate of action of intervention in response to health issues. The growth in consultations with GPs/specialists and days lost from work or study were actually higher in Western Australia.

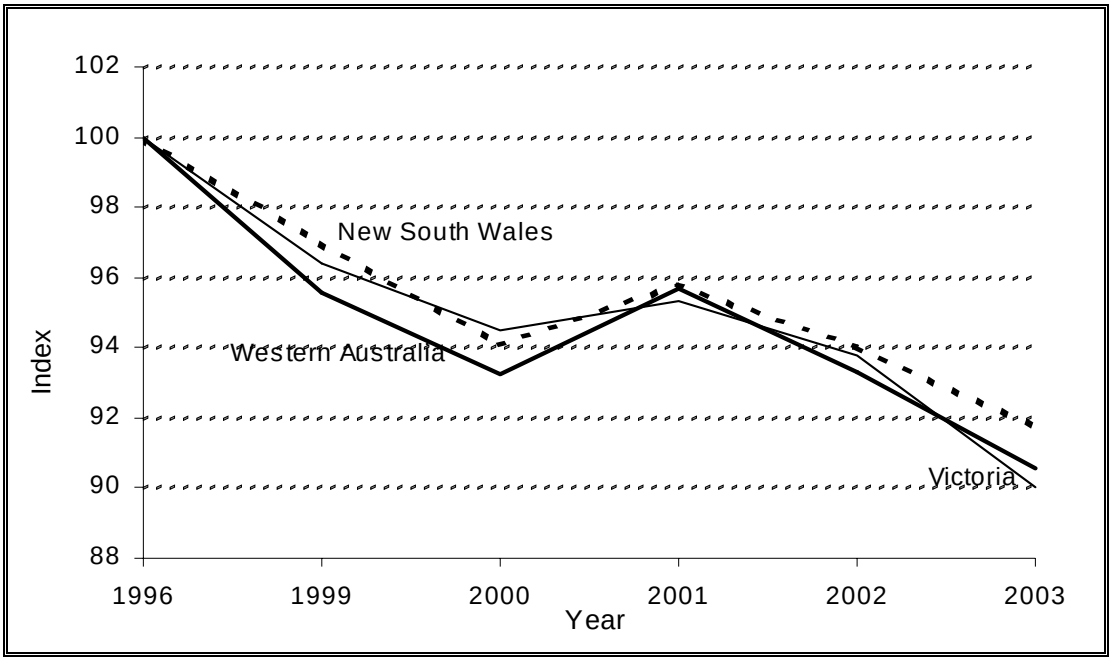
Table 8.5
Action Taken in Regard to Health Status, 1989-90 to 2001 (Per cent)

Actions taken in previous two weeks(a)	Growth Rate	
	Victoria	Western Australia
Hospital inpatient	1.3	0.9
Consulted GP/specialist	2.8	3.5
Consultation dentist	1.1	4.4
Consulted OHP(b)	4.9	3.8
Days away from work/study	2.5	2.6
Other days of reduced activity	1.1	0.8

Notes: (a) Estimates shown in this table have not been age and sex standardised.
(b) OHP = Other Health Professional.
Source: ABS, Selected Health Characteristics: Australia 1989-90, 1995 and 2001.

Overall, the number of surgery consultations has trended downwards in both States (and New South Wales) since 1996 where the most significant influence has been the progressive decline in bulk-billing since that time and a rise in hospital out-patient consultations.

Figure 8.1
Index of Number of Surgery Consultations
Victoria, Western Australia and New South Wales
(Base: 1996 = 100)



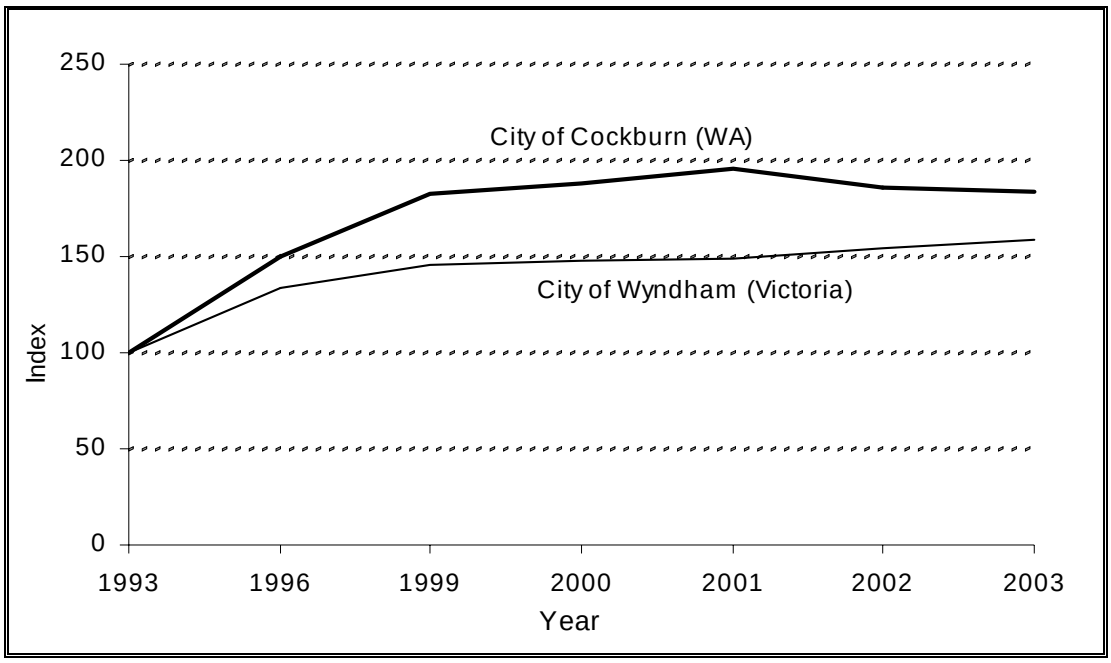
Source: Health Insurance Commission (2004).

Figures 8.2 – 8.5 for the four matched pairs of regions in fact shows that three of the four Western Australian regions experienced a more sustained increase in the number of surgery consultations. Again, while issues related to gambling are more frequently raised with the local GP in Victoria this does not translate into "more problem gamblers visit their local GP". We should not be surprised by this finding as Blaszczynski (2002) has reported that fewer than 15 per cent of people with a gambling problem are in treatment at any one time and that problem gambling persists for about nine to ten years before treatment is sought.

If problem gambling resulted in "more surgery consultations or visits to the local GP" then a potentially interesting outcome would be that the rate of consultations in regions in Victoria would rise relative to matched regions in New South Wales, where EGMs were legalised in 1957.

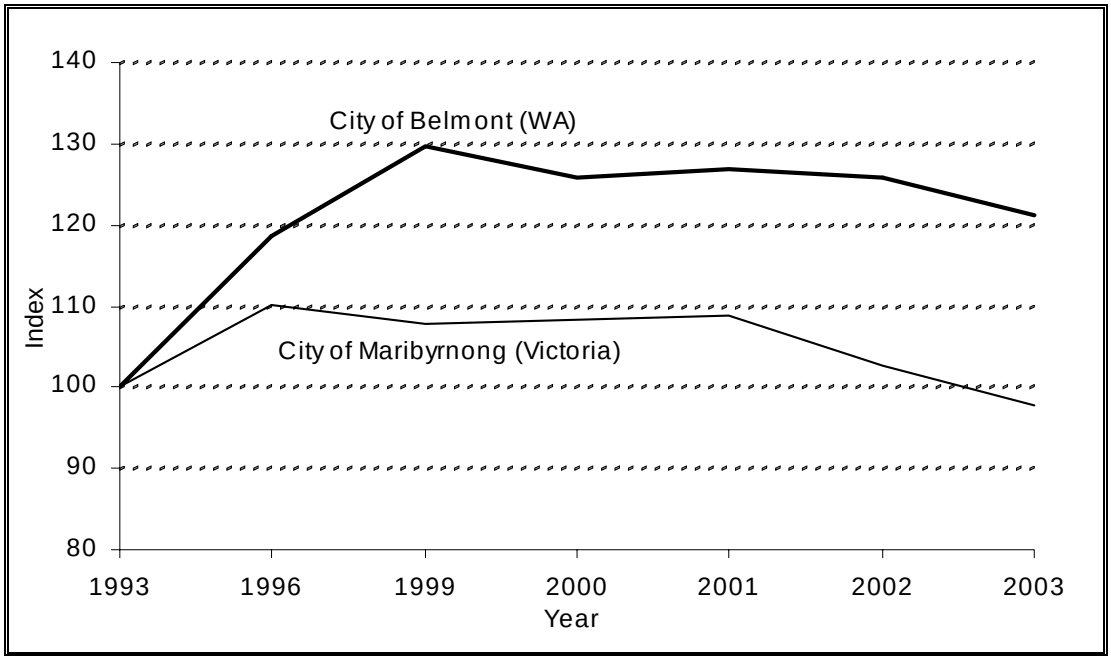
In 1991 the Victorian government passed what is known as the Gaming Machine Control Act, which allowed the introduction of electronic gaming machines (EGMs) into hotels and clubs in Victoria. In July 1992 the actual introduction of these machines began and numbers steadily grew. In December 1996 the then Premier Kennett advised that there would be a "cap" on gaming machines in Victoria of 27,500 in hotels and clubs and 2,500 in the Crown Casino. Melbourne Crown Casino opened on a temporary site in June 1994 and in May 1997 Crown Casino opened its permanent site at Southbank.

Figure 8.2
Index of Number of Surgery Consultations
City of Wyndham (Victoria) and City of Cockburn (Western Australia)
(Base: 1999 = 100)



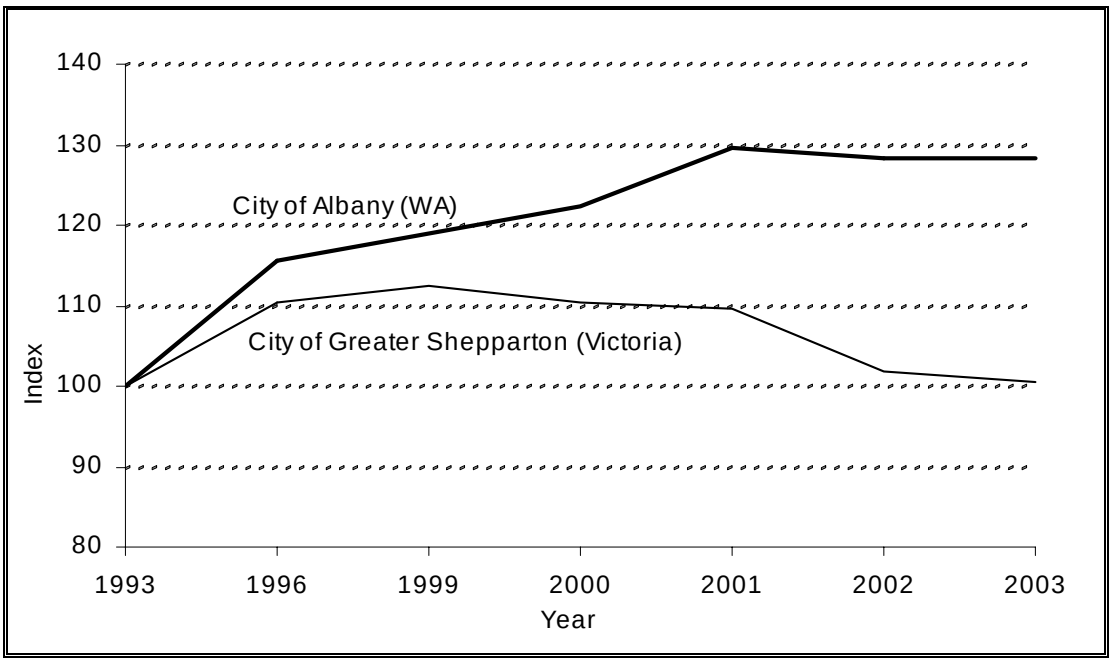
Source: Health Insurance Commission (2004).

Figure 8.3
Index of Number of Surgery Consultations
City of Maribyrnong (Victoria) and City of Belmont (Western Australia)
(Base: 1993 = 100)



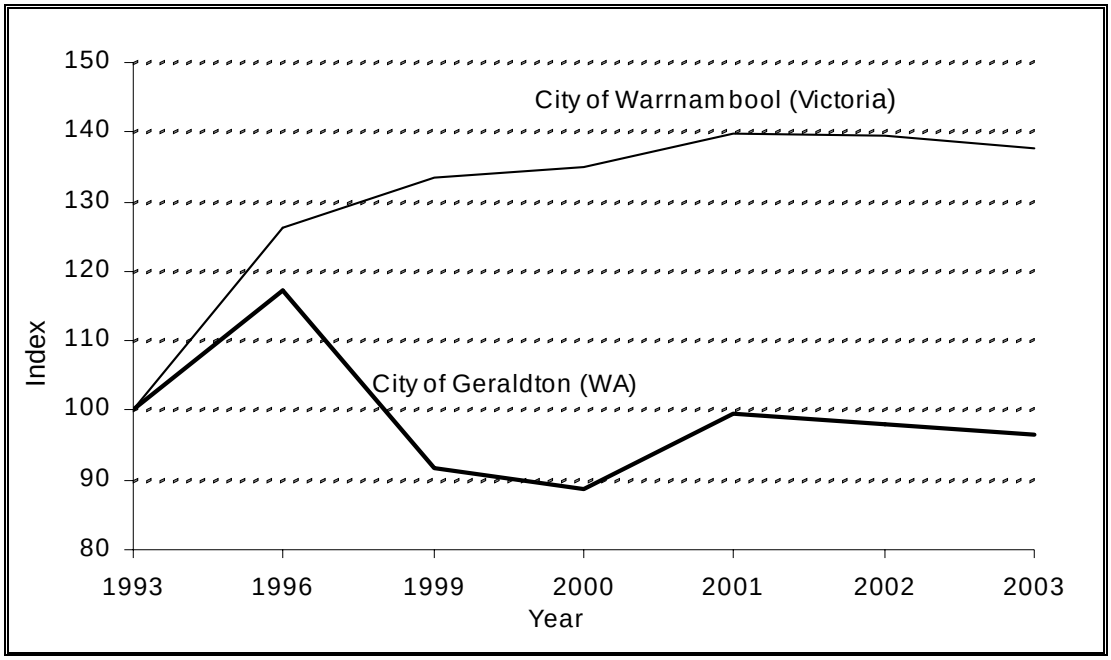
Source: Health Insurance Commission (2004).

Figure 8.4
Index of Number of Surgery Consultations
City of Greater Shepparton (Victoria) and City of Albany (Western Australia)
(Base: 1993 = 100)



Source: Health Insurance Commission (2004).

Figure 8.5
Index of Number of Surgery Consultations
City of Warrnambool (Victoria) and City of Geraldton (Western Australia)
(Base: 1993 = 100)



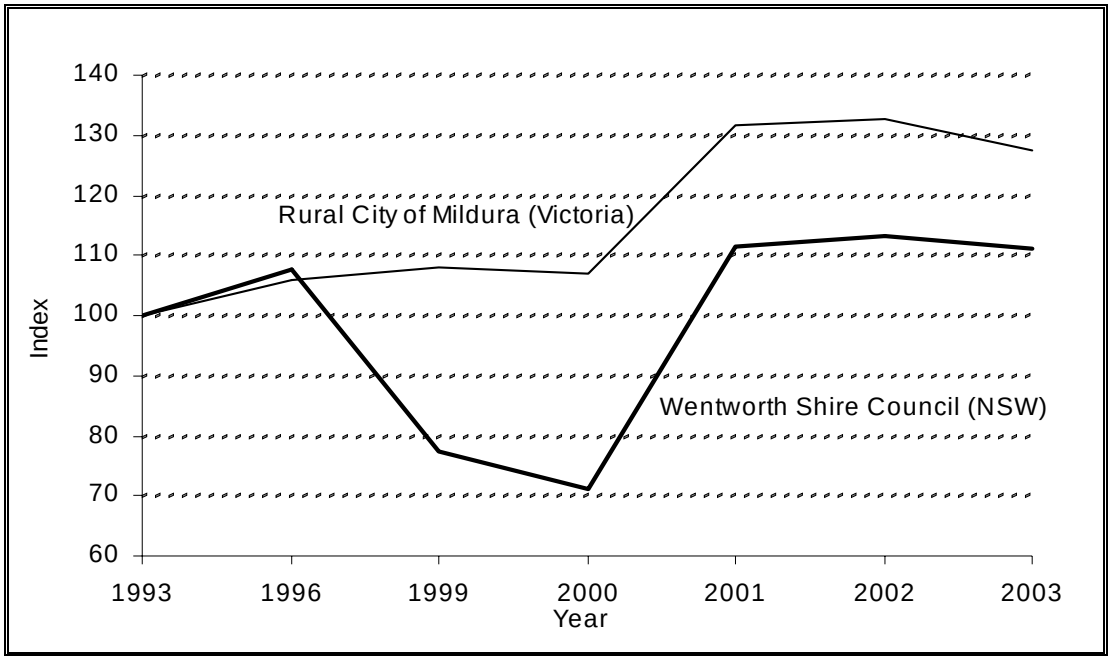
Source: Health Insurance Commission (2004).

A matched comparison approach involving a pre-policy period (1992-93 in Victoria)was undertaken to compare regions in Victoria with regions in New South Wales where EGMs have been available since the 1960s. Figures 8.6-8.8 illustrate the results for the three matched regions across the River Murray:

- City of Mildura (Victoria) with Wentworth Shire (New South Wales);
- Campaspe Shire (Victoria) with Murray Shire (New South Wales); and
- Rural City of Wodonga (Victoria) with Albury City Council (New South Wales).

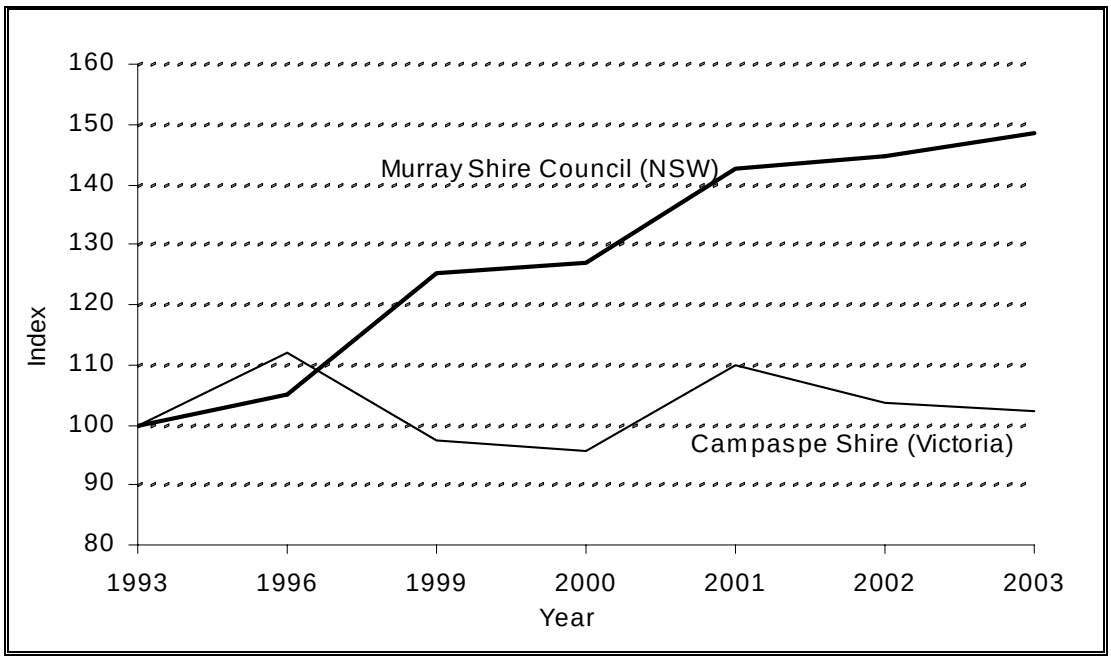
Overall, there is no trend in the data (or in survey responses from local GPs) to indicate that any emerging gambling problems in Victoria resulted in a higher rate of consultations in Victoria. The growth in the period 1993 to 1996 was present for all regions and in subsequent years, trends in bulk billing and the availability of local GPs account for the significant variability in the data.

Figure 8.6
Index of Number of Surgery Consultations
Rural City of Mildura (Victoria) and Wentworth Shire Council (New South Wales)
(Base: 1993 = 100)



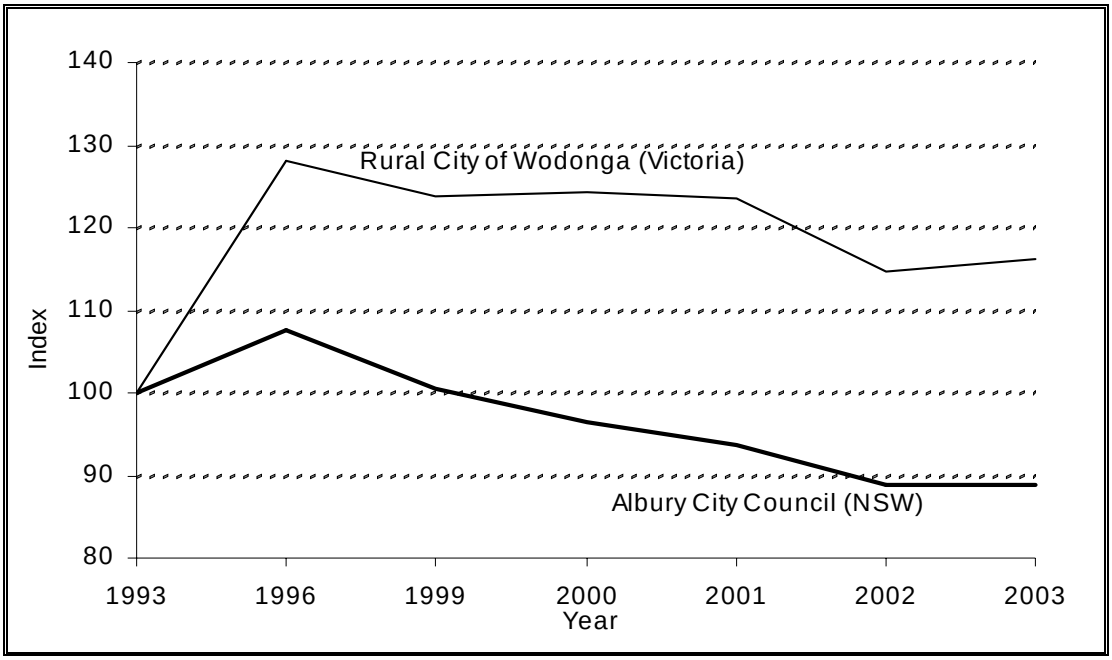
Source: Health Insurance Commission (2004).

Figure 8.7
Index of Number of Surgery Consultations
Campaspe Shire (Victoria) and Murray Shire Council (New South Wales)
(Base: 1993 = 100)



Source: Health Insurance Commission (2004).

Figure 8.8
Index of Number of Surgery Consultations
Wodonga Rural City (Victoria) and Albury City Council (New South Wales)
(Base: 1993 = 100)



Source: Health Insurance Commission (2004).

Problem gambling does not appear to result in more problem gamblers accessing their local GP. However, problems arising from gambling are now more frequently canvassed with the local GP and appear to play a role in exacerbating pre-existing conditions. In all regions and in three States there is an increase in the growth rate of consultations in the period 1993-96 when EGMs were introduced but there is no evidence to suggest a causal relationship. The fact that the same trend is evidence in New South Wales where poker machines have been available for many years supports this conclusion.

However, there is very considerable support for the conclusion that self-reporting of health issues arising from gambling are more frequent in Victoria than in Western Australia.

8.4 Psychiatrists Consultations in Matching Regions

Pathological gambling is recognized by the American Psychiatric Association and World Health Organization as a medical disorder and has elements of addiction similar to alcohol and drug addiction. It describes a gambler who loses control over gambling behaviour with damaging personal, social and financial effects as well as some legal implications. Because the gambler is losing control, mental health practitioners refer it to as an impulse control disorder. Pathological gambling is a progressive disease, meaning that the symptoms will get worse over time. Mental health professionals see it as a complex disease often seen in conjunction with other disorders including depression and chemical dependency.

"Pathological gambling" became a diagnostic entity in 1980 through its inclusion in the *Diagnostic and Statistical Manual of Mental Disorders* (3rd ed., 1980, also referred to as DSMIII)[44] where it was described as:

> "…a progressive disorder in which an individual has a psychologically uncontrollable preoccupation and urge to gamble. This results in excessive gambling, the outcome of which compromises, disrupts or destroys the gambler's personal life, family relationships or vocational pursuits. The problems in turn lead to intensification of the gambling behaviour. The cardinal features are emotional dependence on gambling, loss of control and interference with normal functioning."

This description is included in the latest edition of the *Diagnostic and Statistical Manual of Mental Disorders* (4th ed, 1995, also referred to as DSM-IV) and continues to be used by researchers and clinicians. The DSM-IV criteria for pathological gambling draw heavily upon the substance abuse model as there are many similarities between alcohol and drug addiction and pathological gambling, including the development of a euphoric state (a "high"), cravings (a need for more), tolerance (increasingly larger bets or greater risks needed to produce a desired level of excitement), and withdrawal-like symptoms.

Petry (2000) compared psychiatric symptoms in 103 substance abusers with and without gambling problems. Subjects with a gambling problem consistently reported more psychiatric distress than substance abusers without a gambling problem. Specifically, they had increased ratings on somatization, obsessive-compulsive, interpersonal sensitivity, hostility, and paranoia scales.

Steel and Blaszczynski (1998) provide evidence of elevated traits of impulsivity among pathological gamblers. Their study suggests that not only is impulsivity related to gambling behaviour and behavioural and psychological indices of poor psychosocial functioning, but that it is related to the severity of gambling behaviour. Similarly, Grant and Kim (2003) in their study of 96 adult pathological gamblers found that impulse control disorders appear common among pathological gamblers and are associated with more severe gambling symptoms.

"Pathological gamblers" may be referred for professional counselling to psychiatrists and/or psychologists. While we do not regard the majority of problem gamblers as suffering from a medical disorder, researchers recognise that some individuals may require clinical intervention. The question is whether this translates into any significant increase in the number of clients referred for clinical assistance. Figure 8.9 for referrals to psychiatrists for the period 1999 to 2003 only, does not show a marked increased in Victoria relative to Western Australia or New South Wales.

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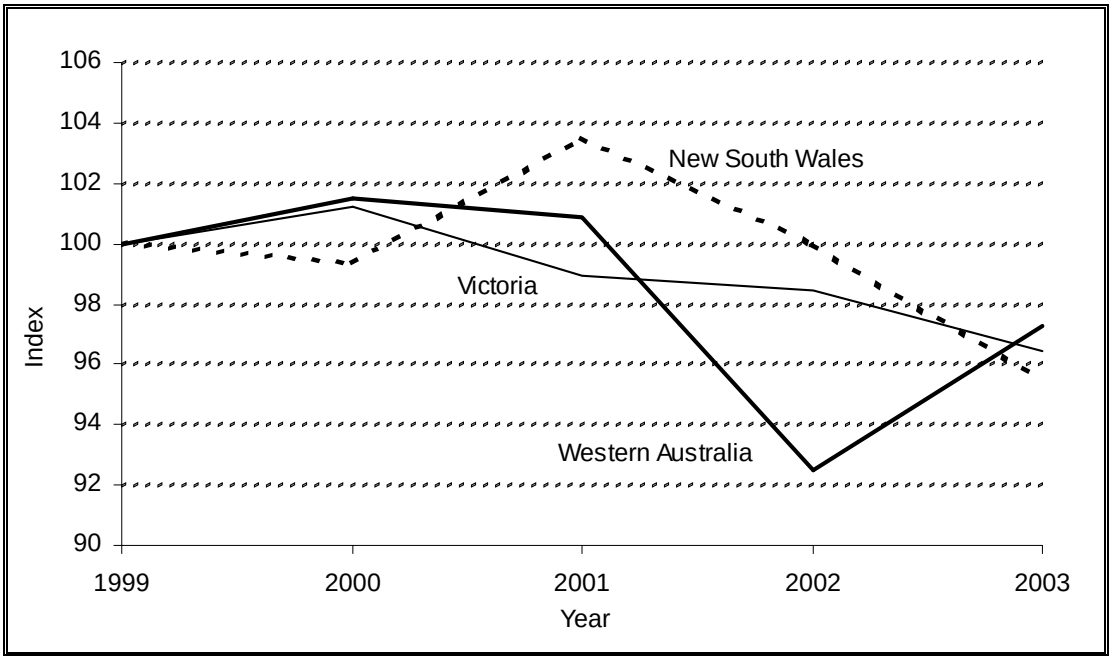
[44] It should be noted that the Diagnostic and Statistical Manual provides descriptions of diagnostic criteria or behavioural symptoms, not a definition, although the descriptions are frequently referred to as definitions.

Figure 8.9
Index of Number of Psychiatrist Referred Consultations
Victoria, Western Australia and New South Wales
(Base: 1999 = 100)



Source: Health Insurance Commission (2004).

There is no evidence from either the Health Insurance Commission data, surveys of local GPs (and their propensity for referrals) and survey comments from psychiatrists that problem gamblers either seek treatment or are increasingly referred to psychiatrists. That is to say, there is no suggestion in the data or from the GPs survey that there is suddenly a new large group of individuals requiring clinical intervention, but rather that problems with gambling may exacerbate existing problems or existing clients are susceptible to problem gambling behaviour. This is an interesting finding. It does not challenge the observations that problem gambling is often associated with depression, anxiety and substance abuse (i.e., co-morbidity). It does not obviate the need for medical intervention for some people who are diagnosed as having an 'impulse disorder'. However, for the great bulk of problem gamblers the "problem" is behaviourally conditioned and is more related to social and economic status including life stresses than it is dependent upon personality characteristics and impaired control.

This is as the Director of Centacare in Western Australia reported based on analysis of their client intake:

> "Other statistics showed that between 20 and 40 per cent of all clients had social problems related to employment, housing, isolation and recreational options and around 10 per cent of clients were involved in fraudulent activities. About 20 per cent of clients had legal issues, having been mandated or pending court proceedings around gambling".[45]

[45] Mr Rodger Jones (2002), News and Events. http://www.centrecare.com.au/news/view

This view seems shared by the PC (1999) report when they state that "problem gambling is generally not regarded as a mental illness for the bulk of people affected, though some will need clinical assistance to resolve their problems". (Productivity Commission, Vol. 1, p. 19).

Notwithstanding our findings, we are aware of many comments from medical treatment centres and emergency departments of hospitals that doctors in these settings more frequently admit patients reporting attempted suicide arising from gambling related problems and with mental health issues. It is claimed that poker machines have created a new class of mental health disorders.[46] Gambling would appear to exacerbate existing health and medical conditions, while some individuals because of life situations are susceptible to the gambling environment. It is perhaps unsurprising that gambling issues are subsumed under other medical states/conditions and does not 'appear in the data'. The experiences of mental health specialists, the local GP and counsellors are likely to be more insightful and reliable than 'the data sets'.

8.5 Gambling and Suicide

There is little information in the scientific literature regarding the suicide attempts of pathological gamblers, even though studies of problem gamblers have found that completed suicide, suicide attempts, and suicidal ideation are common outcomes related to gambling behaviour.

Kausch (2003) undertook a retrospective chart review for all consecutive admissions to the Gambling Treatment Program of the Louis Stokes Veterans Administration Medical Centre over a 12-month period where all of the subjects met DSM-IV criteria for pathological gambling. Sixty-four per cent of attempters reported that their most recent attempt was related to gambling. Kausch concluded that pathological gamblers have high rates of attempted suicide. They are highly impulsive and suffer from high rates of co-morbid psychiatric conditions as well as social disruptions. A combination of these factors very likely contributes to their potential for suicidal behaviour.

The Productivity Commission's (1999) *National Gambling Survey* and *Survey of Clients of Counselling Agencies* found the following:

- 53 per cent of respondents reported having been depressed because of gambling in the last year;
- 22 per cent of respondents (with SOGS scores of 5 or more) reported being often or always depressed because of their gambling;
- 9 per cent of problem gamblers reported that they have seriously thought about suicide because of their gambling, and about 60 per cent of those who sought help for their gambling problems from counselling agencies have seriously thought about suicide because of their gambling; and
- about one in ten problem gamblers who sought counselling assistance for their gambling report an attempt at suicide.

[46] Dr Malcolm Battersby, Centre for Anxiety and Related Disorders, Flinders Medical Centre, South Australia.

Blaszczynski and Farrell (1998) analysed 44 case records of suicides occurring between 1990 and 1997 in Victoria in which the State Coroner identified the presence of a gambling problem. They noted that the size of the problem was relatively unknown, as coroners do not always look fully into the causes of suicide. Over the full period, gambling related suicides made up one per cent of the total number of suicides, however from 1994 to 1997 they made up 1.7 per cent. Because of the occurrence of co-morbidity these findings are not straightforward. Depression was the most frequent co-morbid condition among the suicides. Fourteen of the cases had previously attempted suicide, and for at least seven cases there were two or more attempts.

Blaszczynski and MacCallum (2003) interviewed 85 consecutive treatment-seeking pathological gamblers and found that 36 per cent of cases had suicide ideations and 8 per cent made suicide attempts. Those findings indicate that suicide ideations and attempts among a population of treatment-seeking problem gamblers is much higher than for the general population for which it had been estimated that prevalence of suicide ideation and suicide attempts are at 5-18 per cent and 1-5 per cent respectively.[47] However, researchers suggest that depression and other risk factors might be more associated with the increased suicide ideation observed than gambling patterns and therefore any casual relationship between suicidality and indices of gambling behaviour remains elusive. For example, if the problems that resulted from pathological gambling induced depression, then gambling would play the primary role. Alternatively, if depression preceded gambling and stimulated the observed suicide ideation, then gambling might not play a major causal role.

The Victorian Longitudinal Community Attitudes Survey (2003) identified the following in relation to suicidal tendencies:

- In the surveyed Victorian gambling population, 0.9 per cent had "seriously thought about or attempted suicide due to gambling" during the previous 12 months;
- In marked contrast, 12 per cent of problem gamblers surveyed had contemplated suicide due to gambling at some stage, compared with 1.1 per cent in the non-problem gambling population. The majority (52 per cent) had felt like this in the past 12 months. This was considerably higher than the 1999 national survey finding of 9.2 per cent;
- 15 per cent of female and 10 per cent of male Victorian problem gambling respondents reported that they had seriously thought about or attempted suicide due to gambling in the previous year. This problem appears to be more prevalent for people in the 50-64 age group (24 per cent).

Attempted suicide imposes costs on the community such as medical care. The Mental Health Foundation of Australia (1998) reports that 22 per cent of problem gamblers that seek help have attempted suicide. They also claim that 61 per cent of problem gamblers think of suicide. It is important to note that the Mental Health Foundation of Australia makes the point that there is *no clear causal relationship* between mood disorders and problem gambling. That is to say, problem gambling can be caused by a mood disorder

[47] For further information about suicide ideations and suicide attempts among general population see Statham, D., Health, A., Madden, P., Bucholz, K., Bierut, L., Dinwiddie, S., et al. (1998), Suicide Behaviour: An Epidemiological and Genetic Study", *Psychological Medicine*, No. 29, pg. 9-17.

or can generate a mood disorder. The Victorian AMA conclude that severe problem gamblers are at risk of self-harming behaviours including attempted suicide as described in Case Study 1 and 2.

Case Study 1
Vulnerability: Fraudulent behaviour, chasing losses, job loss, attempted suicide and prison

Paul worked for a large contracting firm as Director of Finance. His position gave him direct access to thousands of dollars and the accounting system of the company. His position allowed him at first to supplement his gambling money in a small way and for this to go undetected, but as the need to chase his losses grew his illegal withdrawals grew over the course of two years to more than $100,000. During this period his disappointment with himself and shame steadily grew to a point where he confessed to his employer and subsequently attempted suicide. Initially he gambled because he felt good when he was playing the pokies and he felt successful and socially accepted. The pokie venue had provided for Peter the environment that made him feel secure, welcome and worthy. However, he started feeling trapped particularly after he had lost all of his normal financial resources and felt compelled to return to the pokies to win back the money he had previously lost. The feeling of the need to return to the pokies escalated when he could not draw on further family money. Despite eventually reforming his addiction he was sentenced to prison and was ordered to make full restitution to his former employer.

Source: Gambler's Help.

Case Study 2
Vulnerability: Addiction, lies, deceit, neglect of work and family and suicide ideation

Kate is 45 years old, married and a mother of two employed as a Personal Assistant to a General Manager. She was fist introduced to the pokie machines by her work colleagues after work in a hotel near the office. Within 3 to 6 weeks she was playing pokies every day and occasionally even three to five times a day. She very quickly has gambled away all of her family savings and started to lie to her family about her gambling. Despite attending Gamblers Anonymous and counselling she was not able to rid herself completely of her addiction especially when she would accidentally pass the pokie venues. She reports that by that stage pokie machines were accessible on almost every corner of Melbourne and she became more and more desperate. Her family believed that her early starts were due to the work commitments but her early starts enabled her to spend time gambling before work at around 7am in the morning thanks to the 24-hour access at the casino. In these compulsive sessions she gambled away all of the family savings and ran up debts on credit cards up to their limits. At the point of desperation she confessed to her family. Kate was assessed as a high-risk case in terms of serious suicide ideations.

Source: Gambler's Help.

The Productivity Commission estimated that between 35 and 60 individuals committed suicide each year for reasons linked to problem gambling. In estimating the costs of 2,348 attempted suicides, they took into account the other people such as family members who would be affected by this. Firstly, for the problem gamblers the Commission estimated that the cost per attempt would be $30,000 to $50,000. This results in an estimated annual Australia-wide cost of $70 million to $117 million. They estimated that 2.3 immediate family members would be involved and 1.8 parents. They concluded that cost to parents would be between of zero and $5,000 (Australia wide annual costs would be zero to $21 million) and for immediate family $15,000 to $30,000, therefore the Australia wide annual cost being between $81 million to $161 million.

A number of demographic variable have been found to correlate with suicide in the general population. These include gender (men are at higher risk than women), marital status (divorce, separated or widowed at most risk), unemployment, alcohol or drug dependence, history of abuse, previous psychiatric problems and threat of a significant financial loss (Motto and Heilbrown 1985).

In the researcher's discussion paper we considered that the ideal data set to measure the impact of electronic gambling machines on the number of suicides in the community would be the number of suicides by region and cause. Unfortunately this data is not available, as the reasons underlying a suicide are not always apparent, nor is there a consistent protocol for recording the causes of suicide where they are discernable. Relatively small numbers of suicides at the SLA level may mean that the data fluctuates significantly due to random factors. More general data on the number of suicide attempts and the number of persons who experienced suicidal ideation in a given period of time, by cause is not available, and consequently this form of impact was not able to be included in the interregional comparison.

The Victorian Coroner's Office conducted a brief review (Graham 2000) of all Victorians who had committed suicide during the year 2000, in order to identify the nature of the stressors affecting the deceased prior to their death and to review the extent of financial problems that had arisen as a result of gambling. This involved a review of the Victorian Coronial files of 579 people (437 males, 142 females). The age of the deceased ranged from 14 through to 92 years. In order to identify something of the nature of the stressors affecting those that committed suicide prior to their death, the complete coronial file for all the identified suicide cases were reviewed. The coronial file usually includes a finding, a toxicology report, an autopsy report, form 83 (the initial form the police complete for all coronial matters) and a brief. The brief usually contains statements from those who were close to the deceased, those who found the deceased body, and in the majority of cases, statements are obtained from any person who was involved in any medical treatment of the deceased immediately prior to their death. The statements contained in these briefs provide a valuable source of information concerning the circumstances of the deceased prior to their death.

The files were reviewed to determine if problems in the deceased life had related to their family situation, relationships they were in (excluding those with their family), their school/work situation, their financial situation, drug use, alcohol use, a grief experience and ongoing or past abuse. Other stressor that did not fit into the above categories was recorded. The prevalence of mention of stressors, include family (44.7 per cent of cases), relationships excluding family (28.3 per cent), school/work (22.6 per cent) and finance (21.9 per cent). Drug and alcohol use are also recorded in the coronial files.

Specifically, on the extent of the financial problems that were gambling related problems, approximately 25 cases or 4.3 per cent of the 579 files reviewed mentioned financial difficulties that had resulted from gambling. However, the authors warns that care should be taken in interpreting these figures as financial pressures as a result of gambling losses were not the only pressure that these deceased faced at the time of their death. It would be inappropriate to assume that gambling problems alone caused these suicides to occur. Confounding issues such as changes in the pattern of divorce, job prospects, health issues or some unanticipated event may play a significant part (or

trigger) in suicide. Equally, families or friends of the deceased were not directly questioned about the deceased gambling practices and hence it is probable that some of the deceased who suicided had gambling related problems that were not documented within the Coronial files.

The Victorian Coroner's Office has calculated average suicide rates for the years 1991 through to 2001 inclusively, based on population estimates for regions in Victoria. Because suicide is a relatively rare event small variations in suicide rates have been avoided through grouping together eleven years of data. Population estimates were for Victoria as at June 2000. For all SLAs in Victoria, the average annual suicide rate ranged from 0.2 to 27.8 where the range here (in Table 8.6) is from 8.6 to 14.1, which was not statistically different from the average for all SLAs. That is to say, there is no evidence that the suicide rate is higher in the regions or postcodes in Victoria employed in this study.

Table 8.6
Victorian Suicides 1991-2001
Numbers, Annual Average and Average Annual Rate per 100,000 by SLA

		Number	Annual Average	Average Annual Rate
Western Melbourne	Maribyrnong (C)	85	7.7	12.6
Wyndham	Wyndham (C) – North	73	6.6	8.6
	Wyndham (C) – South	3	0.3	
	Wyndham (C) – West	10	0.9	12.1
Warrnambool City	Warrnambool (C)	44	4.0	13.8
Greater Shepparton City – Part A	Greater Shepparton (C) Pt A	54	4.9	11.3
North Goulburn	Greater Shepparton (C) – Pt B East	3	0.3	
	Greater Shepparton (C) – Pt B West	10	0.9	10.0
East Gippsland Shire	E. Gippsland (S) – Bairnsdale	37	3.4	13.6
Mornington Peninsula Shire - Hastings	Mornington Peninsula (S) – West	60	5.5	11.6
Yarra Ranges Shire	Yarra Ranges (S) – Central	24	2.2	14.1
- Warburton	Yarra Ranges (S) – North	13	1.2	9.8
	Yarra Ranges (S) – South-West	131	11.9	10.4

Source: Victorian Coroner.

In addition to the above, data from the Office of the Victorian and Western Australian Coroners and the Australian Bureau of Statistics, in relation to the number of suicides in the Australian states of Victoria, Western Australia, New South Wales and Australia, over the period 1989 to 2003, has been analysed in an attempt to establish if any relationship exists between the introduction of electronic gaming machines in Victoria and the number of suicides in that State.

A comparison was undertaken principally with Western Australia, but also New South Wales, Queensland and South Australia the last two States having introduced EGMs in their respective states in an approximately similar manner and time period as for Victoria.

Publicly available aggregate data was available for total number of suicides in each state, and Australia, by gender (male and female) and by age categories ranging from 15 years to 85 years. In order to normalize state population differences, ABS population data was used to convert absolute suicide numbers to suicides per 100,000 populations in each state. For Western Australia and Victoria assistance was sought from the respective state Coroner's Office.

Studies of suicides in Victoria by the Victorian State Coroners Office using Victorian Coronial Data for the period 1989-2002 have establish that:

- since 1989 there has been an average of 549 suicides each year;
- on average 77 per cent of suicides were males and 23 per cent females;
- the average age of Victorian females who committed suicides was 43.2 and Victorian males 41.6; and
- 67.7 per cent of Victorians who suicided resided in Melbourne and 29.2 per cent outside of Melbourne (small percentage residence was not stated).

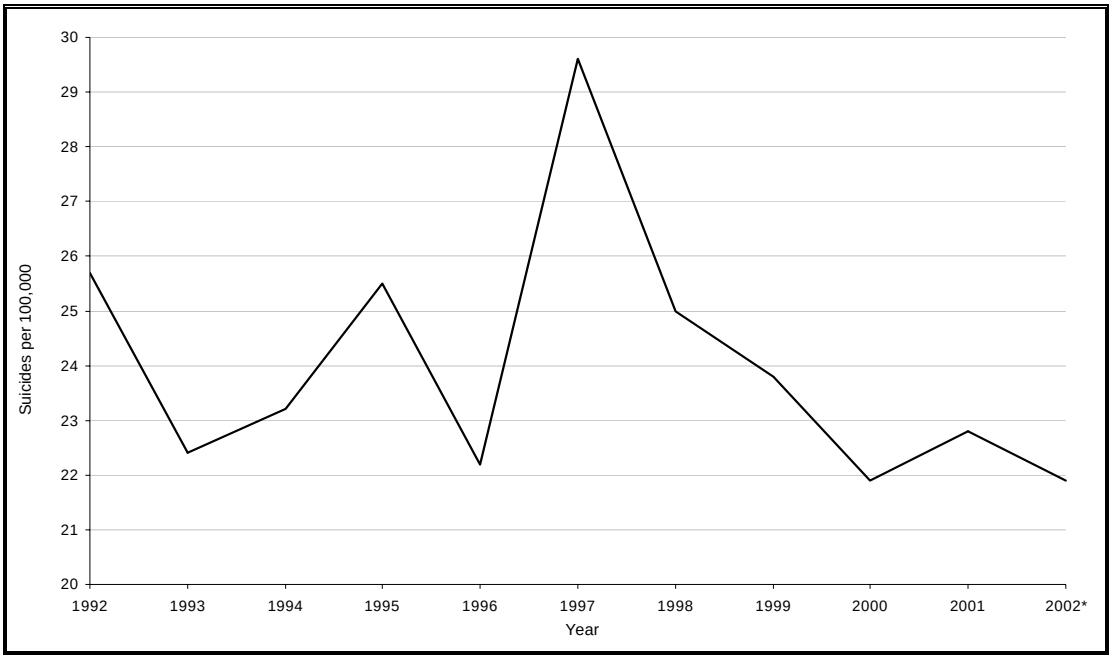
8.6 Analysis of Suicide Data

While the actual 'raw' numbers for male and females suicides in Victoria reveal an upward trend, measured on a per capita basis the number of suicides over the period 1989-2003 has actually declined. This covers the period during which EGMs were introduced (1991-92) and the Crown Casino was established (1994-95). Figure 8.10 measures the total number of Victorian suicides per 100,000 population. This indicates that if population growth is taken into account the trend in suicides between 1992 and 2002 in Victoria has declined from approximately 25.5 to 22 per 100,000 persons. This is despite the unexplained spike that occurred in 1997.

When the data is separated by gender it can be seen in Figure 8.11 that the relative decline in the total number of suicides in Victoria per 100,000 persons (Figure 8.10.) masks a small upward trend for females and a larger decline for males. The upward trend for the number of Victorian suicides per 100,000, females shown in Figure 8.11 began in 1993.

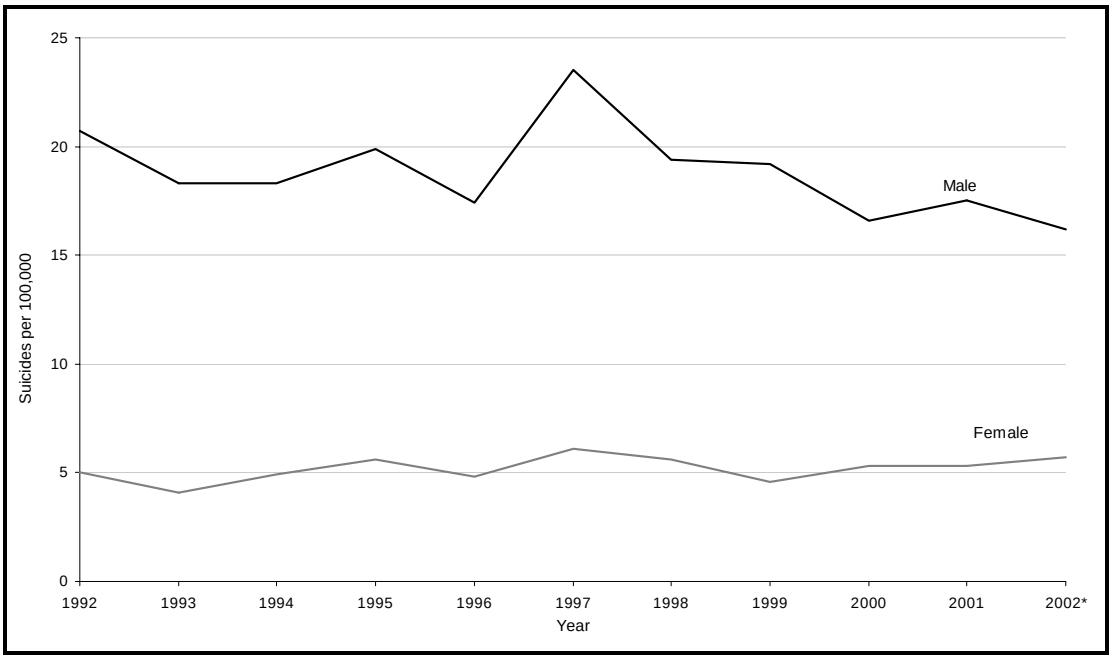
When the data is further separated into age categories, Figure 8.12 shows that this upward trend in suicides for females has occurred in the age categories 20-39 and 40-59, where the upward trend has been evident since 1993. In contrast, Figure 8.13 shows that for male suicides there has been only a very slight upward trend in age categories 20-39 and 40-59.

Figure 8.10
Total Number of Victorian Suicides per 100,000 by Year (1992-2002)



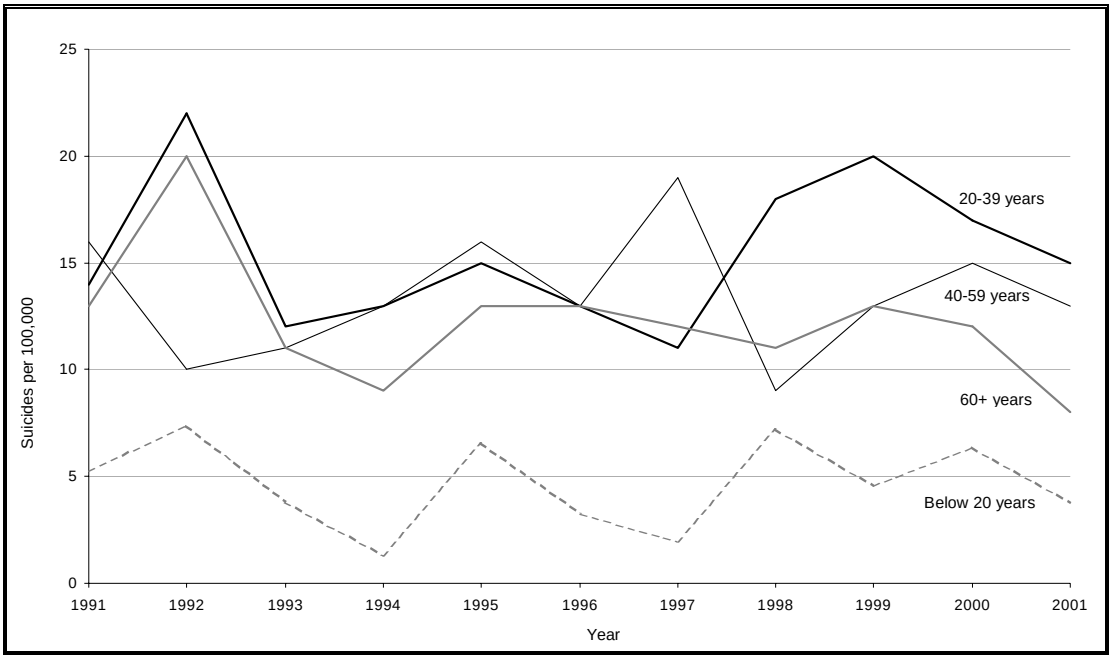
Source: Victorian State Coroner's Office (2004), Victorian Coronial Data: Base of Suicides 1989-2003; and ABS (2003) Suicides: Recent Trends Australia, Category Number 3309.0.55.001, December. SACES calculations.

Figure 8.11
Number of Victorian Suicides per 100,000 by Year (1992-2002)
Male and Female



Source: Victorian State Coroner's Office (2004), Victorian Coronial Data: Base of Suicides 1989-2003; and ABS (2003) Suicides: Recent Trends Australia, Category Number 3309.0.55.001, December. SACES calculations.

Figure 8.12
Number of Victorian Suicides per 100,000 by Age and Year (1991-2001), Females



Source: Victorian State Coroner's Office (2004), Victorian Coronial Data: Base of Suicides 1989-2003; and ABS (2003) Suicides: Recent Trends Australia, Category Number 3309.0.55.001, December. SACES calculations.

Figure 8.13
Number of Victorian Suicides per 100,000 by Age and Year (1991-2001), Males

Source: Victorian State Coroner's Office (2004), Victorian Coronial Data: Base of Suicides 1989-2003; and ABS (2003) Suicides: Recent Trends Australia, Category Number 3309.0.55.001, December. SACES calculations.

The general conclusion that can be drawn from Figures 8.10 to 8.13 is that when population growth is taken into account (suicides per capita), there had been no growth in the total number of suicides in Victoria for the period shown here. Notwithstanding, it may or may not be significant that the increasing trend of female suicides in Victoria

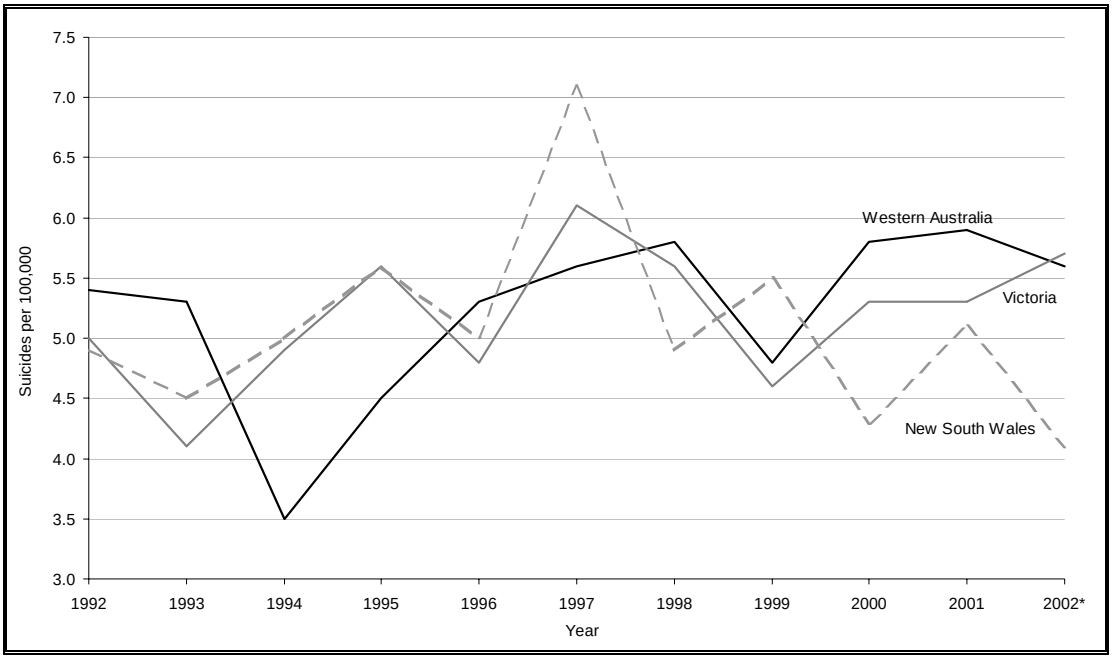
began in 1993. When suicides by age groups are considered, both males and females suicides in the age category 40-59 have risen. This finding has been supported in studies by the Victorian State Coroners Office, that found that the age group 40-49 comprised of 131 or 24 per cent of all Victorian suicides in 1990. In 2003, for the same age category, there were 194 suicides or 36 per cent of all suicides.

8.7 Interstate and National Comparisons

Comparisons between Victoria, Western Australia, New South Wales and for all Australia, of the number of male and female suicides per 100,000 persons for gender, year and age category were undertaken.

Figure 8.14 shows that Victorian female suicides per 100,000 between the period 1993-1997 were mostly above Western Australia but below New South Wales. In contrast, for the period 1998-2001 Victorian numbers were below those of Western Australia and above those of New South Wales. There is no apparent consistent trend across the three States although there remains somewhat of a puzzle in that the rate of female suicide (particularly in the age group 40-59) has increased from above 4.0 per 100,000 (1993) females to 5.7 per 100,000 females by 2002.

Figure 8.14
Females Suicides per 100,000 (1992-2002)
Western Australia, Victoria and New South Wales



Source: Victorian State Coroner's Office (2004), Victorian Coronial Data: Base of Suicides 1989-2003; Western Australian State Coroner's Office (2004), Suicide Rates per 100,000 Western Australia, 1991-2002, by Age Group and Gender; and ABS (2003) Suicides: Recent Trends Australia, Category Number 3309.0.55.001, December. SACES calculations.

Figure 8.15 shows that for the period 1992-2002 male suicides per 100,000 in Victoria were mostly below Western Australia and New South Wales respectively and have generally trended downwards throughout the decade.

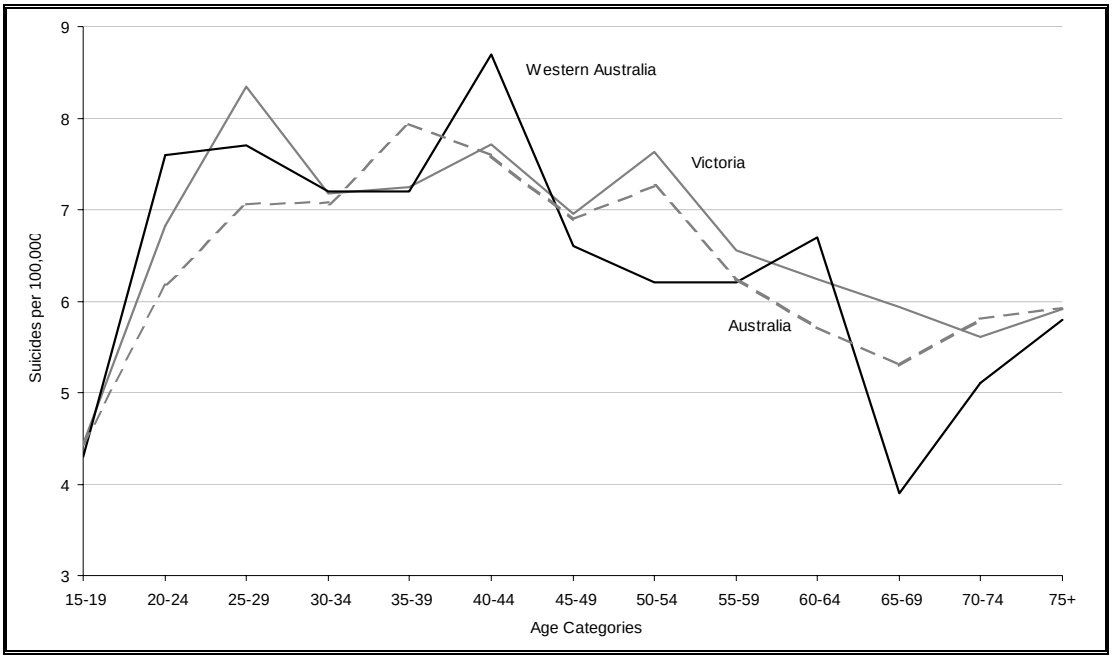
Figure 8.15
Male Suicides per 100,000 (1991-2002)
Western Australia, Victoria and New South Wales

Source: Victorian State Coroner's Office (2004), Victorian Coronial Data: Base of Suicides 1989-2003; Western Australian State Coroner's Office (2004), Suicide Rates per 100,000 Western Australia, 1991-2002, by Age Group and Gender; and ABS (2003) Suicides: Recent Trends Australia, Category Number 3309.0.55.001, December. SACES calculations.

A comparison of female suicides per 100,000 by age category over the period 1992-2002 was undertaken for Victoria, Western Australia and Australia. Figure 8.16 shows that the age category of 45-59 years in Victoria has experienced a higher number of suicides over the 12-year period than in Western Australia and that this age category in Victoria has also experienced a higher number of suicides per 100,000 than the Australian average. The ratio of female to male suicides in Victoria is generally below the same ratio for Western Australia in all age groups, except for the two age ranges 55-59 and 60-64. This remains unexplained but confounding issues including health, divorce, and life events are associated with suicide events, although it is possible that gambling and/or financial pressures were one important stressor in known suicides in this age group.

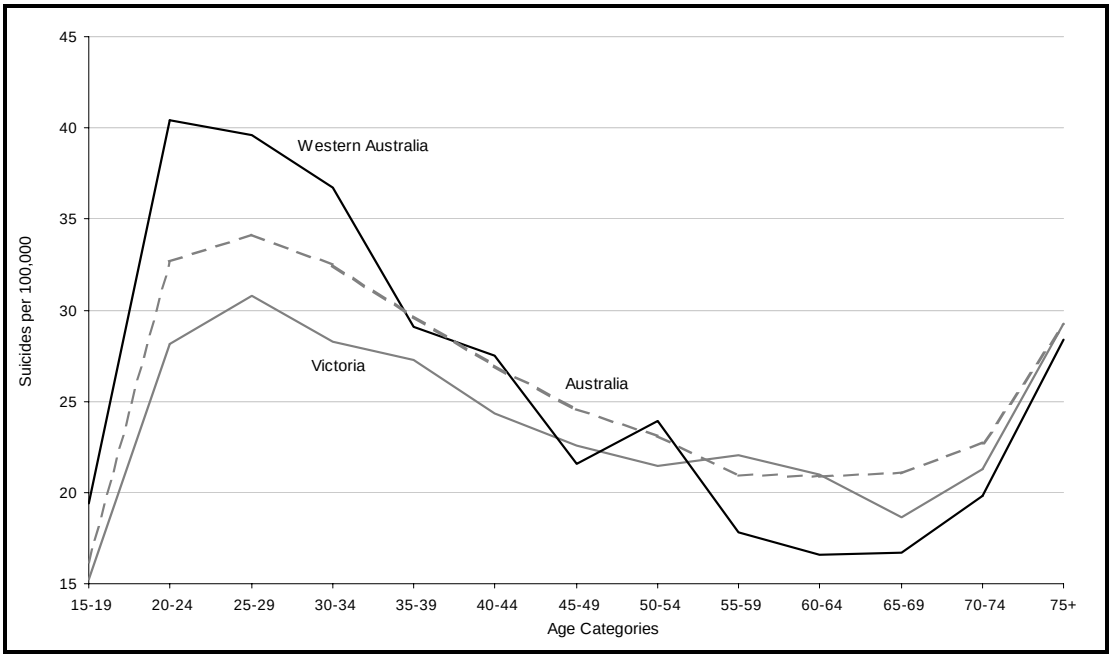
Similar to Figure 8.16 a comparison of male suicides per 100,000 by age category over the period 1992-2002 was undertaken for Victoria, Western Australia and Australia. Figure 8.17 shows that for males the age categories of 45-49 years and 55+ years in Victoria have experienced a higher number of suicides over the 12-year period than in Western Australia.

Figure 8.16
Suicides per 100,000 (1991-2002)
Victoria, Western Australia and Australia: Females by Age



Source: Victorian State Coroner's Office (2004), Victorian Coronial Data: Base of Suicides 1989-2003; Western Australian State Coroner's Office (2004), Suicide Rates per 100,000 Western Australia, 1991-2002, by Age Group and Gender; and ABS (2003) Suicides: Recent Trends Australia, Category Number 3309.0.55.001, December. SACES calculations.

Figure 8.17
Suicides per 100,000 (1991-2002)
Victoria, Western Australia and Australia: Males by Age



Source: Victorian State Coroner's Office (2004), Victorian Coronial Data: Base of Suicides 1989-2003; Western Australian State Coroner's Office (2004), Suicide Rates per 100,000 Western Australia, 1991-2002, by Age Group and Gender; and ABS (2003) Suicides: Recent Trends Australia, Category Number 3309.0.55.001, December. SACES calculations.

We do not find any evidence that an expansion of gambling opportunities has given rise to a significant and sustained increase in the rate of suicide by any age group in Victoria relative to Western Australia. We suspect the relatively high rate of youth suicide in Western Australia can be attributed to the size of the indigenous youth population (relative to Victoria) and that gambling does contribute to an exacerbation of financial pressures, but this alone is yet another contributing factor to the event of suicide. The general pattern of a higher rate of youth suicide, decline in the middle age cohort, and a rise again in the aged cohort (70+) associated with health issues and illness, does not appear to have been systematically impacted by gambling.

8.8 Conclusions

From an assessment of the data, the following conclusions can be observed:

1. While the actual number of suicides has increased in Victoria over the period 1989-2001, the total number of suicides per 100,000 populations in Victoria over the same period has remained stable.
2. In Victoria, the number of female suicides per 100,000 populations over the period 1992-2002 has displayed an upward trend, beginning in 1993. There has been an increase in the number of female suicides in the age categories 20-39 and 40-59.
3. In Victoria, the number of male suicides per 100,000 populations over the period 1992-2002 has generally displayed a downward trend.
4. Comparison between nominated states indicates considerable variability in the data. Although the number of female suicides per 100,000 in Victoria over the period 1993-1997 was mostly above Western Australia it was below New South Wales. For the period 1998-2002 the opposite can be said.
5. In contrast, for males, comparison between nominated states indicates that in the majority of years, the number of suicides per 100,000 in Victoria is below both Western Australia and New South Wales.
6. Comparison between age categories in Victoria, Western Australia and the Australian average indicates that only for females in the age categories 40-59 years, the number of suicides per 100,000 is greater than both Western Australia and the Australian average. The remains unexplained, but health issues, divorce and life circumstances are likely to be associated with this trend.

The data is inconclusive and extreme care is to be exercised in drawing conclusions from all data we reviewed.

From the data it may be significant that:

- Victorian female suicides per 100,000 display an upward trend beginning in 1993. This corresponds with the period that electronic gaming machines were introduced in large numbers in pubs and clubs in Victoria.
- Victorian female suicides per 100,000 in the age categories 40-59 are higher than both Western Australia and Australia. This age group is often cited as being part of the 'problem' gambling age group.

- Despite the overall number of Victorian male suicides per 100,000 displaying a downward trend, suicides the age category 55-59 (again, an age group that is often cited as being part of the 'problem' gambling age group) has risen and is higher than both Western Australia and Australian average. A major contributing factor is more likely to be the experience of longer term unemployment and financial and emotional pressure that arises from this.

However as stated above, it is safe to assume that pressures as a result of gambling losses may not have been the only pressure that suicide victims faced at the time of their death. Other potential pressures such as bankruptcy, divorce, or state of mental and physical health have not been considered in this study.

Chapter Nine

Crime

Gambling and Crime

- crimes associated with excessive or problem gambling, unless they relate to detection of fraud and/or embezzlement, too often are unreported or are not detected or disclosed;
- current data systems are inadequate to conclusively comment on the extent and the relationship of problem gambling and crime. It is not feasible to conduct analysis of existing data in a meaningful and comparative way across the two States or at the regional level;
- while "high profile" cases of fraud are well publicised (see case studies), most financial impacts are confined to the individual employer, the workplace, within the home or to the marital partner and children. It is most likely that attempts to quantify the extent of gambling related crime would result in significant underestimation;
- problem gambling related crime is involving individuals who prior to the onset of gambling problems had not been in trouble with the law;
- because financial difficulties are the main motive for problem gamblers turning to crime, and many problem gamblers in counselling self report criminal acts (44 per cent), the most common types of offences relate to obtaining finance to continue gambling, including cheque fraud, embezzlement, dishonesty and deception;
- information on detainees for drug use comparing a single site in Perth with 6 sites in Queensland, New South Wales and South Australia indicates a much lower participation rate in gambling in Western Australian detainees in the past month (see Table 9.3);
- a consensus appears to be that problem gamblers are at risk of committing crimes in order to finance gambling activities. It may well follow, that Western Australia has fewer problem gamblers so the risk profile for certain types of offences is also lower.

9.1 Introduction

Gambling-related crime has received considerable attention in recent years, yet there is insufficient reliable and objective data to assess with accuracy the causal relationship between problem gambling and criminal behaviour. This is the case at the state level and thus it is not feasible to compare the data for Victoria and Western Australia, let alone at the sub-regional level. It appears that the available statistics are subject to significant under-reporting and therefore underestimate problem gambling related to crime. Gambling is not always recorded or in fact revealed as the motivator for crime, and often, small problem gambling-related crimes are not reported to the police. A confounding factor is that problem gamblers (on their own admission when in counselling) are inclined to commit crime at a higher rate than the general population.

In addition, crime indicators are largely drawn from self-reported surveys (with their inherent biases) using:

- General population samples;
- Prison samples;
- Problem gamblers seeking treatment; as well as
- Police and court statistics on gambling-related crime.

However, even court statistics do not appear to reflect the incidence of problem gambling and crime. It does not appear that any real concerted effort has been forthcoming to address this situation in all states. Members of the legal fraternity are reported to claim "a surge in gambling-related crime", which is exerting significant pressure on the court system and that gambling is "creating a new type of criminal ... who had never been in trouble with the law ... were now facing charges because of their addiction to gambling".[48] The researchers discussions with those who provide pastoral care to those imprisoned, certainly suggests that the claim relating to a new class of offender has considerable basis in fact, and notably in regard to female prisoners.[49] However, there are no official records to support these assessments. In addition, we know from legal advice and research undertaken by the Hon. Nick Xenophon, MLC[50] that in bankruptcy cases where gambling is involved, the defendant is often advised not to refer to gambling problem as a cause of bankruptcy for fear of further liability. In this way, the costs of gambling are under reported and under estimated as are criminal related activities.

Statistics on bankruptcy as a result of gambling are difficult to obtain and in any case they are unreliable. The principal reason for this is that Section 271 of the Bankruptcy Act (1968) makes it an offence with a penalty of a one year jail term, if bankrupts have 'materially contributed to their insolvency by rash or hazardous' gambling in the two years preceding bankruptcy. Therefore, gambling is not usually cited as the cause or contributing to bankruptcy. Thus it is hidden from the courts, most often because of legal advice. High levels of indebtedness or more general financial problems experienced by many gamblers is one reason why Gambler's Help services in Victoria have incorporated financial counselling into their service delivery model. Notwithstanding, because of the potential for a jail term, voluntary bankruptcy is rarely if ever pursued "meaning that some gamblers and their families remain immobilised by an unresolved debt situation" (Pentland, J., 2001).

While Abbott and McKenna (2000: 20) note:

> "… this aspect of problem gambling [crime] is one of the more important in terms of wider social costs and impacts. In addition to the financial cost and various adverse effects on immediate victims of crime and people close to them, there are additional costs to offenders and their families as well as to the state and taxpayers generated by the involvement of the police, courts, corrections and social welfare institutions. A further cost results from higher insurance premiums to cover theft, burglary and insurance fraud and higher prices for retail goods to take account of employee and "customer" theft",

it is the case that inadequate statistical collections present real difficulties in estimating these costs.

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48 *The Age*, Gambling Creating New Criminal Class: Silks, p. 2.

49 Research by Michael O'Neil with Catholic agencies in Victoria, 2004.

50 Personal correspondence.

9.2 Understanding Problem Gambling and Crime

The relationship between gambling and crime is complex and needs to be separated into its various aspects or effects, including *inter alia*,

- organised criminal activity associated with the wagering and the legalised gaming industry, including systematic money laundering;
- opportunistic criminal activity carried out on gaming premises such as robbery;
- offences committed within gaming venues; and
- crimes associated with excessive or problem gambling.

It is the last of these that this report is concerned with. In Victoria, police report that gaming venues have become popular targets, as police statistics show a drop in Victorian bank hold-ups from 340 in 1982 to 16 in 2001. This is the result of improved security and surveillance and less cash held on premises.[51] Robbery at gaming venues is classified as opportunistic criminal activity in the categorisation above and is not associated with problem gambling.

Case studies 9.1 to 9.4 illustrate the diversity of potential impacts arising from problem gambling and the subsequent relationship with the legal system. In contrast, Case Study 9.5 illustrates the impacts of out of control gambling that result in minor theft from family members, and the impact on the individual household and family relationships, but do not involve any criminal acts.

There have been very high profile cases of fraud committed against employers, but most impacts of problem gambling are confined to the home, within the family or marital partner. The difficulty in reaching any conclusion about the scale or frequency of effects that flow from excessive or problem gambling is that the impacts are largely confined or hidden. They are endured silently and do not show up in crime or police statistics.

Case Study 9.1
Embezzlement and fraud against individual clients

On 13 March 2003, an accountant and former mayor of Geelong in Victoria was sentenced to 10 years' imprisonment with a non-parole period of seven years after pleading guilty to defrauding his clients of $8.6 million between 1994 and 2000. He was known and trusted by many members of the Geelong community but abused that trust by stealing funds from a number of his clients. In one case, $4.98 million was stolen from a trust account established to administer an award of $6 million damages paid to a victim of medical negligence that had rendered him quadriplegic. After becoming one of the signatories to the bank account established to hold the client's funds, the offender made a number of unauthorised withdrawals that were used initially to replace sums stolen from other clients and subsequently for gambling. In all, the offender lost $7.1 million of the illegally obtained money through gambling. As a VIP member of a casino, he spent 937 days there over seven years, managing to conceal his activities from his family and the community by sometimes linking business trips to Melbourne with visits to the casino (*R v De Stefano* (2003) VSC 68, 13 March 2003, per Kellam J).

Source: Sakurai and Smith (2003).

[51] See "Venues targets", *The Herald Sun*, 1 December 2004.

Case Study 9.2
Fraud on individual insurance company

Between 1991 and 2000 a 44-year-old man, who had been employed by an insurance company since he was 17 years old, was working as a senior claims officer. He had been gambling for some time, but lost control of his habit in 1991, to the extent that he found it necessary to mortgage his then unencumbered family home to the sum of $35,000 in order to cover credit card and gambling debts. The mortgage was increased the following year to $75,000. In order to obtain further funds to support his gambling, the offender re-opened completed claims, authorised them, and created 1,003 fraudulent cheque payments to a total value of $4,328,520 to fictitious third parties purporting to relate to the re-opened claims. The cheques obtained were paid into accounts opened in his own name with various banks, ostensibly as trustee for one or another of the fictitious third parties. Most of the money so obtained was lost through gambling. He was sentenced to seven years and six months imprisonment, with a non-parole period of five years and six months (*R v Atalla* (2002) VSCA 141, 27 August 2002).

Source: Sakurai and Smith (2003).

Case Study 9.3
Fraud against a small employer

A 71-year-old woman who was employed as a bookkeeper for a butcher stole $246,064.56 from her employer over a five-year period. She began to gamble hoping that she would make enough money to cover her debts on various store cards and credit cards. As her gambling intensified, she began to write unauthorised cheques to pay her own debts by taking advantage of her position as a signatory to the business cheque account. Just prior to the offences, she went to clubs to play poker machines almost on a daily basis and regularly lost $400-$500 on each occasion. She was sentenced to nine months' imprisonment (Subject 16 in Crofts 2002, p. 218).

Source: Sakurai and Smith (2003).

Case Study 9.4
Fraud against one organisation with spillover costs to wider community

Anthony, a thirty-two year old held the position of General Manager of the Adelaide Turf Cricket Association (ATCA) when he defrauded the amateur organisation of more than $66,000 to help finance his pathological gambling addiction. Within a one-year period he forged the signature of the ATCA chairman on 48 cheques. He narrowly avoided a prison sentence after pleading guilty to seven counts of fraudulent conversion and four counts of dishonest dealings with documents. The State's largest community turf cricket association with 46 affiliated clubs was facing financial ruin and would have ceased to operate if it was not for an emergency loan from the South Australian Cricket Association. As a result cricket has become more expensive for more than 3,000 regular players as they have been required to pay a $10 levy to repay the loan. This is an example of the "silent or hidden costs" of problem gambling where the true costs are passed onto the community.

Source: *The Advertiser*, Adelaide (10 July 2004).

Case Study 9.5
We've had our gas cut off, the power cut'

"Peter" has lost millions of dollars gambling on horse racing over the past 40 years.

"I feel any assets that my wife and I have got out there, I could go on a binge and lose them all within two weeks", he says. "It's a horrible feeling to have. But that's the threat at the moment. My wife knows that. She's scared. She can't rest".

Peter, a small businessman and father of four, says he would stay at a TAB betting on race after race, until his money ran out. "You drain everything, absolutely everything. You go home and find whatever you can. I have never robbed the kids' piggy banks but I have known people to have done that. I have taken money out of my wife's purse. You just get so desperate. You will steal money or you will find money anywhere to have a bet. I've stolen off my wife and my mother", he said.

When he went to a TAB, "nothing else mattered", he said. "It cuts you off from the world".

The consequences have been severe. "We've had our gas cut off. We've had the power cut off. We've had our house threatened to be sold over us".

Source: *The Age*, (6 April, 2005), p. 2.

In South Australia, the Office of Crime Statistics and Research (OSCAR) in their study on the relationship between crime and problem gambling concluded

> "... there is no systematic and on-going collection of data in South Australia that can be used as a valid measure of the extent and nature of gambling related crime. As a result, any attempt to quantify the extent of gambling related crime would most likely be an underestimation".[52]

We found the same situation in Victoria and Western Australia. Very little research has been undertaken on this issue while most research has been concerned with casinos and crime, particularly the relationship between criminal activity and the location of casinos. The South Australian study indicated that the results (shown below here) were consistent with the limited research they reviewed in other jurisdictions. The Office of Crime Statistics and Research reported the following:

> "
> - of the 800 randomly selected police apprehension reports from 2001, 6 (0.7%) were gambling related, with those 6 cases involving the offences of fraud, larceny, armed robbery and serious criminal trespass;
> - of the 1,800 District and Supreme court cases heard between January 2000 and June 2003, 23 (1.3%) were gambling related, with 15 of the cases having gambling as the only motivating factor and the other 8 involving multiple motivating factors (such as drug use, robbery and fraud), and the offenders in these latter cases being more likely to have prior offences;
> - within the two selected crimes of fraud and larceny for which 500 (250 for each offence) Adelaide Magistrates' Court files had been

[52] Independent Gambling Authority SA (2004), "Study into the relationship between crime and problem gambling", report to the Minister.

randomly selected, of those which contained sentencing remarks, 4% of the fraud offences and 1.2% of the larceny offences, were gambling related;

- anecdotal reports from providers of gambling help services suggest that between 10% and 70% of problem gamblers who access their services are involved in gambling related crime, with the wide discrepancy in figures relating to the focus of the service offered and nature of catchment (i.e. clients are all severe problem gamblers, clients range widely in the severity of their problem gambling, service receives a concentration of referrals from legal services, and so on).

Comparison with the published research reviewed for the study identifies that-

- an unknown percentage of gambling related crime will never be quantified because:
  - — a number of offences will never be detected;
  - — even if detected, offences may not be reported to police;
  - — not all problem gamblers access treatment services; and
  - — not all problem gamblers who access services will disclose criminal activities.
- the causal relationship between gambling and crime has not been determined." [53]

The overall conclusion was the existing data collection systems are inadequate to draw out the extent of problem gambling and crime.

> "What has been identified is that one can identify that *problem gambling and crime have some connection*. As to the proportion or extent, it is almost impossible to reach a conclusion regarding the connection".[54]

9.3 Gambling — Offending Cycle

In order to obtain money for gambling or to pay gambling debts, gamblers initially draw on their savings and then make cash advances on their credit cards, borrow from family and friends, or take out loans with banks or other financial institutions. Problem gamblers may subsequently borrow from loan sharks, or resort to selling personal or family property to obtain funds for gambling. Faced with mounting financial difficulties and gambling-related debts, when all these legal sources of gambling funds are exhausted, problem gamblers may then resort to illegal activities to obtain further funds for their gambling activities. A number of criminal activities have been associated with problem gambling including fraudulently writing cheques, borrowing money without permission, theft, and embezzlement (see Case Studies).

Blaszczynski and McConaghy (1994: 120) described the stresses and pressures experienced by problem gamblers that lead to crime:

> "As financial circumstances deteriorate, the ability to abstain from gambling is reduced as the pressures to meet financial commitments mount. Such financial pressures [lead] gamblers to utilise any available means or resources to obtain

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53 *op. cit.*, pp. 3-4.

54 *op. cit.*, p. 5.

> funds to … gamble and a chance to win. … Under these conditions, the propensity to use illegal methods to obtain gambling funds substantially increase".

The findings of most studies of offending among problem gamblers appear to be generally consistent with the belief that offending occurs relatively late in the development of gambling problems and is a response to the need to maintain habitual gambling patterns or out of desperation to settle debts. This suggests a causal relationship with problem gambling leading to gambling-related offending. Blaszczynski and McConaghy (1994) maintain that their finding of an average age difference of nine years between the onset of regular gambling and criminal offending supports this causal interpretation.

While financial difficulties are the main motive for problem gamblers turning to crime, the gambling behaviour that leads to financial difficulties and crime has been referred to as the "post behavioural cycle" (Lesieur, 1984) or "gambling-offending cycle" (Marshall, Balfour and Kenner, sub. 116; Andrew et al., 1997). At the start of the cycle, the problem gambler frequently experiences a phase of wins, which tends to encourage more frequent play in the expectation of further wins. But greater frequency of play increases the likelihood of losses, and so the gambler enters a phase of financial difficulties. As financial problems mount, the gambler resorts to "chasing losses", which generally results in the rapid depletion of financial resources and mounting levels of debt. As a consequence, the gambler may commit a criminal offence to obtain money to service the debt and to continue gambling. And once a problem gambler has committed a gambling related offence, they generally continue to do so until they are discovered (PC, 1999: H2).

The Productivity Commission (1999) research indicated that petty offences do occur in venues but that the crime rate in them was no more than in other venues that draw similar crowds. This was not seen to be an excessive burden on society. Further, the Commission could not find any evidence that legalised gambling was being used for money laundering or that legalisation had added markedly to the control and influence by organised crime, although findings indicated some self reported gambling related crime.

9.4 US Studies: Casino Vicinity and Gambling-related Crime

Similar findings to those of the Productivity Commission (1999) were obtained by Margolis (1997) who conducted an analysis of the research relating to casinos and crimes in the United States. The study examined four major gambling studies, two concerning the impact of casinos on crime in Atlantic City, one in New York and the other in Baltimore. Margolis generally concluded that researchers often failed to take proper account of the increased numbers of persons attracted to the casino and the vicinity, and had relied in their comparisons upon statistics of residential population that were significantly lower. The principal finding was that cities with casinos are just as safe as communities that do not have them. Recorded increases of crime, he postulated, are typically limited to traffic violations and property crimes of the petty variety. Margolis was critical of a 'casino factor' by which some researchers calculated that, among other increases, the presence of a casino would lead to minimum increases of crime of at least

132 crimes per 1,000 residents. Margolis (1997: A53) suggested that the casino factor has not been accurate in estimating crime levels in any of the long-term casino communities.

On other hand, Grinois et al. (1999) tracked the years in which particular casinos began operating during the 20 year period when the number of casino counties increased from 14, all of them in Nevada, to nearly 170. The study analysed FBI Part 1 offences (murder, robbery, criminal assault, aggravated assault, burglary, theft, motor vehicle theft and arson) and found that casinos increased crime after a lag of 3-4 years. On average, the crime index in casino states was 8 per cent higher because of that factor. Grinois et al. (1999) hypothesised that crimes committed by problem gamblers included fraud, forgery, theft and even murder. These crimes occur to pay off monetary debts due to gambling. The effects of problem gambling, it was hypothesised, would not be felt for the first few years. In this lag time the gambling habit consolidates and the full extent of criminality develops.

Grinois et al. (1999) calculated the contribution of casinos to recorded crime. In 1996, this amounted to 7.9 per cent of Part 1 crimes made up of 10.3 per cent of violent crime and 7.7 per cent of property crime in casino counties. The share of crime for car theft was nearly 30 per cent, robbery 20 per cent, the remainder varied between 3 and 10 per cent. The murder rate was the only offence on which the presence of casinos had no impact. Overall, the patterns found were consistent with the theories that problem gamblers commit crime as they deplete their resources. Non-residents who visit the casino may both commit and be victims of criminal activities. The report concluded that these costs outweigh the potentially positive effects of casinos in terms of increased labour market opportunities.

While Victoria and Western Australia both possess a casino, we have not researched the impact of casinos on crime rates in the respective cities and therefore we are unable to comment further on this issue.

9.5 Australian Studies

A recent study by Crofts (2002) attempted to provide evidence to support the link between problem gambling and crime through the examination of completed criminal prosecution files. Crofts (2002) examined 2,779 cases heard by local and district courts in New South Wales between 1995 and 1999. The study examined a variety of property offences involving:

- Fraud (for example, obtaining financial advantage by deception, making false statements with intent to obtain money or a financial advantage, or presenting cheques with insufficient funds);
- Theft (for example, larceny, larceny by a clerk or servant, or stealing in or from a dwelling house, or motor vehicle theft);
- Robbery and assault; and
- Breach of apprehended violence orders.

These types of offences were selected as it was considered that these were offences where the relationship between gambling and crime, if any, was likely to be clearest and therefore, most likely to be both raised and recorded. An offence was classified as "gambling-related" if it was committed as a consequence of, or in order to support, or as a significant result of, or significantly related to the defendant's desire, need or compulsion to gamble (Crofts 2002: 29).

Four per cent or 105 cases of the 2,779 investigated were identified as gambling-related. Of these cases, 42 contained insufficient detail for further analysis, leaving 63 cases that provided the basis for the final study. Of these 63 cases, 76 per cent of offences committed involved fraud, including larceny by a clerk, obtaining financial advantage by false pretences, and cheque fraud. The 27 larcenies by a clerk files that were gambling-related involved a total amount stolen of $2,494,309, with a mean amount stolen by each offender of $95,935.

Crofts' study (2002) found that almost two-thirds of the offenders with gambling problems received custodial sentences ranging from three months to six years. Only a few were ordered to undergo counselling or treatment for their gambling problems as a requirement for good behaviour bonds or parole after completing custodial sentences. While custodial sentencing was common, the adequacy of facilities available for the treatment of problem gambling in prison was questioned. The majority of convicted offenders in the study voluntarily sought some kind of professional assistance for their problem gambling only after they had been charged with gambling-related crimes, despite a large number of the offenders having long-term gambling problems. In no case did judges accept gambling as a mitigating factor.

Crofts (2002: 2) in her study observed that:

> "A major difficulty confronting researchers in this area is that gambling is not perceived as sufficiently relevant to the commission of crime to justify recording in official statistics. The relationship between problem gambling and crime will only be recorded in official statistics once a relationship is established as significant. Researchers are thus faced with a catch 22 situation of exploring the relationship between gambling and crime in the absence of official statistics."

Although a number of studies have identified larceny as a common type of gambling related offence, such offences might not be recorded in the official criminal files since a typical larceny offence such as shoplifting involves a small probability of apprehension, and an even smaller likelihood of criminal charges. Consequently, a large number of larceny offences, including gambling related larceny, are probably not reported in the criminal justice system. Furthermore, since larceny offences tend to be of trivial amounts, there is a reduced likelihood that an offender will be asked for their motivation, and/or that their motivation will be recorded.

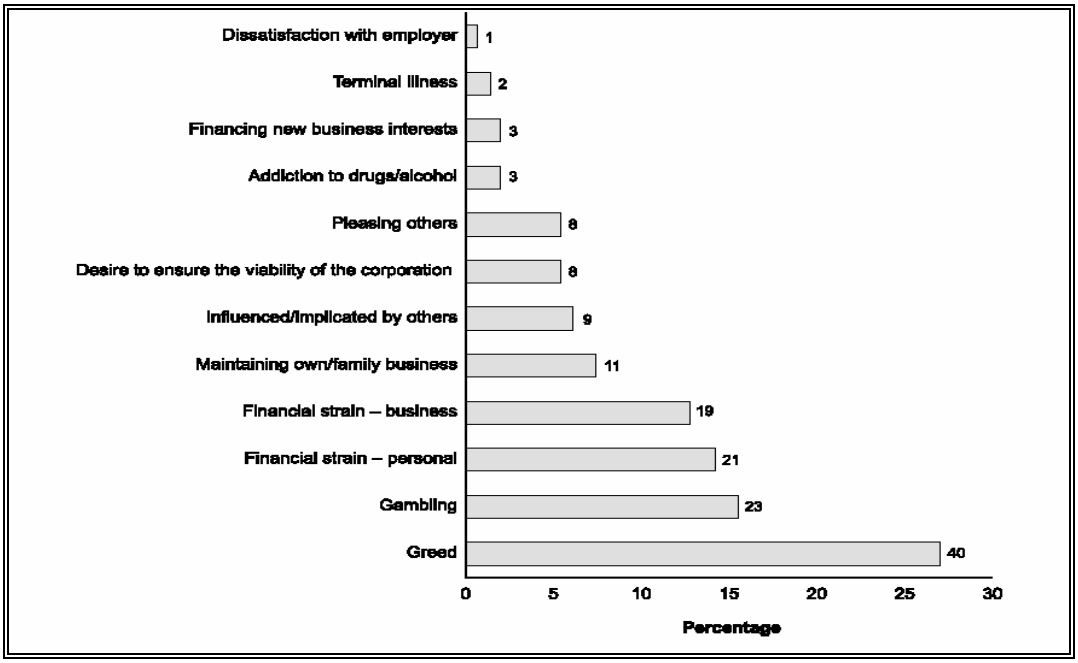
The Victorian Casino and Gaming Authority (2000) was only able to report anecdotal evidence for some negative legal impacts observed at the individual and family level. The VCGA found that most gambling support groups and agencies contacted were invariably concerned about the impact of gambling upon 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. Discussions with other stakeholders also revealed a number of instances of the commission of gambling-related crime.

The Australian Institute of Criminology and PricewaterhouseCoopers (2003) examined a sample of "serious fraud"[55] prosecutions heard in 1998 and 1999 in Australia and New Zealand. The selection of files was largely undertaken by officers within the agencies concerned (mostly the Director of Public Prosecutions in Australia and the Serious Fraud Office in New Zealand) who located cases that fulfilled the criteria of serious fraud and which had resulted in a court determination. The sample comprised 155 separate files involving 208 accused persons, 183 of whom were convicted of offences. In order to investigate the relationship between gambling and the commission of fraud, the primary motivations of the 183 convicted offenders in this sample were examined.

Figure 9.1 sets out information on the primary motivation that each accused person had for the commission of the offence. Greed and gambling were the two most frequently identified motivations of the accused persons. Financial strains associated with business or personal matters were also frequently recorded and, in fact, business related motivations were present with 20 per cent of all accused persons. A recent KPMG 2004 Fraud Study confirmed the results of the PricewaterhouseCoopers 2004 study, reporting that the typical white collar thief is motivated by greed (38 per cent of cases) followed by gambling at 21 per cent.

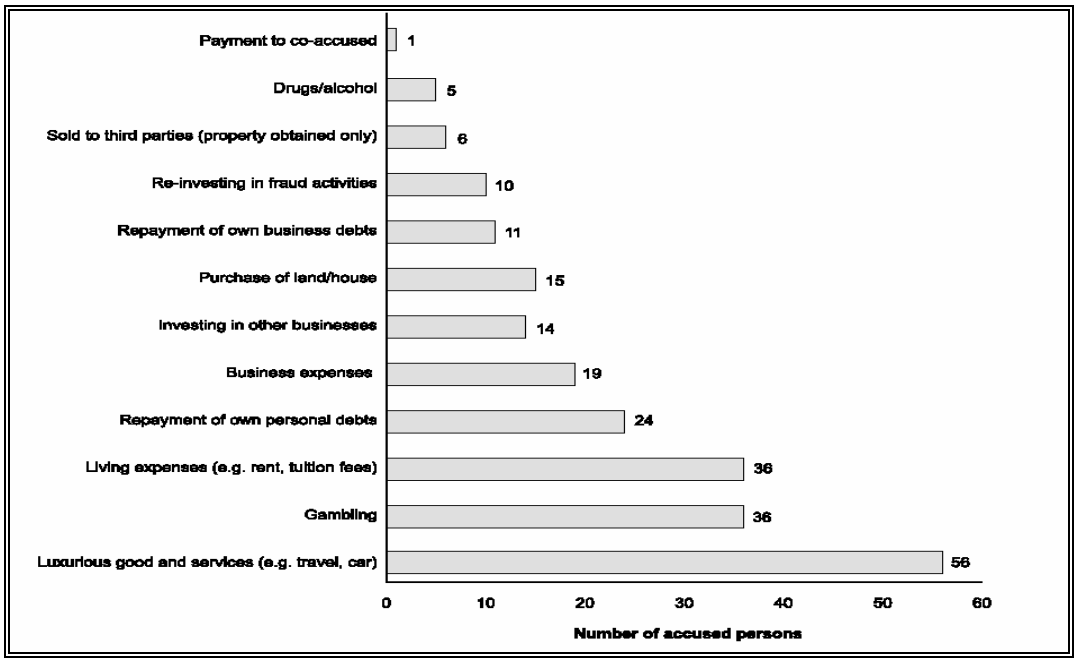
Figure 9.1
Primary Motivation of Accused



Note: Information on motivation was available for 148 of the 208 accused persons. Numbers indicated on bars are values (number of accused persons), and numbers indicated on axis are percentages.
Source: Australian Institute of Criminology and PricewaterhouseCoopers (2003).

[55] Seriousness was defined on the basis of financial loss (generally over $100,000 per file), sophistication in the planning and/or execution of the offence, organization of the offenders, or whether offences were committed by professionals.

Figure 9.2
Manner in which proceeds of fraud were disposed



Note: In some files offenders spent the proceeds of their crimes in multiple ways. Information was available for 167 of the 208 accused persons.
Source: Australian Institute of Criminology and PricewaterhouseCoopers (2003).

From Figure 9.2 it is apparent that the most frequent way in which offenders disposed of the proceeds of their crimes was by purchasing luxury goods and services such as motor vehicles or travel (34 per cent of accused persons). The second largest categories involved expenditure on gambling and personal living expenses (22 per cent respectively).

The Australian Institute of Criminology and PricewaterhouseCoopers (2003) study of 21 convicted offenders (in 20 files) whose primary motivation for fraud was gambling, found that the vast majority (86 per cent) spent the proceeds of their crime on gambling itself. The most common types of offence committed by the gambling-motivated fraudsters were "obtaining finance or credit by deception" and "cheque fraud" (43 per cent each), followed by "misappropriation of funds in the private sector" and "obtaining goods and services by deception" (19 per cent each).

Fifteen offenders were male, with an average age of 37 years (ranging from 28 to 50) at the date of sentencing. The remaining six offenders were female, with an average age of 46 years (ranging from 28 to 68). The majority of gambling-motivated fraudsters were employed at the time of the commission of their offences, and nearly half of the offences were committed against employers. In some cases, offences were committed by professionals against their clients.

Table 9.2
Comparison between gambling-motivated offenders and non-gambling-motivated offenders

	Gambling-motivated (n=21)	Non-gambling-motivated (n=122)
Gender and Mean Age	Male (71%), 37 years old Female (29%), 46 years old	Male (82%), 41 years old Female (18%), 43 years old
Most common type of offence committed	• Obtaining finance or credit by deception (43%) • Cheque by fraud (43%) • Misappropriation of funds in the private sector (19%) • Obtaining goods and services by deception (19%)	• Obtaining finance or credit by deception (25%) • Investment or trust fund fraud (18%) • Dishonestly obtaining government funds (18%)
Offender's relationship with victim(s)	• Employee-employer (43%) • Professional-client (19%)	• Employee-employer (30%) • Professional-client (19%)
Most common ways of disposing of proceeds	• Gambling (86%) • Living expenses (24%)	• Luxury goods and services (33%) • Living expenses (24%)
Mean amount of actual loss/file	$218,746	$1,041,967
Maximum loss	$805,312	$30,227,700

Source: Australian Institute of Criminology & PricewaterhouseCoopers (2003)

Table 9.2 compares the patterns of offending of gambling-motivated fraud (n=21) and non-gambling-motivated offenders (n=122). It appears that gambling-motivated offenders were more likely to commit cheque fraud and misappropriate funds in the private sector than those whose offences were not driven by gambling. Moreover, although the average amount of actual loss per offender was much smaller for gambling-related offences than for non-gambling-related offences, a greater prevalence of offences committed against employers was observed for gambling-related offences.

Throughout literature it has been stressed that there is a need to differentiate between the problem gamblers who turn to gambling-related crime and criminals who gamble excessively as some problem gamblers may well be predisposed to commit criminal offences independent of their gambling behaviour.

The Productivity Commission (1999) used the information obtained in the *Survey of Clients of Counselling Agencies* to estimate the characteristics of gamblers that are most likely to be associated with criminal activity. A logistic regression where explanatory variables such as age, gender, and the level of debt were considered suggests that higher levels of debt present a significant risk factor for crime. For example, the estimated regression suggests that a 35 year old, English-speaking male problem gambler with $10,000 debt has around a 45 per cent chance of having committed a crime. A debt level of $50,000 increases this probability of a crime to around 78 per cent.

The Productivity Commission's (1999) main findings were as follows:

- Around one in ten problem gamblers have committed a crime because of their gambling;

- Up to two-thirds of problem gamblers in counselling have committed a crime to finance their gambling;
- The offences committed are mainly non-violent property crimes (larceny, embezzlement, misappropriation); and
- While the majority of offences committed do not result in legal action (and many go unreported), around 40 per cent of offenders are charged and convicted.

The Commission stressed that not all of the offences that are committed by problem gamblers lead to arrest or prosecution. For example, much of the crime that is committed by problem gamblers against family members is never reported. Hence, crime report rates understate by a substantial margin the number of offences that are actually committed.

A study by Blaszczynski and McConaghy (1994) attempted to identify the proportion of gambling related crimes that actually result in charges being laid. Of the 306 problem gamblers studied in New South Wales, 24 per cent had been charged with committing a gambling related offence. This represents around 40 per cent of subjects who admitted to committing a gambling related offence. This result is almost identical to the result obtained in the Productivity Commission's *Survey of Clients of Counselling Agencies*.

According to the Australian Crime Commission (2003), gambling-related fraud and theft has increased considerably in recent times. For example, in South Australia, since poker machines were introduced in that State in 1994, the number of people seeking counselling following the commission of a gambling-related crime has risen from one every two weeks to one a day. Most people who have sought help have defrauded either their employer or a family member.

9.5.1 Self-reporting, Drug Use and Gambling

The Drug Use Monitoring in Australia (DUMA) project collects information on drug use and gambling participation as well as more limited data on mental illness from police detainees (in police stations and watchhouses) in seven sites across Australia:

- one in Western Australia (East Perth);
- two in South Australia (Adelaide, Elizabeth);
- two in Queensland (Brisbane, Southport); and
- two in New South Wales (Bankstown and Parramatta).

The last six sites are located in States where EGM gambling is widely available. The aim of the project is to provide empirical data on illicit drug use among detainees to assist with the development of strategic responses to local drug use.[56] It also provides data on local gambling behaviour of police detainees at the various sites.

[56] Australian Institute of Criminology (2003).

Table 9.3 shows a comparison of self-reported gambling behaviour among police detainees between a single site for Western Australia and the average of six sites in South Australia, Queensland and New South Wales. While the DUMA study does not distinguish between the modes of gambling, the rate of gambling participation is significantly less in East Perth than in all other six sites. About 71 per cent of police detainees in East Perth had not participated in gambling in the month prior to their detention compared to 57 per cent of detainees at the six interstate sites. Both males and females in East Perth are far less likely to have participated in any gambling activity at any time in the last month compared to their interstate counterparts.

Table 9.3
Self Reported Gambling in Past Month

	Male (Per cent)		Female (Per cent)		Total (Per cent)	
	East Perth	Six Site Average	East Perth	Six Site Average	East Perth	Six Site Average
Not at all	69.1	57.0	78.3	58.6	70.8	57.2
Less than once a week	19.2	20.0	14.5	21.9	18.3	20.3
Once or twice a week	8.9	16.4	3.2	15.8	7.8	16.3
Three times a week or more	2.8	6.6	4.0	3.7	3.1	6.2
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Australian Institute of Criminology (2003).

The lower participation in gambling among police detainees in East Perth compared to those in other States reflects the more limited access to gambling activities that exist in Western Australia. However, the extent to which higher participation in gambling among detainees in other States reflects crime committed due to a greater prevalence of problem gambling in these States, if at all, is unknown.

9.5.2 Problem Gamblers in Counselling

A proportion of referrals to problem gambling services come from the criminal justice system. Victorian data show that 5 per cent of referrals to Gambler's Help were in fulfilment of legal requirements for problem gambling counselling. BreakEven data for Western Australia analysed by Matrix Consulting Group (2002) suggests that approximately 20 per cent of its new client referrals present with legal issues for gambling-related crime and many of those involve the Department of Justice.

A study by Jackson et al. (1997) analysed self-reporting on criminal activity among 1,452 new clients who registered with problem gambling counselling agencies in Victoria in the period 1 July 1996 to 30 June 1997. "The study found that around 30 per cent of clients admitted to having committed illegal acts to finance their gambling. The proportion appears to have dropped to 20 per cent in the 1997-98 survey (Jackson et al. 1999). This study found that 33 per cent of problem gamblers with a problem related to the TAB had committed illegal acts, compared to 17 per cent of those with a problem related to gaming machines" (PC, 1999: 7.59-7.60). This may reflect that criminal behaviour tends to take some time to appear and most gaming machine players have a more recent problem. It may also reflect that males are more likely to commit a crime

than a female, and that males are much more concentrated among those people with racing related gambling problems.

The Productivity Commission's *Survey of Clients of Counselling Agencies* counselling gives some insight into the illegal activities among clients of problem gambling agencies as summarised in the Table 9.4 with some 44 per cent of clients reporting an involvement in some form of gambling related criminal activity. Approximately 16 per cent had appeared in court on charges related to their gambling, and 6.4 per cent had received a prison sentence because of a gambling related criminal offence.

Table 9.4
Crime Among Clients of Problem Gambling Counselling Agencies

Gambling related activity	% of clients[1]
Borrowing without permission or obtaining money improperly	42.3
Gambling has led to problems with the police	18.3
An appearance in court on criminal charges	15.8
A prison sentence	6.4
Any gambling related criminal activity	44.1

Note: [1] The percentages refer to 404 clients. Illegal activity in this case excludes deliberately writing a cheque knowing that it would bounce.
Source: The Productivity Commission (1999), pg. 7.61

An ACT Gambling Survey (Tremayne et al, 2001: 123) asked participants if they had "obtained money illegally because of their gambling; experienced problems with the police because of their gambling; or appeared in court on charges related to their gambling". From the responses received, it was estimated that of those respondents with SOGS 5+ score, 10.5 per cent had committed a gambling-related offence. Among Australian respondents with SOGS 10+ score, 27 per cent had participated in a "gambling-related illegal activity" and 13 per cent had also "obtained money illegally".

Levin (1998) reports that over 25 per cent of problem gambling clients who access financial counselling services disclose to their counsellors certain illegal activities including defrauding the Australian Taxation Office or Social Security, stealing, embezzlement, domestic violence and blackmail. In many cases, the need to protect assets and third parties are paramount, and consequently, prosecution do not follow the disclosure of information. Bankrupt persons who gamble excessively may be proceeded against under the Bankruptcy Act.

The findings on the proportion of problem gamblers committing criminal offences estimated in the various studies as summarised in the Table 9.5 suggests that depending on the population assessed and the methodology used, the percentage of pathological gamblers that offend to support their gambling can range anywhere between 30 and 70 per cent. There is a concern that categories of problem gamblers who do seek treatment are not representative of problem gamblers in the general population and therefore a difficulty arises in making inferences about the broader population of problem gamblers who either do not seek help from counselling agencies, or do not receive treatment in hospital-based programs, or who do not end up in prison. Notwithstanding, results from *National Gambling Survey* indicate that around 10 per cent of those problem gamblers who had not sought help had committed a criminal offence at some stage of

their gambling careers. Therefore, while the help-seeking group contains a higher prevalence of illegal activity, it appears there is still an appreciable rate of crime among non-help seeking problem gamblers.

Table 9.5
Summary of proportion of problem gamblers committing offences

Category of problem gambler	Number of clients/subjects studied	% committing gambling related offences
Seeking help at problem gambling counselling agencies	30-1452	30-64
Hospital treated patients	152	53
Gamblers Anonymous members	154	66
Prison inmates identified with SOGS score of 5 or more	34	76
Identified in *National Gambling Survey*	140	11-27

Source: The Productivity Commission (1999), p. H.12

There is evidence from a variety of studies and self-reporting of problem gamblers in counselling that gambling related crimes increase (the magnitude is uncertain) as gambling opportunities become more liberalised. Cheque fraud and misappropriation of funds impact on employers especially, while small scale larceny charges go largely unreported or they are not attributed to gambling problems. The nature of the crime is that it is usually carried out to finance gambling and is most often non-violent.

9.5.3 Problem Gamblers in Prisons

Abbott and McKenna (2000) and Abbott, McKenna and Giles (2000) in their studies surveyed all female prisoners in New Zealand who had been serving their current imprisonment for less than twelve months (n=94), and male prisoners in four prisons who were likewise in jail on this occasion for less than twelve months (n=357). The purpose of the study was to determine the lifetime gambling patterns of prisoners and patterns of gambling preceding their current conviction. Of the women, 45 per cent were assessed as having significant gambling problems at some stage of their life and 34 per cent in the six months before their current imprisonment. For women prisoners, problem gambling co-exists with alcohol and substance misuse, and victimisation (the negative emotions associated with childhood and more recent trauma). For males problem gambling co-exists with alcohol and substance misuse, but it also a part of pervasive anti-social personality traits. Just over a quarter of women (26 per cent) and 15 per cent of the male prisoners indicated that they had committed a crime to obtain money to gamble or to pay gambling debts. The most frequently reported gambling-related crime was fraud, mentioned by 14 per cent of women prisoners. Other crimes in this category, in descending order of frequency reported were burglary, shoplifting, supplying or selling illicit drugs, theft and robbery. Burglary was the most frequently mentioned gambling-related offence by male prisoners, followed by theft, fraud and robbery. Almost one in five women (19 per cent) and 9 per cent of the men indicated that they had been convicted for a gambling-related crime.

Over the half of the men convicted for gambling-related crimes reported five or more convictions of this type and the average number was 14. A small number (11 men) reported that their gambling-related offending involved over NZ$50,000. Similarly, a small group of five men reported that they each had over 40 gambling-related convictions. Prisoners who reported having a preference for track betting or non-casino gaming machines were also found to be at high risk for problem gambling.

Lahn and Grabosky (2003) conducted a study of prevalence of problem gambling among clients of ACT Corrections and found that 34 per cent of survey participants had some form of gambling problem while 16 per cent of all participants had a severe gambling problem. These figures are substantially higher than those for general ACT population of 1.9 per cent estimated in 2001. The majority of problem gamblers identified electronic gaming machines as a preferred mode of gambling followed by horses/dogs betting, sports betting and bingo. The most serious type of offence recorded for problem gamblers were property crimes (37 per cent), violent crimes (29 per cent) and traffic offences such as drink driving (17 per cent). The rate of fraud crimes identified in this study was 8.6 per cent, which is lower than estimated by other studies of gambling among offenders where property crimes and fraud are identified as main type of offences committed by problem gamblers. Some 26 per cent of problem gamblers identified gambling as a primary reason for offending, while 46 per cent of problem gamblers admitted to stealing or obtaining money illegally to finance their gambling habit or to pay back their gambling debts.

A Western Australian study of 60 inmates at Canning Vale Remand Centre estimated that "probable problem gamblers" (i.e., with a SOGS 5+ score) constituted 22 per cent of the sample (Jones, 1989), and that two-thirds of those pathological gamblers have committed gambling-related crime. Jones found that 25 per cent of problem gamblers had committed no crimes prior to their gambling activity and believed that if their gambling could cease then they would not commit any more crimes.

The Queensland Government using the Canadian Problem Gambling Index (CPGI) estimates that 0.83 per cent of the adult population develop problem gambling behaviours but "this figure is higher among the prison population with 19.5 per cent found to be problem gamblers in the 12 months prior to incarceration".[57] For this latter group, there is no indication of the direction of the causal relationship.

Lesieur (1988) conducted a study of offending among female problem gamblers that involved in-depth structured interviews with 50 predominantly Caucasian members of Gamblers Anonymous in the United States. Approximately two-thirds of participants reported engaging in crimes to finance their gambling and gambling-related debts. Only two women said they had been arrested for gambling-related offending.

Meyer and Stadler (1999) argued that both addictive gambling behaviour and impulsive, risk-motivated and antisocial personality directly influence the intensity of criminal activity. This is supported by the fact that individuals often have criminal records prior to becoming addicted to gambling. The Australian Institute of Criminology & PricewaterhouseCoopers study (2003) found that almost half of the gambling-motivated

[57] Queensland Government (2004), "Supporting documentation to the Responsible Gaming Strategy", p. 3.

offenders had prior fraud convictions. Although not all their previous offences were gambling-related, some were clearly related to their long-standing gambling problems.

9.6 Judicial Responses to Gambling-related Crime

Popovic (1998: 19), Deputy Chief Magistrate in Victoria, has summarised recent experiences in that State as follows:

> "My premise after very much thought and discussion with my colleagues around the State is that there has not been a crime wave in the Magistrate's Court brought about by the liberalisation of the gambling laws. The increase in crime directly attributable to gambling has been marginal. … The view from the Bench is that gambling is a major problem in the community but it is largely hidden from the Courts".

But on the other hand, there are also some offenders who suffer from a gambling problem who apparently do not disclose this to the courts as a reason for the offence. As Popovic (1998: 2) noted, a number of magistrates in Victorian districts from whom she canvassed opinions believed that:

> "…gambling was a large social problem in their area, but …defendants were ashamed to disclose their gambling to the court, or …somehow the fact of their gambling remained undisclosed to the court".

Judge Barnett was critical of the fact that no specific statistics were kept about the association between crime and gambling (Centre for Criminology and Criminal Justice, 2000). In sentencing James Lim in December 1997, His Honour commented:

> "In your case I do propose to give weight to your gambling addiction. I accept that you are unlikely to offend in a similar way in the future… I also accept that since the introduction of poker machines and the opening of the casino in this State, and the widespread aggressive urging to the public to gamble, crimes like yours are likely to become more and more frequent.
>
> Initially I was concerned that there was sufficient anecdotal evidence to demonstrate at present that there did exist a significant increase in gambling crimes without resort to actual statistics. The accuracy of anecdotal evidence, of course, is often hard to assess. I am told by Prosecutor, that there are no figures kept in relation to crime and gambling at the Casino, by the DPP, the Casino Control Authority, the Casino itself, or indeed the Victorian Police as to the incidents of gambling induced crime at the Casino.
>
> These are a selection of a limited example of instances of criminal conduct such as yours, as I say, this court heard during 1996. Whilst there are reports from time to time in the media, from the Magistrates Court, without the benefit of further research, I am in no position to assess the overall pattern of offences with gambling as a component, that motivates criminal conduct and summary matters. But the probabilities, however, is the Magistrates Court figures, if available, would demonstrate at least a similar pattern of crime generated by gambling."

9.7 Conclusion

Difficulties arise in determining the relationship between problem gambling and crime. Firstly, there is often a lack of objective data concerning the criminal offences reported, as many studies rely on self-reported evidence rather than official data, and sometimes the accuracy of this data is questionable. Second, sample bias is evident in for example, a comparison of those who undertake counselling for problem gambling and self-report criminal activity to finance their gambling compared with those who shun counselling. Third, gambling-related offending tends not to be reported or detected, particularly where offences are committed against family members. Even when allegations are reported, they do not always result in a conviction (Centre for Criminology and Crime Justice, 2000). The prevalence of gambling-related crime amongst prison inmates, therefore, often is not indicative of the true extent of the problem. Despite these difficulties, and the absence of evidence of a causal relationship between problem gambling and crime, it is apparent that problem gamblers are at high risk of committing crimes in order to finance their gambling activities.

Chapter Ten

Broader Community Impacts, Community Services

Gambling and Broader Community Impacts

- the provision of direct grants by LotteryWest to local government, community service/welfare agencies and sporting bodies assists in the promotion of LotteryWest and the public philanthropic role of LotteryWest. This role has a high recognition factor within organisations and the general community;
- the direct grants system (which is applications based) affords another avenue to advance the public profile of LotteryWest. It provides for what we have called a "stronger feel good" factors;
- local government is an important beneficiary of the LotteryWest direct grant scheme which also is important in promoting the role of LotteryWest;
- the Community Support Fund (CSF) administered by the Department for Victorian Communities is a large scale funding program financed by 8.83 per cent of monies paid into EGMs in hotels. Per capita, funding allocation for distribution via the CSF is less than that distributed by LotteryWest. Its administration by a government agency and use of funds for non-identifiable (i.e., low recognition of any association with CSF) purposes reduces the public profile of the fund;
- social and gaming membership of RSL clubs with EGMs in Victoria had grown at an annualised average growth rate of 18.4 per cent since 2000 compared to "traditional membership" growth of 1.5 per cent for all Victoria and 6.3 per cent of those clubs with EGMs (1996-2003);
- an analysis of methods of direct giving to the Salvation Army Red Shield Appeal indicates a sharp decline in Victoria in the period 1993 to 1996 following the introduction of EGMs and opening of the casino. While this remains a puzzle, it is not possible to establish any causal negative relationship based on the data supplied to the researchers;
- the period 1994 to 1999 was the period of high growth in the number of pawnbrokers and second-hand dealers in the Greater Melbourne area. Pawnbrokers are mostly concentrated in areas where EGMs are located and where expenditure is high. However, the industry has undergone dramatic changes only some of which may be associated with the negative impacts of gambling. The acknowledgement by pawnbrokers of their concerns with some customers provides a link to the behaviour of problem gamblers.

10.1 Introduction

The poverty resulting from excessive gambling losses presents greater need to charitable community organisations for basic support in the form of food and clothing, etc. These community organisations often also provide counselling help to problem gamblers. At the same time, the widespread availability of gambling opportunities means that charitable organisations have greater difficulty raising the money needed to provide these services through raffles and bingo nights. Loss of employment may also lead to social security receipt, adding a burden to the public purse. With this in mind the terms

of reference proposed a consideration of 'community impacts', including *inter alia*, food assistance and emergency financial relief, homelessness and alcohol abuse and usage of community support services including other dimensions where excessive gambling may impact. These 'negative impacts' or dimensions of excessive gambling would contrast against the stated objectives of government to promote inclusive growth and development across the State and build stronger communities through an emphasis on social capital and capacity building of local communities. Community impacts may also be more concentrated in certain communities or local government areas, given the geography of gambling locations and their potential correlation with disadvantaged sectors of the population.[58] The policy implications of geography and locational factors was examined in research on five regional cap areas.[59]

For this study, the researchers consulted with local councils, community service agencies, gambling counsellors and others to develop an 'initial picture' of potential community impacts, both negative and positive impacts. As might be expected an extensive list of impacts was provided — an increase in requests for emergency relief, food vouchers, decline in retail sales, decrease in money available for essential household goods, increase in homelessness, rise in bankruptcy and bad debts, higher use of pawnbrokers and pay day lenders, increase in child neglect and subsequent increase in child protection investigations — but a significant problem arose in our endeavours to obtain accurate and high quality information/data on many of these issues. There are individual studies on the impact of gambling and social problems. For example Antonetti and Horn (2001) estimated from a review of clients of two Gambler's Help services that "at least ten per cent of demand at homeless services is most likely the result of problem gambling. The survey of problem gamblers revealed that 31 per cent of clients reported a housing crisis caused by their gambling. Respondents experienced eviction, selling the home, leaving home, in rent arrears and threatened with eviction. Twelve per cent had experienced actual loss of their housing attributed to gambling".[60]

While not disputing the findings, the sample is extremely small and then was selected from only that group attending counselling. For our purposes too, the study is restricted to Victoria and provides no insights into Western Australian communities and homelessness.

Comparative data was sought from national organisations such as The Smith Family, Salvation Army, Anglicare and St Vincent de Paul. In most cases different methods of collection or reporting meant that the data was unreliable or not accessible for comparative purposes across the matched comparison regions. This was not unexpected as our previous discussion on problem gambling and crime illustrated. On balance, potential data sources were found to be highly subjective, contained major gaps, were either not collected and/or collated and lacked statewide coverage.

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58 The decision of the Victorian Government to implement regional caps in five regions commencing in February 2002 reflects an acknowledgement of both the concentration of machines in certain areas and the impact that the simple availability of gambling opportunities might have in contributing to higher levels of problem gambling.

59 SACES (2005), "Study of the Impact of Caps on Electronic Gaming Machines".

60 Antonetti, E, et. al. (2001), Executive Summary, (page number not recorded).

However, there are important comparative data items that we felt able to consider including the role of lotteries within the different gambling environment, impact of gaming on community clubs, giving to charity and the use of pawnbrokers. Community funding and the way this is conducted is also amenable to analysis and comparative assessment. These issues are considered in this Chapter of the report.

10.2 Trends in Lotteries

The major differences in the respective gambling environments in the two States were considered in detail in Chapter 4. In this Chapter of the report we are concerned to inquire into the different perceptions of citizens within the two States and regions regarding 'their State's lottery and how these views have been informed over time'.

It is useful to recall that expenditure on lotteries is significantly higher in Western Australia. Average expenditure in 2002-03 was equal to $144 per adult in Western Australia compared to $98 per adult in Victoria (see Table 4.6). Expenditure on racing (on a per adult basis) was higher in Victoria (Victoria: $148; Western Australia: $125) and gaming machine expenditure was $625 in Victoria and zero in Western Australia. Overall, average expenditure per adult on all forms of legalised gambling in Victoria was 2.5 times that for Western Australia (Victoria: $1,333; Western Australia: $460).

A recent Issues Paper prepared by the Office of Gaming and Racing[61] noted that real per capita spending on lotteries and spending as a percentage of household disposable income (HDI) has been decreasing. "Spending on lotteries has increased in real terms in NSW, Queensland and Western Australia in the last decade. While spending in Victoria increased in the 1980s, it declined in the 1990s and has remained relatively stable".[62] The Issues Paper refers to analysis conducted by Access Economics, based on household expenditure data, which showed a significant fall in the participation rate in lotteries from 27 per cent to 22 per cent in the period 1994 to 1999[63]. These participation rate figures are about one third of those reported in community gambling pattern surveys. While expenditure data and community surveys both do indicate a continuing decline in lotto gambling activities, 'more Victorians participate in lotto/lottery games than any other gambling activity."[64] We have earlier noted the very high level of participation in lotteries by citizens of Western Australia and noted that they have the highest per capita spend on Lotto/Lottery tickets in Australia in the absence of other gaming opportunities.

It was also reported that the Access Economics analysis "showed that younger people have about half the participation rate of older people in lotteries (about half that of over-40s), and equivalently lower spend. There were two other negative correlations across the population: those with more financial assets and those with better education were less likely to participate in lotteries".[65]

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61 Issues Paper: Lotteries Licence Review, Office of Gaming and Racing, Victorian Department of Justice, Sept 2004.
62 *op cit* p. 5.
63 The HES survey is notoriously unreliable in recording the level of household expenditure on all forms of gambling.
64 *op cit* p 7.
65 *op cit* p 7.

10.3 Structure of Lotteries In Victoria and Western Australia

The structure of lotteries administration varies between the two States, although the distribution of the proceeds of lottery sales to government, and subsequent allocations by government are broadly similar.

In Victoria there are two public lotteries licences held by Tattersall's and by Footy Consortium Pty Ltd, a subsidiary of Tattersall's. The first, issued to the trustees of the will and estate of the late George Adams (Tattersall's) is an exclusive licence which is due to expire in June 2007, and provides for the conduct of various lotteries specified in the licence (e.g., Tattslotto). The second licence, also due to expire in 2007, provides for the AFL football and Soccer Pools tipping competitions. Like LotteryWest, Tattersall's are required to pay public lottery taxes to the Consolidation Fund within State Treasury.[66] In each financial year, the Victorian Government must pay out an hypothecated amount out of the Consolidated Fund in the proportions determined by the Treasurer, into:

(a) the Hospitals and Charities Fund; and

(b) the Mental Health Fund.

Information from the Tattersall's website indicates that Tattersall's is not required by legislation to distribute direct grants to organizations or individuals. However, it does have a private discretionary Community Involvement Program, where Tattersall's state that in recent times they have "donated close to $60 million to hospitals, charities, deserving individuals, sport and the community generally." Examples include:

- a $5 million donation to establish Australia's first respite hospice for children;
- a $4.5 million donation to the Freemasons Hospital in Melbourne to establish its new Emergency and Critical Care Departments;
- involvement with health care providers and charitable organisations such as, Red Cross, Care Australia and MS Society of Victoria (no monetary amounts given); and
- involvement with private, non-profit community-based agencies such as, Hartley Lifecare, Mallee Family Care and Upwey Fire Brigade (no monetary amounts given).

Tattersall's are currently in the process of listing on the Australian Stock Exchange and they stated that they where unable to provide the researchers with information on the sources of revenue by region for lotteries, the distribution of profits or extent of direct community funding.

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[66] In budget year 2003-04 taxation from private lotteries to the Consolidation Fund was $360 million a 15.8per cent increase from the 2002-03 amount of $310.9m. This amount likely includes taxation from other States, as taxation estimates for the budget year 2003-04 for private lotteries are $314m. As the operator of the Victorian Lottery - Tattersall's – also runs lotteries in Tasmania, ACT and the Northern Territory. By legislation all taxes must go to the Hospitals and Charities and Mental Health Funds. The other States taxations (less commissions) are remitted to them with those amounts being reimbursed to the Funds from the Consolidated Fund.

In Western Australia the Lotteries Commission Act 1990 (the Act) specifies that LotteryWest, (i.e., WA Lotteries Commission trades as LotteryWest) with respect to the proceeds of lottery sales must provide the following:

- returns to the public of Western Australia are 60 per cent of the total amount paid by players to enter the various lottery games [67]. This comprises of 55 per cent to direct prize money and 5 per cent of the price pool (bonus prize money).
- a prescribed portion of the proceeds (minus cost of sales and related operating cost) is then allocated to specific State Treasury accounts for hospitals, sports and the arts. LotteryWest plays no part in the distribution of funds deposited in the State Treasury's Hospital Fund and the Sports and Arts Lotteries accounts. The Statutory requirements are:

  40 per cent to the Hospital Fund (State Treasury);

  5 per cent to the Arts Lotteries Account (State Treasury); and

  5 per cent to the Sports Lotteries Account (State Treasury).
- a prescribed portion of the proceeds (minus cost of sales and related operating cost) is also allocated and distributed directly to eligible organisations for benevolent and charitable purposes including up to 5 per cent of net subscriptions to The University of Western Australia (for the Perth International Arts Festival) and ScreenWest (for the Western Australian commercial film industry) and 12.5 per cent to eligible community organisations or local government authorities for approved purposes. LotteryWest is responsible for distributing funds to eligible organisations.

It is this last component, where LotteryWest provides public and highly visible direct grant funding[68] to community organisations and local government that helps to promote LotteryWest as a major philanthropic organisation.

In addition, any surplus from the Commission's operations is also available for distribution as direct grants. Table 1 shows the allocations from net subscriptions of all products in monetary terms in the years 2002 and 2003. Direct grants from LotteryWest were $51 million in 2002-03, to *inter alia*, local government, community service/welfare agencies and sporting bodies.

Table 10.1
LotteryWest: Allocations from Net Subscriptions

	2003 ($000s)	**2002 ($000s)**
Hospital Fund	75,051	71,419
Arts Lotteries Account	9,381	8,927
Sports Lotteries Account	9,381	8,927
Direct Grants	51,221	46,283
Total	**145,034**	**135,556**

Source: LotteryWest Annual Reports.

[67] Saturday Lotto, Super 66, Oz Lotto, Soccer Pools, Scratch and Win and Powerball.

[68] Funding is based on a call for applications and consideration of the merit of individual applications.

What is of special interest in this study is the way LotteryWest is perceived within the Western Australian communities we studied. There is some evidence that the public philanthropic role of LotteryWest, particularly via direct grants to organisations, has a very high recognition factor within the general public. Much is made of the contribution paid to hospitals, arts and sporting bodies although these are allocated by statutory requirement via State Treasury. The researcher's survey and other reports indicate "there is a strong 'feel-good' factor built into the Western Australian unique lottery system, whereby all profits go to public hospitals, arts and sporting bodies, charities and by direct grants to community groups"(*The Australian* 22, June 2004). The direct grants system (which is applications based) provides a very high public profile for LotteryWest and in this regard it differs from the privately run Tattersall's and even the SA Lotteries Commission both of which also pay public lottery taxes to the Consolidation Fund within State Treasury. In Victoria, private hotels with gaming facilities and their respective representative bodies, and even clubs, endeavour to market what are essentially private donations to worthy causes. However, they or their representative organisations privately "select the cause" for maximum public profile.

Interestingly, this high level of public recognition is not an historical accident, but has its developmental roots in the current and previous management of the Western Australian Lotteries Commission and is the result of the Commission jointly exploring with social welfare research bodies improved mechanism for funding non-government welfare agencies.[69] The report of the Social Welfare Research Centre (1982) dealt with the relationship between the size, structure and function of non-government welfare organisations in WA and their sources of funding. Its findings for Western Australia were:

- there was a lack of central control or coordinating mechanism in the allocation of funds to the various non-government welfare organisations, which led to confusion, overlap and competition between the agencies. This resulted in much of the funding being allocated on a 'political pressure' basis; and
- Lotteries Commission grants between the period 1976 to 1981 went predominantly (96 per cent) to the larger charitable organisations who could better organise their funding campaigns. At that time, funding from the Lotteries Commission went mainly to capital projects.

That paper considered the level of funding provided by various Federal and State Government Departments as well as the WA Lotteries Commission, the relationship between the Federal and State Governments and charitable organisations, the adequacy and uses of funding in WA and accountability and autonomy of the direction of funds. It provided an initial 'trigger' for LotteryWest to consider the foundations of its applications based, community grants program and to establish a high public profile through such a grants system. We conclude, based on interviews, discussions with councils and community organisations and published data on the performance of the respective lottery agencies in both States, that there is a very much stronger 'feel good' factor evident in Western Australia in regard to participation in lotteries and the distribution of grant funding to assist community organisations.

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[69] See Graycar, A., and Silver, W., (1982), "Funding of Non-government Welfare: Agencies Servicing Disabled People in Western Australia" University of New South Wales, Social Welfare Research Centre, No17, January.

10.4 Community Funding in Victoria: Community Support Fund

The *Casino Control Act 1991 (Vic)* provides for 8.33 per cent of money paid into electronic gaming machines in hotels to be paid into the Consolidated Fund and transferred to the Community Support Fund by way of standing appropriation. This is in addition to states taxes on gaming losses and the Health Benefit levy on the States 30,000 poker machines.[70] Under the Act, the Minister of Gaming may apply the funds as follows[71]:

- Firstly, an unspecified portion determined by the Minister to the Research and Development Fund for the purposes of research relating to the social impact of gambling;
- Secondly, 70 per cent of remainder (unspecified split) paid to:
  - Minister administrating the *Sport and Recreation Act 1972* for the benefit of sport and recreation clubs or programs; and
  - The Minister administering the *Community Services Act 1970* for the provision of:
    * Financial counselling services;
    * Support and assistance for families in crisis;
    * Programs for the prevention of compulsive gambling;
    * Programs for the treatment and rehabilitation of persons who are compulsive gamblers; and
    * In consultation with the Ministers administering the *Youth Affairs Act 1986*, government initiatives on youth homelessness.
- Thirdly, the balance for payment to the Ministers administering the *Ministry for the Arts Act 1972* to be applied for the promotion of arts and the *Tourism Victoria Act 1982* to be applied for the promotion of tourism.

The Community Support Fund (CSF) was set up to ensure that a portion of Government revenue from electronic gaming machines in hotels is used for worthwhile projects to support Victorian communities. It addresses diverse needs in communities, particularly those experiencing social and economic disadvantage, emphasising collaborative strategies combining community, government, business and philanthropic resources. The Fund supports programs addressing problem gambling, drug issues, young people and families in crisis, as well as initiatives in sport, recreation, tourism and the arts.[72]

The Community Support Fund in Victoria has received 1,269 applications requesting funding for community programs between financial years 1997-98 to 2002-03.

Over the period of 1997 to 2003, the Community Support Fund has approved in total 356 grant requests (Table 10.3), which constitutes 28 per cent of all the applications received. Ten of those approved grant applications were awarded to initiatives that address problem gambling.

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70 This levy, originally set at $1,533 per machine was recently increased to $3,033 per machine to raise $91 million in a full year. Funds are allocated to the Hospitals and Charities Fund.

71 http://www.audit.vic.gov.au/old/agsr4002.htm#2

72 Source http://www.dvc.vic.gov/building.htm

Table 10.2
Community Support Fund
Applications Received per Financial Year

Financial Year Received	Total
1997-98	289
1998-99	195
1999-00	125
2000-01	199
2001-02	216
2002-03	245
Grand Total	**1,269**

Source: CSF (2004).

Table 10.3
Community Support Fund
Number of Grant Approvals Per Financial Year

Financial Year Approved	Arts	Families in Crisis	Other	Problem Gambling Initiatives	Sport & Recreation	Tourism	Turning the Tide & Drug Initiatives	Youth	Grand Total
1997-98	11		9	1	8	11	5	3	48
1998-99	16	2	19	1	4	6	7	2	57
1999-00	3	2	15		5	5	3	3	36
2000-01	8	1	23	4	1	3	2	6	48
2001-02	6		76	3	3	9	3	12	112
2002-03	1		29	1	10	4	4	6	55
Grand Total	**45**	**5**	**171**	**10**	**31**	**38**	**24**	**32**	**356**

Source: CSF (2004).

Funding for the CSF derived from EGM revenue from hotels is shown in Table 10.4.

Table 10.4
Funding Allocated to CSF (dollars)
1997-98 to 2002-03

1997-98	92,016,215
1998-99	82,847,114
1999-00	96,271,731
2000-01	104,617,913
2001-02	116,156,084
2002-03	106,014,274
Total	**597,923,331**

Note: Note: 98/99 $25 million per annum hypothecated from CSF Gaming Machine Revenue until 30 June 2004 i.e. CSF receives $25 million less per annum from gaming machines. Furthermore, on 1 September 2002 smoking bans in gaming venues were introduced, which subsequently reduced gaming machine income for CSF.
Source: CSF (2004).

Between 1997-98 and 2002-03 the Community Support Fund distributed $770,232,790 to the community through their grant allocation of which $86,186,476 was towards programs that dealt with problem gambling including funding of Gambler's Help services (see Table 10.5). This is equivalent to 11 per cent of all funding distributed by the fund between 1997-98 and 2002-03. The researchers were advised that projects or programs are sometimes to be conducted well into the future, so that budgetary allocations are made against future revenue streams and thus the total amount approved has exceeded funding allocated to the program. Assistance to the hosting of the Commonwealth Games is an example; forward planning for a major arts performance or exhibition is yet another example.

Our particular interest is to assess the extent to which direct grants have been allocated to the matched regions, as summarised in Table 10.6. It is not possible to assess the extent to which, say funding of the generic programs in the arts, tourism or sport and recreation have been applied to any one geographical area. Much of this funding is designed to support activities which benefit all Victorians.

Table 10.6 shows the grants attributed directly to the four LGA regions in this study since 1997-98 to 2002-03.

Maribyrnong has received $8,301,000 through grant allocation from the Community Support Fund, while Wyndham for the period of 1997-98 to 2002-03 received $3,805,000. Both local government areas received funding for 5 grants each, which represents 1.4 per cent of all the grants, approved by the Community Support Fund. Warrnambool and Shepparton received around quarter of a million each in funding (0.03 per cent of the total funding amount).

The estimated gaming losses as at August 2003 for only the financial year 2002-03 for each of the LGA areas were Maribyrnong City $58.2 million, Greater Shepparton City $25.1 million, Warrnambool City $16.0 million and Wyndham City $57.2 million. While again we caution that community support funding is used for a variety of purposes many of which benefit these communities, including the funds allocated to hospitals from lotteries revenue and other grants to statewide organisations working in each of these regions, the ratio of direct grant fund over 6 years to gambling losses for only the financial year 2002-03 was 1 : 12.4 (4 LGA's aggregated).

Moreover, there is considerable evidence to support the fact that gaming machines are more densely concentrated in lower income areas in Victoria[73] and this may have several effects. It may increase losses in communities that are already vulnerable, extract higher losses as a proportion of income with flow-on effects for other local expenditure and "can be compounded by the withdrawal of income from such communities through the relatively high taxes on gaming machine expenditures".[74] As the researchers and others have noted, the final net outcome for any single region will vary after taking into account tax flows and the influx of grant fund.

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[73] This is the situation in South Australia and New South Wales, and more densely located on a per capita basis in regional South Australia than metropolitan Adelaide.

[74] PC (1999), Vol. 1, p. 30.

Table 10.5
Sum of amount approved (dollars)

Financial Year Approved	Arts	Families in Crisis	Other	Problem Gambling Initiatives	Sport & Recreation	Tourism	Turning the Tide & Drug Initiatives	Youth	Grand Total
1997-98	5,155,500		9,786,000	4,997,521	32,439,308	3,583,500	1,315,549	701,081	**57,978,459**
1998-99	24,440,849	426,500	31,984,480	21,025,000	11,610,692	9,445,000	8,974,871	304,619	**108,212,011**
1999-00	5,100,000	740,000	57,048,072		39,977,436	3,145,000	120,000	587,305	**106,717,813**
2000-01	10,939,376	60,000	30,956,463	19,571,000	603,400	3,600,000	82,870,000	4,273,076	**152,873,315**
2001-02	3,384,650		36,066,381	37,756,955	18,250,000	3,445,000	28,678,230	4,925,045	**132,506,261**
2002-03	20,000,000		47,399,944	2,836,000	74,956,507	16,184,000	43,984,300	6,584,180	**211,944,931**
Grand Total	**69,020,375**	**1,226,500**	**213,241,340**	**86,186,476**	**177,837,343**	**39,402,500**	**165,942,950**	**17,375,306**	**770,232,790**

Note: Grand total for approved projects/programs exceeds the total gaming machine revenue. The reason for this is that approved projects/programs are often up to four years into the future and as such as being made against future revenue streams.

Source: CSF (2004).

However, the single most important difference between the Western Australia and Victorian model was that the 'recognition factor' from direct grant funding is largely absent in Victoria. We found significant appreciation of the CSF fund by organisations in local communities that were successful in the application process but also some criticism as to where the larger funds had been allocated, and for what purposes.

Table 10.6
Community Support Fund
Grants by Selected LGA in Victoria

	Wyndham		Warrnambool		Shepparton		Maribyrnong	
	No. of Grants	$	No. of Grants	$	No. of Grants	$	No. of Grants	$
1997-98	1	30,000	0	0	0	0	0	0
1998-99	1	1,500,000	1	150,000	0	0	0	0
1999-00	0	0	0	0	0	0	0	0
2000-01	0	0	0	0	1	35,000	2	3,930,000
2001-02	3	2,275,000	1	102,500	1	8,000	2	4,260,000
2002-03	0	0	0	0	1	231,500	1	111,000
Total	**5**	**3,805,000**	**2**	**252,500**	**3**	**274,500**	**5**	**8,301,000**

Source: CSF (2004).

10.5 Community Funding in Western Australia: LotteryWest

From 1997 to 2003 LotteryWest has provided to Treasury for hospitals, arts and sports programs or by direct and special project grants some $909,511,000 million with a majority of the grants going to hospitals, art and sport programmes (see Table 10.7).

The total amount of funding distributed to the Western Australian community via direct grants between 1998-99 and 2002-03 by LotteryWest was $229 million. LotteryWest approved a total number of 8,855 requests for financial assistance over the period (see Table 10.8).

From 1998-99 to 2002-03 City of Belmont received $7,375,395 in allocated grants followed by the City of Albany and City of Cockburn with $4,082,557 and $4,205,885 respectively (see Table 10.9). Local government authorities as beneficiaries of the direct grant process help to promote the philanthropic role of LotteryWest.

Table 10.7
LotteryWest: Western Australia
Grant Allocations ($ million)

Year	Hospitals	Arts	Sports	Direct	Special Projects	Total
1986	15.495	3.000	3.000	4.586	0.674	26.755
1987	23.069	3.000	3.000	3.818	1.331	34.218
1988	35.296	3.000	3.000	5.656	26.750	73.702
1989	40.063	3.000	3.000	11.488	4.000	61.551
1990	53.773	3.000	3.000	19.955	2.121	81.849
1991	47.304	5.838	5.838	24.627	6.049	89.655
1992	48.903	6.016	6.016	32.613		93.548
1993	48.260	5.922	5.922	38.420		98.524
1994	50.627	5.938	5.985	30.135		92.685
1995	55.375	6.865	6.865	34.852		103.957
1996	62.472	7.714	7.714	41.885		119.785
1997	60.461	7.481	7.481	44.572		119.995
1998	63.654	7.888	7.888	46.285		125.715
1999	67.905	8.483	8.483	41.599		126.470
2000	69.882	8.735	8.735	37.259		124.611
2001	71.416	8.927	8.927	44.803		134.073
2002	71.419	8.927	8.927	45.449		134.722
2003	75.051	9.381	9.381	50.112		143.925

Source: LotteryWest (2004).

Table 10.8
Direct Grants

Year	Total No. of Requests on Agenda	Total No. of Approved Requests	Total No. of Rejected Requests	Total Requested Amount $	Total Granted Amount $	Total Rejected Amount $
1998-1999	2,451	2,232	219	55,508,852	42,527,968	5,304,330
1999-2000	2,028	1,870	158	56,391,200	41,924,777	6,934,908
2000-2001	1,814	1,698	116	59,802,406	46,846,631	5,724,199
2001-2002	1,687	1,546	141	65,226,050	46,349,785	7,888,572
2002-2003	1,668	1,509	159	71,387,691	51,359,545	12,346,578

Source: LotteryWest (2004).

Table 10.9
Direct Grants Local Government Authorities (01-07-1998 – 30-06-2003)

Name	Amount ($)
City of Albany	4,082,557
City of Belmont	7,375,395
Shire of Busselton	1,947,434
City of Cockburn	4,205,885
City of Geraldton	1,778,761
Town of Kwinana	964,034
Shire of Mundaring	2,093,435

Source: LotteryWest (2004).

10.6 Participation in Lotteries at the Regional Level

The researchers sought to examine and analyse whether there were any statistical differences in lottery spend in the selected regions in Victoria and Western Australia and to contrast trends in expenditure on lottery products over time. The lottery products chosen included Saturday Lotto, Super 66, Oz Lotto, Soccer Pools, Powerball and Scratch and Win tickets. LotteryWest assisted by providing information for the seven regions chosen and various products from 1995-96 to 2002-03. The selected regions were:

1. Albany Shire
2. Belmont Shire
3. Busselton Shire
4. Cockburn Shire
5. Geraldton Shire
6. Kwinana Shire
7. Mundaring Shire

Unfortunately, Tattersall's declined to assist our research. This was unfortunate as the purpose of the evaluation design was to identify regions in Western Australia that were as similar as possible to the Victorian regions on the key factors of interest. We sought to test whether the regions were similar on the basis of their total expenditure and expenditure on specific lottery products (i.e., non EGM gaming expenditure). As a result, we are unable to compare the regions within the two States and can only discuss the data for Western Australia. Therefore, only limited analysis of the available data is presented in this report, principally to assess the regions relative to all of Western Australia. Data was supplied by LotteryWest and was used to determine the growth of Lotto products and Scratch n Win (SnW) in the seven regions above for 1995-96 to 2002-03. The growth in each region is compared to growth for the entire state of Western Australia.

The total expenditure on lottery and scratch 'n' win games in the seven regions in Western Australia in 2002-03 was $59.7 million. This was 11 per cent higher than expenditure in the previous financial year, and 47 per cent higher on expenditure in 1995-96. Cockburn Shire and Belmont Shire recorded the highest level of expenditure on lottery and scratchies in 2002-03 with $16.9 million and $13.7 million respectively.

Table 10.11 compares the per capita spend on EGMs in the four Victorian LGA regions and the per capita spend on lottery products in the 4 Western Australian LGA regions for 2002-03, relative to each States' average spend on the respective products.

In the absence of other gaming opportunities in Western Australia, expenditure on lotteries in the four regions substantially exceeds the State average (as the researchers predicted in choosing comparative regions). While the two products are not strictly comparable the per capita spend is less than the Victorian comparative regions by between 35 and 65 per cent. It is also important to note that all lottery revenue is returned to the community, whereas returns from EGMs are divided between the operators (and shareholders), the hotel/venue, to Treasury and the CSF (from a hotel levy).

Table 10.10
Annual Sales for Lotto and Scratch 'n' Win ($)

Region	1995-96			2000-01			2002-03		
	Lotto	**Scratch 'n' Win**	**Total**	**Lotto**	**Scratch 'n' Win**	**Total**	**Lotto**	**Scratch 'n' Win**	**Total**
Albany Shire	3,272,716	1,448,500	4,721,216	5,027,281	1,416,500	6,443,781	5,254,881	1,416,350	6,671,231
Belmont Shire	6,994,867	2,318,200	9,313,067	9,994,105	2,164,100	12,158,205	11,283,942	2,417,650	13,701,592
Busselton Shire	1,954,131	687,250	2,641,381	3,295,924	656,950	3,952,874	3,461,979	656,450	4,118,429
Cockburn Shire	8,644,118	2,375,500	11,019,618	13,280,050	2,449,200	15,729,250	14,065,061	2,827,617	16,892,678
Geraldton Shire	4,992,631	1,940,600	6,863,231	7,118,316	1,913,500	9,031,816	7,368,762	2,054,650	9,423,412
Kwinana Shire	2,410,496	1,064,200	3,474,696	1,990,398	564,550	2,554,948	3,716,113	1,152,551	4,868,664
Mundaring Shire	1,988,980	621,450	2,610,430	3,117,292	642,200	3,759,493	3,316,552	660,952	3,977,504
Total	**30,187,942**	**10,455,700**	**40,643,642**	**43,823,369**	**9,807,000**	**53,630,369**	**48,467,293**	**11,186,220**	**59,653,513**

Source: LotteryWest (2004).

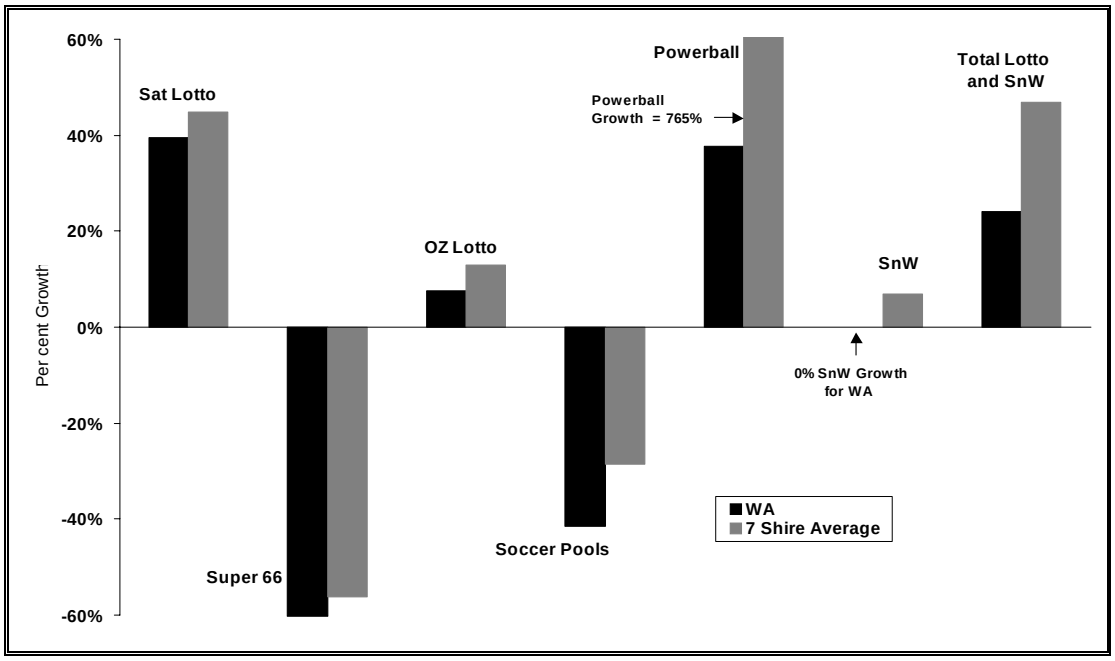
Table 10.11
Per capita spend on Gaming Products: Victoria and Western Australia

Victoria 2002-03			Western Australia 2002-03		
Victorian LGA Region	**Per Capita ($)**	**Above State Average (Per cent)**	**Western Australian LGA Region**	**Per Capita ($)**	**Above State Average (Per cent)**
City of Maribyrnong	1,085	73.8	Belmont Shire	569	294.8
City of Wyndham	911	50.0	Cockburn Shire	323	124.3
City of Greater Shepparton	596	-4.4	Albany Shire	289	100.0
City of Warrnambool	734	17.6	Geraldton Shire	414	187.5
All Victoria	624	-	All Western Australia	144.10	-

Source: Victorian Local Government Gaming Data and LotteryWest (Western Australia).

Figure 10.1 compares the growth of all lottery products in Western Australia for the period 1995-96 to 2002-03 with the average growth over the seven regions for the same period. It indicates that for all lottery products where growth has increased over the period, the seven regions have exceeded the average for Western Australia, as predicted by the researchers in selecting the regions. As well, where sales have declined for selected products (Soccer Pools, Super 66), the decline for the seven regions has been less than the Western Australia average.

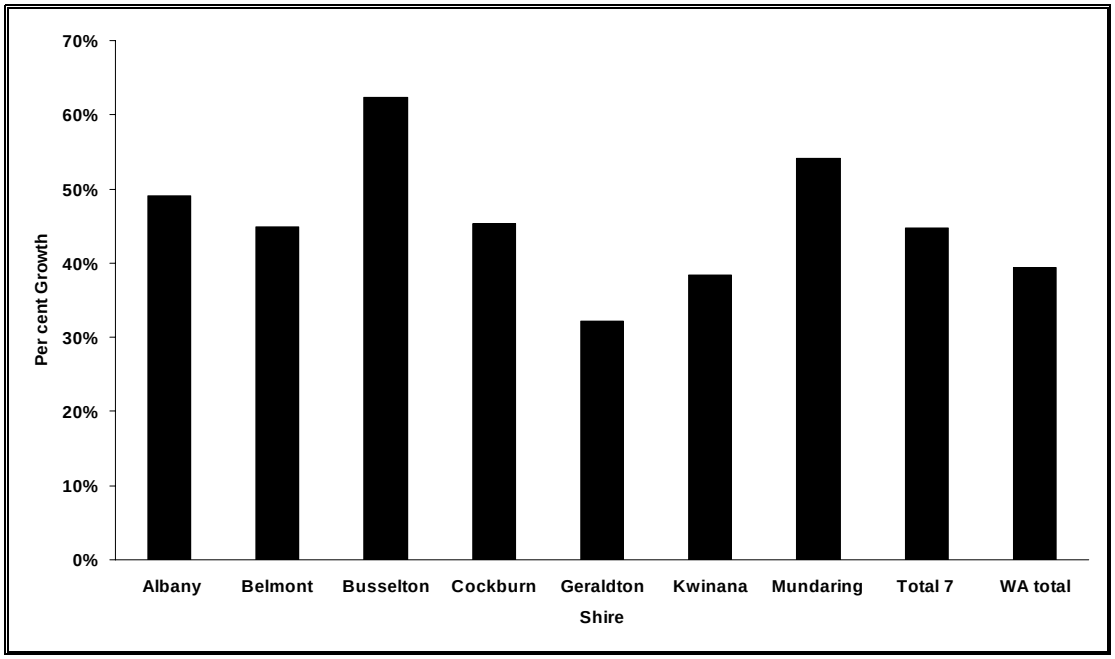
Figure 10.1
Growth in Lottery Sales in WA and 7 Region Average (1995-96 to 2002-03)



Source: LotteryWest supplied data, SACES calculations.

Figures 10.2, 10.3 and 10.4 illustrate the situation for each region by selected products. All seven regions between the period 1995-96 and 2002-03 experienced growth in the sales of Saturday Lotto with all regions except Geraldton Shire and Kwinana Shire being higher than the average for Western Australia.

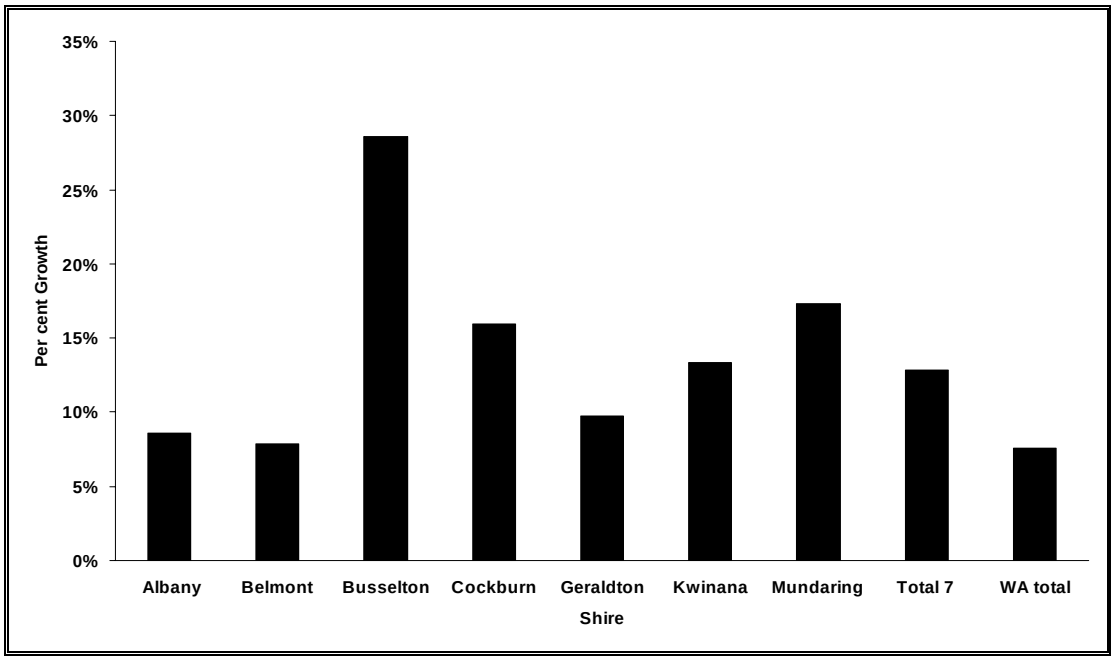
Figure 10.2
LotteryWest Growth in Selected Areas, 1995-6 – 2002-3: Saturday Lotto



Source: LotteryWest supplied data, SACES calculations.

Figure 10.3 shows all seven regions experienced growth in the sales of Oz Lotto with all regions except Belmont Shire being higher than the average for Western Australia.

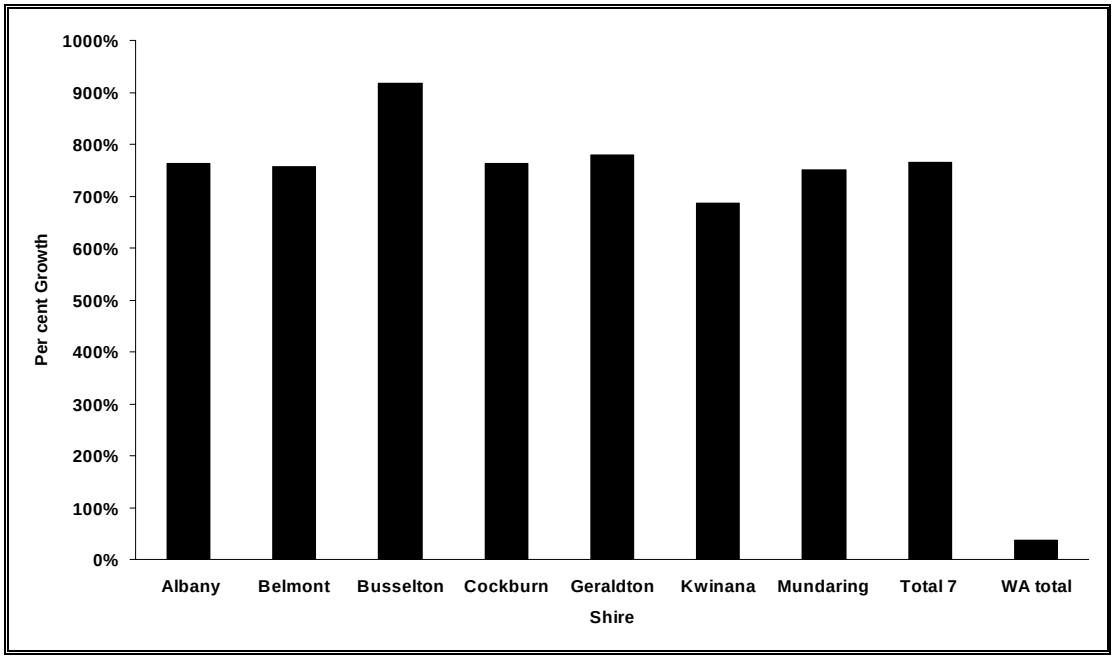
Figure 10.3
LotteryWest Growth in Selected Areas, 1995-6 – 2002-3: Oz Lotto



Source: LotteryWest supplied data, SACES calculations.

Figure 10.4 shows that between the period 1995-96 and 2002-03 all seven regions experienced substantial growth in sales of Powerball. This was a consequence of Powerball only being introduced in Western Australia in 1996 and therefore growth over the period has come from a very low base. As well, the large population of the Perth region where Powerball did not experience similar levels of growth over the period 1995-96 and 2002-03 influenced the WA average.

Figure 10.4
LotteryWest Growth in Selected Areas, 1995-6 – 2002-3: Powerball



Source: LotteryWest supplied data, SACES calculations.

The conclusions from this analysis was that between the period 1995-96 and 2002-03 for the seven regions in Western Australia:

- For all lottery products where growth has increased over the period, the seven regions have outgrown the average for Western Australia, as the researchers predicted based on our selection of the comparative regions.
- All regions experienced positive growth for Total Lotto and SnW over the period 1995-96 to 2002-03. Busselton Shire (56 per cent) followed by Cockburn Shire (53 per cent) and Mundaring Shire (52 per cent) had the highest growth levels. Geraldton Shire (37 per cent) had the lowest growth level. The State average for sales of Total Lotto and SnW was 24 per cent.
- There has been growth in all regions in the sales of Saturday Lotto (45 per cent and Oz Lotto (13 per cent) which has exceeded the average growth rate for these products for all WA (respectively, 39 per cent and 8 per cent). The majority of the seven regions have grown faster than the average for Western Australian for these products.
- Powerball, has had a average growth rate of 765 per cent for the seven regions for the period 1995-96 to 2002-03. All seven regions were substantially higher than the WA average (38 per cent).

The rate of growth of expenditure across the various lottery products is higher in all regions under study than for all Western Australia and demonstrates an underlying strong demand for gambling opportunities and gambling products.

While this outcome was predicted by the researchers in our original selection of regions, unfortunately we are not able to compare expenditure patterns with the seven pairs of matched regions in Victoria.

10.7 Gaming and Community Clubs

What impact has the availability of gaming machines had on RSL clubs in Victoria and South Australia relative to RSL Clubs in Western Australia?

RSL Clubs provide services to returned servicemen and women and generally fulfil the same roles and functions around Australia. The classifications of the status of members is as follows:

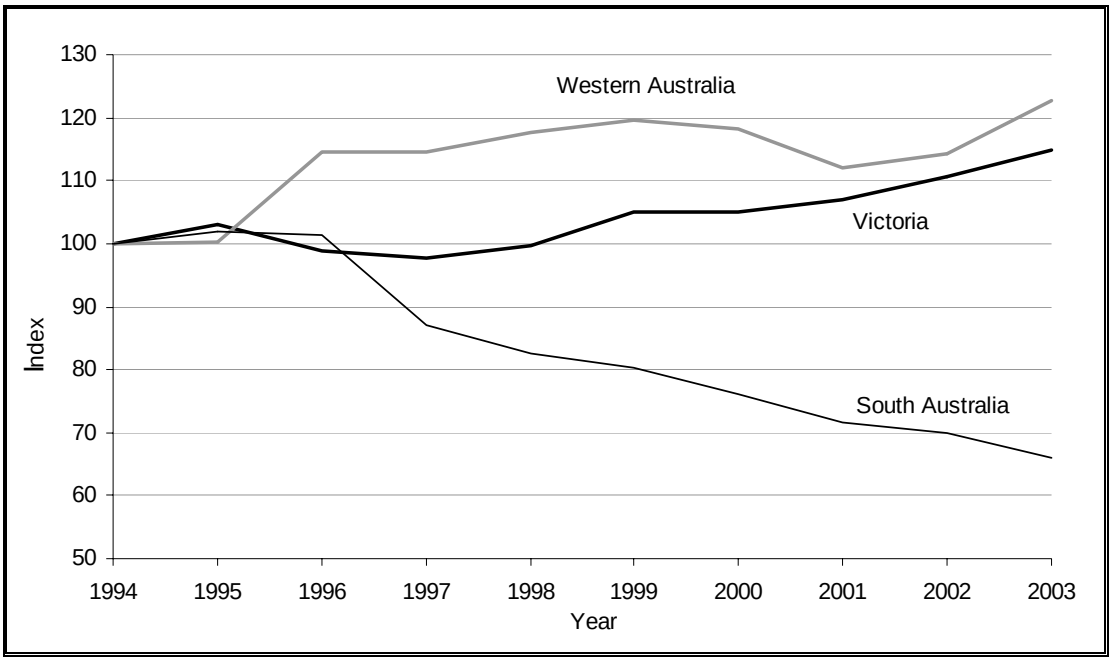
- An Ordinary Member is a person who has served in the Defence Forces for a period not less than 6 months and need not necessarily have returned from active service;
- An Affiliate is a member who is related to an ordinary member or who has served in the police force, SES, or Fire Brigade for a period not less than 6 months;
- A Life Subscriber is a member who has paid up their subscription in advance; and
- A Life Member is a member who has been awarded Life Member status within the League for service rendered to the RSL.

In those States where the RSL operates gaming machines there is now a new and fifth category of membership namely, 'gaming and social club membership'. In Victoria, gaming and social club membership is generally obtained for a membership fee of $10 per annum, providing access to RSL gaming and club facilities. The revenue from the operation of gaming machines provides a new source of income to RSL clubs in Victoria and South Australia. In South Australia the total number of machines in RSL clubs is relatively small (maximum of 40) whereas a maximum of 105 is permitted in Victorian clubs.

In Western Australia, RSL clubs do not have EGMs and the State Executive has a policy opposing the introduction of gaming machines in clubs in Western Australia. However, it is interesting to note, that for a brief interval after the Second World War several RSL clubs did host a small number of 'one armed bandits'.

The annualised average growth rate of the four 'traditional' categories of membership described above in the period 1994 to 2003 was 1.5 per cent for Victoria, 2.3 per cent for Western Australia and -4.5 per cent in South Australia (shown in Figure 10.5).

Figure 10.5
RSL: Trends in Membership, 1994-2003



Source: National RSL.

How does this compare to trends in gaming and social club membership? The researchers analysed membership trends in four randomly selected RSL clubs in Victoria, three clubs in the metropolitan region and one in the country. Table 10.12 shows the trends in traditional membership categories for the four randomly selected Victorian RSL clubs. The annual growth rate of membership was stronger in these four clubs than the all Victorian average while all four clubs possessed EGMs; although the "City 4' club relinquished machines prior to 2000 and the traditional categories of membership appears to have fallen away from that club just prior to 2000 and thereafter. It would appear that one factor, the availability of EGMs has encouraged membership of those individuals entitled to become members providing a boost to RSL membership overall.

Table 10.12
RSL Membership: Four Traditional Membership Categories

	1996	2000	2003	CAGR[1]
City 1	587	720	812	4.7
City 2	527	548	604	2.0
Country 3	589	912	1,441	13.6
City 4	266	205	161	-6.9
Total (1-4)	1,969	2,385	3,018	6.3
All Victoria	-	-	-	1.5

Note: Name of club deleted for confidentiality reasons.
[1] Compound Annual Growth Rates (CAGR).
Source: RSL Victoria, SACES calculations.

Table 10.13 shows for three of the above clubs, the numbers of persons with social and gaming membership where the annual growth rate averaged 18.4 per cent in those clubs with gaming machines. In several cases the RSL clubs had undergone significant refurbishment improving the amenity of the clubs and services they offered. Social and gaming members represented almost twice the number of RSL members relative to the four 'traditional categories' of membership by 2003. (In 2000 the ratio was 1.6 times.) These trends, including the obvious ageing of the RSL membership, suggests that the focus of RSL clubs will continue to undergo dramatic transformation in future years as the number of traditional members declines and the number of social/gaming members increases.

Table 10.13
RSL Gaming and Social Club Membership

	1996	2000	2003	CAGR
City 1	n/a*	572	1,762	45.5
City 2	n/a*	297	355	6.1
Country 3	1,756	3,017	3,622	10.9
Total	1,756	3,886	5,739	18.4

Note: * = not available, CAGR 2000 to 2003 only.
Source: RSL Victoria, SACES calculations.

The gaming revenue flowing to the RSL will assist that organisation in providing services to RSL members and their families; it may also have a series of unintended outcomes. For example, several RSL clubs in regional centres are quite large and operate as "community clubs" similar to the New South Wales Clubs structure. They will increasingly have the capacity to compete with other "community clubs" and hotels although retaining the RSL membership as ultimate beneficiaries. The impact on other community organisations (particularly those without EGMs) is not able to be predicted with certainty. We did however, find several instances where local activities/local gatherings had been disbanded as members now attended RSL for gaming and lunches. This is the result of the expression of 'consumer preferences' and it is likely this will continue. Whether future developments change the nature, function and the perceptions of the community towards clubs, as clubs themselves embrace wider communities of interest and whether their role in the provision of gambling services will have any impact on, for example, the tax exemption status of the RSL we have not been able to ascertain.

10.8 Giving to Charity

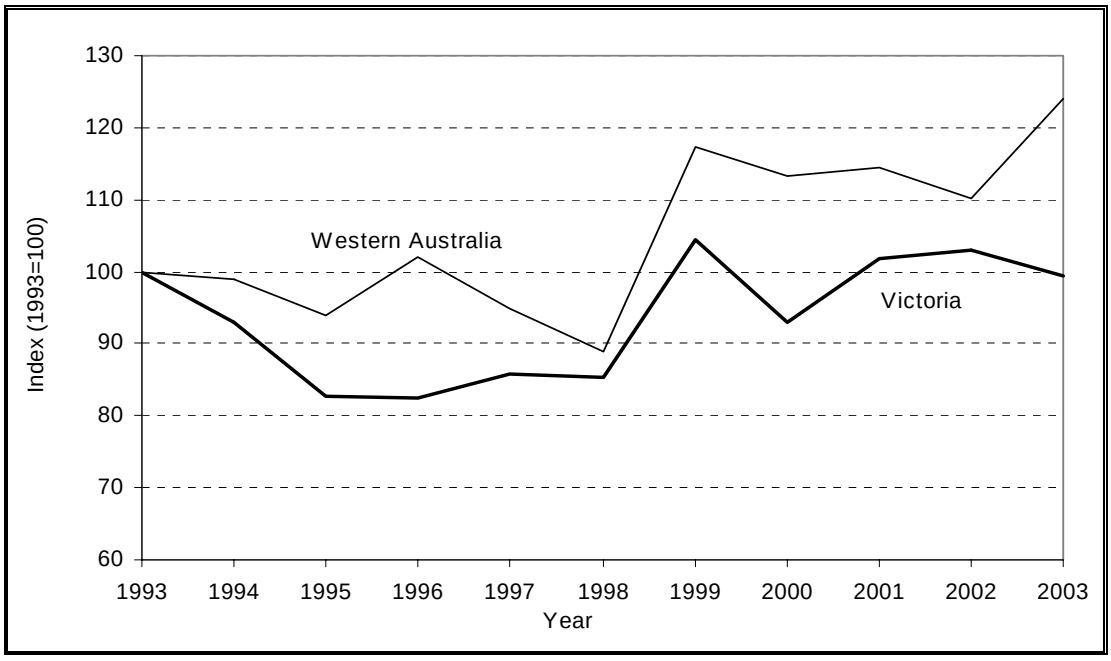
An analysis of data provided by the Salvation Army relating to a breakdown of community giving to charity between the period 1993-2003 in the States of Victoria, South Australia[75] (data note shown here) and Western Australia was conducted for comparative purpose to establish if giving to charity by individuals and households in

[75] In South Australia it was acknowledged by government that fundraising activities of eleven to twelve major organisations was impacted by the introduction of EGMs and provision was made for these organisations under the Community Benefit Fund. An application from the organisation was required. The application was supported by verified accounts.

Victoria may have been effected by the introduction of electronic gaming machines in hotels and clubs in that State. The sources of individual giving included the Red Shield doorknock appeal, letter drop and direct mail, but excluded major gifts and bequests, corporate giving, government sponsorship and income from interest and trusts. The period chosen is two years after the impact of the 1991 recession and one after the commencement of gaming machines in Victorian hotels and clubs.

Figure 10.6, shows the index of individual giving to the Salvation Army Red Shield Appeal, letter drop and direct mail to households over the period 1993-2003 for Victoria and Western Australia. Over the entire period, the two States of Western Australia and South Australia (although the latter is not shown here) display an upward trend for the level of individual giving. For both States, Western Australia and South Australia, the annualised average growth rate of individual giving was 2.2 per cent, whereas for Victoria, over the same period the growth rate was static. Victoria is the only State to display a reduction in individual contributions between 1993 and 1996 and by 2003 had reached the level of giving achieved in 1993. Recall that the recession saw employment fall by 8 per cent in Victoria and that unemployment rose from 4.5 per cent at the end of 1989 to 12 per cent in the September quarter of 1993. It is plausible that both higher unemployment and the introduction of EGMs in 1992 jointly contribute to the decline in individual giving around this time. We have not calculated this rate of donating on a per capita basis, but if we were to do so it would show a decline over time. The sharp decline in 1993 to 1996 may be significant as it corresponds to the period associated with the introduction of electronic gaming machines and the opening of the Crown Casino[76] in this State. The negative trend of this period is reversed in subsequent years, however.

Figure 10.6
Index of Individual Giving: Selected Categories of Giving
1993 to 2003



Source: Salvation Army, breakdown by source of donation.

[76] Initially at a temporary site, prior to final establishment in 1996.

The Salvation Army has been successful in applying for local grants under the Victorian Community Support Funding programme, although success in the submission driven exercise has not offset the revenue decline that occurred in Victoria from own source fund raising.

From the data supplied and analysed it is difficult to establish any causal negative relationship between the level of charity giving and the introduction of electronic gaming machines. However, the period 1993 to 1996-97 (prior to the state-wide capping of machine numbers) is indicative of an impact on the level of individual giving from the Victorian community. To some extent this decline in revenue flowing to the organisation has been offset from special purpose government funding, where the Salvation Army provides job seeking services or aged care (a field it has recently relinquished in Victoria). Notwithstanding, the period 1993-1996 is significant in Victoria, in that this is the only period where the data shows community giving to have declined.

The other factor to consider is that organisations may decide to re-allocate or switch their fund-raising activities in response to changes in the broader community. For example, if corporate philanthropy is encouraged then this may supplant efforts to raise donations from individuals and households. If tax arrangements change then donations may rise or fall in response to the change and if door-knocking is increasingly less productive then this activity will decline.

10.9 Gambling and Pawnbrokers/Second-Hand Dealers

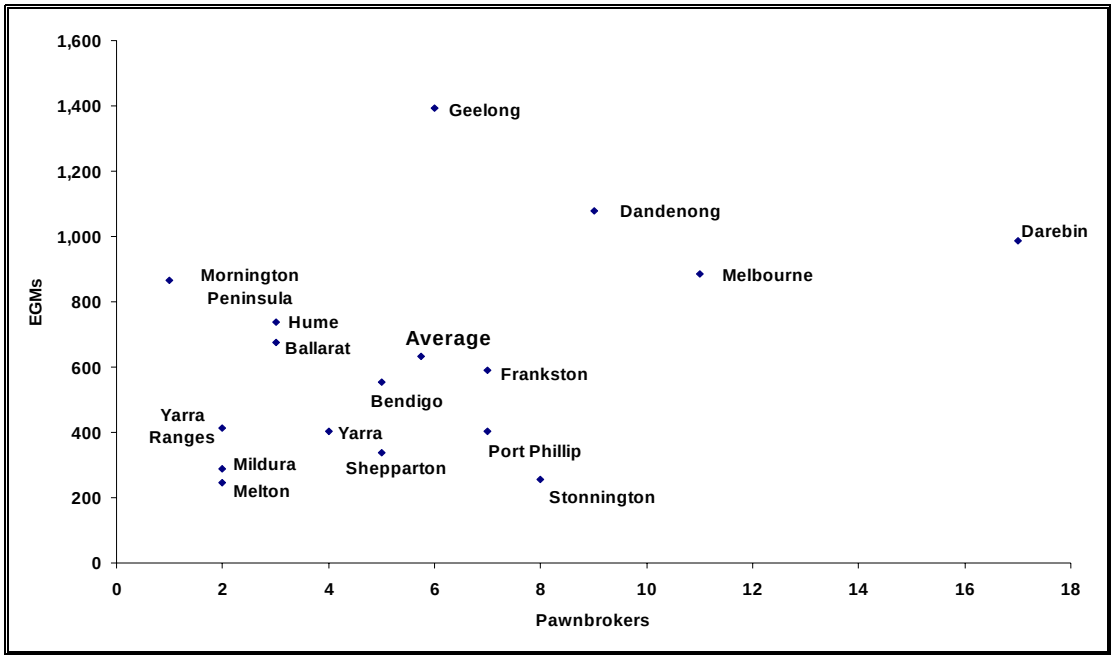
Feedback from problem gamblers in counselling and studies into problem gamblers make reference to the activities of problem gamblers in selling household items and other valuables in order to continue gambling. Sources through which to sell valuables include registered pawnbrokers and second-hand dealers. The researchers were interested to assess the extent of growth in pawnbrokers in Victoria and Western Australia over the period 1993 to 2004, including holding discussions with pawnbrokers in selected Melbourne suburbs (four interviews were conducted). Growth in the Victorian pawnbroking industry was then compared with growth of these businesses in Western Australia over the same time period.

One of the reasons for examining the growth in pawnbrokers arose from the location of the industry in Victoria. Figure 10.7 summarises the relationship between the number of pawnbrokers and electronic gaming machines in selected municipalities and shires in Victoria. In areas of high machine numbers (e.g., Melbourne, Darebin, Dandenong, etc.) there is significant representation of pawnbrokers and this hold true for the entire period.

For Victoria, data was available for:

- The number of Registered Pawnbrokers in Victoria by location listed in the *Victorian Second-Hand Dealer and Pawnbroker Public Register*, February and December 2003 and December 2004.
- The number of pawning outlets advertised in the *Melbourne Metro Yellow Pages* under 'Pawnbroking Listing', 1993-2003;

Figure 10.7
Pawnbrokers and EGMs by Victorian Selected Area, 2004



Source: SACES calculations.

- The number of pawning outlets advertised in *Yellow Pages Internet Site* under 'Pawnbroking Listing', 2004;
- The number of second-hand dealers advertised in the *Melbourne Metro Yellow Pages* under 'Second-Hand Dealers Listing', 1995-2003;
- The number of second-hand dealers advertised in *Yellow Pages Internet Site* under 'Second-Hand Dealers Listing', 2004; and
- The number of identified pawning outlets operating in Local Municipal Areas in relation to the number of poker machines in each area.

In Western Australia the Pawnbrokers and Second-hand Dealers Act (1994) and Regulations came into operation on 1st April 1996. All pawnbrokers and second-hand dealers are required to be licensed and are obliged to forward a copy of their transactions to the Dealers Information Unit which is managed by Commercial Agents, a division of the Western Australian Police Force. Unfortunately, the Western Australian Register does not appear to be as detailed as the Victoria Register and Commercial Agents did not supply any details relating to the division between pawnbrokers and second-hand dealers, or location of each. Data pertaining to the actual number of "pawnbrokers' is available post-2000 only. As well, the pawnbroking industry in Western Australia has not been as closely scrutinised as the Victorian pawnbroking and second-hand dealer industry and hence additional reports from interested parties do not exist. As a consequence, this makes meaningful comparison between the two States difficult. It was not possible to conduct comparisons at the regional or LGA level. For Western Australia, data was available for:

- Number of or pawnbrokers in Western Australia between the years 2000 and 2004; and
- In each year number of new applications for licences and the number of licenses lapsed, expired or revoked during that year.

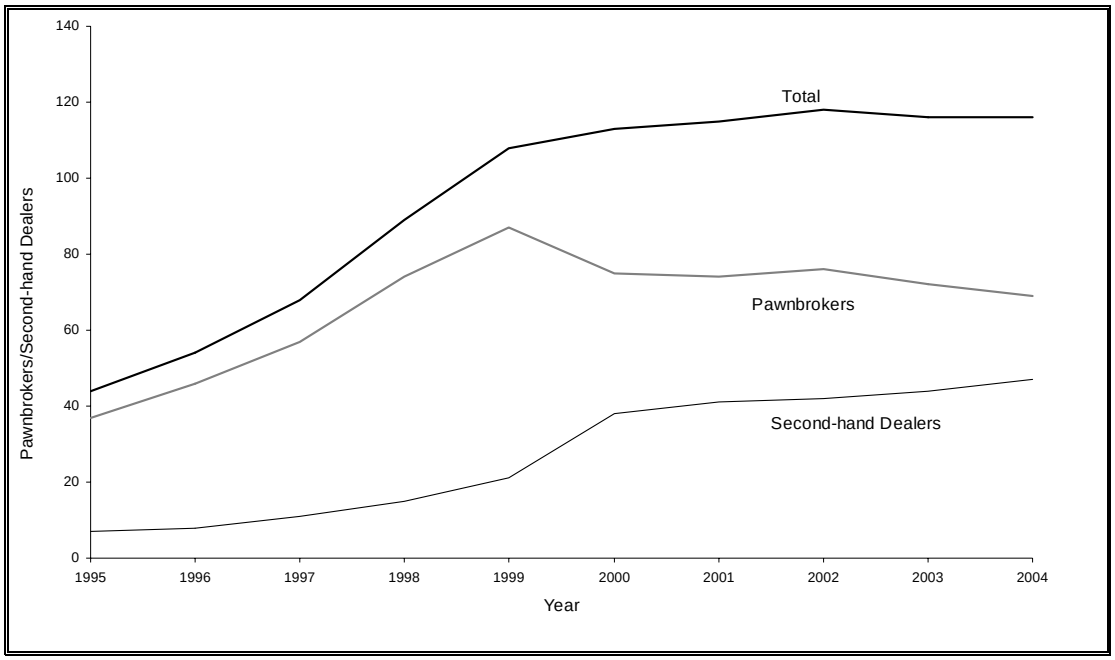
10.9.1 Greater Melbourne and Victoria Findings

An analysis of the number of Victorian pawnbrokers and second-hand dealers between 1993- 2004 reveals that:

- There was substantial growth in the number of pawnbroking and second-hand dealers in the Greater Melbourne area in this period; and
- 1995-1999 was a period of high growth closely approximating the expansion of the gaming industry and 2000-2001 appears to be the period where the number of pawning outlets in the Greater Melbourne area peaked.

Also in this period there was the introduction of 'Payday' lenders such Cash Stop Financial Services and Money Plus, the growth of franchise opportunities such as Cash Converters, Cash Convenience or Tradeorama and the general emergence of other pawning outlets away from the margins into the mainstream retail arena. Figure 10.8 illustrates the growth of this sector up to 1999 and subsequent slower growth, including rationalisation within the industry through to 2004.

Figure 10.8
Growth in Pawnbrokers/Second-Hand Dealers in Greater Melbourne Area, 1995-2004



Source: SACES calculations.

In terms of the growth of pawnbrokers and second-hand dealers in the Greater Melbourne area, the years 1994-2004 can be divided into two key periods:

- 1994-1999 was a period of high growth. In 1994 there were approximately 30 pawnbrokers and 12 second-hand dealers.[77] In contrast, in 2000 there were approximately 87 pawnbrokers and 38 second-hand dealers in the Greater Melbourne area; and
- 2000-2001 appears to be the period where the number of pawning outlets in the Greater Melbourne area peaked and thereafter began to decline in numbers.

The above figures need to be treated with caution, as the nature of selecting a business as being a pawnbroker or second-hand dealer as a consequence of its listed name in the Yellow Pages may be open to understating the actual number in the industry. As well, in the year 2000, Cash Converters, Cash Convenience, Tradeorama and local cash dealers began to be listed in the Yellow Pages under second-hand dealers instead of pawnbrokers.

Notwithstanding, several owners/managers of pawnbroking outlets the researchers interviewed did consider that a number of clients where selling household effects to continue gambling; this perception or 'feeling about a certain client' was formed on the basis of the frequency of visit, the type of items pawned and in some cases, subsequent visits from family members to reclaim items or to encourage the shop 'not to do business' with a known family members. In several cases problem gambling issues were canvassed by household members with the owner of the shop.

10.9.2 Analysis of Data: All Victoria

While time-series data was available for the Greater Melbourne area from a small number of sources, time-series data for different regions in Victoria proved harder to obtain. Data was obtained from the Victorian *Second Hand Dealers and Pawnbrokers Register* provided by the Business Licensing Authority. The Authority is an independent body set up by the *Business Licensing Authority Act 1998*. It is responsible for administering the licensing provisions contained in the *Second Hand Dealers and Pawnbrokers Act 1989*. Data was requested for the current year and historical information from previous years for comparative purposes.

A study of the Victorian Registers confirms that the number of identified registered pawnbroking and second-hand outlets in Victoria has risen from 114 in 1999 to 157, before falling to 153 at December 2004. This represents an increase between 1999 and 2004 of 33 per cent for the State of Victoria. Like the Greater Melbourne area it would appear, that for the State of Victoria, the rapid growth phase for pawnbrokers and second-hand dealers has passed and now we are beginning to see a consolidation within the industry

[77] These are second hand dealers that could be considered as resembling pawnbrokers in the nature of their business. It does not include a large category of second-hand dealers such as stamps, coins, trading cards, dolls, toys and military memorabilia, books/magazines, records, goods collected for a charitable purpose or waste/recyclable products.

According to the researchers calculations listings for Victoria for 2004 calendar year comprises of 87 pawnbrokers and 66 relevant[78] second-hand dealers. This equates to a per capita figure of 0.306 pawnbrokers/second-hand dealers per 100,000 populations in 2004, up from 0.259 in 1999.

Table 10.14
Number of Identified Registered Pawnbroking and Second Hand Outlets in Victoria

End 1999	End 2002(2)	End 2003	End 2004
114(1)	157	152	153
0.259	0.327	0.319	0.306

Note: (1) This figure comes from the Good Shepherd report *Money Lenders or Loan Sharks*. It does not however represent an exhaustive list of all regional/rural areas in Victoria.
(2) Calculations for 2002-2004 from multiple sources by SACES.
Source: SACES calculations.

Table 10.15
Top 20 Areas for Registered Pawnbrokers and 2nd-Hand Dealers in Victoria

End 2002			End 2003			End 2004		
Area	**PC**	**No**	**Area**	**PC**	**No.**	**Area**	**PC**	**No.**
Footscray	3011	12	Footscray	3011	11	Footscray	3011	12
Melbourne	3199	5	Melbourne	3000	6	Melbourne	3000	5
Frankston	3000	5	Melton	3337	5	Brunswick	3056	5
Northcote	3070	5	Brunswick	3056	4	Ballarat	3350	5
Preston	3072	4	Prahran	3181	4	Collingwood	3066	4
Prahran	3181	4	Frankston	3199	4	Preston	3072	4
Melton	3337	4	Ballarat	3350	4	Frankston	3199	4
Ballarat	3350	4	Fitzroy	3065	3	Melton	3337	4
Mildura	3500	4	Collingwood	3066	3	Mildura	3500	4
Brunswick	3056	3	Northcote	3070	3	Sunshine	3020	3
Fitzroy	3065	3	Preston	3072	3	Glenroy	3046	3
Reservoir	3073	3	Reservoir	3073	3	Northcote	3070	3
South Yarra	3141	3	South Yarra	3141	3	Reservoir	3073	3
Oakleigh	3166	3	Springvale	3171	3	South Yarra	3141	3
Springvale	3171	3	Elsternwick	3185	3	Springvale	3171	3
Dandenong	3175	3	Geelong	3220	3	Dandenong	3175	3
Elsternwick	3185	3	Mildura	3500	3	Prahran	3181	3
Parkdale	3195	3	Footscray West	3012	2	Elsternwick	3185	3
Geelong	3220	3	Sunshine	3020	2	Albans	3021	2
Sale	3850	2	St Albans	3021	2	Flemington	3031	2
Footscray West	3012	2	Glenroy	3046	2	Ringwood	3134	2

Source: SACES Calculations.

Table 10.15 displays the top 20 areas for registered pawnbrokers and second-hand dealers in the period 2002-2004.

[78] The 2004 Yellow Pages Internet site listings for Victoria displays 301 second-hand dealers, however, a large percentage of these are categories of dealers discussed in footnote 1.

10.9.3 Western Australia Findings

With more limited data availability on the pawnbroking and second hand industry in Western Australia, the task of making accurate comparisons and conclusions between Western Australian and Victoria has proven difficult. Principally this was due to the fact that the two sectors — pawnbroking and second hand dealers — are not sufficiently disaggregated. It is very likely the case, that data for Western Australia includes many of the categories of second-hand dealers not included in the Victorian data such as goods collected for a charitable purpose and books, magazines, records, etc and as such must be treated with caution.

Data supplied by Commercial Agents (WA Police Force) indicates that at December 2004 there were slightly over 300 pawnbrokers/second-hand dealers. This is nearly double the number of registered pawnbrokers and second-hand dealers in Victoria in 2004 (indicating that data for Western Australia does include many of the categories of second-hand dealers not included in the Victorian data) and represents a figure of 1.9 per 100,000 populations. Based on these figures, the researchers estimate a per capita figure of 0.338 per 100,000 population as at January 2005, which is above that for Victoria at 0.306 per 100,000 population.

10.9.4 Conclusions

For Victoria, there was substantial growth in the number of pawnbroking and second-hand dealers in the Greater Melbourne area between 1995-1999, peaking in 2000. However, by 2004 the number of pawnbrokers in the Greater Melbourne area has fallen to below the 2000 peak while the number of identified second-hand dealers had continued to rise but at a much slower rate.

For the whole of Victoria, data indicates a growth in the number of pawnbrokers and second hand dealers of 33 per cent between 1999 and 2004. For Western Australia the number has continued to rise at a substantial rate (46 per cent), with positive net additions for each of the years between the period 2000 and 2004, in contrast with Victoria where the number of pawnbrokers and second-hand dealers has stabilised or fallen.

On balance, it is our view that it is not possible to argue that "growth in the pawnbroking industry" is a result of, or has been stimulated by, the gambling industry. There are other more significant reasons for the observed changes, notably the growth of franchise opportunities and their location nearby mainstream retail areas.

On the other hand, there is support for the view that problem gamblers have been readily able (and are willing) to use pawnbrokers to trade household items, and personal items in order to continue gambling. Pawnbrokers are able to identify this concern through the frequency of visits of some individuals and feedback from other household members. However, it is not possible to comment on the scale of such activity. Overall, the industry is highly regulated and responsible in its dealings; while there are limitations comparing the data sets across the two States, the respective rates of industry growth in Western Australia and Victoria cannot be related to the growth in gambling in Victoria.

Chapter Eleven

Assessing the Impacts of Gambling on the Local Community

Impacts of Gambling on the Local Community

- there is genuine concern that convenience gambling venues tend to be concentrated in those local communities that suffer the highest degree of socio-economic disadvantage;
- many costs arising from excessive and problem gambling are felt within local communities, the family and extended family members;
- monitoring community impacts requires a multi-method or triangulation approach, using quantitative and qualitative methods, primary and second data sources, assessment of impacts on local service providers and by community workers and the involvement of local communities through the use of focus groups;
- compiling systematic data sets that facilitate the social and economic impacts to be measured over time is an important priority. It is suggested that central government and local government jointly develop a consistent set of gambling indicators that can be regularly collected and reported;
- currently, data limitations restrict definitive judgement on the impact of gambling on many community services; there is a need to collect more reliable and systematic data on demand for services arising from gambling. Community organisations and service providers should be resourced to help compile this data;
- because of data limitations and other restrictions encountered in this study, particularly with respect to analysis at regional and the sub-regional level, we consider there would be significant value in further developing this study.
- we consider there is a significant capacity to extend on this research involving the cooperation of two councils — and we suggest Maribyrnong (Victoria) and Belmont (Western Australia) supported by funding from CSF (Victoria) and LotteryWest (Western Australia) to document the use of community services, services provided by not for profit agencies, social and economic outcomes including the collection and analysis of primary, secondary and administrative data to comprehensively document local community impacts of gambling.

11.1 Introduction

The purpose of this chapter is to examine how the economic and social impacts of gambling and problem gambling on communities can be better monitored and/or measured over time. The aim is to provide local councils and communities with information that can be put to practical use by them in assessing the impacts of gambling in their local areas, and which is of use to all levels of government in policy development and implementation.

Several studies (McMillen and Masterman-Smith, 2001; Masterman-Smith, Martin and McMillen, 2001) have already undertaken wide-ranging literature reviews of the assessment and measurement of impacts of gambling at the local level. These studies have tended to group studies into either the methodologies used to assess impacts or to group the studies into the various types of impacts that the studies are attempting to assess at the local level. The latter grouping is useful in the current context because it gives rise to a framework for data collection of indicators that can be used to assess the impact of gambling at the local level and that can be fed back into the particular methodology chosen by the council to assess the social and economic impacts of gambling. This chapter will focus on indicators that can be used to monitor the impacts of gambling.

Research into the impacts of gambling in Australian communities at the local level has been dominated by research into the impact on Victorian communities to date. This has largely been the result of the very active research program conducted by the former Victorian Casino and Gaming Authority (VCGA), the (former) Gambling Research Panel (GRP) and other Victorian researchers. Victoria has advanced much further than other States in terms of making available data and tools that can be used by councils and/or other local groups to assess the impacts of gambling. These include, in particular, the *Pokies Application Response Kit* (*PARK*) developed by Doughney and Kelleher which mirrors the VCGA Impact Submission form and completion of which forms a social and economic assessment of the impact of gambling on the local area, and *Gambling Indicators for Local Areas* developed by Hayden Brown[79] which provides regularly updated time series data on gambling indicators at the local level.

Some studies have also been undertaken into the impacts of gambling on communities in other States, most notably Queensland and New South Wales. Both of these States also now require impact assessment before approving any significant increase in the number of electronic gaming machines (EGMs) and so provide detailed guidance as to how the impacts of gambling on the community can be assessed. *PARK*, the *Community Impact Statement* required by Queensland and the *Social Impact Assessment* required by New South Wales are discussed later in this chapter. These all lay out in some detail how impact assessment is to be undertaken in those States where it is legally required before increases in the number of gaming machines are approved.

Before proceeding to a discussion of these tools, this chapter will first discuss the methodology most appropriate to undertaking impact assessment, and especially the benefits of using a triangulated approach that combines both quantitative and qualitative data. Second, we will discuss how gambling venues tend to be concentrated in the most vulnerable communities in our society, those local communities that suffer the highest degree of socio-economic disadvantage. An important lesson to be learned from this discussion is that the level of socio-economic disadvantage varies widely across Local Government Areas and even across Statistical Local Areas and so any impact assessment should define the local community area of interest and conduct the analysis at this level rather than at the LGA or SLA level.

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79 Greater Dandenong City Council.

Next, we will review a number of local impact studies beginning with one of the most recent and comprehensive local impact studies undertaken which was commissioned by the seven Territorial Authorities across the Auckland region in New Zealand, following which we will examine how previous studies have attempted to assess the impacts of gambling on local business, local employment, local tourism, local service providers, local crime and income transfers. As part of the discussion on local impacts we will discuss potential indicators that councils could consider monitoring in order to gather additional information on the impacts of gambling in their local areas.

Finally, we will discuss the Victorian Pokies Application Response Kit (PARK), and the Community Impact Statement and the Social Impact Assessment required by Queensland and New South Wales respectively.

11.2 Methodology: the benefits of using a triangulated approach

The impacts of gambling on local communities are many and various. McMillen and Masterman-Smith (2001) review Australian studies according to their impacts on local employment, local business, community support services, community life, local tourism and local crime with the objective of drawing attention to methodologies that can be used to assess the economic and social impacts of gambling at the community level. Their paper sets out a Research Framework for Gambling Impact Analysis according to impacts on culture, economic development, employment and education, environment, financial, health and wellbeing, legal/justice and recreation and tourism which could usefully be referred to by anyone prior to undertaking their own assessment. Masterman-Smith, Martin and McMillen (2001) undertook a similar review of both New Zealand and Australian studies again drawing attention to methodologies used across a wide variety of studies to be used as a guide to social and economic impact assessment in New Zealand.

When undertaking community impact studies, McMillen and Masterman-Smith (2001) and Masterman-Smith et al. (2001) favour multi-method or triangulation approaches (combining quantitative and qualitative methods). They argue that multi-method approaches can improve validity and ensure greater confidence in overall findings, a view with which we concur. Masterman-Smith et al. (2001, p. 9) conclude on the basis of their review of methodologies and of community impact studies:

> "A common theme in emerging gambling impact studies is the need for a multi-disciplinary and multi-layered impact assessment framework that avoids downward looking research paradigms and facilitates genuine community involvement."

A triangulated approach has become the norm for most studies of community impacts. For example, several studies of community impacts (Good Shepherd Youth and Family Service, 1999; Frankston City Council, 2000; City of Kingston, 2002) make explicit reference to the benefits of using triangulated data.

In their recommendations Masterman-Smith et al. (2001) highlight the need for studies that incorporate qualitative, quantitative, primary and secondary data to assess the costs and benefits of gambling, and the importance of compiling systematic data sets that allow the social and economic impacts of gambling to be measured over time.

A range of methodologies are available to researchers who wish to assess the social and economic impacts of gambling at the community level using triangulated data:

- Literature review
- Collection and analysis of secondary data
- Stakeholder consultation
- Community forums/focus groups
- 'Phone-ins'
- Observation of gaming venues
- Surveys
- Cost-benefit analyses – incorporating input-output and regional multiplier analysis
- Other economic modelling techniques

In an attempt to begin development of an internationally acceptable set of guidelines and framework for assessing the positive and negative impacts and the full social and economic benefits and costs of gambling, the *First International Symposium of the Economic and Social Impact of Gambling* (the Whistler Symposium, Wynne and Amielski, 2000) brought together international researchers (including some from Australia) in 2000. Following discussion of the limitations of previous studies done in this field, break-out groups at the symposium identified key principles to consider when conducting comprehensive impact assessments of gambling which were clustered into the requirements for process, data and information, indicators and impact framework, and analysis and reporting. These principles are reproduced as Table 11.1 and also provide further confirmation that adequate impact assessment requires a combination of quantitative and qualitative analysis.

11.3 EGMs are concentrated in vulnerable communities

A clear finding that has emerged from previous research in Australia is that the location of gambling facilities, and in particular EGMs and EGM venues, tend to be concentrated in those communities that are most vulnerable — where per capita incomes are low, unemployment is high, the proportion of non-Caucasians in the population is higher than the State average etc. A recent study by the New Zealand Centre for Gambling Studies (2004) confirms similar trends for seven Territorial Authorities across Auckland.

Econometric analysis conducted by the Productivity Commission (1999) found evidence of:

- a concentration of electronic gaming machines in lower socio-economic areas;
- an inverse relationship between a region's income and the total amount spent on gaming machines; and
- a negative and significant relationship between a region's income and the total amount spent on gaming machines.

Table 11.1
Comprehensive Impact Assessments: Key Principles

Process:

1. Should also be sensitive to unique communities, First Nations/Indian, Asian communities, children/youth and seniors, and have ethical consent.
2. Should employ control groups and be multidisciplinary or transdisciplinary.
3. Should employ an electronic (internet) clearinghouse, where all data is freely available.
4. Requires an international or intra-national coordinating body, where research is coordinated and conducted at arms-length (independent) of government or industry, and research results presented at international forums and provided to the press.

Data and Information:

1. Data sources should be reliable, appropriate and effective.
2. Should not reject variables *a priori* that weren't guaranteed.
3. Counterfactual evidence should be clearly specified.
4. Information should include anecdotal evidence (stories).
5. Need to develop data sets and attribution factors as the basis of cost analysis. Attribution factors are crucial to the impact analysis.

Indicators and Impact Framework:

1. Need to examine an impact framework using socio-economic, age-sex profiles, population health, and social determinants of health to determine distribution of impacts, including assessment of prevalence.
2. Should work towards indicators that reflect the outcomes of gambling impacts.
3. Indicators need to be repeatable, comparable at the provincial, national level and show rate of change (i.e. trends) from a baseline.
4. Need to include intangibles social 'costs' of gambling even if estimates are challenging.

Analysis and Reporting:

1. Need to assess the redistribution effects of gambling in terms of money flows (government revenues, charitable donations, etc.), resources (e.g. labour), and time-use impacts of gambling.
2. Need to analyze the continuum of problems related to the gambling behaviour spectrum.
3. Need to monitor changes or trends over time, including longitudinal impacts.
4. Need to consider the spill-over impact to adjacent communities.
5. Need to assess gambling by type of gambling and by the different types and structures of costs and benefit impacts, avoiding simplified aggregation that can conceal these differences.
6. Need to analyze the macroeconomic impacts of gambling (e.g. employment, national output (GDP) and consumption, expenditures, and the balance of payments) and establish objective assessments of the macroeconomic impacts.
7. Need to present appropriate interpretation of the research results so as to prevent misinterpretation. The ultimate goal of this analysis should be program and policy evaluation.
8. In the absence of a theoretical consensus the need for transparency in the presentation of results and methodology is critical.

Source: Wynne and Anielski (2000), *The Whistler Symposium Report*, p. 27.

Research by SACES (2001) found that the three demographic factors which produce the apparent link between lower incomes and higher electronic gaming machine expenditure in South Australia are:

- higher unemployment as a proportion of adults;

- higher proportions of persons identifying as Aboriginal or Torres Strait Islanders; and
- higher proportions of private dwellings rented from the Housing trust.

Despite methodological difficulties, a study by the National Institute of Economic and Industry Research (NIEIR , 2000, p. 93) of the impacts of gambling in Victoria at the state, household and regional, community and LGA levels found the economic impact of an increase in gambling facilities varied considerably across the state and given the relationship between problem gambling and low incomes and wealth, the net impact on low income areas was negative.

Other research on communities in Victoria has shown that it is insufficient to examine the demographic and social characteristics of the LGA, very often there are distinct zones with varying demographic, economic and social characteristics across the zones.[80] Research shows that EGMs tend to be concentrated in those zones where demographic, economic and social characteristics suggest the population is most disadvantaged. For example, a study of the impact of pokies on communities in the Mornington Peninsula (Good Shepherd Youth and Family Services, 1999) notes that Hastings, Mornington, Rosebud and Rosebud West are the main areas on the Peninsula where poker machines are located. For these areas a range of indicators (income level, nature of the household, accommodation, employment status and access to a car) clearly indicate poverty in stark contrast to affluent areas of the shire. Similarly, a study by the City of Kingston (2002) found that some of the most socially disadvantaged postcode areas in Kingston had the highest density of EGMs.

A study by Tremayne (2000) (cited in Masterman-Smith et al., 2001, p. 96) used patterns of gaming machine distribution, expenditure on gaming machines, taxation levels per adult from gaming machines, weekly median income levels and the ABS Index of Socio-Economic Disadvantage to compare the pattern of machine gaming in Sydney clubs with the social characteristics of each locality. The study found, for example, that the Liverpool-Fairfield-Bankstown community had the highest level of socio-economic disadvantage and lowest level of median income but high aggregate and per capita gaming expenditure.

Potential Indicators

Socio-Economic Indicators for Areas (SEIFA) derived from information in the 2001 Census is the principal tool available for measuring social and economic conditions at the local level. The Index of Relative Socio-Economic Advantage/Disadvantage takes into account variables relating to income, education, occupation, wealth and living conditions. Another index, the Index of Relative Socio-Economic Disadvantage takes into account attributes such as income, education, unemployment, and dwellings without motor vehicles. It particularly focuses on low income earners, relatively low levels of educational attainment and high levels of unemployment. The latter index also has a focus on variables that reflect disadvantage but are not measures of it such as the proportion of Indigenous persons in the area and the number of separated or divorced persons.

[80] See Marshall, D., (2001).

SEIFA Indexes are available at the Collection District (CD) and Statistical Local Area Level (SLA), and also for larger areas. Importantly, from the perspective of developing community profiles, index values for other areas such as a local community area can be derived from the index scores of the CDs in the area of interest.[81] Unfortunately, the indexes become available only once every five years as do the *Basic Community Profiles* that the ABS also derives from Census data. They include information on age, ancestry, income, education, computers and Internet usage, family type, housing circumstances and other important characteristics of areas for CD districts within State suburbs.

Many of the variables from which the indexes of socio-economic disadvantage are derived are related to employment, occupation and income which are highly correlated. We will not consider these variables here but refer back to them in our later discussion of the impacts of gambling on local employment.

Some of the other variables from which the indexes are derived are suggestive of variables that reflect local disadvantage for which information could be collected, e.g., through surveys, or which could be monitored through council records or the records of other organisations on an ongoing basis. Examples of the former include the number of single parent households, the number of recently arrived migrants — particularly if English is a second language, the number of Indigenous persons, the number of persons in the area who have an intellectual or physical disability, the number of persons who are separated or divorced, the number of persons using the Internet at home and the number of dwellings with no motor vehicles at the dwelling.

Examples of indicators which could be monitored on a more ongoing basis include:

- trends in the number of households renting from public authorities;
- the number of persons living in caravan parks and improvised dwellings;
- the demand for childcare places — particularly at concessional rates;
- late or non-payment of public school fees;
- late or non-payment of council rates;
- the number of utilities disconnections and the amount of concessional assistance provided by utilities companies; and
- the number of people who undertake voluntary work.

All of the above indicators are suggestive of economic and social disadvantage and do not of themselves indicate issues with problem gambling in the community. However, as the research literature does suggest gambling facilities tend to be most concentrated in areas of high socio-economic disadvantage, negative trends in the indicators following the introduction of, or an increase in gambling in the area *may* point to gambling as a causal factor. Similarly, one should be wary of introducing gambling into an area of high socio-economic disadvantage as the most vulnerable in the community may be those who are most adversely affected by gambling problems.

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[81] See Australian Bureau of Statistics, Census of Population and Housing, *Socio-Economic Indexes for Areas*, Cat. No. 2039.0, 2001.

The above suggests that the development of community profiles will make an important contribution to assessing the probable effects of gambling on the community providing a contextual basis for such assessments.

11.4 Impact Studies

11.4.1 Community impacts in Auckland

One of the most recent and most comprehensive assessments of community impacts is a New Zealand study by Adams et al. (2004) of gambling impacts in seven territorial authorities in the Auckland region. For local venues providing EGMs, race or sports betting, the New Zealand *Gambling Act* requires territorial authorities to conduct an assessment of the social impacts of gambling on their communities prior to drafting their gaming venue policies. The authors of the report acknowledge that there is no agreed method of assessing the social and economic impacts of gambling and so sought to combine information from a variety of sources to provide some idea of the overall picture.

The report collates information from a literature review, databases on population characteristics, the allocation of community funds by the six main national Gambling Machine Trusts, trends on problem gambling from service providers, and from a series of stakeholder workshops on the roles and responsibilities of territorial authorities with respect to problem gambling.

Key indicators broken into social, economic, cultural and environmental impacts were collected from currently available sources. The key indicators were specifically required to:

- Measure both positive and negative aspects of gambling.
- Be locally focused, relevant and comparable between territorial authority districts.
- Have the ability to be linked with relevant measures for policy action at the local level.
- Differentiate as much as possible between the impacts of different forms of gambling in different communities.
- Differentiate, where necessary, the impacts on different communities in the region (e.g. Maori, European, Pacific and Asian)
- Be community/population based.

Information was collected from currently available sources: databases on population characteristics, the allocation of community benefit funds, and trends in help-seeking for problem gambling within each territorial authority district. Stakeholder workshops were also conducted in each of the territorial districts to gather information on the views of stakeholders about the roles and responsibilities of the territorial authorities.

The study found that the concentration of EGMs and EGM venues is consistently higher in areas of lower household incomes and higher economic deprivation, and in areas with more older and Asian peoples. The study was unable to judge the equity with respect to

the distribution of community benefit funding because of the wide range of organisations receiving funding. About fifty percent of those seeking help for gambling-related problems were female. The main issues raised by stakeholders (community perceptions) were that increases in the number of EGMs will lead to gambling-related problems, particularly for youth, Maori, Pacific and Asian persons; and increases in problem gambling will impact broadly on local social services, particularly those associated with crime, violence and abuse, budgeting, family support, health and mental health and poverty. However, the view was also expressed that increases in the number of EGMs increase consumption and consequently lead to greater enjoyment, more funds available for community projects and also stimulate local economies. One might question the validity of the latter view given the study found EGMs were most concentrated in local areas where gamblers were more economically and socially disadvantaged, thus where gamblers are unlikely to be able to finance their gambling activities through a draw-down of savings and hence must be diverting expenditure from other activities.

Several recommendations were made with respect to indicators (Adams et al., 2004, pp. 12-13) that could usefully be adopted in Australia, that:

- Authorities regularly monitor gambling impact indicators using the available data (i.e., grant distribution and level of problem gambling).
- Local government work with central government to develop a consistent set of gambling indicators that can be regularly collected and reported.
- Authorities proactively commence compiling local club and trust grant distribution to build a more comprehensive picture of local community benefits.
- Authorities consider securing funding for research into the economic and community impacts of gambling (e.g., employment, economic activity, community health and quality of life).

We review studies below according to their findings with respect to the various impacts of gambling on local communities; business, employment, tourism, service providers, crime and income transfers. The next section reviews a number of other studies that have attempted to assess the various impacts of gambling on local communities and suggests further indicators that local councils might consider using to monitor the economic and social impacts that gambling may be having on their communities.

11.4.2 Impacts on local business

An important issue that affects whether the impacts of an increase in gambling on other local businesses (and to some extent on local employment) is positive or negative is how people finance their gambling activities. Generally, gambling must be financed either by drawing-down savings or by diverting expenditure from other purchases or through the sale of assets (which is obviously limited in scope). If people finance their gambling activities by reducing expenditure on retail items or on other forms of entertainment, then the jobs created by gambling venues may be offset by job losses in other industries as they lose business. Rather than stimulating the economy at the local level, gambling may have a neutral or even negative impact.

An early study (NIEIR, 1997a) that used economic modelling techniques to measure the economic impact of the expansion of gaming on the retail sector in Victoria concluded that the increase in gambling expenditure was funded by savings, a conclusion which was subsequently widely disputed by other researchers. The study relied on the use of Australian Bureau of Statistics *Household Expenditure Survey* (HES) data, a notoriously unreliable data series with respect to gambling expenditure.

Because there was some doubt about NIEIR's (1997a) conclusion that the increase in gambling in Victoria was largely financed by reducing savings, NIEIR (2000) reworked, validated and re-analysed the HES data base and concluded that the HES was still the most suitable data base to assess the economic impacts of gambling, a conclusion with which others still take issue.

Similarly, Access Economics in a study for Tattersall's used HES data to examine gambling participation and expenditure. Access lists its perceptions of the strengths and weaknesses of the HES: strengths include wide coverage, unbiased estimates of total gambling expenditure derived by summing across all households in a survey, plausible estimates of gambling participation, whilst weaknesses include an unrealistically high proportion of respondents who report gambling wins, too-low estimates of gambling expenditure, and poor quality expenditure data on EGMs. Nevertheless, gambling expenditure is so systematically and massively underestimated by the HES that the ABS itself counsels against its use in gambling studies.

Other studies have tended to show that the majority of gambling expenditure has been diverted from other forms of expenditure. Although a small proportion may have been diverted from savings, it is not to the extent suggested by the NIEIR studies. If gambling expenditure is diverted from other forms of expenditure, one would anticipate that the net effects of gambling on local business may not be all that large, and in fact, may impose losses on local businesses other than gambling venues and their suppliers.

Pinge's (2000) study of the impact of EGMs on the Bendigo economy used economic modelling techniques to assess local impacts. He found that backward linkages with the local economy were weak with one-third of revenue going to the owners of the gaming machines and one-third going to the state government. Because gaming outputs are not used much as inputs into other sectors, forward linkages are also weak. Pinge showed that expenditure on gaming was likely to lead to smaller increases in output, employment, income and value added than an equivalent amount of expenditure in the manufacturing, retail trade or government administration sectors.

ACIL Consulting (2001) in a study commissioned for Tattersall's used both economic modelling techniques (cost-benefit analysis) and a survey to examine the impact of gaming in Ballarat and found that the net economic benefit of gaming to Ballarat was quite substantial — in the order of $98 million to $277 million a year. However, Banks (2002) was critical of ACIL's study which was supposedly based on the same framework that the Productivity Commission used in its 1999 *Australia's Gambling Industries* report. ACIL's study for Ballarat found the net gain of gaming machines was far more positive for a small regional economy than a similar study conducted by SACES for the Provincial Cities Association of South Australia (SACES, 2001) which found expenditure on gaming was most likely to have been diverted from the following sectors: wholesale

and retail trade, cultural, recreational and personal services, road transportation and accommodation, cafes and restaurants. When the Productivity Commission applied more appropriate assumptions to ACIL estimates, the outcome for Ballarat ranged from a net loss of $19 million to a maximum gain of $8 million well short of the $1/4 billion gain produced by ACIL.

Because of the assumptions (often controversial as for the ACIL study) that underpin economic modelling techniques, McMillen et al. (2001) argue the importance of gathering qualitative data to confirm (or otherwise) the validity of the findings of economic models. In many cases, those who wish to assess local impacts have neither the sophisticated knowledge required to undertake economic modelling nor the resources to be able to do so. They must therefore rely on qualitative methods, which in many cases, will generate more accurate information with respect to the reality of local impacts as data limitations often preclude economic modelling with any measure of accuracy at the local level. Qualitative methods include surveys, focus groups and stakeholder consultations. Several studies that incorporated qualitative methods into their assessments of the impacts of gambling on local business are discussed below.

In a KPMG survey of community attitudes carried out in 2000 across the Cities of Greater Dandenong, Greater Geelong, Maribyrnong, Moreland, the Rural City of Mildura and the Shire of Wellington, 46 per cent of respondents reported that they would have spent their money on small household items, personal items, clothing and footwear if they hadn't spent it on gambling. Another 20 per cent said they would have saved the money, providing further evidence that gamblers largely divert expenditures from retail expenditure but some also draw-down savings.

A study of the Mornington Peninsula (Good Shepherd Youth and Family Service, 1999) found that the only positive effect on local businesses of the introduction of pokies was improved sales to wholesale outlets with poker machines. Otherwise, businesses were feeling a general downturn. Community perceptions recorded in the Frankston City Council study were that money spent on pokies was having an adverse effect on local businesses as people had less disposable income to spend at hairdressers and such, and that fewer people were doing courses such as hobby classes and structured learning. Anecdotal evidence suggested that the effects on small business were negative, that business rentals and occupancy decrease as businesses close or relocate and that the majority of gambled money moves out of the Frankston community.

A telephone survey of 15 representatives of local Chambers of Commerce in Kingston (City of Kingston, 2002) found that half of those had discussed the impact of poker machines on local businesses at their meetings. Forty per cent of business respondents felt that pokies had had no impact on their own businesses whereas forty percent thought pokies had led to negative impacts for their businesses. Some respondents thought pokies had a negative impact on businesses overall in the area.

A United States study to examine the economic and social impacts of gambling, the *National Gambling Impact Study Commission Final Report* (2001, p. 7-11) concludes on the basis of the evidence provided to it that:

> "… there are no measurable societal benefits to be derived from the introduction or continuation of convenience gambling facilities; that these

> facilities benefit only a few operators, whilst bringing gambling into neighbourhoods in close proximity to children and families. They carry with them all of the negative costs associated with gambling, while offering none of the economic benefits that may be contributed to destination-style casinos."

The Commission suggests an indirect method to get a qualitative sense of the net effects of gambling is to look at its effects on property values. If the introduction of gambling into a local area corresponds with a rise in property values, the growing attractiveness of the area could be due to the presence of gambling venues and the economic stimulus they provide to the local community. (One would have to control for other factors that affect property prices, e.g., interest rates and other industry developments in undertaking this type of analysis.) United States evidence suggested that the greatest effect of the introduction of gambling via casinos was on commercial property values within the immediate vicinity. The value of residential property did not rise and perhaps even fell.

Given that gambling expenditure tends to be concentrated in communities that are most economically disadvantaged, it seems probable that expenditures on gambling in these communities cannot be financed out of savings and so must be financed by spending less on other goods and services with negative consequences for local businesses. Qualitative information gathered from the above studies suggests that this is in fact the case.

Potential Indicators

The discussion above suggests that most gambling expenditure is diverted from other forms of expenditure. Several studies found that people who gamble would spend less on small household items, personal items, clothing and footwear, hairdressers, cafes and restaurants, and on hobby classes and other structured learning — precisely the types of businesses that would be located in most local community areas.

It should be possible from council rates data to monitor small business start-ups and closures, and late and non-payment of rates. The local Chamber of Commerce and small business associations may also be able to provide information on businesses' perspectives on the impact of gambling on their businesses on a regular or semi-regular basis. Trends in membership of these organisations may also be a useful indicator as to how well business is doing in the local area.

Another useful indicator may be trends in the number of self-employed people in the area. A reduction in the number of self-employed (or to use the ABS term, own account workers) may indicate that previous expenditure on output from small businesses is being diverted to gambling venues. However, one must be very careful before attributing causation. At best, one could use this kind of data to suggest the possibility of a causal connection.

11.4.3 Impacts on local employment

McMillen et al. (2001, p. 11) note that the first study to systematically address the impact of gambling on employment in Victoria, albeit at the state rather than the local level, was the NIEIR (1997b) study which found that new gambling industries had contributed to a

large increase in both direct and indirect employment. This was to be expected given that the same study concluded that gambling was financed by savings and so added to total expenditure in the community. However, the NIEIR study is subject to the criticisms on methodology made above when discussing the impacts on local business.

If expenditure is in fact diverted from other forms of expenditure in the local community, then whilst the employment impacts will be positive for gaming venues, they will to a large extent be offset by employment losses for other activities. Whether gambling brings about higher employment is still a moot issue. The Productivity Commission (2000) was sceptical of claims made for net increases in aggregate employment as a result of gambling arguing that most resources will have been diverted from other industries. The New Zealand Centre for Gambling Studies (Adams et al., 2004, p. 27) summarises Australian research into the effects of gambling on local employment as follows:

> "The potential for additional employment has been a central rationale for the expansion of gambling machine operations, at least in Australia. However, it is difficult to substantiate this claim from available data sources. Only a handful of Australian local government areas have been the subject of detailed research on local employment impacts. The information which does exist is based on fairly small sample sizes and has produced inconsistent results. Quantitative data may not adequately reflect, for example, the casualisation and down-skilling of employees. From these data alone there is little foundation upon which to make any assessment of actual employment costs or benefits to the community stemming from gambling industry developments. To date there is no conclusive evidence of increased employment through expansion of gambling.
>
> Participatory research approaches that facilitate community involvement are likely to produce more representative and valid information on local employment impacts."

A study of provincial cities in South Australia by SACES (2001) using input-output analysis and regional multipliers found that the combined direct and indirect impacts of EGMs on employment was either zero or only slightly positive. The study further found that regional distribution of government expenditure of the proceeds of gaming taxation was crucial in determining whether the net employment impact of EGMs was positive or negative.

Pinge (2000) using a similar methodology to the SACES study found that the adoption of EGMs in Bendigo had a negative effect on equivalent full-time jobs in the region. Frankston City Council (2000) found anecdotal evidence that business employment opportunities decrease as business income decreases and business rentals decrease and occupancy rates decrease as businesses close or relocate.

AIGR studies on the impacts of the Auckland and Christchurch casinos and Queensland's Treasury and Reef casinos used quantitative and qualitative data from the casinos on employment profile and salaries of workers, community surveys with reference to perceptions of employment impacts, interviews with casino representatives, construction sub-contractors, unions and employment assistance agencies, consultation with community reference groups, data from businesses around the casino precincts and data on tourism, and information on the sizes of the multipliers for the Brisbane and Far

North Queensland regions from Queensland Treasury. The framework for these studies aimed to be as inclusive of all forms of data (qualitative, quantitative, primary and secondary) as was possible (Masterman-Smith et al. 2001, pp 22-23). The New Zealand casinos were found to have created numerous jobs for local residents when measured in gross terms but the net impacts which depend on the extent of displaced employment and the long-term sustainability of casino jobs could not be calculated for the study. The construction of the Queensland casinos did not fulfil employment expectations; however both casinos made a concerted effort to employ staff from the local area and both illustrated a trend towards a more part-time permanent workforce (see Masterman-Smith et al., 2001).

A study by the US-based National Opinion Research Center (NORC, 1999) studied the impact of the rising proximity of 100 non-tribal sample communities to casinos between 1980 and 1997. The evidence suggested that as casinos opened within a 50-mile radius of a given community that there was a marked decrease in the unemployment rate. Some of this could be attributed to the construction effect; however, there were also substantial increases in the earnings of employees in hotels and lodges, and recreation and amusement industries albeit from low earnings bases suggesting substantial flow-on employment effects from casino gambling.

An issue that may cause concern even if the impact of gambling on the *level* of employment is positive is that there may be costs such as the deskilling of the workforce, a rise in the proportion of part-time to full-time employment and an increase in the number of casual workers with no sick pay or holiday pay entitlements. Perceptions among those surveyed in the KPMG (2000) study were that gambling jobs were only casual, consistent with an earlier finding by MIAESR for the inner-city municipalities of Darebin, Maribyrnong, Moonee Valley and Moreland (see McMillen et al., 2000, p. 13) that two-thirds of jobs in gaming venues were part-time.

Other overseas studies suggest that positive employment impacts may be dependent on the tourist dollar. For example, the United States *National Gambling Impact Study Commission Report* (2001, p. 7-17) states that for Nevada, New Jersey and Las Vegas, the gambling industry (and here the reference is to casinos and not local hotels or clubs) is a significant factor in the local and state-wide economies with the majority of gambling revenues derived from out-of state tourists. While these localities benefit from providing facilities for gambling, many of the attendant negative social and economic impacts are visited on the communities from which the tourists come. For these other communities, the report argues that the economic benefits of gambling are not so clear cut.

Potential Indicators

The most useful and timely data that councils could perhaps obtain with respect to unemployment would be aggregated data from the Centrelink office in their local area.

Quarterly time-series information on the number of persons employed, the unemployment rate, the number in the labour force and labour force participation rates at the Statistical Local Area level may be obtained from the Department of Employment and Workplace Relations *Small Area Labour Markets* data collection. The SLA, however, is the smallest area for which this data is available.

Census data on employment and unemployment is available at the Collection District (CD) level in the ABS *Basic Community Profiles* data collection. Data on income levels and occupation are also available from this collection.

It may also be possible to obtain more timely estimates of direct employment impacts in the industry by collecting data from gaming venues themselves.

11.4.4 Impacts on local tourism

As previously indicated, whether the net economic impacts of gambling are positive or negative may depend on whether gambling attracts tourists to the community. However, research has shown that it is generally difficult to demonstrate that gambling leads to positive economic impacts through boosting tourism to the local community.

It seems unlikely that EGMs have been introduced in most Australian communities with the explicit objective of boosting tourism in local areas with the notable exception of casinos. However, at least part of the rationale for introducing pokies in some States has been to prevent the loss of gambling dollars to other states through outbound tourism.

McMillen and Masterman-Smith (2001, p. 47) use travel data from replication surveys to show that the vast majority of EGM players in Victoria travel from home to EGM venues within a 5 to 10 kilometre radius of their home. Similarly, the KPMG (2000) study of regional Victorian centres found that EGM players play very close to home and that gaming does not provide a substantial boost to tourism.

An AIGR (2000) study suggests that EGMs appear to have increased day-trip tourism towards Melbourne and some Victorian regional centres, and away from New South Wales and South Australia (see McMillen and Masterman-Smith, 2001, p. 48).

With reference to casinos, a report prepared by the AIGR (1998) for the New Zealand Casino Control Authority found that New Zealand casinos may have contributed to tourism through destination enhancement but that only about 20 per cent of international visitors visited the casinos in Auckland or Christchurch. The AIGR study was unable to determine whether the casinos had diverted trade from other local businesses. In contrast, the New Zealand Centre for Gambling Studies (Adams et al., 2004) report indicates on the basis of surveys commissioned by Sky City that about one-third of Sky City's total revenue derived from people visiting from outside the Auckland region and that about fifty per cent of international tourists visit some part of the Sky City complex.

A similar study of the impacts of the Brisbane and Cairns casinos indicated that both casinos relied heavily on the expenditure and patronage of local gamblers. Less than 30 per cent of visitors were from overseas or interstate at any time and the proportion was much lower in the aftermath of the Asian economic crisis in the late 1990s (Masterman-Smith et al., 2001, p. 103).

The above studies suggest that most local communities will not boost tourism by providing gambling facilities other than if the venue is a destination-style casino. Even then, patronage by locals will dominate visits to the casino.

Potential indicators

A boost in local tourism to the area (other than day trips) should be reflected in an increase in the number of — and an increase in the number of overnight stays — at local motels, hotels, bed and breakfasts and caravan parks. It may be possible for local councils to collect the latter information directly from these businesses. Similarly, a rise in the number or increased patronage of other businesses that cater specifically to tourists through showcasing local attractions will indicate a boost in tourism to the local area. Anecdotal evidence from local businesses will probably suggest whether the increase in tourist numbers has came about because of the availability of gambling or whether it has been for other reasons.

To obtain more detailed information on whether tourists to the local area have, in part, been attracted by gambling, it will probably be necessary to conduct a survey of tourists in the region. To monitor trends on the number of tourists attracted to the region by gambling will require a longitudinal survey. Such surveys are likely to be of little use to most local areas. However, for those communities in which casinos are located or those communities for which a casino is being considered, information obtained from these types of surveys will be very important in assessing the impacts from gambling-related tourism.

Another possible indicator of a rise in tourism is an increase in the number of local cafes and restaurants, also increased patronage of existing cafes and restaurants. The former information should be available through an analysis of the types of business paying council rates, or a regular count of businesses in the local areas. Information on whether businesses are experiencing increased patronage is probably best sought from the local Chamber of Commerce or other local traders' associations who will also be able to provide anecdotal evidence as to whether they believe the rise in patronage is due to the presence of gambling venues or is for other reasons.

11.4.5 Impacts on local service providers

The impacts of gambling on local service providers — gambling counsellors, financial counsellors, doctors, charitable organisations such as the Salvation Army, psychologists etc. — will depend largely on the extent of problem gambling in the community. The types of services provided by community workers who participated in the Mornington Peninsula survey on poker machine gambling included emergency relief, crisis work, information and support, community house programs, drug and alcohol counselling, gambling counselling, family counselling, financial counselling, student welfare services, social work counselling and support, youth support and counselling, consumer support services and community development programs.

Demand for support services will also be influenced by any adverse impacts of gambling on local businesses and unemployment, and thus the demand for services related to unemployment in the local area. Service providers in the Mornington Peninsula survey noted that high unemployment and economic instability are the major cause of increased demand for services and that gambling often gets mixed up with these broader concerns. The number of people who access support services will also be influenced by the availability of support services.

McMillen and Masterman-Smith (2001, p. 26) note that although all states have established support mechanisms for problem gamblers, few collect reliable and systematic data on the demand for or use of those services. This conclusion is confirmed in other studies. For example, the City of Kingston (2002, p. 21) concluded:

> "Although many studies give evidence of a rise in demand on community services due to EGM gambling, such data is not routinely collected. Furthermore, according to our best information and the available research, it would be difficult to collect due to the shame and stigma associated with gambling, which leads to a low level of disclosure."

Further, the data that is collected by community service providers are not analysed at the regional level nor broken down to the local government level. McMillen and Masterman-Smith emphasise the need to augment data collection through regional surveys, focus groups and to draw on the data that is collected by local service providers.

There will also be spill-over effects from problem gambling onto other services. For example, some people with gambling problems may seek financial counselling but not disclose that the source of their financial problems is gambling and so gambling problems are under-reported. Similarly, people may seek food vouchers or assistance with paying utilities bills from charitable organisations without disclosing gambling problems. Women might seek medical treatment for injuries incurred as a consequence of domestic violence or relationships counselling again without disclosing gambling problems. Thus, any estimate of even the direct costs of problem gambling based upon data from local service providers is likely to be very conservative, let alone being able to obtain any other than anecdotal evidence with respect to the indirect costs.

Research by Women's Health West in 1999 based on a community survey, focus groups and interviews with service providers and with clients seeking assistance with gambling problems confirms the above. Service providers estimated that only 3 per cent of persons with gambling problems sought assistance, many women don't disclose that gambling is important to the presenting issue, and most community agencies that have clients with gambling-related issues do not keep statistics. Many are reluctant to do so because of client confidentiality (see McMillen and Masterman-Smith, 2001, p. 30).

The City of Kingston ran a focus group with community services providers and school counsellors in which whether the effects of gambling were seen as positive or negative depended to some extent on the underlying values of the participants and the type of community that they aspired to. For example, while EGM venues were seen as catering to the needs of women (positive) they could have implications for the neglect of children (negative). This group saw EGM problem gambling as forming part of a more complex web of disadvantage in the area.

The City also conducted a telephone survey of the community in which almost one of three respondents knew of a person who had a gambling problem. Ten per cent indicated that either they or a member of their family had a gambling problem with the pokies. Seventy-seven per cent of respondents did not agree with the statement that 'problem gambling does more good than harm' and 76 per cent agreed that 'poker machine gambling is a serious social problem'. All of this indicates that gamblers with a

problem or those affected by them are likely to pose a considerable demand for assistance from community service providers.

The potential demand for services might be greater in regional areas than metropolitan areas. Break Even counsellors told SACES (2001) that exposure to gaming machines was more frequent in regional areas because of the more limited range of entertainment and alternative activities, an observation supported by SACES' analysis of independent data. Statistics suggest that South Australian rural/regional centres have significant numbers of problem gamblers and more hidden problem gamblers than metropolitan areas but fewer support services and longer wait times. Rather than access local services, many would travel to use metropolitan services where they were unknown. SACES found a significant proportion of the costs of problem gambling in South Australia fell on the Provincial Cities suggesting that more resources needed to be directed to major non-metropolitan centres.

Multicultural service providers and counsellors who recently participated in a focus group run by SACES in 2004 to discuss problem gambling suggested that research and prevalence studies are "way-underestimating" the extent of problem gambling in ethnic and Indigenous communities. One of the issues is that people with gambling problems won't disclose those problems before relationships based on trust are built with counsellors and other service providers. This suggests again that any estimate of the costs of problem gambling based on the costs of services provided to these communities to address gambling-related problems is likely to be extremely conservative. Participants in the focus group argued researchers must engage with ethnic and Indigenous communities *before* undertaking their research activities to ensure that their questions and/or approaches to research are not culturally inappropriate. In many cases, researchers themselves will need to build relationships within the community before people will admit to gambling problems.

Potential Indicators

There are a number of sources from which councils might seek information on trends in problem gambling in the area with consequences for an increase in the demand for local services. Most obvious is to seek information on trends in the number of people seeking assistance with gambling-related problems from the local offices of specialist gambling help services such as Gambler's Help and Break Even. If problem gambling has increased in an area but there has been no increase in resources to these services, then that is likely to be reflected in an increase in waiting times to see counsellors.

Similarly, problem gambling is almost always associated with financial problems so it would be useful to monitor information available from local financial counsellors to determine trends in the total number of persons seeking assistance from financial counsellors, trends in the numbers of persons who admit to financial counsellors that gambling is the source of their financial problems and trends in the waiting times to see financial counsellors.

Other key welfare agencies such as charitable organisations and churches may also be able to provide quantitative information on the demand for services. Many of these agencies would not keep statistics on the *causes* of any increase in demand for their

services. They would, however, be able to provide anecdotal evidence as to whether the introduction of gambling into a local community or a rise in gambling facilities (number of venues, number of EGMs etc.) is responsible or whether their observations are that the increased demand for assistance has come about for other reasons. As noted above, previous studies suggest that gambling issues tend to become entwined with other issues related to disadvantage and so it can become difficult to disentangle the demand for assistance related to gambling problems from the demand for assistance due to other reasons.

The costs imposed on relationships and families by problem gambling is also likely to lead to an increase in the number of people seeking assistance with relationship issues from Relationships Australia. In addition to monitoring trends on the total numbers of persons seeking assistance, it would also be useful to monitor any available information on the number of persons who cite gambling as a contributing factor to their seeking assistance. However, many people may not cite gambling but point to other factors that may be gambling related such as financial problems, domestic violence and child neglect and abuse.

A rise in the demand for services provided by women's and children's health services could also point to a rise in problem gambling in the local area. Similarly, information could be sought from school counsellors on trends in the number of children at local schools who require their assistance and the apparent reasons that underlie the need to provide assistance.

Another potential indicator pertains more directly to the gambling activity itself. Information could be monitored on trends in the number of people who self-exclude from gaming venues in the local area. Although this will only be a very small proportion of the problem gambling population (the most desperate gamblers), any significant rise in the number will probably also be indicative of a rise in problem gambling more generally.

11.4.6 Impacts on local crime

The principal problem when attempting to measure the impact of gambling on crime is that the *reasons* for most crimes go unreported and so there is no evidence to directly link crime with gambling.

In addition to theft and fraud to fund gambling activities, assault, begging, loan-sharking, cheating in casino precincts, under-age gambling, money laundering, prostitution, domestic violence and child neglect and abuse were identified by the New Zealand Department of Internal Affairs (DIA) as crimes associated with gambling activities.

To date community services, population surveys and self-report data have formed the basis for research in this field in Australia and New Zealand and so the figures generated will involve considerable under-reporting and conservative estimates (Adams et al., 2004, p. 36).

At the national level, the Productivity Commission found that around one in ten problem gamblers in Australia have committed a crime because of their gambling, up to two-thirds of problem gamblers in counselling have committed a crime to finance their gambling, the offences are mainly non-violent property crimes and around 40 per cent of offenders are charged and convicted.

There has been little work done on the impact of gambling on crime at the local level. What little information there is tends to be State-based. McMillen and Masterman-Smith (2001) note that the University of Melbourne's analysis of the Victorian Gambler's Help *Minimum Data Set* suggested that 10.5 per cent of gambling funds were sourced from 'illegal actions'. The Queensland Department of Corrective Services *Problem Gambling Prevalence Survey 2002* of the prison population estimated that about 20 per cent of prison population are problem gamblers. The authors of the survey were of the view that the surveyed prisoners were quite open about disclosing their gambling problems and offences related to them. About 6.7 per cent of those sampled were incarcerated for an offence related to financing a gambling problem; 1.1 per cent related to a need to pay off a gambling debt. More than seven per cent of respondents had been convicted of a previous offence related to gambling problems. Over 12 per cent of those surveyed admitted to having previously committed an offence or offences related to financing gambling problems for which they had not been convicted; 2.4 per had committed offences to pay off gambling debts.

The AIGR studies of the community impacts of casinos in Queensland and in New Zealand showed that crime trends at and around casinos were broadly in line with those in the local community with three exceptions; an increase in property theft especially stealing, the use of stolen credit cards or other proceeds of crime to gamble at the casino and an increase in police calls for service (McMillen and Masterman-Smith, 2001, p. 54).

In contrast, the NORC (1999) study on the impacts of casino proximity in the United States found no statistically significant effect for crime outcome measures. However, consistent with the Queensland findings, NORC found that pathological gamblers had higher arrest and imprisonment rates than non-pathological gamblers. The US *National Gambling Impact Study Commission Final Report* (2001, pp. 7-14) found on the basis of a review of studies undertaken in the United States that "… a relationship may exist between gambling activity and the commission of crime, but … insufficient data exists to quantify or define that relationship". As we have referred, this undoubtedly is also the position in Australia.

Potential Indicators

Because the reasons that most crimes are committed goes unreported as indicated above, it may be very difficult to obtain any direct evidence of a link between gambling and crime. The best information will probably come from local specialist gambling help services who will often ask their clientele as part of a gambling screen (and on the promise of anonymity) whether they have ever committed a crime to fund their gambling.

Trends in local crime statistics that suggest a rise in theft, fraud, assaults, domestic violence and child abuse following the introduction of gambling or an increase in gambling facilities in the local area *may* be suggestive of causation. However, these types of crimes also tend to increase as socio-economic disadvantage increases and so may be indicative of other factors affecting the community such as rising unemployment.

Other potential indicators of rising crime that could more easily be monitored at the local level include the number of police callouts to the vicinity of local gaming venues or to the gaming venues themselves. If local venues were prepared to make it available, the number of incidents that are dealt with or recorded by the venue's own security staff could provide useful information on trends in crime within the immediate vicinity of gambling venues.

11.4.7 Impacts from income transfers

Following the introduction of electronic gaming machines, most State governments in Australia have derived a significant proportion of their revenues from gaming taxes, levies on gaming machines and licence fees. However, although it may be possible to determine the amount of taxes, levies and fees derived from particular local communities, it will be almost impossible to determine how much of that revenue flows back into the same local communities in the form of expenditure on public services and publicly funded infrastructure, and transfer payments through the payment of unemployment benefits, pensions etc.

In most cases, gaming venues are also required to make contributions based on the revenues they derive from gaming to various forms of community support funds. For example, hotel gaming venues in Victoria are required to pay 8.33 per cent of the profit derived from gambling turnover to the Community Support Fund which directs grant funding to projects and programs that will benefit the Victorian community. There is also a Health Benefits Levy on all machines in Victoria. In South Australia, three funds have been established with the specific purpose of directing gaming machine taxation revenues back into the South Australian community. These include the Charitable and Social Welfare Fund which provides financial assistance to charitable or social welfare organisations in particular for "one-off projects to non-government, non-profit and, incorporated community organisations which help people in need, including organisations which have had an increased demand since gaming machines were introduced"[82], the Sport and Recreation Fund which distributes grants to community sporting and recreation organisations that require financial assistance, and the Community Development Fund which provides financial assistance for community development and the provision of government health, welfare and education services. In addition, the Gamblers Rehabilitation Fund was established from contributions by the hotels through the Independent Gaming Corporation and the South Australian government to support gambler rehabilitation services in metropolitan and rural areas. Other States have similar funds.

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82 Department of Human Services (2000) quoted in SACES (2001), p. 31.

The funds described above indicate the range of community benefits that can be derived from the transfer of some portion of gambling revenues to expenditure on other aspects of community life. Grants and funding that provide benefits specific to local communities will be easily identifiable. However, some grants and funding will be used for State-wide programs for which it may be very difficult to estimate the benefits for any specific local community. Determining the nexus between payments made by particular local communities to community support funds and the benefits that local communities derive will also be problematic.

Gambling venues may also make private donations to local charities, non-profit organisations or sponsor cultural, education and/or sporting organisations. They make contributions towards the provision of community facilities or provide 'in-kind' assistance by making their facilities available at no charge to local groups.

Potential Indicators

The above suggests it is very difficult to determine the value of net income transfers for a local community. It may even be impossible to determine whether the net transfers for a particular community are positive or negative. However, on the leakages side, it should be possible using gaming expenditure data (if made available at the local level by the State's gaming authority) to determine how much the local community is paying in taxes, and data on venues to determine how much is being paid in licences and fees. It should also be possible to use the same data to make estimates of how much is compulsorily paid to community support funds. On the injections side, it will be relatively easy to identify the value of community-specific projects and programs that are being funded by community support funds. However, it will be more difficult to make more than rough guesstimates of how much government revenue from gambling is flowing back into the local community using other than population share estimates, for example.

11.5 Tools and guidelines for preparing community impact assessments in Victoria, Queensland and New South Wales

11.5.1 Pokie Application Response Kit (PARK)

PARK (Pokie Application Response Kit) is a web-based tool with a degree of interactivity particularly designed for those who wish to undertake community impact assessments in order to contest applications for increases in gaming machines in their local area. Some fields in PARK are already completed, some fields require the entry of data and PARK has links to appropriate sources of data and other information.

The PARK model corresponds to the data entries required by the VCGA's Submission Form for local authorities and draws on industry data and local statistics to calculate the net positive or negative effects of changes in gaming machine numbers or expenditure for the local community. PARK allows for the inclusion of relevant social data and capacity for statements about local issues.[83] In fact, PARK draws users' attention to the fact that Sections 16 and 19 of the report that forms the basis of the Economic and Social Impact Submission to the VCGA may be the most important parts of councils' responses

[83] McMillen and Masterman-Smith (2001), pp. 60-61.

to their applications: Section 16 addresses the incidence of problem gambling/residents at risk and the demand for community support services and section 19 calls for additional social and economic impact information. PARK advises that a range of quantitative and qualitative data, such as are available on the VLGA gambling web pages and the LAPIST area economic impact outputs should go here. Any supporting written statements should also be attached to this section.

McMillen and Masterman-Smith (2001, pp. 69-70) are very positive with respect to the use by councils of the PARK model:

> "The PARK model provides an alternative and practical methodology for those local councils who wish to submit a response to applicant's impact study in their area. Instead of relying on demand-side data [i.e. household expenditure survey data which has been shown to be significantly under-reported] … the PARK model has utilised supply-side or industry data. Importantly local councils are also able to apply their knowledge of the local area, such as the level of escape spending and the ratio of local gaming machine losses among others to the PARK calculations. The model allows users to input a range of values for these particular fields and construct different estimates."

and:

> "… PARK has moved beyond the limitations of purely quantitative cost-benefit model by providing for the incorporation of qualitative data from VCGA studies and local community sources."

11.5.2 Queensland Gaming Commission, *Guidelines – Community Impact Statement*

The *Guidelines – Community Impact Statement* prepared by the Queensland Gaming Commission offer an extremely useful and practical framework to any council/ organisation/community-based group that wants to examine the economic and social impacts of an increase in gambling in a local area. These guidelines provide advice on the scope and methodology to be used in the preparation of Community Impact statements that are used by the Queensland Gaming Commission to assess the social and economic implications of the grant of gaming machine applications. The statements also function as public consultation documents to facilitate informed community comment.

The *Guidelines* require that the *Community Impact Statement* be prepared by someone who has relevant qualifications and/or experience in conducting social and economic assessments — unless the application is for less than 10 machines for a hotel or 20 machines for a club, in which case the applicant may initially prepare the statement.

The Community Impact Statement must assess the social and economic impacts on the Local Community Area (LCA). The LCA is defined as the area that will experience the primary impact from the grant of the application and must take into account size and type of venue, patron characteristics, size and distribution of membership base (for clubs), distance (drive time), physical barriers to access (e.g., major roads, waterways), location of other gaming venues, cultural or social factors and population density. The Guidelines stress that the selection of the LCA should be based on a multiplicity of factors, it should be defined using the Australian Standard Geographical Classification system, and a map of the LCA and the area immediately surrounding it must be

included in the Community Impact Statement. The map must identify the boundary of the LCA, gaming sites within and around the boundary, shopping centres, schools, child care centres, welfare agencies and emergency relief providers, pawn brokers, credit providers, ATMs in close proximity to the site, areas of community congregation (e.g. churches and community centres), public transport access points, and other important characteristics.

The Community Impact Statement must also include:

- *a profile of the local community* that includes background information on the area's history, general nature, aspirations, future plans or proposed developments;
- *a demographic profile* (total population, adult population, population growth, age and sex distributions, education, occupation, ethnicity, median individual and household incomes, employment, unemployment and not in the labour force, housing costs, housing tenure and landlord type, household and family type, SEIFA Index of Disadvantage — score and relative ranking of SLA and LGA, whether the area has been identified for the State's Community Renewal Program, crime including fraud offences, domestic violence, financial difficulties, levels of savings or assets;
- *a list of the key industries and businesses* operating within the LCA with an emphasis on those that will be most affected (positively or negatively), including the importance and levels of tourism (including day-trippers) to the LCA;
- *a list of gambling sensitive sites* in the LCA e.g., gambling help service providers, welfare agencies, pawn brokers, shopping centres, schools; and
- *a site profile* — details of applicant, site location, number of current machines, site size and type, purpose/constitution (objectives), patron type (current and proposed numbers, where they live, demographics, frequency of visitation, management plan for child care facilities at site.

The *Guidelines* suggest data sources for many of the above and provide website addresses where appropriate, a practice that could easily be adopted in setting up similar guidelines in other States and Territories.

Applications of "significant community impact" must be advertised for 28 days and formal consultations with local residents and organisations are required. The *Guidelines* (pp. 7, 8) recognise that triangulated methods are best in assessing impacts on local communities: "The consultation process can provide information that is either not readily available from other sources or cross validate existing data" and "[w]here possible, claims should be cross validated using several data sources (qualitative or quantitative)".

In general, the researcher preparing the Community Impact Statement is expected to use face-to-face or telephone surveys to survey 100 to 400 randomly selected adult residents from the LCA, businesses that are likely to be affected, and representatives of welfare and emergency relief providers, financial counselling services, health care providers, business and industry associations, community leaders, and cultural or community groups.

The *Guidelines* then indicate a range of social and economic impacts that need to be investigated and cite possible data sources. The researcher must attempt to identify the duration and severity of these impacts both through visiting the local community and venue and using desktop research.

The social impacts to be investigated include:

- Problem gambling or potential for problem gambling in the LCA;
- Gaming sensitive sites;
- Accessibility of gaming machines and gaming machine venues;
- Expenditure on gaming machines,
- Compatibility with amenity or character of local community;
- Synergy with neighbouring businesses/residences/community facilities;
- Lifestyle, recreational and other social impacts; and
- Effectiveness of the site's responsible gambling activities.

The economic impacts to be investigated include:

- Venue employment;
- Impact on local businesses;
- Distribution of gaming revenue;
- Complementary expenditure at venue;
- Value of contracts to supply goods and services generated by proposal;
- Value of any construction or development associated with the proposal; and
- Contributions to local community and other economic impacts.

The *Guidelines* indicate the range of factors that need to be investigated under each of the social and economic impacts and again suggest possible data sources.

Based on the above, the Community Impact Statement must then include a statement with respect to the *net impact*. This must be an overall conclusion about the net social, the net economic and the overall net impact of the proposal on the local community. The net impact should be based on a balanced appraisal of the impacts and any areas of concern must be highlighted.

The *Guidelines* also contain a checklist against which researchers can check that they have provided the required information before submitting the Community Impact Statement.

In many ways, the *Guidelines* are similar to the PARK website tool used in Victoria. However, the *Guidelines* lack the interactivity available to users of PARK and do not necessarily lead to quantitative estimates of the impacts associated with an increase in gambling. Nevertheless, the *Guidelines* are very strongly focused on obtaining both quantitative and qualitative data using a variety of methodologies (desktop research, surveys, community consultation) to obtain a comprehensive picture of the impacts of gambling on the community. Whilst the PARK tool, perhaps, makes for ease of

comparability across community impact statements, the Queensland *Guidelines*, whilst being quite prescriptive in terms of the detailed information required, allow for a greater degree of flexibility both in terms of the approaches taken to assessing the social and economic impacts but also in setting out the Community Impact Statement and hence the amount of emphasis that might be attached to various factors. The PARK tool permits some lesser degree of flexibility in that supporting material may be attached to the PARK form.

11.5.3 Department of Gaming and Racing (New South Wales), *Social Impact Assessment of Gaming Machine Applications*

Similarly to Queensland, the Department of Gaming and Racing in NSW requires that the social and economic impacts of any increases in the number of gaming machines be subject to scrutiny by the Liquor Administration Board before hotels or registered clubs can increase the number of gaming machines. A Class 2 Social Impact Assessment (SIA) must be sought for an increase of more than 4 gaming machines in a 3 year period and under certain other circumstances. The Department of Gaming and Racing's Information Sheet 6/02 for hotels and registered clubs, *Social Impact Assessment of Gaming Machine Applications*, sets out the requirements for a SIA.

The following information must be provided:

- Details of measures that the venue has taken to ensure gambling will be conducted in a responsible manner;
- The internal floor space, in square metres, of the venue;
- In the case of an application for a new hotel or club, a list of schools, places of worship and hospitals that may reasonably be considered to be in the immediate vicinity (a map must be included);
- The total number of gaming machines and gaming machine expenditure in both hotels and clubs in the LGA in which the venue is situated;
- An estimate of median individual wage and salary income for that area;
- The unemployment level for that area;
- An estimate of the resident adult population;
- A map indicating where the venue is situated;
- Identification of the negative social and economic impacts on the local community;
- Identification of the social and economic benefit to the local community;
- A statement, supported by data provided in the SIA, addressing the likelihood of an overall net social and economic benefit to the local community if the application is granted;
- A statement outlining and identifying the source and date of all data and information provided in the SIA; and

- A statement, supported by data provided in the SIA, estimating the number of, and the average expenditures on, gaming machines per person aged 18 years or over in the LGA, where the venue is situated, if the application is granted.

The data sources to be used for a number of the above items are indicated on the Information Sheet.

A public consultation process is also required. A copy of the SIA must be provided to the local council, the Council of Social Service of NSW, the Department of Community Services, the local area health service, the Director of Liquor and Gaming and any body that is funded by the Casino Community Benefit Fund for the purpose of providing gambling-related counselling in the area where the venue is situated. The SIA must also be publicly advertised, and 30 days are allowed for comments on the application and the SIA to be received by the Liquor Administration Board.

A compliance checklist is included which references the checklist item to the appropriate point in the SIA. The SIA must be submitted to the Liquor Administration Board in a standard format, and the authors of the SIA must have regard to the Productivity Commission's (1999) *Australia's Gambling Industries Report* in identifying the potential social and economic impacts. In particular, credible estimates must be made of the increase in the number of problem gamblers and other persons impacted by them if the number of gaming machines is increased.

In contrast to the Queensland *Guidelines – Community Impact Statement*, the NSW SIA is very non-prescriptive and provides less guidance as to what should actually be included in the SIA. However, there is a table, Other Information, which lists categories of potentially relevant information. A footnote indicates that the relevant Act and the Regulation do not specify all the information that may be needed to make the assessment but that the information categories in the table are frequently considered to be relevant. These include:

- Venue patron profile (current or projected);
- Number of gaming machines (compared with other relevant geographic areas);
- Number of adults per gaming machine currently in the LGA and comparative data;
- Average expenditure per machine for LGA and comparative data;
- Average expenditure per machine per adult in the LGA and comparative data over time;
- Profits from gaming machines kept in the venue for the most recent tax year;
- SEIFA Index of relative socio-economic disadvantage in areas to which the application applies;
- Availability of relevant gambling services; and
- Other relevant additional information.

11.6 Conclusion

McMillen and Masterman-Smith (2001, p. 126) note with reference to community impact studies: "Research and data collection should be designed to measure *actual* impacts, rather than estimates (e.g., by application of economic models). Data should attempt to measure the *nature* of impacts, the *prevalence/incidence* of impacts and the *degree* of impact on all areas of community life." Further, they note (p. 56):

> "If the aim of the … methodology is to assist local councils to understand the nature and extent of gambling impacts on local residents and the community, and to present that information …in an objective and rigorous framework, then focus groups and in-depth interviews can provide a greater understanding of the interaction between gamblers and the local society and economy than do surveys or official data sets."

Nevertheless, quantification of the net impacts is sometimes required, something which may be difficult to achieve in the absence of at least some economic modelling. However, as is evident from the discussion in this chapter, the choice of modelling method and the assumptions that underpin the method do not necessarily mean that economic models lead to more rigorous studies or more accurate assessments of the economic and social impacts of gambling than do more qualitative methods.

The message again is that a triangulated or multi-method approach is best, and is increasingly required in practice by regulatory authorities assessing applications for increases in gaming machines.

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