A REVIEW OF GAMBLING-RELATED ISSUES

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City of Greater Dandenong

2012
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NOTES ABOUT GAMBLING ISSUES

I: The Gambling Industry and Gambling Losses

In June 2011, there were 26,778 electronic gambling machines [EGMs or ‘pokies’] in 514 hotels and clubs throughout Victoria. Annual losses to these EGMs in 2010/11, of approximately $2.65 billion or $620 per adult, were divided among gambling venues, the state government and the gambling operators: Tattersalls and Tabcorp.

A third of all adults use gambling machines at least once each year, though fewer than one in ten play on a weekly basis. Even so, EGMs account for more gambling losses than all other legal forms combined, and are the basis for most gambling-related problems. EGMs and losses tend to be concentrated among the least affluent localities – among those communities which can least afford such losses. Further details about the gambling machines in hotels and clubs, player losses and gambling-related problems are presented here.

* * * *

EGMs and Gambling

The EGMs outside the Casino play a predominant role in gambling losses and gambling-related harm in Victoria. Gambling machines in hotels and clubs throughout Victoria, numbering 26,778 in August 2011, accounted for over half [51%] of all legal gambling losses in 2010/11 (Victorian Commission for Gambling Regulation, 2011) and contributed to 59% of the growth in gambling losses in the period from 1992/3 to 2010/11.

The Victorian Longitudinal Community Attitudes Survey found that EGMs are the favored form of gambling among 84% of problem gamblers, with horse racing, in contrast, preferred by just 8% (McMillen and Marshall, 2004). Not surprisingly, gambling on EGMs accounts for the highest proportion of the losses incurred by problem gamblers (South Australian Centre for Economic Studies, 2005), with 28% of regular EGM gamblers experiencing severe gambling-related problems – compared with 13% of regular Casino patrons, and 3% of those who regularly gamble on racing (McMillen and Marshall, 2004). EGMs have made the largest contribution to gambling problems in nearly all Western nations (Williams et al, 2007).

The EGM Gambling Industry

Under the Gambling Regulation Act 2003, the regulation and conduct of EGM gambling in Victoria involves three levels of control and participation in the industry: EGM gambling venues, gambling operators and the State Government.

The Act stipulates that a maximum of 30,000 gambling machines may operate within Victoria: 2,500 within the Melbourne Casino, and 27,500 machines evenly divided among clubs and hotels throughout the
state. The Act further specifies that a least 20% of machines must be situated outside Melbourne, and that a maximum of 105 may be permitted within a single venue (Victorian Government, 2008).

The 514 venues with gambling machines, outside the casino in 2011, must be either hotels – premises which hold a general license under section 8 of the Liquor Control Reform Act, 1998, clubs which hold a full or restricted club license under section 10 of that act, or venues with a license under the Racing Act, 1958. Since all EGM gambling venues must hold a liquor license, if that license is cancelled, approval for EGM gambling at that venue is rescinded.

Hotels and clubs though, do not actually possess the machines which operate within their premises. Instead, half of the 26,778 machines operating outside the Casino in mid-2011 were operated, maintained and owned by each of the two firms licensed as gambling operators: Tattersalls and Tabcorp. The gambling operators must apply to the Victorian Commission for Gambling Regulation for approval of a hotel or club as a gambling venue and for the addition or removal of machines from an approved venue. Under arrangements scheduled to take effect in August 2012, Tattersalls and Tabcorp will cease to function as gambling operators, with venues operators instead purchasing entitlements to, then acquiring and operating, gambling machines.

The Victorian Commission for Gambling Regulation (VCGR) – a statutory authority within the Department of Justice - conducts inspections of machines, venues and gambling operations, and maintains a scrutiny of electronic EGM gambling throughout the state. Some commentators hold that its dual role of supporting, as well as regulating, the gambling industry entails a conflict of interest. The State Government has announced that from August 2012, an independent organization will monitor and regulate EGM gambling in Victoria.

**Distribution of Revenue**

Gambling losses, or the revenue obtained from gambling machines, are distributed among the state and Federal Governments, the gambling operators - Tattersall’s and Tabcorp - and the clubs and hotels which serve as gambling venues. Hotels pay 8.3% of gambling revenue to the State Government Community Support Fund, which is allocated to problem gambling programs, drug education and treatment, youth programs, community advancement, sport and recreation, the arts, tourism and other purposes.

In addition to taxes levied as a percentage of gambling losses, the gambling operators pay $4,333 per gambling machine to the Victorian Government (Victorian Commission for Gambling Regulation, 2011). In total, 33% of losses to EGMs passed to the State Government as taxes or levies.

In 2009/10, the Victorian Government secured $1,646 m. tax from all forms of legal gambling, of which 53%, or $875 m., was derived from EGM gambling.
The distribution of funds, which varies between clubs and hotels and the two operators, is shown below.

Table 1: Tax Rates Applied to EGM Gambling Expenditure

<table>
<thead>
<tr>
<th>Description</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tabcorp hotels and clubs gaming tax</td>
<td>24.24%</td>
</tr>
<tr>
<td>Tattersalls hotels and clubs gaming tax</td>
<td>31.24%</td>
</tr>
<tr>
<td>Community Support Fund (hotels)</td>
<td>8.33%</td>
</tr>
<tr>
<td>Health Benefit Levy (per machine)</td>
<td>$4,333</td>
</tr>
</tbody>
</table>

Gambling Losses

In 2010/11, $5.2 billion was lost to legal gambling within Victoria, with losses to gambling machines outside the Casino accounting for over half [51%], the Casino for over a quarter [26%], and wagering for most of the balance [15%]. (Chart 1)

Chart 1: Legal Gambling Losses, Victoria: 2010/11

Losses to gambling machines outside the Casino, totaling $2.65 billion, represented the equivalent of $5.16 million per venue, $98,999 per machine, or $620 for every adult in Victoria, per annum. Cumulative losses to EGMs in Victoria, since their introduction in 2002/3, had reached $46 billion [2011 dollars] by June 2011 - the equivalent of $10,806 for every adult in the state.

EGM gambling losses increased steadily after their introduction in Victoria, surging nearly ten-fold, from $258 million in 1992/3 to $2,498 million in 2001/2, before declining by 11% in the succeeding two years, due chiefly to smoking restrictions introduced in September 2002. After that time, EGM gambling losses relatively stable, reaching to 2.89 billion by 2008/9 before declining to $2.65 billion in 2010/11 – a decline in real terms of 8% (all figures in 2011 dollars). (Chart 2, below)
A convenient summary of the numbers of venues, gambling machines, losses and other details, for each Victorian municipality and venue, is available at the Greater Dandenong Council website. Detailed information about gambling venues and losses is also available from the Victorian Commission for Gambling Regulation, at: www.vcgr.org.au.

Details of losses incurred at each Victorian EGM gambling venue was released by the Department of Justice for the first time in March 2009, and is available at EGM section of its website.

**Concentration of Losses among a Small Proportion of the Population**

Gambling not only has an adverse effect upon a relatively few people with severe gambling-related problems, but also contributes to financial stress among a larger number of people who persistently lose more money than they can afford. Nevertheless, since some people gamble more frequently and intensely than others – with 34% of the Victorian public gambling on EGMs at least annually, but only 7% weekly (McMillen and Marshall, 2004) - a significant proportion of EGM gambling losses is concentrated among a relatively small proportion of gamblers.

According to one estimate, 57% of EGM gambling losses are incurred by 15% of gamblers (Doughney and Kelleher, 1999). Since 34% of adults in Victoria gamble on EGMs at least annually, this means that losses among the 15% of heavier gamblers – or 5% of the adult population - would have averaged $6,800 in 2010/11. In its 1999 report, the Productivity Commission on the other hand, reached the conclusion that 80% of losses were incurred by 42% of gamblers (1999) – which, if true in 2008/9, would have equaled $3,810 per adult, among those gamblers.

Though these calculations are only broad approximations, they do serve to illustrate that patterns of gambling behavior and losses vary across a broad continuum, from those who do not gamble at all, or do so infrequently, to others who gamble often, and may therefore sustain persistent and substantial losses, relative to their means.
**EGM Losses and Disadvantaged Municipalities**

While acknowledging that gambling and gambling-related problems occur among all segments of the community, the National Institute of Economic Research concluded, in its study of gambling patterns in Australia, that losses were largely sustained by those who could least afford them: people on lower incomes, in manual employment and the elderly (NIER, 2000). The report found that others with higher status occupations, by contrast, were inclined to spend less on gambling. Further research has found gambling losses tend to be concentrated among less affluent communities (South Australian Centre for Economic Studies, 2005; McMillen, cited in Senate Standing Committee on Community Affairs, 2008; Welte et al, 2003; Anglican Diocese of Melbourne Social Responsibilities Committee, 2008) – a condition considered likely to aggravate existing social disadvantage (McMillen, 2008; Social Issues Executive of the Anglican Church Diocese of Sydney, 2008; Hancock, 2008).

This tendency is mirrored by differences in EGM gambling losses among various localities in Victoria, where the most disadvantaged communities tend to incur the highest gambling losses. In 2010/11 for instance, gambling losses among EGMs situated in Greater Dandenong - the least affluent locality in metropolitan Melbourne - stood at $1,110 per adult, over seven times higher than the corresponding rate of $205 in Boroondara - the most advantaged municipality, according to the SEIFA Index of Relative Socio-economic Disadvantage. Thus the residents of the community with the highest gambling losses in Victoria are the least able to bear the financial burden.

The relationship between social disadvantage and gambling losses is illustrated in the accompanying diagram which, for each metropolitan municipality, matches annual EGM losses per 1,000 adults in 2009/10, to the Socio-economic Indicators for Areas (SEIFA) Index of Relative Socio-economic Disadvantage, based upon the findings of the 2006 Census. Notably, the diagram shows the general tendency for higher rates of gambling losses to be incurred by the most disadvantaged communities.

**Chart 3: Gambling Losses by SEIFA Index of Relative Socio-economic Disadvantage: Metropolitan Municipalities, 2009/10**

The Persons correlation coefficient, for EGM gambling losses 2009/10 and Index of Relative Socio-economic Disadvantage (SEIFA), 2006, was -0.76. Note that the most disadvantaged communities have the lowest SEIFA index.
The association between disadvantage and gambling losses appears to have become more acute in the past few years. The correlation between the 2006 SEIFA Index of Socio-economic Disadvantage and EGM gambling losses in 2009/10, for metropolitan municipalities, was -0.76 (indicating that as the one increases the other declines). In contrast, the correlation between the 2001 SEIFA Indices, and EGM losses in 2001/2 for the same communities, stood at -0.5 – indicating a weaker association between disadvantage and gambling losses.

The rate of losses to gambling machines in each of the metropolitan municipalities in 2010/11 is illustrated in the accompanying map.

The highest losses are featured among less affluent localities such as Greater Dandenong, Maribyrnong, Brimbank and Hume, while rates are lower among the more affluent inner metropolitan municipalities and those in the outer east and north-east.

**EGM Gambling Losses per Adult: Metropolitan Melbourne Municipalities, 2010/11**

Where losses are measured in relation to household income, the disparity between gambling losses among the most and least affluent localities is still more marked. In 2008/9, EGM gambling losses ranged from the equivalent of 0.4% of the 2006 weekly gross median household income in Boroondara - the second highest income locality in Victoria - to 7.1% in Greater Dandenong – the least affluent locality in the state.¹

¹ Calculated on the basis of data from the Victorian Commission for Gambling Regulation, 2008B; and concerning median weekly gross incomes reported by Australian Bureau of Statistics, 2007 and based on the findings of the 2006 Census.
The correlation coefficient between the proportion of household income lost to EGMs and SEIFA, was 0.81

* * * *

The link between conditions of social disadvantage and gambling losses is further underlined in the strong association which exists between higher gambling losses and such conditions as elevated unemployment rates, high levels of disadvantage and lower median incomes. It may be mentioned that gambling losses also tend to be greater among localities where people felt least safe at night, as well as those communities with the lowest level of satisfaction with community life and least extent of community involvement. The correlations between these social conditions and gambling losses, among metropolitan municipalities, are shown in table two, below.

Table 2: Gambling Losses per adult, 2009/10: Correlations with selected variables

<table>
<thead>
<tr>
<th>Social Condition</th>
<th>Correlation</th>
</tr>
</thead>
<tbody>
<tr>
<td>EGMs per 1,000 adults 2007/8</td>
<td>0.87</td>
</tr>
<tr>
<td>Per cent 15-74 year-olds with Limited Literacy (Level One Literacy)</td>
<td>0.80</td>
</tr>
<tr>
<td>Unemployment Rate [%], Dec. 2008</td>
<td>0.67</td>
</tr>
<tr>
<td>Disadvantage [SEIFA], 2006</td>
<td>-0.71</td>
</tr>
<tr>
<td>Median Weekly Individual Income [$], 2006</td>
<td>-0.76</td>
</tr>
<tr>
<td>Citizen Engagement in past 12 Months [%], 2007</td>
<td>-0.70</td>
</tr>
<tr>
<td>Perception of Safety Alone Local Area Night [%], 2006</td>
<td>-0.72</td>
</tr>
<tr>
<td>Percent population from non-English-speaking backgrounds, 2006</td>
<td>0.62</td>
</tr>
</tbody>
</table>

* High levels of disadvantage are denoted by a low SEIFA index. Therefore the negative correlations shown here reflect a strong association between disadvantage and higher gambling losses.

It has been found that higher gambling losses sustained in some communities largely divert funds from other areas of household expenditure (KPMG, 2000, South Australian Centre for Economic Studies, 2005, Justice and International Mission Unit, 2002), resulting in a decline in standard of living. It is scarcely surprising then, that elevated gambling losses may be associated with a greater prevalence of gambling-related problems. Reporting the findings of its 1998 national survey, the Productivity Commission concluded that an increase in gambling losses per adult from $400 p.a. to $800 among Australian states was accompanied by a rise in the proportion of adults who conceded that they had severe gambling problems,
from 0.5% to nearly 3% (1999: 14: S7.8 p. 12). If this general tendency also applies to municipalities, then it may be expected that the prevalence of gambling-related problems would be highest among the more disadvantaged communities - where losses are most extreme.

EGM Density and Disadvantaged Municipalities

As with EGM losses, the density of EGMs throughout Victoria [measured as the number per 1,000 adult residents] tends to be highest among the least affluent municipalities. For example, the average EGM density in the most disadvantaged four metropolitan localities in 2011 [as measured by the 2006 SEIFA Index of Relative Socio-economic Disadvantage] was 7.3 per 1,000 adults, compared with 2.8 among the least disadvantaged localities. In the case of Greater Dandenong, the density of EGMS stood at 8.9 per adult in 2011 – the second highest concentration of gambling machines in metropolitan Melbourne and substantially higher than the metropolitan average of 6.1.

Rate of EGM Losses and EGM Density: Most and Least disadvantaged Victorian Municipalities

<table>
<thead>
<tr>
<th>Most disadvantaged localities</th>
<th>EGMs/1,000 adults, 2011</th>
<th>Losses/ adult, 2011</th>
<th>Least disadvantaged localities</th>
<th>EGMs/1,000 adults, 2011</th>
<th>Losses/ adult, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater Dandenong</td>
<td>8.9</td>
<td>$1,110</td>
<td>Stonnington</td>
<td>3.5</td>
<td>266</td>
</tr>
<tr>
<td>Maribyrnong</td>
<td>7.6</td>
<td>$985</td>
<td>Bayside</td>
<td>3.9</td>
<td>242</td>
</tr>
<tr>
<td>Brimbank</td>
<td>6.9</td>
<td>$1,004</td>
<td>Nilumbik</td>
<td>2.0</td>
<td>204</td>
</tr>
<tr>
<td>Hume</td>
<td>5.8</td>
<td>$777</td>
<td>Boroondara</td>
<td>1.6</td>
<td>153</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>7.3</strong></td>
<td><strong>969</strong></td>
<td><strong>Average</strong></td>
<td><strong>2.8</strong></td>
<td><strong>216</strong></td>
</tr>
</tbody>
</table>

The association between EGM density [EGMs per 1,000 adult residents] and the 2006 SEIFA Index of Relative Socio-economic Disadvantage, for each metropolitan municipality, is presented in the diagram below. The correlation between density of EGMs in June 2010 and social disadvantage, measured by the SEIFA index, was -0.58.

EGM Density, by SEIFA Index: metropolitan Municipalities, 2010
The density of gambling machines among the metropolitan municipalities, in 2011 is illustrated in the accompanying map.

**Number of EGMs per 1,000 adults: Metropolitan Municipalities, 2011**

The resulting pattern largely mirrors that of EGM losses, shown earlier, with the highest numbers of EGMs per 1,000 adults among localities such as Maribyrnong and Greater Dandenong, while lower densities are featured among more affluent inner- and middle-urban localities such as Bayside, Boroondara, Stonnington, Port Phillip and Whitehorse, as well as the outer-eastern municipalities.

* * * *

**EGM Gambling Machines and Losses, and Disadvantaged Neighborhoods**

With the release of information about the losses to gambling machines at each venue in Victoria by the Department of Justice, in March 2009, it has become possible to document the relationship between EGM numbers and losses, and the social conditions of the neighborhoods in which the venues are situated. The catchment area of the patrons of gambling venues may vary widely, from the small and localized areas of some clubs and hotels, to extensive, regional catchments for others. However, in light of the fact that a high proportion of people who participate in EGM gambling live in relatively close proximity to the venue (Department of Justice, 2008; KPMG, 2000; McMillen and Marshall, 2004; McMillen and Doman, 2004), and of evidence which suggests that convenient proximity to a venue raises the probability of an individual experiencing gambling-related problems (Mason, 2008; Rush et al, 2008), the relationship between the
location of gambling venues, and neighborhoods of relative social and economic disadvantage, appears to be a matter of importance.

To investigate this issue, the location of all hotels and clubs with gambling machines in Victoria as of March, 2009, were mapped, and their locations matched with the 2006 SEIFA Indexes of Relative Socio-economic Disadvantage of the Census Collection Districts (CDs) in which each was situated. This step provided the means to prepare a map depicting both the level of socio-economic disadvantage of each locality in Victoria and the location and level of gambling losses, for each EGM gambling venue in the state. In addition, efforts were made to measure the relationship between EGM gambling losses and the level of disadvantage of the CD within which those machines were situated.

For the present purpose, only losses incurred at those EGMs in the 340 hotels and clubs situated within metropolitan Melbourne are considered, for two reasons: first, nearly three-quarters of machines and two-thirds of venues are located within Melbourne; and second, factors which influence the distribution of machines in regional and rural areas may differ widely from those which operate within metropolitan areas.

The results showed that a markedly higher proportion of EGM venues and gambling losses were associated with the most disadvantaged twenty percent of neighborhoods (CDs) in metropolitan Melbourne, than with the least disadvantaged neighborhoods. Overall, 28% of metropolitan gambling venues were situated within the most disadvantaged 20% of neighborhoods and accounted for 32% of EGM gambling losses in metropolitan Melbourne. Conversely, just 11% of venues were located within the least disadvantaged 20% of CDs, where they accounted for approximately 7% of EGM gambling losses in metropolitan Melbourne. It may be mentioned that CDs with insufficient population to be assigned an Index of Relative Socio-economic Disadvantage, along with their venues and corresponding gambling losses, have been excluded from these calculations.

The results are set out in the table and chart, below.

**Distribution of EGM Venues and Losses by Quintile of SEIFA Index**

<table>
<thead>
<tr>
<th>Quintile</th>
<th>Per cent of Losses</th>
<th>Per cent of Venues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower (first) quintile</td>
<td>32.1</td>
<td>27.8</td>
</tr>
<tr>
<td>(most disadvantaged CDs)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Second quintile</td>
<td>25.4</td>
<td>25.9</td>
</tr>
<tr>
<td>Third quintile</td>
<td>23.4</td>
<td>21.5</td>
</tr>
<tr>
<td>Fourth quintile</td>
<td>11.8</td>
<td>13.9</td>
</tr>
<tr>
<td>Upper (fifth) quintile</td>
<td>7.3</td>
<td>10.8</td>
</tr>
<tr>
<td>(least disadvantaged CDs)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
These findings reveal a clear rise in the proportion of venues and of EGM losses, with increasing level of socio-economic disadvantage, with the most disadvantaged neighborhoods in metropolitan Melbourne being over four times as likely to have a gambling venue within their borders and accounting for nearly three times the level of gambling losses, as the least disadvantaged neighborhoods.

The relationship between socio-economic disadvantage and the location of gambling venues and levels of EGM gambling losses was also mapped across metropolitan Melbourne, to provide a visual suggestion of the overall relationship between disadvantage and gambling losses, and to supply a view of conditions as they relate to specific municipalities.

The resulting map of metropolitan Melbourne depicts the SEIFA Indices of Socio-economic Disadvantage in ranges – shown in shades of green; the location of gambling venues – presented as blue dots; and gambling losses incurred in each venue – illustrated by differences in size of each dot.
The darker areas are those of most socio-economic disadvantage, and the lighter areas the least disadvantaged. The unmistakable impression imparted by this map, and verified by the results presented in the earlier table and chart, is that gambling venues tend to be concentrated among less affluent areas, and more sparsely distributed among the more advantaged localities.
II: Gambling-related Problems

The Nature of Gambling Problems

The basis of most gambling-related problems is the loss of more money than a person, or their household, can comfortably afford. The resulting financial hardship may have detrimental effects upon personal and social life, family and employment, leading to personal disturbances, a diminished social life, family and marital discord, decreased attendance and productivity at work, deceptive or criminal actions to obtain money, and even homelessness.

Efforts to gauge the precise extent of gambling-related difficulties with population surveys have largely focused upon the most severe gambling problems, and are beset by questions related to their validity, accuracy, precision and consistency. Alternate approaches include the possibility of measuring the proportion of the population adversely affected by the gambling of others, and documenting the overall burden of gambling upon communities.

These issues are explored in further detail below.

* * * *

Defining Gambling-related Problems

Svettieva and Walker note that the various terms used to denote more severe gambling-related problems, such as ‘compulsive’, ‘pathological’ and ‘problem gamblers’, are often ill-defined and interchangeably used. In addition though, these terms tend to reflect very different ideas about the nature of gambling problems (2008). Thus, while it is clear that gambling may contribute to a range of difficulties, opinion is divided on how to define and identify people who are experiencing such problems.

One term widely used in the literature, though of declining popularity, is ‘pathological gambling’, which characterises severe gambling problems as persistent or chronic mental disorders, featuring a preoccupation with gambling, loss of control and persistence with gambling despite adverse consequences (Unnamed, 2005; ALLPsych Online, 2008). The diagnosis of ‘pathological gambling’ was first introduced into the 3rd edition of the American Psychiatric Association Diagnostic and Statistical Manual [DSM III] in 1980, and then revised in the mid-1990s. ‘Pathological gambling’, according to DSM IV, is considered to be present when 5 or more of its ten diagnostic criteria are present (American Psychiatric Association, 2008; AllPsych Online, 2009).

Lately though, attention has shifted from the state of the individual, to the effects of gambling upon the family and broader community, with gambling-related problems being widely viewed as a public health issue. Accordingly, recent years have witnessed a growing emphasis upon the difficulties caused by gambling – rather than seeking a diagnosis of the individual – and upon harm minimisation as an approach to

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2. The ten DSM IV criteria for ‘pathological gambling’ are as follows:

- Is preoccupied with gambling (e.g. preoccupied with reliving past gambling experiences, handicapping or planning the next venture, or thinking of ways to get money with which to gamble).
- Needs to gamble with increasing amounts of money in order to achieve the desired excitement.
- Has repeated unsuccessful efforts to control, cut back or stop gambling.
- Is restless or irritable when attempting to cut down or stop gambling.
- Gambles as a way of escaping from problems or relieving a dysphonic mood (e.g. feelings of helplessness, guilt, anxiety, depression).
- After losing money gambling, often returns another day to get even (chasing losses).
- Lies to family members, therapists or others to conceal the extent of involvement with gambling.
- Has committed illegal acts such as forgery, fraud, theft or embezzlement to finance gambling.
- Has jeopardized or lost a significant relationship, job or educational career opportunity because of gambling.
- Relies on others to provide money to relieve a desperate financial situation caused by gambling.
such problems (Svettieva and Walker, 2008; SA Centre for Economic Studies, 2005B), reflecting a response to “...the adverse health, social and economic consequences of gambling for individuals, families...and society” (Canadian Centre for Substance Abuse, cited in SA Centre for Economic Studies, 2005B).

With these considerations in mind, commentators have tended to characterise severe gambling-related problems as ‘problem gambling’ or ‘excessive gambling’, in preference to ‘pathological gambling’. The SA Centre for Economic Studies (2005B) provides a definition of ‘excessive gambling’ by Blaszczynski, Walker, Agris and Dickerson (1997) as “…a level of gambling expenditure that is considered to be higher than can be reasonably afforded relative to the individual’s available disposable income, and which as a result, causes financial strain” (6: vi). The result, Dickerson et al (2007) add, may include “…harm to the individual player, and/or to this family…” which may reach into the community (cited in SA Centre for Economic Studies, 2005B).

This definition reflects a shift from the narrow conception of gambling problems as pathological or addictive conditions, to the broader vision of their adverse effects upon individuals and families. Such an approach has several advantages. First, it does not rely upon the proposition that gambling problems are a medical condition. Second, such a wide view of gambling problems encompasses the larger group of people who experience gambling-related problems and their social context, rather than upon a lesser number deemed to be afflicted with a clinical addiction or specific mental condition. Finally, by focusing upon the effects of gambling problems rather than the individual, this perspective plainly recognizes the destructive implications of gambling-related problems for family, friends and the community, and of a victim-blaming approach.

Causes of Gambling-related Problems
Causes of gambling problems are often complex and may involve individual factors, the nature of the gambling experience, and the accessibility of gambling opportunities.

Psychological Influences
The experience of individuals who are attracted to gambling as a way to alleviate boredom, social isolation, depression and other personal distresses, is well documented (Moodie, 2007; Ballon, 2006; Blaszczynski and Nower, 2001). Writing of homeless people in Australia, Talbot (2008) notes that for many, EGM gambling provides something to occupy their minds, while for others, the venue is a place to be among people. Accordingly, many people experiencing mental health or drug-related problems may be susceptible to gambling problems (McCready et al, 2008), with a recent Melbourne study finding that people with gambling-related problems were far more likely than others to be depressed or to use alcohol or other drugs to excess (Science Alert, 2008). Many women are attracted to gambling as a means to escape isolation and serious personal problems, such as domestic violence (Healthy, Wealthy and Wise Women, undated). Blaszcsynski (1999) maintains that, aside from those gamblers whose psychological disturbance is largely a consequence, rather than a contributing cause, of gambling problems, for others, gambling problems may be aggravated by pre-existing emotional disturbances or biologically-based conditions, such attention deficit or impulse control disorders.
Misconceptions

Individual gambling behavior is also known to be influenced by irrational or superstitious conceptions about the probability of winning or the role of skill in gambling – notions that cause some gamblers to entertain unrealistic expectations of winning – as well as ineffective approaches to decision-making (Joukhador et al, 2003, cited in Moodie, 2007; Talbot, 2008; Blaszczynski, 1999). Such ideas may be fostered by aspects of EGM design, such as machines which display the required symbols just above or below the pay line to convey the misleading impression of a near win (Select Committee of the Legislative Council on Gambling Licensing, 2008; Harrigan, 2007), or by manner in which gambling is presented and advertised.

Conditioning

In addition, researchers have called attention to the fact that large wins, the reinforcing effect of intermittent and unpredictable payouts, and the continuous and rapid rate of play on EGMs, may encourage persistent, excessive gambling among some individuals (Blaszczynski and Nower, 2002). As Livingston explains: “…poker machines are conditioning machines…” which employ principles of operant conditioning to teach people “…that if they keep playing the machine they will get a series of intermittent rewards” (2008: CA5).

Self-control and ‘Responsible Gambling’

It is notable that whatever circumstances might be associated with their difficulties, some people with severe gambling-related problems report a loss of awareness and control as they become immersed in the experience of gambling. Commonly, the result is a state of mind described as trance-like, in which perception of events, time and consequences become confused (Pinkerton, 2005). As a witness to a recent Senate inquiry, from a problem gambling service, told it: problem gamblers “…go into blackouts, they loose time and cannot remember their actions” (Senate Standing Committee on Community Affairs, 2008: 20). Another commentator explains, "A machine player with his machine can appear lost to the world. General awareness and judgment are diminished ...we would never cross a road with the abandon with which bets are made all the time" (Moody, 1995: 45). It is unclear whether public policy objectives of ‘responsible gambling’ reflect a realistic appreciation of the experience of such people with gambling-related problems. As Dickerson observes: “…the data we collected showed the virtual impossibility of regular…EGM players gambling responsibly…” ( cited in Breakeven Tasmania, 2008).

Access to Gambling Opportunities

Further factors which contribute to gambling losses, and therefore to gambling-related problems, is the number and accessibility of gambling venues and EGMs, as well as government policies relating to gambling. An illustration of the influence of gambling machines upon gambling-related problems has been provided by circumstances where EGMs have been removed or shut down. Williams et al (2007) cite the example of South Dakota where in 1994 its gambling machines were closed for three months, due to a legal dispute. During this period, the number of gambling-related inquiries and clients at four treatment agencies declined from 79 each month, to 4 in three months. Similarly, the removal of EGMs in South Carolina in 2000 was followed by a halving of the number of gamblers anonymous groups within 90 days, with many remaining support groups reporting a marked decline in attendance.
Effects of Gambling Problems
Gambling losses are largely funded by reductions in expenditure on essential household goods, such as food and clothing, resulting in a diminished standard of living for the children and other dependents of many regular gamblers. While for some gamblers accumulated losses may be significant, for others, on low or fixed incomes (Harrigan, 2007), even the sustained loss of modest amounts of money may have a substantial financial impact. Indeed, aside from those people who experience more severe financial problems as a result of gambling losses, a greater number of regular gamblers may persistently lose more money than they can comfortably afford, with the result that they and their families live less decently than otherwise.

Financial Difficulties
South Australian Centre for Economic Studies (2005) found that, as the highest levels of gambling losses (including losses to EGMs) were incurred among people in the least affluent localities, most losses were funded not by savings, but by reduced spending on other goods (South Australian Centre for Economic Studies, 2005), a conclusion supported by the findings of Justice and International Mission Unit (2002). When asked how they would spend their extra funds if they did not gamble, 23% of a sample of people with gambling-related problems identified groceries and small household goods, and a similar proportion specified clothing and footwear. Just 20% stated that they would save these funds (South Australian Centre for Economic Studies, 2005). One of the most obvious consequences of the diversion of expenditure from such personal and household needs is a reduced standard of living.

The accumulation of debt, and bankruptcy, are common effects of persistent gambling losses, with many gamblers borrowing money, having to be bailed out by relatives, or resorting to crime as a means to obtain funds. Studies of samples of people with gambling-related problems – chiefly members of Gamblers Anonymous (who may be more candid than other problem gamblers, since Gamblers Anonymous places emphasis upon the acknowledgement of gambling problems and repayment of debts) – found that indebtedness is often as high as $50,000 or more (Ladouceur et al, 1994; Schilling et al, 1994; Blackman et al, 1989). Some gamblers lose their accommodation as a result of gambling-related financial difficulties (Healthy, Wealthy and Wise Women, undated), with researchers observing a high prevalence of gambling among homeless people and some estimating that as many as one-fifth of homeless people in Australia have lost their accommodation due largely to gambling (Australian Broadcasting Commission, 2008).

Personal Stress
Some investigations report a higher prevalence of personal distress, including depression and suicidal thoughts, and excessive alcohol or other drug use, among people with gambling-related problems (South Australian Centre for Economic Studies, 2005; Justice and International Mission Unit, 2002; Healthy, Wealthy and Wise Women, undated; SA Centre for Economic Studies, 2008), with two-thirds of one group of problem gamblers reporting depression, insomnia and head or stomach-aches at least once per week (Ladouceur et al, 1994). In its investigation of gambling problems, the Productivity Commission found that 50% of people with severe gambling-related problems said gambling made life less enjoyable, compared with just 5% of other gamblers (Productivity Commission, 1999). It should be cautioned though, that a range of studies show that a substantial proportion of people with severe gambling-related problems also have...
long-standing mood and personality disorders or alcohol or other drug-related problems (Walker, 2008; Moodie, 2007; McCready et al, 2008; Science Alert, 2008; Dickerson, 1989; Blaszczynscki, 1999), with the implication that, for many individuals, some of the difficulties associated with gambling may be exacerbated by pre-existing personal difficulties.

**Family Stress**

The effect of persistent gambling losses upon many families includes mistrust and arguments about gambling, thereby corroding family relationships and often leading to marital breakdown, divorce and family violence (Costello, 2008; KPMG, 2000; Ferland et al, 2008). An investigation by Wynne et all (cited in Ladoueur et al, 1994) found that all of a sample of people with severe gambling-related problems – but none of a sample of frequent (but not problem) gamblers – reported that gambling had generated stress in their family lives, while half stated that they had been approached by a family member or friend to moderate their gambling.

**Work-related Difficulties**

Distracted by a preoccupation with gambling, many people with gambling-related problems experience difficulties associated with their employment, leaving work early to gamble or missing work altogether, and sometimes ultimately losing their employment as a result of gambling. One study of problem gamblers found that two-thirds had missed work or left early to gamble, while a third had lost their jobs due to gambling (Ladouceur et al, 1994).

**Crime and Deception**

Deceptive or criminal actions carried out in response to gambling problems, are widely reported (Justice and International Mission Unit, 2002; Livingston, 2008; Commonwealth of Australia, 2008) with a survey of 241 members of Gamblers Anonymous revealing that 47% had committed embezzlement, fraud or arson to obtain money for gambling (Lesieur and Puig, 1989). A recent survey of 8,000 randomly-selected New Zealand residents found that 0.3% had committed crimes in response to gambling difficulties during the previous 12 months (Lin et al, 2008).

**The Prevalence of Gambling-related Problems**

**Prevalence of Gambling**

Surveys have shown that approximately one-third of Victorian adults gamble on EGMs at pubs and clubs, at least once each year. In 1999, the Productivity Commission found that 45% of adults in Victoria had participated in EGM gambling in pubs, clubs or the casino, in the previous 12 months (1999), whereas South Australian Centre for Economic Studies, 2005 put the figure at 32% who gambled at clubs and pubs [but not the casino] in the previous year.

More recently, the 2003 Victorian Longitudinal Community Attitudes Survey found that approximately one-third (34%) of Victorian adults had participated in EGM gambling in the past year [28% had bet on horses or greyhounds, and 68% played a lotto game]. According to the findings of this survey, 23% of adults participated less often than once per month, a further 7%, 1 to 3 times a month, and just 3% gambled at least once a week (McMillen and Marshall, 2004). Though EGM gamblers differed little from the Victorian adult population in
their pattern of ages, incomes and other attributes, those who participated most frequently tended to be older, male, and have lower incomes and educational levels.

The prevalence of gambling also varies among localities – likely reflecting differences in the social, income and educational characteristics of these communities. For example, the 2003 survey found that the proportion of adults who had participated in EGM gambling in the previous year was higher, at 37%, in the least affluent four metropolitan municipalities [Greater Dandenong, Maribyrnong, Brimbank and Hume] than in the most affluent localities, where the figure was 29% [Nilumik, Stonnington, Bayside, Boroondara] (McMillen and Marshall, 2004).

Many of those who gamble regularly experience difficulties in their personal, family or working lives as a result of financial stress caused by their gambling losses, or by the time spent gambling. Efforts to determine what proportion of the community experience gambling-related problems is discussed below.

**Prevalence of Severe Gambling Problems**

Over the past few decades, surveys have been conducted to determine how widespread gambling-related problems are in the community, to document differences in prevalence among various segments of the community, and to trace any changes in the extent of gambling problems over time. With few exceptions, such estimates have been reached in the basis of the findings of random surveys of the adult population, which focus upon the identification of severe gambling-related problems.

Several types of questionnaires have been employed to conduct these investigations. One of the most widely used is the South Oaks Gambling Screen [SOGS] whose 20 questions inquire about concealing gambling losses, arguing with family members about gambling, chasing losses, spending more money than intended, and borrowing from various sources. A score of 3 to 4 is generally interpreted as ‘possible pathological gambling’, and 5 or more as ‘probable pathological gambling’ or ‘problem gambling’ (Gerstein et al, 1999).

Another questionnaire, the Canadian Problem Gambling Index, was designed for measuring community prevalence and features questions about similar issues, with a score of 8 or more of the 31 items construed as evidence of severe gambling problems, and a score of 3 to 7 signifying moderate risk (McMillen and Marshall, 2004).

The Victorian Gambling Screen, created in 2001, features 22 questions about effects of gambling on family relationships and finances, behaviour such as chasing losses, preoccupation with gambling and perceptions of the harm caused by gambling, and illusions about the skill involved in gambling. A score of 20 or more is interpreted as a gambling problem, and 9 to 20 as evidence of borderline gambling problems. (McMillen and Marshall, 2004; Ben-Tovim et al, 2001).

While these three tests were designed to place differing levels of emphasis upon the various aspects of gambling problems, McMillen and Wenzel (2006) maintain they are essentially similar in their content. Among these and other gambling tests, the SOGS is by far the most widely used around the world in the investigation of gambling problems (Svettieva and Walker, 2008).
Estimates of the prevalence of gambling problems among the general community, based on such surveys, have produced results which often vary widely, even within the same community or nation. In the 1980’s, in the UK for instance, estimates ranged from 0.2% to 1% (Moody, cited in Dickerson and Hinchey, 1988; Allcock, 1988), while findings from the USA varied from 0.8% to 6.8% and differ widely among the states (Volberg and Vales, undated; Becona, 1992; Ladoucier et al, 1994). Surveys conducted in the past few years in Scandinavian countries have put the prevalence of problem gambling at between 0.45% in Norway [for ‘at risk gambling’] to 4% in Finland (Jonsson, 2007).

Research in Australia
One of the most extensive inquiries into the prevalence of gambling problems in the general community was a phone survey of 10,600 randomly-chosen Australian adults carried out in 1998 by Roy Morgan Research on behalf of the Productivity Commission. The survey, featuring the SOGS questionnaire, found that 2.1% of respondents across Australia [and the same proportion within Victoria] were problem gamblers3 (Productivity Commission, 1999). In 1999, the Sixth Survey of Gambling Patterns and Perceptions, reported that 1.5% of the respondents to its survey scored 5 or more on the SOGS, though it termed them simply, ‘at risk’.

A more recent investigation, commissioned as part of the 2003 Victorian Longitudinal Community Attitudes Survey, incorporated three different questionnaires, all designed to identify gambling-related problems of broadly equivalent severity. The result was three different estimates of the prevalence of gambling problems among Victorian adults: 1.1%, using the SOGS – with a further 0.95% deemed ‘at risk’ gamblers; 0.97%, employing the Canadian Problem Gambling Index - and 0.91% at risk; and 0.74% problem gamblers featuring the Victorian Gambling Screen – with 0.9% identified as ‘borderline’ problem gamblers (McMillen and Marshall, 2004). On the basis of these findings, the authors of the report concluded that approximately 1% of Victorian adults were ‘problem gamblers’. In response, the Victorian Government declared that the prevalence of problem gambling had almost halved in the previous few years, from 2.1% recorded by the Productivity Commission in 1999, to 1.1% in 2003 (Department of Justice, 2006A; Office of the Premier, 2006). However, the range of surveys conducted throughout this period has produced various results, which make it impossible to confidently determine the actual prevalence in the Victorian community, much less reliably trace changes over time. Commenting on recent trends in 2008, Professor McMillan noted that there was, in fact, no evidence of a recent decline in the prevalence of gambling problems (Senate Standing Committee on Community Affairs, 2008).

In 2006, 10% of Australian adults surveyed by Roy Morgan Research conceded that they sometimes gamble more often then they should. The same proportion of respondents also stated that they, or a member of their family, had encountered problems with gambling - similar to 11% of respondents who acknowledged such experiences in response to a KPMG survey of selected localities in Melbourne (KPMG, 2000). Unlike many other inquiries, this survey was not solely focused upon severe gambling problems, and relied on respondents’ own perceptions of what constituted a gambling problem.

3 1.2% scored 5-9 on SOGS and were considered to have ‘moderate’ gambling problems, while 0.9% scored 10+ were termed ‘severe’, for a total of 2.1% of Australian adults deemed by the Productivity Commission to be experiencing ‘significant’ gambling problems. In addition, A further 2.8% scored 3-4 on the SOGS and were regarded as being ‘at risk’ of such problems.
**Characteristics of People with Gambling-related Problems**

Surveys of the apparent level of gambling problems in the community have also provided some insight into some of the characteristics of people with gambling problems.

**Gender**

While some inquiries, such as the 2003 Victorian Longitudinal Community Attitudes Survey, indicate that gambling problems are more prevalent among males than females, the representation of women among people with gambling problems has increased in recent years. The Productivity Commission notes that in 1999 a survey of problem gambling indicated that just 14% of people with gambling-related problems were female, while by 2007/8, approximately half of all Victorian Gambler’s Help clients were women.

**Education**

Overseas surveys have concluded that people with gambling problems tend to be less well educated than those without gambling problems (Gerstein et al, 1999; McCready et al, 2008; Welte et al, 2003), a US study finding that ‘pathological gambling’ was four times more prevalent among people with less than full high school education [1.2%] than among those with a university education (0.3). Such conclusions are echoed by Victorian survey results, which showed that problem gamblers were more likely to have left school early, than others (McMillen and Marshall, 2004).

**Income and Occupations**

Other evidence indicates that people on lower incomes or in less skilled occupations tend to experience higher gambling losses (Wardle et al, 2007; Williams et al, 2007). The National Institute of Economic and Industry Research (2000) found that blue collar workers and people on lower incomes tended to gamble more than people on higher incomes or white collar occupations, while KPMG (2000) concluded that gambling losses tended to rise with increasing numbers of social security recipients [except unemployment beneficiaries].

**Personal Problems**

Higher than average rates of personal distress and excessive alcohol or other drug use are also reported among people with gambling-related problems (McMillen and Marshall, 2004). A 2008 survey of Tasmanian residents found that, among regular gamblers, the prevalence of heavy smoking (100+ per week) was 15%, compared with 6% among others, while 18% of regular gamblers engaged in heavy drinking compared with 7% of others (SA Centre for Economic Studies, 2008). A Melbourne study of 2,000 adults, conducted by the Problem Gambling Research and Treatment Centre at Monash and Melbourne Universities, determined that problem gamblers were 19 times more likely than non-problem gamblers to experience psychological difficulties; 4 times more likely to exhibit hazardous alcohol use; 2.4 times more often depressed; 6 times more likely to be divorced, and less inclined to feel valued as members of the community or able to call upon friends for assistance (Science Alert, 2008). Similarly, a Canadian study of the general population found that people with alcohol or other drug-related problems were more likely than others to experience gambling problems (Reynolds, 2008). Walker (2008) cited US research by Petry, Stinson and Grant (2005), which estimated that 73% of people with gambling-related problems were also engaged in alcohol abuse, and by
Petry et al, 2005, which reported that 50% experienced mood disorders, 41% anxiety disorders and 28% obsessive compulsive personality disorders. These findings were echoed in the results of the Victorian Gambling Survey, Wave Two, which surveyed 5,000 Victorian residents in 2009 (those of a sample of 15,000 surveyed a year earlier, who agreed to be contacted later and could be reached). The survey found that problem gamblers were more likely to experience depression, psychological distress, smoking, disruptive life events and lack of affiliation with the community. Over half (51%) of problem gamblers reported depression, compared with 10% of non-problem gamblers; 32% reported psychological distress – based on the Kessler scale – compared with 12% of non-problem gamblers and 3% of the general population; 53% of problem gamblers smoked compared with 23% of all gamblers; 43% experienced the death of someone close to them, in contrast to 29% of all gamblers; 50% reported increasing arguments with someone close to them, compared with 9% of non-problem gamblers; and only 32% felt valued by society, compared with 70% of all gamblers.

Conditions associated with a higher likelihood of problem gambling among the survey respondents included poor physical and social health, alcohol abuse, menial occupations, low educational attainments, speaking languages other than English at home, one-parent families, and troubles with colleagues at work. It may be mentioned that the survey found that many people – though a minority - changed their gambling patterns and risk levels over time, with a third of problem gamblers having no previous history of gambling problems.

**Limitations of Gambling Prevalence Surveys**

While community surveys and other evidence furnish some suggestions about the prevalence and characteristics of problem gamblers, their findings should be interpreted with caution. Three major limitations of such surveys include the apparent inaccuracy with which problem gamblers are distinguished from others; inconsistency in measurement due to differences in questionnaires, the criteria used for defining problem gambling and survey methods; and imprecise measurement arising from the difficulty of reaching conclusions about a small proportion of the population from the results of a sample survey.

**Inaccurate Responses**

Researchers have long noted with concern, that many people with gambling-related problems are inclined to conceal their difficulties, by either not responding to surveys about gambling or giving answers which minimize their problems (Walker, 2008; Volberg, 1993; Eddington, 1987; Schilling et al, 1994). As a result, the proportion of respondents with gambling problems may be underreported. In one of the trials of the SOGS, among 384 students, 28 were interviewed and found to have gambling problems. Yet of this number, 13, or 45%, were not detected by the survey (Cullerton, 1989; Lesieur and Blume, 1993). Thus, the true rate of prevalence of gambling-related problems among this sample was nearly twice that recorded by the questionnaire. The most likely reason was that some individuals chose to conceal the extent of their gambling problems in their responses to a survey. When the Productivity Commission asked 409 problem gamblers how they would have answered a phone survey on gambling, prior to seeking treatment, just 29% replied that they would have responded and given candid replies (1999). If these results reflected the actual level of detection of severe gambling difficulties in sample surveys, then the proportion of Australian adults...
with gambling-related problems would be not 2.1%, as the authors of that report found, but three times higher, at over 6%.

A further reflection of the under-reporting of gambling losses may be seen in the findings of the 2003/4 Household Expenditure Survey, where Victorian respondents reported, on average, EGM losses of 64c per household (Australian Bureau of Statistics, 2008A) – equal to $63 million in total across Victoria - just 2.8% of actual EGM gambling losses, of $2,290 million that year (Victorian Casino and Gaming Authority, 2004) – and less still than the 9.1% of EGM losses which were acknowledged by respondents to the previous survey, of 1998/9. Not surprisingly, this source has been characterised as “notoriously unreliable” (South Australian Centre for Economic Studies, 2005: 197) as a source of gambling expenditure data.

On the other side of the coin are those people whom prevalence surveys may identify as having severe gambling-related problems, when these difficulties are in fact less extreme than the survey results import. In other instances, gambling problems may have been overcome and now lie in the past (SA Centre for Economic Studies, 2005B; Dickerson, 1993; Walker, 1994). For example, in one US study, two versions of a questionnaire were administered: one referring to problems at any time in the respondent’s life, which produced a finding of 2.7%; and the other inquiring about gambling difficulties in the past 6 months, and yielding a result of just 1.2% (Abbot and Volberg, 1991, cited in Walker, 1994; Ben-Tovim et al, 2001). Similarly, an Australian study of 497 adults, featuring a questionnaire which referred to problem gambling in the past, resulted in a finding of 1.9%, compared with 2.5% among those who were asked about gambling problems at any time in their lives (Dickerson, 1993).

With some respondents mistakenly identified as problem gamblers, and as many as two-thirds of those with severe gambling-related problems overlooked in sample surveys of the general population, the accuracy of the findings of such prevalence surveys may not be relied upon with confidence.

**Inconsistent Survey Methods**

The results of prevalence surveys may be further compromised by differences in the questionnaires used, the survey methods, the type of sample selected, and the cut-off point used to identify problem gamblers (Select Committee of the Legislative Council on Gambling Licensing, 2008; Doughney, 2007; Jonsson, 2007; Xenophon and the Australian Greens, 2008; Livingston, 2008). Such inconsistencies in the conduct and interpretation of surveys make it difficult to compare the findings of surveys conducted at varying times or among different communities. McMillen and Wenzel (2006) note that it would be preferable if governments settled upon a single, consistent method for measuring the prevalence of gambling-related problems.

**Imprecise Measurement**

A further limitation of prevalence surveys stems from the fact that, in selecting a sample of the population, chance alone may decide whether or not the sample actually contains the same proportion of people with severe gambling-related problems as the overall community which the sample is intended to represent. Typically, 5 to 20 out of every 1,000 people who participate in a community survey indicate that they have

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4 In 1998/9, respondents to the Australian Household Expenditure Survey recorded that they lost $1.95 per week to EGMs (Australian Bureau of Statistics, 2000A), representing annual losses $178 million across the 1,755,000 households of Victoria (Australian Bureau of Statistics, 2000B) – the equivalent of just 9.1% of the actual EGM expenditure incurred in Victoria that year, of $1,954 million (Victorian Commission for Gambling Regulation, 2009).
severe gambling problems. However, among samples drawn from the same population, such numbers are subject to chance variation - much as the number of heads in a sequence of coin tosses may vary. When the prevalence of the characteristics being investigated is relatively low - as it is for gambling problems – chance exerts a relatively large influence upon the final result. Accordingly, 20 notes that the 2003 Victorian Longitudinal Community Attitudes Survey finding of a 1.12% prevalence of gambling problems among adults in Victoria merely signifies that there is a 95% chance that the true prevalence lies in the range 0.78% to 1.63%. Moreover, where many individuals selected to participate actually decline to do so - as in most population surveys - the range increases substantially, rendering the final result so imprecise as to be almost valueless.

A Narrow Focus

A further criticism of these surveys may be based not upon the way in which they measure gambling related problems but on what they measure. By focusing upon the individual characteristics of ‘pathological’ or ‘problem’ gamblers, such surveys overlook many others who experience problems associated with their gambling, as well as those adversely affected by the gambling of others.

Such narrow focus upon severe and addictive patterns of gambling behaviour, coupled with the lack of precision, evident inaccuracy, and inconsistency of such surveys, raises formidable objections to their validity, and therefore the value, of gambling problem prevalence surveys. Speaking of efforts to measure the prevalence of gambling-related problems in Australia, Gary Banks, Chairman of the Productivity Commission observed that “…despite all the surveys, we remain quite uncertain as to whether problem gambling has diminished in recent years.” (2007: 22).

An Alternative Approach

The detrimental effects of even relatively modest gambling losses upon the standard of living of families and the quality of family relationships, is extensively documented. Accordingly, instead of measuring the proportion of individuals who exhibit ‘pathological’ or ‘compulsive’ gambling behaviour, efforts may be made to measure the broader problems caused by gambling, or the proportion of people who experience such difficulties, thereby widening the measurement of gambling problems from the relatively few individuals who match the clinical profile of problem gamblers, to all those who experience significant difficulties due to persistent gambling losses.

As McMillen and Wenzel remark, gambling “…profoundly affects families as well as gamblers” (2006: 168). An emphasis upon the problems caused by gambling also opens the possibility of recognising the detrimental effect of gambling upon family members and the community - defining gambling problems from the standpoint of individuals affected by the gambling of others, then attempting to measure the prevalence of such problems in society. This approach should offer the further benefit of improved accuracy, since survey respondents may be more readily inclined to provide candid replies to questions about the gambling behaviour of others, than about themselves.
A combination of these approaches – emphasizing the full range of gambling problems as they affect others - may furnish the means to more realistically and accurately document the harm caused by gambling to gamblers, their families and dependents, and to the wider community.

Finally, in addition to measuring the effects of gambling upon others, consideration should be given to the overall effect of gambling upon communities. Existing measures of the level of EGM gambling losses incurred by various municipalities – as well as smaller areas, with the release in 2009 of venue-level data - can be coupled with information about local income levels to produce a measure of the impact of EGM gambling upon average household incomes, thereby providing a valuable indication of the relative financial burden which gambling losses impose upon communities.
III: Benefits of Gambling

While the creation of employment by the gambling industry is often claimed as a benefit of EGM gambling, it would appear that gambling merely diverts expenditure and jobs from other sectors of employment. A further purported benefit of gambling – the expenditure of funds upon community projects from the Community Support Fund and by venues directly – represents the return of just 5% of funds lost to EGM gambling.

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Economic Effects of EGM Gambling

One of the benefits ascribed to EGM gambling is the employment generated in gambling venues (Select Committee of the Legislative Council on Gambling Licensing, 2008; Tabcorp, 2009), with the State Government observing that EGM gambling provides employment for thousands of people across Victoria (Department of Justice, 2006B, 2009). However, much of the employment associated with gambling comes at an even greater cost to other sectors of the economy.

Investigations of the spending patterns of gambling show that funds lost to gambling machines are largely diverted from expenditure on goods and services, such as household items, clothing and food (KPMG, 2000). The result, economic studies have found, is a diversion of expenditure from retail and other sectors of the economy (Doughney and Kelleher, 1999; South Australian Centre for Economic Studies, 2005), with the consequence that growth in the retail sector is lower than it would have been if EGMS had not been introduced.

Moreover, evidence indicates that expenditure on EGM gambling creates fewer jobs in gambling venues than those lost from other sectors of the economy. A 2006 study of Victorian and Western Australian gambling concluded that 3.2 jobs were created for every million of EGM gambling expenditure, compared with 8.3 jobs per million services from sales of beverage and 20.3 jobs for every million spent on meals and food (South Australian Centre for Economic Studies, 2005). These findings are echoed by the results of a further inquiry which determined that the funds lost to EGM gambling generate less employment than equivalent expenditure in other sectors, such as food sales (O’Neill and Whetton, 2002).

Even a recent report commissioned by the Gaming Technologies Association, forecast that while removal of gambling machines from clubs and hotels would initially result in a decline in employment as jobs were lost in the gambling sector, in the long-run, employment would actually rise by approximately 2,100 jobs, as people previously employed in the gambling industry found employment in other sectors such as manufacturing (Centre for International Economics, 2008).

Community Support Fund

Under Section 3.6.6 (2)(c) and 3.6.12(1)&(1A) of the Gambling Regulation Act (2003), an 8.33% tax is imposed upon gambling revenue from hotels, in addition to the 24% levied upon all hotel and club venues. The 8.33% tax passes to the Community Support Fund, with the exception of $45 million, which the act stipulates is to be deducted each year until 2008/9 [and which was directed to the government drug strategy in 2007/8].
The Community Support Fund, amounting to $101 million in 2007/8, (Department of Justice, 2006A), is allocated to problem gambling programs; drug education and treatment; youth programs; community advancement; sport and recreation; arts and tourism; veterans support; and other purposes.

The manner in which Community Support Funds are distributed to communities has been challenged, with the 2006 Report on the Consultations for the Gambling Licenses Review remarking on a “lack of transparency” in allocation of funds to local communities (Kirby, 2006). Such considerations hold particular relevance for some in local government and community organizations who see the Community Support Fund as a means by which the burden of gambling losses upon local communities may be partially redressed, through grants for community projects. Some commentators from local government and the community sector have therefore urged that local communities be afforded greater influence upon the choice of local projects to be supported, and that those communities which incur the higher losses to gambling be given preference in the allocation of those funds.

However, it lends perspective to note that, at best, the benefits of the Community Support Fund may only partially redress the effects of gambling upon communities, since the entire fund accounts for only 4% of all EGM gambling losses.

Community Benefit Statements
The Gambling Regulation Act requires that clubs which are EGM gambling venues provide an annual audited statement, called a Community Benefit Statement, of the funds which they have directed to “philanthropic… benevolent…sporting or recreational purposes” (Gazette S124 26 June 2003). This obligation is intended to show that clubs direct 8.3% of their gambling revenue to activities which benefit to the community. Clubs which are late in submitting Community Benefit Statements are required to pay 8.3% of their gambling revenue to the Community Support Fund until they do so; and where a shortfall is found to exist, the balance must be paid into that fund.

The requirement for these statements stems from the difference in the level of tax levied upon hotels and clubs. While hotels pay 33% of their gambling revenue to the state government - of which 8.3% is deducted to the Community Support Fund - clubs pay only 24.3% of their gambling revenue as tax, as it is expected that they will direct 8.3% of their gambling funds at least, to activities of benefit to the community. Community Benefits Statements are intended to verify that such funds have indeed been directed to community projects.

For several years though, doubt has been cast upon the accuracy of Community Benefit Statements as a reflection of the true level of support provided to the community by gambling venues. The types of expenditure which may be claimed as community benefits have included running costs, such as employment expenses; fixed assets, such as furniture, TVs and fridges; and subsidized goods and services. Thus, of the $292 million claimed by Victorian clubs as community benefits in 2010/11, just $19.8 million, or 7%, represented expenditure of evident benefit to the community - such as donations, gifts, sponsorships or volunteering – accounting for 1% of total EGM losses in the state. The balance included employment costs, capital expenditure and subsidized services. The effect, some commentators maintain, is to enable clubs to
avoid the tax which would normally apply to any discrepancy between the funds actually spent on community activities and the 8.3% required.

**Community Attitudes to EGM Gambling**

Community surveys conducted among the general population of Victoria in recent years, have revealed persistent and widespread public apprehension about the level of gambling opportunities and gambling related harm in the community, and broad support for continued reform.

In 1999, the Productivity Commission reported that 70% of respondents to its national survey felt that gambling does more harm than good (1999), while further research into the impact of EGMs found that 67% of Victorians considered that gambling was too accessible (South Australian Centre for Economic Studies, 2005).

Similar perceptions were documented by the more recent 2003 Victorian Longitudinal Community Attitudes Survey [McMillen and Marshall, 2004] which inquired closely into attitudes toward gambling among the Victorian public. The survey covered issues such as the effects of EGM gambling upon individuals and the community, the accessibility of EGM gambling, and public policy on gambling.

In response to questions about the availability and consequences of EGM gambling:

- 76% of respondents agreed that gambling was too widely available in Victoria, while 16% disagreed.
- 85% stated that gambling is a major problem in Victoria; 7% disagreed
- 15% agreed that gambling has increased social life in the community, while 67% disagreed
- 89% of Victorians agreed that the Government should reduce the number of EGMs; 5% disagreed
- 87% supported removal of bank note acceptors on machines; 8% opposed this measure
- 86% agreed that people should be able to limit the amount they spend on EGMs; 9% disagreed.

Notably, the attitudes and perceptions expressed in this survey, and reviewed above, were widely held among both gamblers and non-gamblers, and among residents of both metropolitan and regional localities.

A succession of Victorian surveys reveals some increase in the proportion of people in the general community who hold such concerns about the effects and availability of gambling. Between 1996 and 2003, for instance, the proportion of respondents who concur that gambling is too widely accessible, rose from 75 to 86% of the Victorian population, and the level of support for the reduction in number of EGMs in the state surged from 57 to 74%, reflecting a general consolidation in the level of concern about gambling in Victoria.
IV: Reforms to the Gambling Industry

Numerous changes in the conduct of EGM gambling in Victoria have been instituted by the Victorian Government in recent years, with little effect upon gambling losses or gambling-related problems. While a variety of reforms have been urged upon governments, evidence suggests that only the most substantial changes, such as banning of alcohol from gambling venues, and a substantial reduction in the number of EGMs and venues, are likely to achieve a marked and enduring effect.

* * * *

**Suggested Reforms to the EGM Gambling Industry**

While the State Government has instituted numerous changes to the way in which gambling is conducted in Victoria, gambling losses have generally continued to rise, and by 2007/8 had reached $2.6 billion. Commentators have recommended a variety of reforms to the gambling industry, intended to reduce gambling losses and thereby alleviate gambling-related harm. These reforms address issues such as the ease and rate at which money can be lost to gambling machines, the ready access to funds at gambling venues, the promotion of gambling, and other issues.

**Attributes of Gambling Machines**

Several reforms which would have the effect of lowering the rate of gambling have been proposed, including removal of note acceptors; reductions in the maximum bet, number of lines a gambler may bet on, amount of credits which can be bet per line, and machine rate of play; and a lowering of the maximum sum which may be lost to $50 or so, per hour. (Select Committee of the Legislative Council on Gambling Licensing, 2008; Livingstone et al, 2006; Rodda and Cowis, 2005; Costello, 2008; Justice and International Mission Unit, 2002; Reynolds, 2008). As free spins aggravate gambling losses by encouraging some players to keep playing - and loosing - to obtain the courtesy spin (Livingstone et al, 2006), it has been proposed that this feature be abolished. Other commentators warn against jackpots, a representative from the Interchurch Taskforce noting before the Senate Standing Committee, that large prizes encourage many players to keep gambling in order to secure a win or recover money already lost (Senate Standing Committee on Community Affairs, 2008).

Reflecting upon features of the design of gambling machines that tend to encourage gambling, some commentators contend that losses incurred at individual EGMs should be monitored to identify the attributes of EMGs which are associated with higher gambling losses. Such information, they propose, could then be used by governments to devise further restrictions upon EGM design to reduce gambling losses (Livingstone et al, 2006; Griffiths, 1995, cited in Harrigan, 2007).

Others express less confidence in the prospect that adjustments in EGM design may substantially reduce EGM losses. An Australian study, conducted by Blaczyzynski et al (2001), found that approximately one in ten regular gamblers used note acceptors or wagered more than $1 per bet, and few played at a high rate, leading its authors to conclude that adjusting these attributes of machine design may have a limited effect upon gambling problems. In their extensive review of evidence relating to the effect of modifications in EGM design and function, Williams et al concluded that modifications such as reductions in the speed of play and number of lines, eliminating early big wins by reducing maximum win size, reducing the frequency
of near-misses and lessening the interactive nature of machines, are at best, likely to exert only a small influence. They reasoned instead, that any machine designed to provide sizeable rewards on an intermittent and unpredictable basis “…will tend to produce strong behavioral responses that are resistant to extinction” making EGMs “high risk devices with a strong association to problem gambling” (2007: 34).

Pre-commitment Mechanisms

The introduction of a pre-commitment mechanism is a measure which is widely advocated [Select Committee of the Legislative Council on Gambling Licensing, 2008; Rodda and Cowis, 2005; Costello, 2008]. As it is commonly described, players would set the amount of money they are prepared to loose over a given period of days or weeks on an electronic device such as a card. After reaching that limit, the individual would be unable to play on any EGM until the pre-determined period had elapsed. In 2008, Norway introduced restrictions upon the operation of gambling machines which include the requirement of a pre-paid card required to gamble, which limits player losses to the equivalent of $80 per day and $400 per month. It is reported that, following the initial reforms, calls to a national gambler’s help line declined from 2,276 in 2007, to 330 in the first half of 2008 (Associated Press, 2008).

Enforced Breaks from Gambling

Rodda and Cowis (2005) note that the unpredictable timing of rewards provided by EGMs tends to foster rising expectations of an impending win among many players. For this and other reasons, many players have limited control over their judgment while playing and experience difficulty ceasing gambling, once they are underway. The introduction of compulsory breaks from gambling at regular intervals (Rodda and Cowis, 2005), perhaps through the player card described above (Justice and International Mission Unit, 2002), is suggested as a means to enable players to pause and thoughtfully consider their circumstances. In research conducted by Rodda and Cowis, problem gamblers, families affected by gambling, and gambling counselors all tended to favor enforced breaks as a means to reduce gambling losses and thereby reduce gambling related harm. The card required to play on gambling machines in Norway, provides such an interlude by shutting off the gambling machine for 10 minutes after an hour of continuous play to enforce a break from gambling (Associated Press, 2008).

Removal of Automatic Teller Machines

Removal of automatic teller machines (ATMs) from gambling venues is a measure almost universally advocated as a means to reduce access to money (Unnamed, 2002; Livingstone et al, 2006 7). Rodda and Cowis (2005) found that problem gamblers were the more heavy users of ATMs, with frequent episodes of use associated with more intense and prolonged gambling and higher gambling losses. EGM players, the report notes “…rank this as the most effective measure that could be introduced…”. A study conducted in the ACT found that 60% of problem gamblers regularly used the ATM at clubs, in contrast to 13% of recreational gamblers and 5% of non-gamblers (Commonwealth of Australia, 2008, cited in Xenophon and the Australian Greens, 2008). Similarly, a 2008 Tasmanian survey found that the proportion of respondents who stated that they often or always use the ATM at gambling venues was 9% for non-users and low risk gamblers, and 29% for those identified as higher risk or ‘problem’ gamblers (SA Centre for Economic Studies, 2008). As one witness from a problem gambling service informed the Senate Standing Committee
on Community Affairs: “For a lot of them they go into blackouts, they lose time, and they cannot remember their actions but when they go and check out their ATM withdrawals the next day, they see numerous withdrawals that were at the venue…” (Senate Standing Committee on Community Affairs, 2008: 88). Livingstone advised the same inquiry that, for many problem gamblers, play only ceased when they ran out of money at the ATM (Senate Standing Committee on Community Affairs, 2008). In March 2008, the Victorian Government announced that ATMs would be removed from gambling venues from 2012 [with the exception of some rural areas].

**Staff Responses to Patron Behavior**

Improved training for venue staff in the recognition of behavior suggestive of gambling problems, and in steps to intervene to offer support or deter such people from gambling, has been proposed as a means to reduce problem gambling. (Delfabbro et al, 2007). However, Rodda and Cowis report that many venue managers and problem gamblers are of the opinion that venues lack the means to identify a problem gambler or effectively deal with the problem (2005).

**Consumption of Alcohol**

The restriction of the consumption of alcohol at gambling venues is a further measure which may reduce gambling losses and gambling-related problems. Williams et al (2007) point to a proven relationship between alcohol and excessive gambling, citing research Ellery, Stewart and Loba (2005), which concluded that moderate alcohol consumption is associated with a rise in duration and intensity of play, and gambling losses, a conclusion supported by the findings of Talbot (2008).

In August 2009, the Ministerial Council on Gambling released its National principles for the conduct of responsible gaming machine activity in clubs and hotels5, which, among other points, stipulated that “Adults who are intoxicated by either alcohol or drugs should not be permitted to gamble” and that “Alcohol should not be served to patrons while they are at a gaming machine” (Macklin, 2009)

**Reductions in EGM Numbers**

Further steps which some commentators believe may contribute to a reduction in gambling losses include reductions in the total number of machines in the state (Talbot, 2008) – as distinct from caps, which have merely entailed the movement of some machines from a selection of disadvantaged municipalities to other localities.

**The Role of Government**

The Chairman of the Productivity Commission recently noted: “…given that 30% of industry revenue comes from those people at whom these measures are directed, the incentives for the industry to take effective

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5 Access to gambling needs to be restricted where there is heightened risk of loss of control.
Minors should not be allowed to gamble or be exposed to gambling areas within venues.
Adults who are intoxicated by either alcohol or drugs should not be permitted to gamble.
Information and support should be provided to patrons seeking help and those that have been identified by staff as potentially having a problem with gambling.
Venues should act promptly to assist persons to self-exclude if requested.
Venues should display problem gambling help information in the gambling area and venue more broadly.
Venues have a responsibility to train their staff in problem gambling issues.
Specifically trained contact officers should be available in venues to provide referral information or assist with undertaking exclusion.
Venues should monitor suspected problem gamblers and take reasonable steps to offer them assistance.
Venues should not knowingly allow problem gamblers to gamble in their venues.
Breaks in play should be encouraged.
Gambling areas should be smoke free.
Alcohol should not be served to patrons while they are at a gaming machine.
There should be daily shut down periods within each venue of at least three hours.
actions are not strong” (Banks, 2007: 24). The future of such reforms therefore depends largely upon government, rather than the gambling industry. However, fundamental measures, such as a reduction in gambling machine numbers in Victoria, have been ruled out of consideration by the State Government in its planning for the gambling industry after 2012, when the contracts with the current gambling operators - Tattersalls and Tabcorp - expire.

**Destination Gambling**

Most Victorians live in relatively close proximity to an EGM gambling venue, with 90% of residents in metropolitan Melbourne, and 55% in non-metropolitan areas, residing within 2.5 km of a club or hotel with gambling machines (Department of Justice, 2008). A range of population studies have inquired about travel to gambling venues, with a 1999 survey of Victorian residents finding that gamblers traveled an average of 2.5 km to a venue (KPMG, 2000), while more recently, a survey of 8,500 Victorian residents found that 32% of gamblers traveled less than 2.5 km to their most recent venue, and 57% less than 5 km (McMillen and Marshall, 2004). Other local research has produced similar findings (McMillen and Doman, 2004).

Many commentators propose that reducing the number of gambling venues, and situating them away from shopping venues and community precincts frequented by people in their everyday lives, would reduce the level of gambling-related problems by obliging most patrons to make a conscious decision to gamble, then travel to a specific out-of-the-way destination to do so. This is often termed ‘destination gambling’ - gambling at venues whose location “…would encourage pre-determined decisions to travel and gamble” (Department of Justice, 2008). The opposite – ‘convenience gambling’ – occurs when EGM venues are situated among or in proximity to shops, community facilities, transport hubs and other locations which people pass nearby each day, causing some people to gamble impulsively.

An important distinction to be made in considering the difference between convenience and destination venues is the density of gambling venues. The situation in Western Australia, where gambling machines are available only at Perth’s Birdswood Casino, may be the extreme example of a destination venue. Here, most patrons must make a deliberate decision to travel a considerable distance to the casino to gamble. Other descriptions of destination venues though, such as that given by the Department of Justice in its report ‘Destination Gambling: evaluating the benefits for Victoria’, merely envision a lesser number of larger gambling venues than at present, at an increased average distance from patrons.

In the case of Western Australia, South Australian Centre for Economic Studies (2005A) credits the existence of a single venue with the lesser per capita expenditure on all gambling in Western Australia [$460, compared with $1,133 in Victoria in 2002/3] and the lower estimated prevalence of gambling-related problems in that state [0.7% compared with 2.1% in Victoria]. However, it may not necessarily be inferred that a mere reduction in the number of gambling venues in Victoria, to produce a lesser number of regional venues, would cause a substantial decline in the level of gambling losses. In a 2008 report on this subject, the Victorian Department of Justice contended that the replacement of current venues with fewer destination venues would still leave a wide distribution of venues easily accessible by car. Problem gamblers, the report proposed, might adjust to any inconvenience of traveling a greater distance by gambling more intensely and for a longer period of time, while destination venues might appeal to gamblers who seek a level of
anonymity not available at a smaller, local venue. In addition, the authors of that report concluded that geographic access is but one of many factors which influence gambling behavior (Department of Justice, 2008).

Other evidence however, indicates that the establishment of destination venues may indeed contribute to a reduction in gambling-related problems. A Canadian investigation, which explored the association between residential location and gambling patterns, revealed a link between gambling problems and proximity to a gambling venue (Rush et al, 2008). Similarly, a 2008 inquiry by the New Zealand Ministry of Health, drawing from the findings of its national Health Survey, information about the place of residence of its 12,500 respondents, and the location of gambling venues, concluded that people who resided near a gambling venue were more likely than others to experience gambling-related problems. This trend persisted even where neighborhoods of equal social disadvantage were compared, indicating that this result was not merely a reflection of the higher density of venues in disadvantaged localities. In light of its findings, the report recommended efforts be made to increase the distance people had to travel to their nearest venue (Mason, 2008).

While not conclusive, such evidence appears to support the idea that fewer venues would increase the average distance to a local venue and thereby reduce the level of gambling problems, though other factors, aside from geographic distance, may influence gambling behavior and partially offset the effect of reduced proximity.

On the other hand, evidence reviewed by Williams et al (2007) shows little or no association between the number of gambling venues and prevalence of gambling-related problems – a finding which, the authors remark, is unexpected in view of the established relationship between the number of alcohol outlets and levels of alcohol use.

**Informing the Public and Strengthening Families**

Williams et al (2007) propose that efforts to support families and improve parenting might prove effective in preventing gambling related problems, just as they have been found to be useful in preventing other personal and social problems among adolescents and adults. Similarly, the authors of this report propose that access to well-balanced peers, quality schooling and other positive activities, may exert a beneficial effect upon child and adolescent development, and thereby help to avert gambling problems, as it helps to prevent other difficulties.

Public awareness campaigns feature information about issues such as the potentially hazardous nature of gambling, signs of problem gambling, where to obtain assistance and encouragement to gamble within safe limits. Evidence cited by Williams et al (2007) concerning awareness campaigns about gambling and various health-related behavior indicates that, if repeated regularly (since knowledge and attitudes can subside over time) they can change community knowledge and attitudes. They contend that their influence upon behavior is less certain, although they have been effective when information is personally relevant – citing examples such as: information about health effects of the pill, and cautions about the cholesterol content of beef and fatty milk products. Referring to campaigns about gambling in particular, Williams et al cite evidence that they have limited impact on the general population but more effect upon gamblers – for whom the
information presumably holds personal relevance – and have contributed to marked, though not sustained, rises in attendance at gambling counseling services (2007).

Programs instructing people about the probability of winning when gambling, and dispelling popular misunderstandings about probability, are designed to instill a more realistic understanding of the likelihood of winning and thereby encourage people to moderate their gambling behavior. Research about the effectiveness of such programs indicates that most have little or no effect upon gambling behavior (Williams et al, 2007) the authors suggest that, as with smoking or excessive alcohol consumption, knowledge of potentially harmful effects may be a necessary but not sufficient, condition to change harmful behavior.

Williams et al also examined a range of evaluations of school programs, finding that in the relatively few instances where impact has been evaluated there has been little if any effect upon gambling behavior. They give the example of a school-based program in Canada, where 1,600 students from several schools participated and 400 served as a comparison. Six months after the program, participants had a better understanding of gambling, a resistance to gambling, and a decline in gambling behavior. However no differences in problem gambling were recorded.

The authors conclude their review of harm minimization measures by identifying several “moderately high” effectiveness problem gambling initiatives, including reductions in the number of gambling machines and venues, restrictions in the use of alcohol and tobacco while gambling. The authors identified no “high” effectiveness interventions.
Reforms to the EGM Gambling Industry

In recent years, the State Government has instituted a range of reforms to the way in which EGM gambling is conducted in the state. Some of these are set out below.

<table>
<thead>
<tr>
<th>Government Reforms</th>
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<tbody>
<tr>
<td><strong>EGMs and Winnings</strong></td>
</tr>
<tr>
<td>Speed of EGMs limited to spin rate of 2.14 sec. except in specified areas</td>
</tr>
<tr>
<td>Autoplay features: banned</td>
</tr>
<tr>
<td>Pre-commitment facility in all EGMs - to limit time &amp; losses</td>
</tr>
<tr>
<td>Payment of winnings: all over $2,000 payable by cheque, $1,000 after 2010 [outside of Casino]</td>
</tr>
<tr>
<td>Payment of winnings: no such cheques can be cashed at venue</td>
</tr>
</tbody>
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<thead>
<tr>
<th>Information &amp; advertising</th>
<th><strong>Date of introduction</strong></th>
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</thead>
<tbody>
<tr>
<td>Printed information about odds of winning available in venues in English and community languages</td>
<td>December, 2002</td>
</tr>
<tr>
<td>Player information: posters displayed, brochures available, signs on machines, talker on EGMs</td>
<td>December, 2002</td>
</tr>
<tr>
<td>Information about odds, amount of time spent by player available from gambling machine</td>
<td>January, 2008</td>
</tr>
<tr>
<td>Loyalty schemes will allow gamblers option of setting limits. Members to receive information on problem gambling, self-exclusion programs, annual statement of gambling losses.</td>
<td>July, 2003</td>
</tr>
<tr>
<td>Advertising: banned in media and unsolicited mail; ban on ads which offer incentives, or which mislead about skill, appeal, financial betterment etc.</td>
<td>April, 2001</td>
</tr>
<tr>
<td>Advertising: no advertising outside venue</td>
<td>January, 2005</td>
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<thead>
<tr>
<th>Features of Venue</th>
<th><strong>Date of introduction</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Clocks on machines and minimum lighting standards</td>
<td>September, 2001</td>
</tr>
<tr>
<td>Smoking: banned from venues</td>
<td>September, 2002</td>
</tr>
<tr>
<td>24 hour licenses: none except casino</td>
<td>May, 2002 – Over five years as venues applied at end of 5 year licenses</td>
</tr>
<tr>
<td>Lighting: venues to be adequately lit</td>
<td>January, 2002</td>
</tr>
<tr>
<td>ATMs: limit on withdrawals of $400 per day per person</td>
<td>January, 2010</td>
</tr>
<tr>
<td>ATMs: banned from all venues, except selected rural sites where approved by VCGR when no ATM facilities are reasonably available</td>
<td>July 2012</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Industry Structure &amp; Function</th>
<th><strong>Date of introduction</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Community benefit statements introduced, now for clubs only</td>
<td>July, 2003</td>
</tr>
<tr>
<td>Victorian Planning Provisions changed to require planning permits to be obtained before new venues or increases in EGM numbers</td>
<td>October 2006</td>
</tr>
<tr>
<td>End of Duopoly announced. After 2012 venues to own &amp; operate EGMs, allocated by auction for 10 years. Progressive tax</td>
<td>April, 2008</td>
</tr>
<tr>
<td>Caps on gambling machine numbers introduced in five municipalities</td>
<td>February, 2001</td>
</tr>
<tr>
<td>Caps introduced in 20 municipalities</td>
<td>October, 2006</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other Activities and Programs</th>
<th><strong>Date of introduction</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-exclusion programs: venue operator must have a program approved by the VCGR</td>
<td>June, 2009</td>
</tr>
<tr>
<td>Persons who are drunk not permitted to play</td>
<td>December, 2008</td>
</tr>
</tbody>
</table>

These include alterations in the operation of EMGs, changes in the operation of venues, restrictions on advertising, the banning of smoking from venues, and caps on the number of EGMs permitted in certain localities. A notable feature of these reforms is that, with the exception of the smoking bans and the scheduled removal of ATMs from most venues, none has substantially modified aspects of gambling which research indicates may contribute to a reduction in the prevalence of gambling problems. A selection of
recent reforms is presented in the table below, and followed by a more detailed account of the gambling machine caps, smoking bans, and codes of conduct.

**Gambling Machine Caps**

Caps, or limits, upon the number of gambling machines have been introduced twice in Victoria. In 2001, limits were placed on EGMs in 5 regions, restricting the maximum density of gambling machines to 11.7 per 1,000 adults, resulting in the removal of over 400 gambling machines from these localities. In 2006 caps were introduced in 19 regions, setting the maximum density of EMGs at 10 per 1,000 adults, and entailing the removal of 540 machines.

**2001: Five Capped Regions**

In February 2001, caps were imposed upon the number of gambling machines within each of five geographic areas, to be introduced over three years from 15th February 2001. The selection of areas to be capped was based on social disadvantage [measured by the 2001 Census SEIFA Index of Socio-economic Disadvantage], EGM gambling losses per adult, and the number of gambling machines per 1,000 adults.

According to these considerations, the five municipalities chosen as the most vulnerable were Maribyrnong, Greater Dandenong, La Trobe, Bass Coast and Darebin. For reasons which remain unclear, the three metropolitan municipalities were then further modified, with the addition of some adjacent postcode areas, to produce the areas of Greater Dandenong plus, Maribyrnong plus and Darebin plus. The two rural local government areas were retained intact (Office of Gaming and Racing, 2005).

Thus the areas where caps on the number of gambling machines are to be applied are:

- **Maribyrnong plus**: [157 removed] Maribyrnong City plus postcodes 3015, 3020, and 3031
- **Greater Dandenong plus**: [147 removed] Greater Dandenong plus 3170 [Mulgrave], 3177 [Doveton] & 3803 [Hallam]
- **Darebin plus**: [none removed] Darebin City plus postcodes 3058, 3060, 3061, 3074 and 3081
- **Bass Coast**: [41 removed] Bass Coast Shire
- **La Trobe**: [61 removed] La Trobe City

The maximum number of machines per 1,000 adults to be permitted within the five areas was set at 11.7 – a level higher than 90% of the municipalities in the state, and substantially greater than the Victorian average at the time, of 7.4 machines per 1,000 adults. The population of each area was then used to calculate the actual number of machines to be permitted in each area.

By February 2004, the caps had resulted in the removal of 406 machines from these five areas [which were placed in other localities], representing 7% of the total number of machines in these areas, or 1.3% of all machines throughout Victoria. A subsequent investigation, conducted by the South Australian Institute of Economic Studies, found no evidence that these reductions in EGMs had contributed to any fall in gambling expenditure in the capped areas (SA Centre for Economic Studies, 2005A).

**2006: Nineteen Capped Regions**

In October 2006, the State Government announced that nineteen regions [or twenty municipalities – with Greater Geelong and Queenscliffe counted as a single region] were to be capped within the 12 months from December 2006. As with the five areas selected in 2001, these regions were selected for their relatively high levels of social disadvantage, EGM numbers and gambling losses.
These regions consist either of whole municipalities or one or more postcode areas within a municipality. The five local government areas which formed the basis of the 5 areas capped in 2001–4 were now capped as discrete municipalities. Thus the municipality of Greater Dandenong became a capped area, while portions of Casey [Hampton Park and Doveton] and of Monash [Mulgrave] - formerly included in the capped area ‘Greater Dandenong plus’ - were combined with other suburbs in those municipalities to become separate capped areas (Department of Justice, 2006A, 2006B).

The regions were capped at their existing ratio of EGMs to adults, or 10 machines per 1000 adults – whichever was less. The average density of EMGs across Victoria, by contrast, was substantially lower still, at 6.8 per 1,000 adults. To achieve the required density in these twenty areas, 540 machines were removed from six of the capped areas: Greater Dandenong (89), Hume, Latrobe, Maribyrnong, Monash and Warrnambool.

<table>
<thead>
<tr>
<th>Region</th>
<th>EGM Density June 2007</th>
<th>Maximum permissible EGMs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ballarat</td>
<td>9.7</td>
<td>661</td>
</tr>
<tr>
<td>Banyule, postcode area 3081</td>
<td>6.9</td>
<td>31</td>
</tr>
<tr>
<td>Bass Coast</td>
<td>9.0</td>
<td>216</td>
</tr>
<tr>
<td>Brimbank, postcode areas 3012, 3020, 3021, 3022, 3023, 3038</td>
<td>7.2</td>
<td>903</td>
</tr>
<tr>
<td>Casey, postcode areas 3177, 3803, 3975, 3976 and parts of 3977</td>
<td>5.5</td>
<td>614</td>
</tr>
<tr>
<td>Greater Dandenong</td>
<td>10.8</td>
<td>989</td>
</tr>
<tr>
<td>Darebin</td>
<td>9.2</td>
<td>986</td>
</tr>
<tr>
<td>Greater Geelong and Queenscliffe</td>
<td>8.4 &amp; 17.9</td>
<td>1,421</td>
</tr>
<tr>
<td>Greater Shepparton</td>
<td>7.1</td>
<td>329</td>
</tr>
<tr>
<td>Hobsons Bay</td>
<td>8.8</td>
<td>579</td>
</tr>
<tr>
<td>Hume, postcode areas 3043, 3047, 3048, 3060, 3061</td>
<td>7.3</td>
<td>449</td>
</tr>
<tr>
<td>Latrobe</td>
<td>11.3</td>
<td>522</td>
</tr>
<tr>
<td>Maribyrnong</td>
<td>13.0</td>
<td>511</td>
</tr>
<tr>
<td>Melbourne, postcode areas 3031, 3051, 3053</td>
<td>13.2</td>
<td>177</td>
</tr>
<tr>
<td>Monash, postcode areas 3147, 3148, 3166, 3167, 3168, 3170</td>
<td>8.8</td>
<td>623</td>
</tr>
<tr>
<td>Moonee Valley</td>
<td>8.4</td>
<td>746</td>
</tr>
<tr>
<td>Moreland, postcode areas 3055, 3056, 3057, 3058, 3060</td>
<td>6.7</td>
<td>640</td>
</tr>
<tr>
<td>Warrnambool</td>
<td>10.3</td>
<td>234</td>
</tr>
<tr>
<td>Whittlesea, postcode areas 3074, 3075, 3076, 3082, 3083</td>
<td>6.2</td>
<td>581</td>
</tr>
</tbody>
</table>

An indication of the limited effect of the caps announced in October, 2006, is provided by the gambling losses associated with the reduction in EGM numbers in the 19 capped regions. Information about venue level EGM losses, released for the first time by the Victorian Department of Justice, on 6th March 2009, makes it possible to measure the changes in EGM losses in all Victorian capped regions.

Between the years 2006/7 and 2007/8, 548 EGMs were removed from the capped areas, while EGM losses to venues situated in those areas rose by $28 million, or 5%. The effect of this reduction in EGM numbers differed little from the uncapped areas – which, in the same period, experienced a rise of 66 EGMs and an increase of $41 m. in gambling losses, or from the capped areas in the previous year (2005/6 to 2006/7) - when the number of EGMs rose by 11 and gambling revenue by $32 m.
Therefore, as it would appear, the relatively substantial reduction in EGM numbers in the capped regions, in a period which largely corresponds with the introduction of the caps, was not accompanied by a marked change in gambling losses.

While these caps are to be reviewed within five years of their 2006 announcement, the number of machines permitted in a capped area may be adjusted before that time to accommodate a change in population. In the event of a rise in number of residents in a locality, the ratio of EGMs per 1,000 adults would fall, thereby allowing the VCGR to raise the limit on EGM numbers to restore the density of EGMs to its capped limit.

**Addition of a New Capped Area & Adjustment of Caps: Oct. 2009**

In October, 2009, the VCGR announced adjustments to the existing capped areas, the addition of a new capped region, and a general cap of 10 per 1,000 adults on municipalities or portions of municipalities not previously capped.

First, adjustments were made to existing capped areas in accord with a ministerial order of October, 2009, including:

- Addition of a new capped areas of Yarra Ranges (within the MSD), capped at 1092 EGMs.
- Other capped regions to be capped at 10 per 1,000 adults, or their existing density in the region, whichever is the lesser. As a result only two regions experienced a change in EGM numbers: Ballarat to 663 and Hume, to 435.

Where populations were required to calculate the number of machines permitted, the Estimated Resident Population for June 2008 was referred to. Any adjustments in EGM numbers were required to be completed by Dec. 31, 2009.

Second, all areas not covered by caps, except Southbank, Docklands and Melbourne CBD, were to be capped at 10 EGMs per 1000 adults in 2010 (see below)

**Further Caps: 2010**

In 2010, all local government areas where caps currently do not apply – or uncapped portions of municipalities - will have a prescribed maximum density of 10 EGMs per 1,000 adults, except for the Melbourne central business district, Southbank and Docklands. Thus, municipalities which are partially capped (such as Banyule, Brimbank, Casey, Hume, Monash, Moreland and Whittlesea) will have one limit imposed within the existing capped area, and another cap – of 10 EGMs per 1,000 adults – applying to the balance of the municipality. The caps are to be calculated on the basis of the Estimated Resident Population, published by the Australian Bureau of Statistics.

**Code of Conduct and Self-Exclusion Program**

Amendments to the Gambling Regulation Act, enacted in 2007, required that gambling venues adopt a code of conduct and self-exclusion program, which must be approved by the VCGR according to standards and guidelines determined by the Minister for Gaming.

In May 2008, the Department of Justice released a discussion paper and Ministerial direction which set out some of the essential requirements of a code of conduct and self-exclusion scheme.

A code of conduct would entail obligations in addition to those set out in the legislation. The guidelines specify that they be written in plain English and displayed in a prominent, accessible location in the venue.
Information is to be included about responsible gambling, the rules of gambling, and the process of making a pre-commitment decision. The code is also required to provide directions to guide staff in dealing with customers, including assistance to those exhibiting signs of distress, handling complaints, rules for cashing checks, the prohibition of persons under 18 from gambling or entering gambling areas, and responding to unattended children on the premises.

Self-exclusion programs are also required to address issues such as the process for self-excluding and its duration, identification of an excluded person in the gambling area, provision of information to customers, staff training, data management and review of program effectiveness. While such programs currently operate in Victoria and elsewhere, it has been observed that relatively few people with gambling-related problems actually participate in such programs, many re-enter venues without being detected, and a substantial proportion continue gambling (Williams et al, 2007; Talbot, 2008). Information about the Australian Hotels Association (AHA) Self-exclusion Program - the larger of two self-exclusion programs operating in Victoria in mid-2009 ⁶ – illustrates the scope of current programs. In May, 2009, approximately 2,100 people were currently excluded under this program (O’Sullivan, 2009), representing 0.06% of the adult population of the state - the equivalent of 1 in 17 of the approximately 1% of people typically identified in population surveys as ‘problem gamblers’. Moreover, since evidence from the 1999 Productivity Commission report, cited earlier, shows that as many as two-thirds of people with such difficulties do not identify themselves in surveys, then the 2,100 people currently participating in the AHA self-exclusion program may account for as few as 1 in 50 adults with severe gambling-related problems in Victoria.

To achieve optimal effect Williams et al (2007) propose that such programs should feature irrevocable bans as the best form of restraint, longer ban lengths to prevent relapse, exclusion from all venues rather than one or a few, computerized monitoring of identity, more strenuous promotion of such programs, and the offer of counseling support to participants.

By June 2009 every gambling venue must establish a self-exclusion program and adopt codes of conduct, approved by the Victorian Commission for Gambling Regulation (VCGR) and meeting guidelines set out by the Minister for Gaming. The VCGR is also responsible for monitoring compliance with the codes of conduct and self-exclusion programs and may take disciplinary action against venue operators for breaches of the relevant requirements.

### Smoking Bans

The banning of smoking from enclosed workplaces during the period 2002-2007, required adjustments of gambling venues and gamblers, though with little enduring effect upon overall gambling levels.

Restrictions upon smoking in gambling venues were first introduced in September 2002, then followed in March 2006 by amendments to the Tobacco Act which made it an offence to smoke in an enclosed workplace. Licensed premises were initially not included until amendments taking effect in July 2007 removed the exception [Tobacco Act 5A(1) & (2)].

Smoking is now prohibited from enclosed premises, which are defined as areas substantially enclosed by roof and walls - whether permanent or temporary. However, smoking is permitted in outdoor dining or

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⁶ The other self-exclusion program operating in 2009 was conducted by Clubs Victoria.
drinking areas, except where there is a roof, and walls covering more than three-quarters of the total notional wall area [Tobacco Act Pt 2.5C]. Roofs and walls are any structures which largely impede the flow of air.

The smoking restrictions imposed in 2002 were followed by a decline of $266m, or 11%, in EGM gambling losses across Victoria in the succeeding two years. A 2005 review of harm minimization measures observed that, indeed, the restrictions initially contributed to a decline in gambling among smokers and perhaps a slight rise among non-smokers (Carani che, 2005). However, the authors of the report conclude that levels of gambling soon rose again, as new gamblers came onto the scene or as existing patrons adjusted to the changed conditions, perhaps aided by modifications made to gambling venues to accommodate smokers.

**Post 2012 Arrangements**

Among the major changes currently proposed by the State Government are:

1. The Gaming Operators, Tattersalls and Tabcorp will no longer play their current role, with EGMs to be possessed and operated directly by venue operators. (The current Gaming Operators though, will be able to apply for hotel and venue operators licenses after 2012)

2. Monitoring of EGMs, currently conducted by the Victorian Commission for Gambling Regulation (VCGR), will be carried out by an independent authority. Processes of acquiring a venue operator’s license, and obtaining approval for gambling venues and machines by the VCGR and local council, remain similar to the current arrangements.

**Legislation**

Details of changes were incorporated into the Gambling Regulation Act 2003, though the passage of the Gambling Regulation Amendment (Licensing) Bill in June 2009, and the Gambling Regulation Further Amendment Bill [to be presented to parliament in late 2009].

**Bidding Process**

In early 2010, companies with a venue operator’s license from the VCGR will bid on-line for entitlements for each of the 27,500 EGMs currently in pubs and clubs. Each entitlement will authorize the venue operator to operate one EGM for 10 years from 2012 [S 3.4.A2 (1)] at a venue operated by the entitlement holder, within a designated area and venue type, though the Minister may extend this by up to 2 years.

Clubs have an option to purchase 40 machines, or the number they currently possess (whichever is the lesser), at a cost of 180% of the club’s 2008/9 average revenue per machine for the first 20 EGMs, and 200% for the others.

There will be limits upon the number of entitlements which may be controlled by a single person or entity. For hotel-based EGMs, no-one is permitted to own over 35% of these entitlements. The State Government proposes to release regulations in 2009 which define the relationships to be taken into consideration in imposing the ownership restriction. In relation to clubs, a club venue operators licenses will only be granted to those which are ‘not for profit’, established to serve a community purpose, and otherwise a ‘bona fide’ club, with a maximum of 420 machines to be owned by any single club.

EGMs will be auctioned within 88 geographic areas, consisting of municipalities, or portions of a municipality in LGAs which are subject to two separate caps. The number of EGMs within each of these 88 areas will be capped. Bidders will bid for entitlements specific to these geographic areas and venue type
(hotel/club), totaling 178 ‘markets’, with the final price depending upon both statewide and local demand and varying from one ‘market’ to another.

Existing restrictions on the number of machines allowed in each region (at least 20% in regional areas and half each in clubs and hotels) will still apply, as will the current limit of 105 machines per venue.

An application must be made to the VCGR to vary license conditions.

Venue operators must use EGM entitlements within 6 months of acquisition, or risk forfeiture.

Transfer of EGM Entitlements
To allow sales of entitlements at any time in response to market demand, though a website operated by the VCGR. Transferred EGMs are to be subject to same conditions of geography and venue type as before transfer. If transferred within 6 months of the auction, 75% profit will be paid to the government.

Permits and Licenses
A legal entity must still obtain several licenses before operating gambling machines:
- **Licensed venue operator.** From VCGR. Must be a corporate entity – that is, not a natural person – [S. 3.4.8 (1)]. Separate venue operator’s licenses must be obtained for hotels and clubs.
- **Approval to operate EGMs at a particular venue** (whether owned by venue operator or not). From VCGR. Only one venue operator can operate EGMs at a particular venue. The Casino cannot operate machines at any venue. A party that acquires an approved venue cannot operate machines without obtaining a venue operator’s license.
- **Planning approval** of EGMs and a new venue. From Council
- **Liquor license.** From Director of Liquor Licensing

Roles in Gambling Industry
Under these proposed new arrangements, three key roles are those of venue operator, monitor and manufacturer. An entity can perform only one of these roles at once.

**Venue operators:** A corporate entity with a 10-year license granted by VCGR to manage and operate an approved gambling venue. Responsible for approval processes, acquiring & operating machines, connecting to monitor, and complying with regulations – including code of conduct and self-exclusion programs. Venue operators fully control machines and receive all income from them. They do not have to own, or even have access to, a venue at time of acquiring entitlements. Can manage venues for other operators, but cannot be monitors or manufacturers.

**Monitor:** independent entity to be licensed for 15 years, to monitor all venue-based EGMs, which will be connected to monitoring system to achieve integrity and to collect data for taxation, research and regulatory purposes. Venue-level data is to be made available. A fee will be charged to venue operators. Cannot be venue operator, manager or EGM manufacturer.

**Manufacturers:** Venue operators must purchase or lease EGMs from manufacturers. EGM types must be tested and approved. From 2010 all next generation EGMs must have pre-commitment mechanisms. Cannot be venue operator, manager or monitor.
Providers of venue services: management, accounting and others. The government only requires the venue operators to use the monitor; use of other services is discretionary. Fees for services provided to venue operators cannot be calculated on the basis of gambling revenue [S3.4.28A & 28C].

Regulation of Gambling by VCGR: Venues will pay the VCGR approximately $500 per annum per machine, as a Regulatory Supervision Charge.

Taxation

Typically venue operators and the government will share about half of the gambling revenue. Marginal tax rates applying to hotels and clubs, under the new arrangements, are as follows:

<table>
<thead>
<tr>
<th>Threshold: average monthly revenue per machine</th>
<th>Hotels</th>
<th>Clubs</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0-2,666 p.a.</td>
<td>8.33</td>
<td>none</td>
</tr>
<tr>
<td>$2,667-12,500 p.a.</td>
<td>50.33</td>
<td>42</td>
</tr>
<tr>
<td>$12,501 p.a.</td>
<td>58.33</td>
<td>50</td>
</tr>
</tbody>
</table>

Hotels though, are to pay 8.33% more than clubs, which goes to the CSF. Clubs, on the other hand, are expected to contribute at least 8.33% to community activities, which is reported annually through the Community Benefit Statement. Tax revenue collected from gambling machines is directed to the Hospitals and Charities Fund, for public health. Health levy is to be removed.

Cash & other Restrictions in Gambling Venues

- Cash facilities that give access to credit or allow withdrawal of >$200 per transaction
- $1000 in winnings – and any other amount on request – to be paid by cheque
- Cashing cheques for gambling
- All ATMs banned from 2012, except perhaps some in rural areas.
- No ATM allowed in gambling venue unless it restricts cash withdrawals to $400 per day per person
- Advertising of gambling machines outside gambling area is banned in the new legislation.

EGMs must: not have note acceptors over $50; not have autoplay; play no faster than 2.14 s.; display time; provide information on winnings time spend on play etc.

From 2010, all ‘next generation’ machines are to have pre-commitment mechanism allowing operator to set time and cash limits on play

Code of Conduct and Self Exclusion programs must be acquired by all venues and approved by the VCGR as complying with Ministerial guidelines.
V: Council Policy Responses

Numerous councils in Victoria have a gambling policy. Such polices vary widely in their content and approach to gambling issues, but often encompass topics such as applications for approval of venues or EGMs, consultations with the community and industry, advocacy for reform, research, alternative recreational and social opportunities, assistance for people experiencing gambling-related problems, obtaining funds from the CSF or local venues for community projects, and gambling on council land or premises.

* * * *

Responses to applications: Some council policies specify steps which the council shall use to respond to applications for gambling venues or increased numbers of machines; among them:

- a framework or specific sequence of steps to be carried out in response to an application
- the establishment of an internal council committee to assist in preparing submissions to the VCGR
- steps to inform the public to enable members of the community to express their views to council or forward submissions directly to the VCGR

Many policies also set out a range of information which must be included in any proposal for a new venue or increased numbers of machines, such as particulars about the local demographics, community benefits expected from the proposal, the effect of moving machines from one locality to another, current and proposed distribution of machines, previous and forecast expenditure at the venue, details of estimated expenditure transferred from other venues, relevant information about the design of the premises, and the range of entertainment facilities proposed for the venue.

Some policies state that applications should be accompanied by the findings of a survey of the opinions of residents living in the vicinity of the current or proposed venue. Notably, a State Supreme Court decision in 2008 affirmed the validity of opinion survey results in deciding applications for approval of premises for gambling. 7 (Supreme Court of Victoria, 2008)

Circumstances to be considered: Many policies identify a range of conditions which may, or must, be taken into account in assessing and responding to applications for venues or machines; some specify circumstances which will attract support or opposition; while others still, simply describe broad approaches to be taken to such applications.

Considerations to be weighed in responding to applications for venues or machines, cited in various gambling policies, include:

- local community views
- measures to protect local amenity from noise, traffic, patrons behavior, compatibility with surrounding land use, need to limit patrons or hours of operation
- possible adverse effects upon the community, or upon the prevalence of gambling problems

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7 A decision by the Supreme Court of Appeal in March 2008, upheld an appeal by the Macedon Ranges Shire against a decision by VCAT to grant approval of premises for gaming in the town of Romsey. The Supreme Court concluded that the findings of a survey of the residents of Romsey commissioned by the Macedon Ranges Shire Council, which registered overwhelming disapproval of the proposal to install gaming machines in the Romsey Hotel, should be considered in deciding the case. The court noted that the Gambling Regulation Act states that premises may only be deemed suitable for gambling if the decision maker is persuaded that “the net economic and social impact will not be detrimental to the wellbeing of community….in which the premises are located”. Accordingly, it argued that approval of premises were likely to “cause unhappiness or discontent in that community….the consequence is “a ‘social impact of approval’ that will be ‘detrimental to the wellbeing of the community” with the consequence that evidence relating to a possible detriment of that kind should be considered.
- potential for economic growth, or possible adverse effects on the local economy

Opposition is expressed in some policies to:
- any new venues or machines, in the municipality or the region *
- rises in EGM numbers above the state average
- placement of EGMs in disadvantaged areas, or movement into disadvantaged areas
- venues in close proximity to places frequented by children or adolescents

Support may be given on condition that:
- the applicant agree to undertake initiatives to promote responsible gambling,
- the applicant support a code of practice, the terms of a charter (typically a general and non-binding agreement between council, industry and other stakeholders), the council gambling policy, or their specified conditions
- gambling be offered along with other recreational opportunities
- a social impact statement be prepared by the applicant

* Some commentators caution that a council policy of uniform opposition to all applications for venues or machines has several disadvantages: first, it may appear to commit council to the costly process of opposing all applications, regardless of their prospect of success; second, it has no legal force; and finally, such a policy may prevent council from using its policy to exert an influence upon the location of a venue as it might have if its policy specified criteria - such as local EGM density, disadvantage or land uses – which would guide the council’s response to the application.

**Local discussion of gambling issues:** Many gambling policies specify that council should consult with the gambling industry, community agencies or the broader community, about gambling issues.
- Consultation with gambling industry representatives. Various purposes are cited including encouraging responsible gambling practices, addressing impact of gambling, and negotiating EGM reductions.
- Meetings to discuss gambling issues. Some policies refer to occasional forums open to a wider range of stakeholders, others to committees with specific membership and regular meetings, typically constituted of industry, community and council representation. Purposes proposed for such meetings include guiding council gambling-related activities; learning about gambling practices from industry; sharing information about gambling; and facilitating local service provision, advocacy or research.

**Informing the Community:** Steps to inform the community about gambling-related issues include efforts to reach the public through mass media, schools and Gambler’s Help.
- Monitoring gambling trends.
- Informing the community about gambling trends, available assistance for people with gambling-related problems, the nature of gambling problems, or the hazards of gambling and other issues, through local newspapers, council newsletters, the internet and brochures.
- Encouraging schools to educate young people about gambling issues, or distributing information about gambling to schools.
- Facilitating activities of Gamblers Help by educating the public about gambling issues, or identifying groups of people in the community in need of assistance or information.

**Charters:** Referred to in some council policies, these are sometimes known as accords or protocols and usually represent agreements reached between councils, local community agencies and gambling venues. They are often motivated by a desire on the part of councils to improve local conditions by encouraging adherence by local venues to a range of conditions intended to alleviate gambling related problems, such as banning ATMs from venues; payments by cheque; breaks from gambling; disclosure of community support;
increased support for community activities, and payment of a levy to meet costs of auditing compliance with charter. Charters may also include provisions for improved collaboration between local agencies in responding to gambling related problems.

**Advocacy:** Advocacy specified in gambling policies includes support for local lobby groups, collaboration with other local governments in efforts to influence government policy, and direct approaches to the State Government.

- Support for community groups which lobby the State Government or publicize gambling issues.
- Participation in the statewide Local Government Working Group on Gambling, auspiced by the Victorian Local Governance Association, or other local government groups, to advocate for reform as well as to share knowledge and resources.
- Advocacy to the State Government, including provision of submission to relevant reviews and inquiries.

Some gambling policies specify issues which should be the subject of advocacy, including:

- **Statewide reforms**
  - Fewer EGMs; caps on EGMs; education about gambling issues; improved information about local gambling losses; increased research about the effects of gambling; reduced government dependence on gambling taxes; enforceable codes of conduct; modification of EGM design such as reduced lines, rates of play, denomination of currency, time limits on machines; improved self exclusion mechanisms and others.

- **Local reforms**
  - Control over EGM numbers and distribution within a municipality and other local conditions.
  - Allocation of further CSF funds locally, government advice on all local CSF grants.

**Alternative Recreation:** Some council policies simply refer to general efforts to improve access among the community to opportunities for recreation or volunteering.

Others specify particular measures designed to achieve this goal, including: working with Neighborhood Houses, encouraging venues to provide other recreational outlets, conducting research to inform development of recreational programs, and provision of local council grants to support recreational and social activity.

**Research:** In many instances, council policies specify a role for local government in either conducting or encouraging research about gambling issues.

- Monitoring research and gambling trends to inform council policy and responses to gambling issues.
- Conducting local research, incorporating gambling issues into other council research, encouraging other local agencies to conduct research or facilitating local research.
- Identifying priorities for research by the State Government or the VCGR. Some policies actually specify research topics which the council proposes to encourage, such as investigations of gambling among culturally diverse residents or other segments of the community, harm minimization, community attitudes and others.
**Welfare:** Gambling policies sometimes include reference to efforts to assist individuals and families with gambling-related problems, including support for Gambler’s Help, other counseling services, emergency relief providers and other agencies.

**Community Benefit:** Gambling policies often refer to efforts to increase the level of funds re-directed to the local community from the money lost to EGM gambling, either by increasing the local share of the Community Support Fund (CSF), or by encouraging gambling venues to increase their support for local community activities.

- Urging state government to provide clearer information to community groups about access to the CSF
- Support local agencies in accessing the CSF.
- Encouraging contributions to the local community by gambling venues, by either advising them of appropriate community groups or local need to assist them in directing their donations, or through a locally-administered fund.

**EGMs on Council Property:** Some council policies adopt a position in relation to the conduct of gambling in council-owned premises or land. Some are relatively general, referring to the requirement for guidelines, while others specify conditions which must be met before the council will offer its support.

- Develop guidelines for conduct of gambling on council-owned premises.
- EGM gambling to be permitted on Council-owned land or premises, only if certain conditions are met.
  - that the gambling produces a net benefit to the community,
  - that the relevant venue support a responsible gambling charter,
  - that commercial occupancy agreements be instituted,
  - that the gambling venue be obliged to comply with relevant gambling regulations [which they are already].
- Other policies oppose all gambling on council-owned land or premises, citing concern that such activities may effectively subsidize gambling, compromise council’s ability to respond constructively and credibly to gambling issues, or that gambling in some council-owned premises would represent a harmful intrusion upon other activities, such as youth programs.

**Location:**
A number of municipal gambling policies offer guidance about the prospective location of gambling venues and machines, specifying the types of areas where venues and machines may be favored, or opposed.

Among the types of locations where gambling venues and machines are not favored:

- In areas of relative social disadvantage - often specifying that disadvantage should be measured with the SIEFA Index of Relative Socio-economic Disadvantage
- In locations where the density of machines currently, or would, exceed the state average - or some other criterion (such as 10 per 1,000 adults)
- In areas where people congregate in the course of their daily activities, such as transport hubs, community centers or shopping centers.
- In locations where the gambling activity would detract from surrounding land uses - as for instance, next to child care centers, schools, aged care facilities, children’s, youth or family precincts.
Locations where gambling machines or venues are favored, in some policies, include:

- Areas of population growth, though not to be established before growth occurs
- The edge of activity centers
- Locations where alternative activities are available, in same hours that gambling will be available
VI: Planning Considerations

The process of obtaining a planning permit for a gambling venue, or installation of gambling machines, is regulated by the Planning and Environment Act 1987 and the Victorian Planning Provisions, and influenced by municipal policy. A selection of the sections and clauses from these sources that are most relevant to gambling, are presented here.

* * * *

**Planning and Environment Act (1987), Section 60**

*General considerations*

Lists a number of considerations to guide decisions about planning applications. Council **must** consider:

* the planning scheme
* the objectives of planning in Victoria
* all objections and other submissions
* any comments of a referral authority
* any significant effects of the proposal on the environment.

Council **may** consider:

* any significant social or economic effects
* any relevant State environment protection policy
* any other adopted strategic plan, policy statement, code or guideline
* any adopted, but yet to be approved amendment to the planning scheme
* any agreement made pursuant to section 173 affecting the land
* any other relevant matter.

**State Planning Policy Framework**

Sets out objectives of planning in Victoria in relation to economic and social wellbeing:

**11.03-5 Economic well-being**

Planning is to contribute to the economic well-being of communities and the State as a whole by supporting and fostering economic growth and development by providing land, facilitating decisions, and resolving land use conflicts, so that each district may build on its strengths and achieve its economic potential.

**11.03-6 Social needs**

Planning is to recognize social needs by providing land for a range of accessible community resources, such as affordable housing, places of employment, open space, and education, cultural, health and community support (mental, aged, disabled, youth and family services) facilities. Land use and development planning must support the development and maintenance of communities with adequate and safe physical and social environments for their residents, through the appropriate location of uses and developments and quality of urban design.

**Victorian Planning Provisions** [VPPs] – also set out factors which may influence planning decisions.  

*General considerations*

**Clause 11.01**

“The State Planning Policy Framework seeks to ensure that the objectives of planning in Victoria are fostered thorough appropriate land use and development planning policies and practices which integrate relevant environmental, social and economic factors in the interest of net community benefit and sustainable development.”

**Clause 65.01**

“Before deciding on an application or approval or a plan, the responsible authority **must** consider, as appropriate:

* the matters set out in Section 60 of the Act
* the state Planning Policy Framework and Local Planning Policy Framework, including the Municipal Strategic Statement and local planning policies
* the purpose of the zone, overlay or other provision
* any matter required to be considered in the zone, overlay or other provision
* the orderly planning of the area
* the effect on the amenity of the area”
and other considerations.

**Activity Centers**

Several clauses of the VPPs urge that the development of business, retail, employment, housing, leisure, community and other facilities should be encouraged in activity centers.

**Clause 12.01-2**

Development is to respond to its landscape, valued built form and cultural context and achieve sustainable objectives. “...Developing a network of activity centers that are: … a focus for business, shopping, working, leisure and community facilities.”

**Clause 12.06-2** [under ‘Social and Physical Infrastructure]

“Plan for a more equitable distribution of social infrastructure by: Identifying gaps and deficiencies in social and cultural infrastructure and encouraging their location in activity centers, especially those identified as Principal Activity Centers.

**Clause 17.01**

“Activity centers should be planned to:
…Incorporate and integrate a variety of land uses, including retail, office, education, human services, community facilities, recreation, entertainment and residential uses where appropriate.”

**Gaming**

Clause 52.28 of the VPPs addresses gambling in particular. It stipulates, among other things, that EGMs only be installed if a permit is granted under the Planning and Environment Act, and may not be permitted in designated shopping complexes or strips (Department of Sustainability and Environment, 2006).

**Clause 52.28-1: Purpose**

- To ensure that gambling machines are situated in appropriate locations and premises.
- To ensure the social and economic impacts of the location of gambling machines are considered.
- To prohibit gambling machines in specified shopping complexes and strip shopping centres.

**Clause 52.28-2:** A permit is required to install gambling machines except in venues approved on or before 18 October 2006, where the maximum number of machines is not exceeded.

**Clause 52.28-3:** EGMs are not permitted in shopping centers listed in a schedule to this clause [52.28-3] or in strip shops listed in a schedule [52.28-4], except venues approved on or before Oct 2006. *

**Clause 52.28-4:** Defines strip shopping centers as areas with two or more adjacent buildings, of which a significant proportion are shops accessible to the public by road.

**Clause 52.28-6:** Adds further, more general considerations, for deciding an application for EGMs.

“Before deciding on an application, in addition to the decision guidelines of Clause 65, the responsible authority must consider, as appropriate:

- The State Planning Policy Framework and the Local Planning Policy Framework, including the Municipal Strategic Statement and local planning policies.
- The compatibility of the proposal with adjoining and nearby land uses.
- The capability of the site to accommodate the proposal.
- Whether the gaming premises provides a full range of hotel facilities or services or a full range of club facilities or services to members and patrons.”

* In October, 2008 VCAT reviewed a decision by the Frankston Council to refuse a permit for an increase in EGMs at the Langwarrin Hotel. Council had argued, among other things, that the venue was situated in a strip shopping centre which was listed in a schedule to clause 52.28-4 and that addition of further machines was therefore prohibited. VCAT however, concluded that the hotel was situated well past the end of the shopping strip and not clearly visible from the shopping area in any case, and approved the application in January 2009.
Local Policy Framework
Local policy framework can give objectives and directions for the placement of EGMs in appropriate locations in the municipality. The Department of Justice paper, ‘Taking Action on Problem Gambling: regional caps’, released in October, 2006, encouraged councils “…to develop local gaming machine policies for inclusion into their local planning frameworks, to specify factors council will consider in deciding an application for gambling machines. (Department of Justice, 2006A)
Among other things, one may include schedules to clauses 52.28-3 and -4 to specify shopping complexes and strips where EGMs will not be permitted.

For instance, Greater Bendigo Council took the following steps to incorporate instructions into its planning framework to guide decisions about gambling machines:
- Amended its Municipal Strategic Statement at clause 21.07 and 21.10 to introduce references to gambling machines and include their gambling framework as a reference document
- Added a schedule to clause 52.28, specifying strip and shopping complexes where EGMs are prohibited.
- Incorporated a list of areas where EGMs are discouraged, into a schedule to clause 81.01

However, legal specialists have cautioned that local planning policy on gambling may be only one of a range of circumstances that a responsible authority would consider in deciding whether to grant a planning permit.
Selected Sections of the Gambling Regulation Act (2003), relevant to Approvals Submissions

1. Application for Approval of Premises

Application for approval of premises requires a planning permit be obtained, or applied for

3.3.4

(1) The owner of premises or a person authorized by the owner may apply to the Commission for the approval of the premises as suitable for gaming.

(3) The application must contain or be accompanied by—

(i) a copy of a permit issued under the Planning and Environment Act 1987 permitting the premises to be used for gaming on gaming machines; or

(iii) a copy of an application that has been made in accordance with the Planning and Environment Act 1987 for a permit that, if granted, would permit the premises to be used for gaming on gaming machines.

3.3.5 Notification of responsible authority

Within 14 days after applying, the applicant must send a copy of the application to the relevant responsible authority within the meaning of the Planning and Environment Act 1987.

(‘The ‘relevant responsibility is usually, though not invariably, the local council’)

3.3.6 Responsible authority may make submission

(1) The relevant responsible authority may make a submission to the Commission on an application for approval of premises—

(a) addressing the economic and social impact of the proposal for approval on the wellbeing of the community of the municipal district in which the premises are located; and

(b) taking into account the impact of the proposal on surrounding municipal districts.

(2) A submission must be in the form approved by the Commission and must include the information specified in the form.

(3) A submission must be made within 60 days (or the longer period allowed by the Commission) after the responsible authority receives a copy of the application.

3.3.7 Matters to be considered in determining applications

(1) The Commission must not grant an application for approval of premises as suitable for gaming unless satisfied that—

(c) the net economic and social impact of approval will not be detrimental to the wellbeing of the community of the municipal district in which the premises are located.

(3) The Commission must also consider any submission made by the relevant responsible authority under section 3.3.6.
Responsible Authority may appeal decision on application for approval of premises, to VCAT

3.3.14 Tribunal review of approval

(1) An applicant for approval of premises may apply to the Tribunal for review of a decision of the Commission on the application.

(2) A responsible authority that made a submission under section 3.3.6 on an application for approval of premises may apply to the Tribunal for review of a decision of the Commission granting the approval.

(3) An application for review must be made within 28 days after the later of—

(a) the day on which the decision is made;

(b) if, under the Victorian Civil and Administrative Tribunal Act 1998, the applicant or responsible authority requests a statement of reasons for the decision, the day on which the statement of reasons is given to the applicant or responsible authority or the applicant or responsible authority is informed under section 46(5) of that Act that a statement of reasons will not be given.

2. Application to Vary Existing License Conditions (number of machines, 24 hour opening etc.)

Application for more machines, 24-hour gaming, or specification/variation of days & dates of 24-hour gambling, must include a social impact assessment

3.3.4

(4) If an application for approval of premises as suitable for gaming includes an application for approval of 24 hour gaming on the premises, the application must also be accompanied by a submission—

(a) on the net economic and social benefit that will accrue to the community of the municipal district in which the premises are located as a result of the premises being open for gaming for 24 hours; and

(b) taking into account the impact of the proposal for approval on surrounding municipal districts.

3.4.17

(1) The conditions of a venue operator's license, including—

(d) variation of the days or dates on which 24 hour gaming is permitted in an approved venue under the license - may be amended in accordance with this Division.

(2) A venue operator's license may be amended in accordance with this Division to add a condition specifying days or dates on which 24 hour gaming is permitted in an approved venue, when none currently takes place.

3.4.18

(1) A request by a venue operator for an amendment of license conditions—

(c) in the case of an amendment referred to in section 3.4.17(1)(d) or (2) or an amendment to increase the number of gaming machines permitted in an approved venue, must be accompanied by a submission—

(i) on the net economic and social benefit that will accrue to the community of the municipal district in which the approved venue is located as a result of the proposed amendment; and

(ii) taking into account the impact of the proposed amendment on surrounding municipal districts.

Local council must be notified of an application for more machines

(2) If an amendment proposed by a venue operator is to increase the number of gaming machines permitted in an approved venue, the venue operator must send to the municipal council of the municipal district in
which the approved venue is located a copy of the proposed amendment within 14 days after the proposal is made.

**Local council may make a submission to VCGR on application for more machines**

3.4.19 Submissions in response to proposed amendments

(1) Within 60 days (or the longer time allowed by the Commission) after receiving a copy of a request for an amendment referred to in section 3.4.18(2) a council may make a submission to the Commission—

(a) addressing the economic and social impact of the proposed amendment on the wellbeing of the community of the municipal district in which the approved venue is located; and

(b) taking into account the impact of the proposed amendment on surrounding municipal districts.

3. Caps on Gambling Machine Numbers

3.2.4 Regional limits on gaming machines

(1) The Minister may from time to time, by order published in the Government Gazette—

(a) determine regions in the State for the purposes of this Chapter; and

(b) in respect of each region, specify the criteria which the Commission must use to determine the maximum permissible number of gaming machines available for gaming in the region.

(2) Within 60 days after an order under subsection (1) is published in the Government Gazette, the Commission must, by instrument published in the Government Gazette, and in accordance with the specified criteria, determine the maximum permissible number of gaming machines available for gaming in a region determined and in force under sub-section (1)(a) but so that the total for the State does not exceed the State limit.

(7) Not later than 5 years after the publication of a determination under sub-section (2) and thereafter at intervals not exceeding 5 years, the Commission must—

(a) review the regional limits; and

b) if a regional limit is no longer appropriate, determine, by instrument published in the Government Gazette, a new regional limit in accordance with the criteria specified under sub-section (1)(b) but so that the total for the State does not exceed the State limit.
Application for a gaming venue, additional Machines or 24-hour gambling

**Applicant**

- **New venue, addition of machines**
  - Obtain or apply for council planning permit (Victorian Planning Provisions : 52.28-2 - machines, & Gambling Regulation Act 3.3.4 - venues)
  - cannot establish new venue or machines without both a planning permit and a licence from the VCGR

- If successful, or if planning permit has been applied for but no decision yet made…

**Provide gaming application to the Responsible Authority (usually Council)**

**Provide gaming application to the VCGR within 3 days of notifying responsible authority**

**Application for a 24-hour venue**

**Commission notifies the relevant responsible authority of the application - day 1**

Relevant responsible authority or Council must notify the VCGR of its intention to make a submission within 37 days of receiving application from the Commission

Relevant responsible authority [S 3.3.6], or Council [S 3.3.19], may make submission to VCGR within 60 days from day 1, addressing social and economic impact in that, and surrounding, municipalities.

Request for extension of time must be made within 60 days - granted in exceptional circumstances, for up to 30 days [unforeseen loss of staff, disruptive event or change in circumstances of the relevant locality]

VCGR

**Show net economic and social impact will not be detrimental to the well-being of the community of the municipal district in which the venue is located** [s 3.3.7]

VCGR must take account of submission by 'relevant responsible authority' [s 3.3.7]

Commission should:
- make a determination within 60 days of either: the Council making its submission, or of Council advising that it will not make a submission.
- (If VCGR does not do so, the application is deemed to be refused)
- provide a written decision and reason for decision

* Approval, if granted, remains in force until rescinded or relinquished (S. 3.3.10)

**VCAT**

- Applicant, or 'relevant responsible authority' which made submission, may apply to VCAT for review of VCGR decision - within 28 days of that decision [s 3.3.14]

**Decision of VCAT may, under some conditions, be appealed to the supreme court**
Decisions of the VCGR

The table below briefly recounts the position adopted by the VCGR in relation to a range of issues relating to applications for gambling venues or machines. The points in the table summarize the information presented on the VCGR website in its ‘Decisions and Reasons for Decision’, relevant to each case.

To view the published ‘Reasons for Decision’, in any particular case, click on the name of the venue (in blue, underlined text)

* * * *

Alternative submissions

Endeavour Hills Cricket Club, Casey, 2003 [venue application]
The Commission permitted the Endeavour Hills Anti-Gaming group to make a submission at the inquiry, noting that although there is only a statutory entitlement for the applicant and relevant authority to appear, other submissions may be accepted if this will help to give proper consideration to the application [p. 15].


Lakeside Hotel, Cardinia, 2007 [venue application]
The Commission observed that a prospective venue would not add much benefit that the community does not already enjoy in the area, due to the existence of another gambling venue nearby as well as local cafes, shops, community facilities and other amenities. [p. 78]

www.vcgr.vic.gov.au/CA256F800017E8D4/WebObj/55BD0B3CD496B8D2CA257474001EFD7B/$File/Decision-Pakenham.lakesidePtyLtd.pdf

Kyabram Club, Campaspe, 2009 (application for EGMS)
The Commission observes that people who write to the VCGR expressing ether concerns were contacted and invited to attend and express their views. The Commission notes that in light of Romsey, “there is no doubt that this is the course the Commission will follow”


Matthew Flinders Taverner, Monash, 2009 (application for further EGMS)
Commission remarks that letters of opposition are attached to one municipality’s comments.


Bankruptcies

Werribee Football Club, Wyndham, 2009 (application for EGMS)
On bankruptcies Commission notes that although the council reported an increase in bankruptcies, in the area, no analysis was included.” There was "little or no conclusive evidence in relation to this issue…the Commission cannot place much weight on it”


Benefit of venues - Clubs

Ballarat RSL Club, Ballarat, 2009 (application for EGMS)
On RSLs, the Commission states that “The Commission has previously viewed favourably applications from RSL sub-branches. The services to veterans are a unique aspect of RSL clubs.”


Matthew Flinders Taverner, Monash, 2009 (application for further EGMS)
Commission remarks that the fact that the applicant will donate $4,000 to an RSL – the one which looses the machines – is “the strongest indicator in favour of the application” (119)


Club Italia, Brimbank, 2010 (application for EGMS)
Commission comments favourably upon the fact the application, if approved, would see machines transferred from a pub to a club


Hoppers Crossing Club, Wyndham, 2011 (application for EGMS)
Commission notes with approval that the venue is a club, which is not run for profit and “whose revenue is fed directly back into the Wyndham community, by way of its wide range of social and sporting services and the assistance it provides to community groups and charitable organisations” (p. 16)


Benefit of venues - Community Donations

Kyabram Club, Campaspe, 2009 (application for EGMS)
Commission observes with evident approval that the club has a strong record of support for the community


Matthew Flinders Taverner, Monash, 2009 (application for further EGMS)
Notes unfavourably, that the level of contributions made by the venue to the community is “extremely modest”


54
Marine Hotel, Bayside, 2010 (application for 10 further EGMs)
The Commission remarks with endorsement that the venue contributions to the community and that the venue agreed to institute a formal process for this

Box Hill Golf Club, Whitehorse, 2011 (application for 5 further EGMs)
Commission favours the fact that the proposal would allow a redevelopment of the club and a likely increase in support for the local community

Pink Hill Hotel, Cardinia, 2010 (application for a venue and 60 EGMs)
Commission regards the provision of 100,000 per annum to the community, by the applicant, as a favourable aspect of the proposal

Tigers Club House, Wyndham, 2011 (application for a further 10 EGMs)
Commission concludes that the proposal will increase applicant's ability to provide donations to the community

George Hotel, Ballarat, 2011 (application for EGMs)
Commission notes the benefit which the venue provides to the Ballarat RSL and thereby to those who rely upon the welfare activities of that organisation and accepts the applicant's assertion that the addition of further machines would give the venue the means to increase this level of support.

### Benefit of venues - Economic

**Ballarat Football League Social Club, Ballarat, 2011 (Application for 4 further EGMs)**
Commission notes that approval would give the operator the means to refurbish the premises which will also boost local employment and ensure the venues contributed support for the local community.

**Red Lion Hotel, Ballarat, 2011 (application for a further 9 EGMs)**
Commission declares that an increase in EGM expenditure resulting from the proposal can have a favourable economic and social effect by offering more convenient access to gambling, reducing travel time, and by bestowing the notional economic benefit of free choice - termed 'consumer surplus'. The authors of the decision conclude that they "must regard greater accessibility to EGMs for those who wish to gamble responsibly as a benefit" (p. 24)

**Red Lion Hotel, Ballarat, 2011 (application for a further 9 EGMs)**
Commission holds that benefits of the proposal include contribution of applicant to the community, including tourism and as a social and recreational venue for the community

**West Bendigo Sports and Entertainment Centre, Greater Bendigo, 2011 (application for a further 30 EGMs)**
Commission comments favourably on "immense" social and economic benefits of the venue, which would offset any adverse economic effects of the proposal

**Italian Sports Club of Werribee, Wyndham, 2011 (application for EGMs)**
Commission notes that the construction work entailed in the planned refurbishments, would contribute to local employment.

### Benefit of venues - Recreational

**Point Cook Hotel, Wyndham, 2007 [venue application]**
Commission supports the application in part because the venue was considered likely to provide a significant benefit to the local community. [p. 26]

**Ballarat RSL Club, Ballarat, 2009 [application for EGMs]**
Commission remarks that the parlous financial state of the club has been fostered by "poor state of the premises and amenities" (18) with the RSL president noting that changes would allow renovations which would improve the standard and stability of the club.

**Mail Exchange Hotel, Melbourne, 2009 (application for EGMs)**
Commission concludes that the merit in this proposal is that it seeks to create a "new, up market venue" which would "provide high quality dining and bar facilities as well as gaming" (25)
Kyabram Club, Campaspe, 2009 (application for EGMs)
Commission states that the Kyabram club is often full, its membership large and growing, the “fellowship and company the clubs offers to a large number of residents”, noting with approval that EGMs would give it the means to expand and refurbish the club. “It is reasonable for the club to be able to expand its facilities in order to cater for the huge surge of members” (43)

Werribee Football Club, Wyndham, 2009 (application for EGMs)
Observes that the continued viability of a football team at the club, where the venue is located, is very important.

Werribee Football Club, Wyndham, 2009 (application for EGMs)
Commission notes that the Werribee club’s facilities are in poor repair and the space is inadequate. “‘Additional revenue will improve conditions for players and enable urgently needed expansion and upgrade of the Clubhouses and the addition of a function room’ (58)

Werribee Football Club, Wyndham, 2009 (application for EGMs)
Commission comments on Werribee Club’s “wonderful potential as a community facility and sports ground”

New Bay Hotel, Bayside, 2010 (application for venue)
Commission notes with endorsement the proposition advanced by the applicant, that a new venue would have a positive effect on the community due to:
-refurbishment of the venue and addition of a range of facilities
- annual contribution of funds to the community
- generation of jobs in gaming venue and through refurbishment
- increased access to gaming in the area which will ‘ensure the range of choices available to consumers” (62, 55, 56, 57, 18)

New Bay Hotel, Bayside, 2010 (application for venue)
Commission states with approval that the applicant intends to ensure that the venue ‘becomes part of the local community offering a range of entertainment and social facilities’ (40)

Pink Hill Hotel, Cardinia, 2010 (application for a venue and 60 EGMs)
Commission gives weight to applicant’s assertion that the development would not proceed without the EGMs sought

Pink Hill Hotel, Cardinia, 2010 (application for a venue and 60 EGMs)
Commission mentions with favour the “magnitude of the proposal and the arrangement of services that would be available to the local residents” (p. 24)

Tarneit Tavern, Wyndham, 2010 (application for a venue with 65 EGMs)
Commission relates that new and growing areas would benefit from the social and dining opportunities presented by the proposal

Warragul Country Club, Baw Baw, 2011 (application for a further 15 EGMs)
Commission observes that the club provides support for the local community and a hub of social and recreational activity. The venue’s ‘Shop Local’ policy attracts particularly effusive endorsement.

Werribee Plaza, Wyndham, 2010 (application for a venue with 80 EGMs)
Commission maintains that redevelopment of the venue would offer a ‘substantial benefit’ to the community

St Albans Sports Club, Brimbank, 2011 (application for EGMs)
Commission remarks that the application includes the development of a sports facility (for netball) that will benefit the community, and for which a need has been established - by the applicant

Italian Sports Club of Werribee, Wyndham, 2011 (application for EGMs)
Commission agrees with applicant that this ‘modern and growing venue’ needs to increase its size and be refurbished to further benefit the growing community in which it is situated

Italian Sports Club of Werribee, Wyndham, 2011 (application for EGMs)
Commission notes that the planned upgrade of the facility, to be funded by the revenue from the EGMs sought, would offer a variety of beneficial sporting and recreational activities to the community
Bridge Inn Motel Mernda, Whittlesea, 2011 (application for a venue)
Commission notes that if the application for a venue were not to succeed, the municipality would be without entertainment facilities in its north.

Kyabram Club, Campaspe, 2009 (application for EGMS)
On catchments the Commission: States that the club attracts patronage “…from wider then the 5 or 6 km radius normally used” (38)

Werribee Football Club, Wyndham, 2009 (application for EGMS)
Commission notes that research findings indicate that people gamble at venues within a 2.5km distance.

Matthew Flinders Taverner, Monash, 2009 (application for further EGMS)
Catchments: note that in light of a patron survey (showing that many patrons come from a reasonable distance) it is not wise to place too much emphasis upon residents within 1km of the venue

New Bay Hotel – VCAT, Bayside, 2010 (application for EGMS)
On catchments: Commission argues against considering Brighton alone as the main catchment of the hotel, favouring the inclusion of “…the suburbs of Brighton, Brighton East and Hampton as these suburbs fall within the km radius that is likely to form the patronage of the proposed premises…”

Highlands Hotel Craigieburn, Hume, 2010 (application for a venue and EGMS)
Commission states that the catchment area of a venue is generally considered to be 5 km. Adds that the use of collection districts to produce a ‘best fit’ of a 5km area around a venues a ‘reasonably acceptable reference for analysis of the local environment” (p. 7)

Pink Hill Hotel, Cardinia, 2010 (application for a venue and 60 EGMS)
Commission accepted that the catchment area would be about a 5 km radius of the site, though it conceded that ‘there will always be a proportion of patrons who come from outside the area” (p. 21)

Bridge Inn Motel Mernda, Whittlesea, 2011 (application for a venue)
Commission contends that the effects of EGMs are most strongly felt among the community which lies within the catchment of the venue, which is about 2 to 5 km. from the venue itself

Hoppers Crossing Club, Wyndham, 2011 (application for EGMS)
Findings of a household survey of residents near the venue, conducted by the Council, were contested by the Commission, on the basis that only residents who lived near the venue were surveyed, instead of a sample of those within the wider catchment area, of about 5km. radius; and that the respondents had not been provided with information about the benefits of the proposal.

Lakeside Hotel, Cardinia, 2007 [venue application]
The Commission stresses the importance of a “…high concentration of EGMS in a particular part of a community if it is accepted (as I think it must be) that a greater availability of EGMS in a particular area is likely to lead to increased …problem gambling in the area” [p. 67]
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Lakeside Hotel, Cardinia, 2007 [venue application]
The Commission stresses that EGM density should be calculated for the whole municipality, rather than the population of an area when a venue or EGMS are proposed. The Commission acknowledged though, that there have been times when it has been concerned about the concentration of EGMS in an area [e.g.: Victoria Hotel in Melbourne] [p. 66]
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Club Edgewater (Footscray Football Club), Maribyrnong 2008 [Venue application]
In response to the proposition that a proposed venue was situated near disadvantaged households, the Commission argued that this point was negated by the fact that those households were situated closer to existing venues than to the proposed venue, and are therefore not likely to go to the new venue when they have a venue “…on their doorstep”.

Concentration of EGMS/Venues

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Point Cook Hotel, Wyndham, 2007 [venue application]
The Commission asserts that expenditure on EGMs, rather than density of EGMS, should be the main concern, adding: "It is losses occasioned at EGMS which constitute the worrying factor, rather than the existence of EGMS." [p.25]

Victoria Hotel, Melbourne, 2007 [venue application]
One reason for rejection of the application for EGMS at Victoria Hotel in Melbourne was the high number of EGMS in close proximity to the hotel. [p. 46]

Caroline Springs Hotel, Melton, 2008 [venue application]
Commission comments on the EGM concentration in Melton, where the hotel is situated, remarking that it is below average for Victoria [p. 12] [thereby affirming the importance of EGM concentration in this context]. But the Commission also recounted information concerning levels of EGM expenditure.

Kyabram Club, Campaspe, 2009 (application for EGMS)
Commission notes the Campaspe Shire, where he Kyabram club is situated, has a lower level of expenditure and EGMS than regional or state-wide average.

Highlands Hotel Craigieburn, Hume, 2010 (application for a venue and EGMS)
Considering gambling machine density, the commission asserts that the existing density of machine, as well as the effect of a proposal on density, should be considered in the ‘precinct of the proposed development’ rather than across the municipality as a whole.

Warragul Country Club, Baw Baw, 2011 (application for a further 15 EGMS)
Commission notes that the requested EGMS would not raise density of machines in the municipality to a level above the state average

Club Italia, Brimbank, 2010 (application for EGMS)
Commission notes that although under the arrangements proposed in the application, machines would be, in effect, removed from other local venues and installed at this club, the other venues would still be able to acquire and install other machines without requiring planning permits or satisfying the 'no detriment' test.

Council Policies

New Bay Hotel, Bayside, 2010 (application for a venue)
Commission relates that the Bayside Council Gambling Policy requires new applications to demonstrate net benefit to the community, which is not consistent with level requirement to show no net detriment. Commission also observes that the Council had conceded that it had not conducted community consultation before adopting its gambling policy. (p. 31, 32)

Tarneit Tavern, Wyndham, 2010 (application for a venue with 65 EGMS)
Commission observes with approval that the council policy has been the subject of " a sound pubic consultation process" (p. 26)

Tigers Club House, Wyndham, 2011 (application for a further 10 EGMS)
Commission criticises council policy which opposes any growth in EGMS beyond metro density, as "a blanket opposition to EGMS" (p. 12), citing an earlier decision which urged that councils adopt a ‘nuanced approach to gambling in their municipality” (p. 13)

Italian Sports Club of Werribee, Wyndham, 2011 (application for EGMS)
Commission observes that since the council policy opposes any addition of EGMS which would exceed the metropolitan average, that it must be opposed to further machines - since the egm density is currently above metro levels - and states that "such a blanket approach fails to take into account other factors relevant to each individual application...", adding that the policy "...cannot be afforded significant weight" (p. 23)

Council Position

Mail Exchange Hotel, Melbourne, 2009 (application for EGMS)
States that the fact that the council has not opposed the applications “is a matter to which we give great weight” (51)
Club Edgewater (Footscray Football Club), Maribyrnong 2008 [Venue application]

Referring to a council gambling policy, the Commission remarked that “…it is hard to see circumstances in which Council can adopt a position other than opposition to any proposal”.

Werribee Football Club, Wyndham, 2009 (application for EGMs)

Notes that the council policy does not support any increase in EGMs or venues, adding that “…under this policy, if rigidly adhered to, there is no ability for the council to assess individual applications on their merits.”

Noble Park Football Club, Greater Dandenong, 2011 (application for 4 further EGMs)

Commission places weight on the fact that the council did not oppose the application

Mail Exchange Hotel, 2009, Melbourne (Application for venue and 80 EGMs)

Commission accords moment to the fact that the council has not opposed the application

Effect on Local Retail Industry

New Bay Hotel, Bayside, 2010 (application for venue)

Commission expresses the view that while local retail businesses may experience decline in expenditure as a result of a nearby venue coming into existence “the diversion of revenue streams from one business to another is a characteristic of a free market economy.”

Expenditure Modelling

Club Edgewater (Footscray Football Club), Maribyrnong 2008 [Venue application]

Commission expresses confidence in expenditure modelling techniques such as Spectrum and Geotech, used by applicant, noting that the predictions have proven relatively accurate when compared with subsequent venue-based expenditure data, available to the VCGR.

Red Lion Hotel, Ballarat, 2011 (application for a further 9 EGMs)

Commission places explicit reliance upon the GeoTech Model, for predicting the effects of the proposal upon EGM expenditure in the area, in part because of its consideration of expenditure from outside Ballarat, and also because it has been "tried and tested" on previous occasions

Expert Testimony

Hampton Park Tavern, Casey, 2006 [application for further EGMs]

The Commission cites evidence from the council submission which recorded a rise in referrals to Gambler’s Help, but added: “We note that no one from Gambler’s Help was called to give evidence about recent trends”

Bridge Inn Motel, Whittlesea, 2008 [venue application]

The Commission received evidence about the extent of gambling problems from a financial counsellor, noting that he “…is not required to give oral evidence”

Tarneit Tavern, Wyndham, 2010 (application for a venue with 65 EGMs)

For no clear reason, reflected in evidence, the Commission chooses to concur with the applicant’s estimate of expenditure transfer.

Gamblers Help Data

Point Cook Community Sporting Club, Wyndham, 2007 [venue application]

In appraising Gamblers Help data presented by a member of that organization, the Commission affirms that the number of clients of Gamblers Help are a “tiny proportion” of the total number of problem gamblers in a community

Housing Stress

Highlands Hotel Craigieburn, Hume, 2010 (application for a venue and EGMs)

Commission advances the proposition that the proposed venue is in a developing community where many residents have a mortgage. To determine the prevalence of housing stress, commission considers the proportion of household income spent on mortgage payments and average household incomes, noting with approval that both are more favourable than the corresponding metropolitan averages.
Local Disadvantage

Sugar Gum Hotel, Melton, 2007 [application for further EGMs]
The Commission states that it “…now takes into consideration the local area in close proximity to the venue, as opposed to the Shire as a whole”. In this particular case, it observed that the area near the venue was better off than the Shire as a whole. [p. 15]


Bridge Inn Motel, Whittlesea, 2008 [venue application]
The Commission looks beyond social conditions in the overall Shire to consider the area of Mernda North, local to the venue – which happens to be less disadvantaged than Whittlesea. However, the Commission reflects upon the high proportion of residents in Mernda who are purchasing their homes and facing interest rate rises, concluding that this makes them particularly vulnerable in a way not reflected in the [then two year-old] SEIFA indexes.


Club Ringwood, Maroondah, 2006 [venue application]
Commission reviews evidence not only of municipal-wide circumstances, but also of local conditions, using postcode SEIFA indexes [p. 15]

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Club Edgewater (Footscray Football Club), Maribyrnong 2008 [Venue application]
In response to the proposition that a proposed venue was situated near disadvantaged households, the Commission argued that this point was negated by the fact that those households were situated closer to existing venues than to the proposed venue, and are therefore not likely to go to the new venue when they have a venue “…on their doorstep”.


Club Edgewater (Footscray Football Club), Maribyrnong 2008 [Venue application]
The Commission contested an assertion that a high level of housing stress was experienced in the community near a proposed venue - based on a calculation of the proportion of households spending more than 30% of their income on housing - arguing that in addition, the income level of such households had to be among the lower two quartiles (the lower half) of household incomes.


Romsey Hotel, Macedon Ranges, 2006 [venue application]
The Commission cites evidence about socio-economic indexes for Macedon Ranges, then for Romsey in particular.


Lakeside Hotel, Cardinia, 2007 [venue application]
The Commission devotes time to recounting information presented by the applicant about social conditions within the local area: the Lakeside estate in Pakenham. [p. 27-8] [signifying that local conditions are relevant to the application]

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Lakeside Hotel, Cardinia, 2007 [venue application]
The Commission acknowledged with approval, the argument that local residents in this outer suburb are burdened by high work-related transport costs. [p. 72]

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Lakeside Hotel, Cardinia, 2007 [venue application]
The Commission expresses its agreement with the proposition that, although household incomes in this area are higher than for metropolitan Melbourne, this is partly offset by larger, and therefore more costly, families. [p. 71]

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Ballarat RSL, Ballarat, 2009 [application for increased number of EGMs]
The Commission observes with approval that the club into which the 23 machines were to be moved, was situated in a locality with a higher than-average SEIFA index of Socio-economic Disadvantage and that inspection of the club premises and environs “…suggests that area Is not one which demonstrate obvious disadvantage.” Also notes that a higher than average proportion of professional workers residing in the area.


Ballarat RSL Club, Ballarat, 2009 [application for EGMs]
Since the application proposes that machines be moved from one area to a location of less social disadvantage, then it “will not lead to the EGMs being located in a more disadvantaged area than that from which they are secured”


Matthew Flinders Taverner, Monash, 2009 [application for further EGMs]
Commission contends that it is preferable to consider social conditions in a local area around the venue, than to examine the municipality as a whole

**Matthew Flinders Taverner, Monash, 2009 (application for further EGMs)**
Commission concluded that, although some areas near the venue are clearly disadvantaged, patron surveys found that only 1 in 10 patrons came from that area and most of the others from affluent localities. This the areas of “particular disadvantage are very small indeed as a proportion of the catchments for the venue as a whole. Authors of the decision added that, on the other hand, the EGMs which were to be added to the venue are from the South Oakleigh club – situated in a more disadvantaged area, than most localities around Matthew Flinders.


**Matthew Flinders Taverner, Monash, 2009 (application for further EGMs)**
Commission states that the utilization rate of EGMs at the venue is low indicating that there is no compelling reason for needing machines. Also states though, that since the machines are under utilized, people with gambling problems currently have ample opportunity to gamble already – so an increase in EGMs is not likely to greatly increase gambling opportunities for people with gambling problems.


**Matthew Flinders Taverner, Monash, 2009 (application for further EGMs)**
On disadvantage, notes that although ‘Jordanville’ near the venue has a low SEIFA score, other indicators, such as education level, show less disadvantage “…than we light have imagined was the case” (86)


**Highlands Hotel Craigieburn, Hume, 2010 (application for a venue and EGMs)**
To assess levels of local disadvantage, and therefore the community’s capacity to absorb further gambling losses, commission gives weight to measures of income, unemployment and the SEIFA Index - particularly of the SLA, rather than the whole municipality.


**Noble Park Football Club, Greater Dandenong, 2011 (application for 4 further EGMs)**
Commission places emphasis upon the social disadvantage of the SLA in which Noble Park is situated, as measured by the SEIFA Index http://www.vcgr.vic.gov.au/CA2576E0010A2133CA73D63BA29F3758CA2579E0010D87E/$file/Noble%20Park%20SOC%20Reasons%20for%20Decision.pdf

**Ballarat Football League Social Club, Ballarat, 2011 (Application for 4 further EGMs)**
Commission observes that while exhibiting some signs of disadvantage, Ballarat "is not among the lowest 25% of country municipalities in terms of SEIFA ranking" http://www.vcgr.vic.gov.au/CA2576E0010A2133CA73D63BA29F3758CA2579E0010D863/$file/Ballarat%20Football%20League%20Social%20Club%20reasons%20for%20Decision.pdf

**Box Hill Golf Club, Whitehorse, 2011 (application for 5 further EGMs)**
Commission notes that the club is located in a less disadvantaged areas of the municipality http://www.vcgr.vic.gov.au/CA2576E0010A2133CA73D63CA2579E0010D876/$file/Box%20High%20Club%20Decision%20%20Aug%202011.pdf

**Tarneit Tavern, Wyndham, 2010 (application for a venue with 65 EGMs)**
Commission states that the areas nearest the venue is relatively advantaged, as compared with other parts of the municipality


**Tigers Club House, Wyndham, 2011 (application for a further 10 EGMs)**
Commission writes that while there are localities of disadvantage in Wyndham "the municipality as a whole does not show signs of significant disadvantage” (p. 16)


**Bridge Inn Motel Mernda, Whittlesea, 2011 (application for a venue)**
While conceding that effects of EGMs are more keenly felt in localities near the venue itself, Commission asserts that under the Gaming Regulation Act, it must consider the effects of the application upon the entire municipality


**Hoppers Crossing Club, Wyndham, 2011 (application for EGMs)**
Though acknowledging that the area immediately surrounding the venue is relatively disadvantaged, the Commission makes that, overall, Wyndham is not very disadvantaged.


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**Local School**

**Endeavour Hills Cricket Club, Casey, 2003 [venue application]**
In relation to an application within 1 km. of two schools, the Commission acknowledges testimony that these schools have a high proportion of health benefit card holders as evidence of local hardship. [p. 16]. However, no comment is made about effect of proximity to a gambling venue upon pupils. But school was “within 1,000 meters” – which is not exactly adjacent.


**Glenferrie Hotel, Boronoodra, 2004 [venue application]**
Commission stated that Swinburne University expressed concern at possible gambling problems for young people, but presented little evidence of any widespread problems [p. 11, 19]

The Commission gave weight to the Productivity Commission (1999) finding that 25% of all problem gamblers were under 25, yet that this group is least likely to seek assistance [8% of those seeking assistance]. [p. 22] An
expert witness conceded that there is "little evidence" about the issue [p. 23]. A venue proprietor noted that few students are attracted to EGMs [p. 26] – a view subsequently echoed by the Commission [p. 27].

Racetrack Hotel, Stonnington, 2004 [venue application]
The Commission acknowledged the proximity between hotel and student housing and campus, affirming that "it would have greater reservations about this application" were it not for the undertaking by the hotel management to change the nature of the entertainment to be offered at the hotel - including cessation of live entertainment and disc jockey - so it no longer caters for a young clientele. [p. 33, 34, 41]

Victoria Hotel, Melbourne, 2007 [venue application]
Commenting on a venue application which may be near a tertiary institution, the Commission noted that "...although...the problem affecting the student population is likely to be confined to a relatively small number of students, it cannot altogether be dismissed" [p. 47].

New Bay Hotel, Bayside, 2010 [venue application]
While acknowledging that the venue is in proximity to local schools and community facilities, the Commission concluded that "no evidence was submitted to the council of the vulnerability of school communities to problem gambling" [p. 65].

New Bay Hotel – VCAT - Bayside, 2010 [venue application]
Notes that the council policy states that venues should be over 800m from sensitive uses including schools, but that states this sets an unreasonable expectation, as many venues are closer to schools than this, concluding that more general references to proximity to sensitive uses would be preferable in planning schemes.

Population Change

Ballarat RSL, Ballarat, 2009 [application for increased number of EGMs]
The Commission observes that the relatively affluent area where 23 EGMs are to be moved is one of substantial population growth.

Club Edgewater (Footscray Football Club), Maribyrnong 2008 [Venue application]
The Commission noted approvingly that the proposed site of the new club (Edgewater Estate) is one of rapid population growth, particularly since it is relatively affluent.

Werribee Football Club, Wyndham, 2009 [application for a venue and 60 EGMs]
The areas of Melbourne around Werribee are rapidly growing and will continue to do so. Commission remarks that this has lead to a decline in expenditure per adult and that it ameliorates the high density and expenditure.

Pink Hill Hotel, Cardinia, 2010 [application for a venue and 60 EGMs]
Commission states that increased density of machines that might result from the installation of machines would be reduced by the forecast rise in local population.

Werribee Plaza, Wyndham, 2010 [application for a venue with 80 EGMs]
Commission notes that the projected increase in local population will reduce local EGM density.

Tigers Club House, Wyndham, 2011 [application for a further 10 EGMs]
Commission determines that the forecast population increase might restrain any rise in EGM density that might otherwise result from this proposal.

Italian Sports Club of Werribee, Wyndham, 2011 [application for EGMs]
Commission remarks that the council's policy position, of opposition to any application which raises the number of machines above the metropolitan density, "strikes a reasonable balance between the community's opposition to additional EGMs and the steady population growth in the area."

Italian Sports Club of Werribee, Wyndham, 2011 [application for EGMs]
Of the small increase in machines sought by the club, the Commission maintains that this is of little concern because population increases in future years will dilute the density increase, the venue is a club, and the venue is not new.
Hoppers Crossing Club, Wyndham, 2011 (application for EGMs)
The Commission concluded that additional expenditure which may result from the proposal would "...have a reduced impact in the context of Wyndham's rapidly growing population" (p. 15)

Problem Gambling

Club Ringwood, Maroondah, 2006 [venue application]
The Commission observes that the relationship between the level of gambling losses and number of problem gamblers is unclear, but conceded that local research “...leads us inevitably to the conclusion that there is a clear relationship between an increase in gambling expenditure and problem gambling” [p. 39]

New Bay Hotel, Bayside, 2010 (application for venue)
Commission argues that Bayside is a relatively affluent community, “it is less likely that the potential for gambling problems will be exacerbated" (p. 64)

Proximity of Venues

Lakeside Hotel, Cardinia, 2007 [venue application]
Commission states that studies conclude that an association exists between proximity to venues and gambling, but adds that one must consider people who live further away if circumstances suggest they may visit that venue. [In this context, people in Cardinia who reside outside the main population centre, Pakenham]
www.vcgr.vic.gov.au/CA256F800017E8D4/WebObj/55BD0B3CD496B8D2CA257474001EFD73/$File/Decision-PakenhamLakesidePtyLtd.pdf

Proximity to a Capped Area

Hampton Park Tavern, Casey, 2006 [application for further EGMs]
The Commission notes that the venue is close to the capped area ‘Greater Dandenong plus' - a matter which it regards as “extremely serious”, but added that is only near the industrial portion of the capped area and that few existing patrons of the proposed venues are from this locality anyway [sections 27, 31]

Casey Towers, Casey, 2007 [venue application]
Casey Towers was situated in such a position that 2% of the capped areas of Casey were within a 2.5 km radius of the proposed venue. But the Commission commented that, while proximity was considered, any adverse implications were balanced by the fact that since the venue would be on level 2 of a hotel, visits would be deliberate rather than casual, and that the range of services and responsible gambling strategies provided by the hotel would minimize risk of harm to residents of these capped areas. [pp. 16-17]

Matthew Flinders Taverner, Monash, 2009 (application for further EGMs)
Of caps – as much of Monash is capped – observes that the Regional Caps Policy “does not provide clear guidelines” in relation to the transfer of EGMs within capped areas.

Proximity to Shopping Centres

Lakeside Hotel, Cardinia, 2007 [venue application]
Commission state that evidence – including Tuggeranong study and the Productivity Commission report – indicates that it is undesirable to situate gambling venues in shopping centres or close to “major retail centres”. In relation to an application for a venue next to a shopping centre, the Commission concluded that it would be detrimental as shoppers would be confronted by the venue whenever they went shopping. This issue did not decide the matter alone, for the Commission added that, if the area had been more wealthy or if proposal provided greater benefits to the community, the Commission might have supported the application [p. 82]
www.vcgr.vic.gov.au/CA256F800017E8D4/WebObj/55BD0B3CD496B8D2CA257474001EFD73/$File/Decision-PakenhamLakesidePtyLtd.pdf

Point Cook Hotel, Wyndham, 2007 [venue application]
One reason why the Commission favoured this proposal was that the hotel was well removed from shopping areas [p.24]

Club Edgewater (Footscray Football Club), Maribyrnong 2008 [Venue application]
Club observes that the establishment of entertainment facilities, including gambling venues, in activity centres seems a reasonable proposition, but such centres generally included shopping centres, and evidence received from gambling counsellors indicates that people with gambling problems would gamble less if they were not confronted with gambling venues while going about their daily activities.
Club Edgewater (Footscray Football Club), Maribyrnong 2008 [Venue application]
Commission writes that, while a proposed venue was to be constructed in an activity centre, it was only a 
neighbourhood centre, and the proposed site of the venue was not on a major thoroughfare and would not be 
immediately obvious to people passing by.

Werribee Football Club, Wyndham, 2009 (application for EGMs)
On destination venues, Commission notes that the Werribee clubhouse is situated away from residential or retail 
outlets and is therefore accessible to most only by vehicle.

West Bendigo Sports and Entertainment Centre, Greater Bendigo, 2011 (application for a further 30 EGMs)
Commission declares that the venue is not near major residential centres, and on a highway, and is therefore a 
destination venue, requiring a conscious choice to travel to the venue to gamble.

Proximity to Welfare Agencies

Victoria Hotel, Melbourne, 2007 [venue application]
The Commission noted that the proposed venue was very near Urban Seed – a welfare agency many of whose 
clients would have gambling problems. [p. 47]

Endeavour Hills Cricket Club, Casey, 2003 [venue application]
The Commission observed that the Endeavour Hills anti-Gaming group represents a variety of local churches and 
organizations and has admitted a sizeable petition. [p. 15]

Glenferrie Hotel, Boroondara, 2004 [venue application]
The Commission commended the council for taking local residents’ views into account, with a notice in local 
paper and website, as well as an invitation to local organizations to comment. The Commission added though, that 
few local organizations, residents and businesses had responded, and remarked that it accorded little weight to 
submissions and signatures with addresses far from venue [p. 15]

Romsey Hotel, Macedon Ranges, 2006 [venue application]
The Commission refers to a council survey featuring the single question, “Do you support installation of EGMs at 
Romsey?”, with the survey attracting a 69% response rate – of which 79% were negative. While contending that 
the survey result was weakened by the fact that it did not give a full account of the proposal, the Commission 
conceded that the 69% response rate was “important”. [p. 15-16]
Lakeside Hotel, Cardinia, 2007 [venue application]
The Commission stated: “We note that there does not appear to have been any opposition voiced in reaction to this application and we regard this as significant having regards for the fact that other prospective applications for approvals within the Shire of Cardinia have already attracted considerable community interest.” [p. 14]

Langwarrin Hotel, Frankston, 2008 [application for increased EGMs]
Commission criticizes a phone survey of public opinion about a proposed increase in the number of EGMs at Langwarrin Hotel, by the council, for not presenting a balanced account of the proposal. The Commission commenced with the question: “Do you support the approval of an additional 16 poker machines being installed at the Langwarrin Hotel?”. The Commission maintained that further information should have been provided to survey respondents, such as the fact that, if the application proceeded, conference facilities would be constructed and further funds donated by the hotel to local community projects.

Lakeside Hotel, Cardinia, 2007 [venue application]
The Commission remarks that a random survey of 1,000 or so residents of Cardinia – the municipality where the prospective venue was to be situated – revealed opposition to the installation of further venues or machines in the LGA. However, the Commission holds that this did not constitute evidence of strong opposition to the Lakeside venue proposal, since residents might have offered a different response if they had been informed of its particular benefits. [p. 50]

Point Cook Community Sporting Club, Wyndham, 2007 [venue application]
The Commission noted that Wyndham Council conducted a survey of resident opinion on EGMs in which a majority of respondents registered opposition to more machines or venues. The Commission cautioned though, that the survey results provide no information about the attitude of residents to this particular proposal. [p. 27]

Point Cook Community Sporting Club, Wyndham, 2007 [venue application]
The Commission questions the validity of a petition opposed to the venue and submitted by the Council, on the basis that there is little evidence about the manner in which the signatures were collected or about information presented to signatories, and the fact the many signatories did not reside in the SLA where the venue is situated – and where most patrons were likely to reside. [p. 40]

Highlands Hotel Craigieburn, Hume, 2010 (application for a venue and EGMs)
Commenting on a survey of 300 residents, commissioned by the applicant, the commission gives the most weight, not to the proportion of respondents who opposed the proposal (a majority), but the proportion who still opposed the proposal after being informed of the community donations offered by the applicant and that the development would not proceed without the gambling machines.

Pink Hill Hotel, Cardinia, 2010 (application for a venue and 60 EGMs)
Commission maintains that, although there is a local opposition to the proposal, this is not an isolated community like Romsey, but has other venues nearby

Pink Hill Hotel, Cardinia, 2010 (application for a venue and 60 EGMs)
Commission remarks that opposition to the proposal registered by letters and a council-sponsored survey, include concerns about noise, traffic and other non-gambling effects which are not relevant to the VCGR, as well as general resistance to gambling “which government policy recognises as a legitimate recreational pursuit” (p. 24), instead of opposition to any particular feature of the current application.

Tarneit Tavern, Wyndham, 2010 (application for a venue with 65 EGMs)
Commission criticises the council survey of community attitudes for having registered more general concerns about gambling, rather than opposition to the particular proposal, and for not informing respondents that without EGMs, the whole development would not occur.

Tigers Club House, Wyndham, 2011 (application for a further 10 EGMs)
Commission comments with disapproval upon the failure of the Council to conduct a survey of community opinion

Hoppers Crossing Club, Wyndham, 2011 (application for EGMs)
Findings of a household survey of residents near the venue, conducted by the Council, were contested by the Commission, on the basis that only residents who lived near the venue were surveyed, instead of a sample of those within the wider catchment area, of about 5km. radius; and that the respondents had not been provided with information about the benefits of the proposal.
Responsible Gambling Practices

**Box Hill Golf Club, Whitehorse, 2011 (application for 5 further EGMs)**
Commission observes with favour, that the club’s responsible gambling practices will lessen any potentially harmful effects

**Red Lion Hotel, Ballarat, 2011 (application for a further 9 EGMs)**
The Commission contends that the applicant’s responsible gambling measures will reduce the detrimental effect of any increase in gambling expenditure to the community and "keep the rise of problem gambling at a modest level" (p. 24)

**West Bendigo Sports and Entertainment Centre, Greater Bendigo, 2011 (application for a further 30 EGMs)**
Commission remarks that the gambling policies and practices of the applicant will reduce by adverse effects of gambling

SEIFA Indexes

**Club Ringwood, Maroondah, 2006 [venue application]**
The Commission noted that the SEIFA index of Relative Socio-economic Disadvantage is more appropriate than the Index of Economic Resources, cited by the Maroondah Council in this case [p 16]

**Matthew Flinders Taverner, Monash, 2009 (application for further EGMs)**
On disadvantage, the Commission notes that although ‘Jordanville’ near the venue has a low SEIFA score, other indicators, such as education level, show less disadvantage “…than we light have imagined was the case” (86)

Small Increases, or Reductions, in EGMs

**Noble Park Football Club, Greater Dandenong, 2011 (application for 4 further EGMs)**
Commission observes that, due to the small increase in machines sought (6) and the assertion by the applicant’s witness that much of the expenditure attracted by the machines would be transferred from other venues, that effect of the machines “is likely to be slight” (p. 17)

**Ballarat RSL Club, Ballarat, 2009 (application for EGMs)**
Commission comments with favour, that the proposal will lead to a net reduction in EGMs in venues in Ballarat

**St Albans Sports Club, Brimbank, 2011 (application for EGMs)**
Commission contends that the number of EGMs sought is small (five) and that they will come from another area within the LGA with the result that there will be no overall change in number of machines in the municipality. These considerations, coupled with the purported benefits of the application, persuade the Commission that the application would be of not detriment to the community.

**Italian Sports Club of Werribee, Wyndham, 2011 (application for EGMs)**
Of the small increase in machines sought by the club, the Commission maintains that this is of little concern because population increases in future years will dilute the density increase, the venue is a club, and the venue is not new.
VI: Websites

To view the website, click on its name (in blue, underlined text). Otherwise, copy the address, in smaller font, below the website name, and paste it into your explorer address bar.

Acts

Gambling Regulation Act 2003

Planning and Environment Act 1987

Tobacco Act 1987

Liquor Control Reform Act

Racing Act

Government and Gambling Regulation

Department of Justice: Office of Gambling and Racing
Includes a range of information about laws, reviews and governments project relating to gambling in Victoria, as well as details concerning license hearings and findings.

Gambling License Review
Presents information about state government planning for gambling arrangements to take effect in 2012.

Venue Level Gambling Data
Information about EGM losses by venue for all Victorian clubs and hotels
http://www.gamblinglicences.vic.gov.au/media/docs/Venue_Level_Data_2005_06_2006_07_2007_08-1dd47c0-5332-4a98-b26a-d93f15969493-0.XLS

Department of Planning and Community Development – Annual Report 2008/9 [Comm. Support Fund]

Victorian Commission for Gambling Regulation (VCGR)

- VCGR Annual Reports
- VCGR Club Community Benefit Statements
- VCGR Gambling Losses by LGA
- VCGR Gambling Losses by Venue
- VCGR Gambling Venue details
- VCGR Inquiries and Hearings
- VCGR Legislation administered, Ministerial Directions, Standards and Determinations

Planning Related Matters

Victorian Planning Provisions
www.dse.vic.gov.au/planningschemes/VPPs/combinedPDFs/VPPs_All_Clauses.pdf

VCAT – Planning and Environment
Advice, support and advocacy

**Responsible Gambling Advocacy Centre**
Promotes responsible gambling, helps people get the information they need to lobby for responsible gambling, and assists the community in finding the resources they require about gambling.
www.responsiblegambling.org.au/

**Gamblers Help**

**Multicultural Gamblers Help Program**

**www.gambleaware.vic.gov.au/**
Presents advice about the nature of gambling and gambling problems, and sources of assistance.

**Problem gambling.com**
Provides information about services for people who are experiencing personal, family, financial, work or other problems as a consequence of gambling.
www.problemgambling.com/

**Know the Odds**
Distributes an inexpensive educational kit designed to inform students about the hazards associated with gambling and assist them to understand the nature of gambling problems.
www.knowodds.org

**Pokie Watch**
Documents the compliance of Victorian gambling venues with laws and codes of practice, with the purpose of improving gambling practices. Members of the public may contribute information to this site.
www.pokiewatch.org/page/What+does+PokieWatch+tell+me+about+Victorian+pokie+venues%3F

**Free Yourself**
A self-help website which offers advice about dealing with gambling-related problems

**Social Impact of Pokes**
An on-line tool which allows the operator to explore the consequences of gambling machines upon communities
socialimpactofpokies.org.au

**Responsible Gambling Advocacy Centre**
The website of this organization provides a wide range of contemporary information and advice to local governments, community organizations and concerned residents about the nature, scope and effects of gambling, including publications, research, data, submissions, news, events and discussions.
www.responsiblegambling.org.au/

**Gambling Data**

**VCGR Gambling Losses by LGA**

**Gambling Losses, EGM numbers and density, and other municipal level data**

**Venue Level Gambling Data**
Information about EGM losses, by venue, for all Victorian clubs and hotels
http://www.gamblinglicences.vic.gov.au/media/docs/Venue_Level_Data_2005_06_2006_07_2007_08-1d4d47c0-5332-4a98-b26a-d93f15969493-0.XLS

**Gaming Machine Entitlements Transfer Website**

**Gambling Research**

**ACT Gambling and Racing Commission** [includes research about patterns of gambling and gambling problems]

**Alberta Gambling Research Institute** [Canada. Includes free, on-line access to articles, books & reports]
http://dspace.ucalgary.ca/handle/18880/79

**Canadian Responsible Gaming Council** [Canada. Including an online library]
www.responsiblegaming.org/en/research/newscan.cfm?SR=21

**Centre for Gambling Studies** [New Zealand, Auckland University]
www.fmhs.auckland.ac.nz/soph/centres/cgs/

**Department of Justice: Office of Gambling – Research**
Diagnostic and Statistical Manual IV
http://allpsych.com/disorders/dsm.html

European Institute for the Study of Gambling [Netherlands]
www.easg.org/

Gambling Research Australia
Functions as a clearinghouse for all Australian gambling research as well as other gambling research issues and information
www.gamblingresearch.org.au/CA256DB1001771FB/HomePage?ReadForm&1=Home~&2=--&3=--

Journal of Gambling Issues [Canada]
www.camh.net/egambling/

National Centre for Responsible Gambling [US]
www.ncrg.org/

National Gambling Impact Study Commission [US]
http://govinfo.library.unt.edu/ngisc/index.html

Ontario Problem Gambling Research Centre [Canada]
Supplies links to a range of international research about the nature of gambling, its effects upon individuals, families and communities, as well as government policies and practices in this field.
www.gamblingresearch.org/

Productivity Commission 1999 Gambling Inquiry Report

Queensland Office of Economic and Statistical Research
Publishes an annual account of gambling losses and other data, by gambling type, for each Australian state.

Responsible Gaming Council [Canada]
www.responsiblegaming.org/en/index.cfm

SA Independent Gambling Authority
www.iga.sa.gov.au/publications.html#ANZGL

University of Nevada gambling Links (US)
www.unr.edu/gaming/infolinks.asp

Victorian Casino and Gaming Authority: Research conducted until 2000

Productivity Commission Inquiry into Gambling

Productivity Commission 2009 Gambling Inquiry

Productivity Commission 1999 Gambling Inquiry Report

Productivity Commission Homepage
www.pc.gov.au

The Gambling Industry

Gaming Technologies Association
www.agmna.com/

Tattersall’s Gaming and Lottery Operators’

Tabcorp

Crown Casino – Publishing and Broadcasting Group

Australasian Gambling Council
News, information and links relevant to the Australian gaming industry and conditions. Includes links to research and gambling-related data
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Healthy Wealthy and Wise Women (Undated). Who Picks up the Tab? Issues and Dilemmas for services providing mainstream support to women affected by gambling in Melbourne: Western Metropolitan Region. Women’s Health in the South-east, Melbourne.


