
14 Accessibility of gaming machines

Key points

- There is a link between accessibility and gambling harms, but:
 - it is weaker once a threshold of accessibility has been exceeded
 - it may change over time
 - it can vary with different dimensions of accessibility (time of day, distance and number of machines)
 - causality may work both ways.
- Had there been full knowledge at the time about the harmful effects of substantially increasing accessibility of gaming machines in the 1990s, a different model of liberalisation — centred on destination, rather than community-wide, gambling — may have been seen as appropriate.
 - However, for most jurisdictions, suddenly reverting to a destination model would be costly and difficult.
- Existing caps should not be relaxed.
 - This is consistent with a precautionary approach to the risks of harms from gaming machines.
 - Given current levels of accessibility, small reductions in caps are more likely to increase utilisation than reduce harms.
- The prohibition on Canberra casino's operation of gaming machines is difficult to justify, particularly if there were no consequent increase in the number of gaming machines in the ACT.
- Regulatory processes to assess venue applications for increased gaming machines that are centred on net detriment to a local community have the potential to be a useful 'bottom up' approach to managing accessibility.
- Existing shutdown requirements for gaming machines are ineffectual in addressing accessibility and harms as they apply in periods with very low demand.
 - Requiring a more extended shutdown period that commences before 2 am for at least six hours would better target problem gamblers without unduly affecting non-problem gamblers. Casinos should be exempt from this requirement.
- Other harm minimisation measures — notably, an appropriately-designed pre-commitment scheme — are likely to be more effective than restrictions on accessibility, and would eventually allow some existing restrictions to be reconsidered.

14.1 Introduction

The link between accessibility of gambling and its harmful effects is strongly policy relevant because governments have the capacity to define the terms of access. However, the link remains controversial and difficult to assess, particularly as accessibility has many different dimensions (appendix I).

In its 1999 report, the Commission reached several findings about the accessibility of gambling, particularly of gaming machines:

- Among the forms of gambling, gaming machines and lotteries were the most accessible, followed by TABs and lastly by casino gambling.
- There was evidence from many different sources to suggest a significant connection between greater geographic accessibility — particularly to gaming machines — and higher prevalence of problem gambling.
- The only justifiable policy rationale for regulating access to gambling was to limit social harms or to meet community norms. Other reasons such as helping the club industry or creating monopoly rents for tax purposes did not withstand scrutiny.
- Venue caps might play a role in moderating the accessibility drivers of problem gambling and were preferable to statewide caps for this purpose.
- Controls over the location of gambling venues might be a better way of reducing hazards than restrictions on the number of gaming machines.
- More targeted measures than restrictions on accessibility had the potential to be more effective for harm minimisation, with less inconvenience to recreational gamblers.
- If governments did not implement effective harm minimisation measures, there was a case for maintaining existing quantity restrictions where gaming machines were not yet available or where existing venue caps were at relative low levels.
- Any moves to lift restrictions in place would need to proceed gradually to enable the impacts to be gauged.

Since the Commission's 1999 report, governments have moved to restrict the accessibility of gambling, including:

- changes to the capping arrangements applying to gaming machines
- restricting the hours of operation of gaming machines
- restricting the provision of online gaming to Australian residents.

Despite such actions, community concerns about the accessibility of gambling — particularly of gaming machines — and the link to gambling harms have continued. As seen later, this is evidenced by responses to community surveys on gambling (table 14.2). For example, 76 per cent of 1800 Victorian adults surveyed in 2003 reported that gambling is ‘too widely accessible’, 85 per cent reported that gambling is a serious social problem, and 74 per cent reported that the number of gaming machines should be reduced (Centre for Gambling Research 2004a, p. 130).

There are also some members of the community with fundamental objections to gambling, particularly through gaming machines. For example, Senator Xenophon said:

... my primary position [is] that the introduction of poker machines in my home state of South Australia led to a massive increase in problem gambling with all its ancillary effects, and that communities would be better off without a product that has shown to be unsafe and harmful to literally hundreds of thousands of consumers nationally. (sub. 99, p. 1)

The remainder of this chapter considers briefly the link between accessibility to gaming machines and gambling harms, and the effectiveness of particular accessibility restrictions. Chapter 15 considers accessibility within the context of restrictions on the provision of online gaming.

14.2 The link between accessibility and gambling harms

A threshold policy question is the existence and extent of any link between the accessibility of gaming machines and gambling harms. The existence of a strong link would, *prima facie*, suggest a need for regulators to be cautious in increasing the accessibility of gaming machines.

Participants in this inquiry were divided on the issue, with box 14.1 depicting two contrasting perspectives.

The evidence from the comparative experiences of Western Australia (which has retained gaming machines in one destination venue) and of other Australian jurisdictions, suggest that the extensive liberalisation of gaming machines in the eastern states had a marked impact on problem gambling and, given the findings in chapter 5, on gamblers more generally.

Box 14.1 'Tis, Tis not'

UnitingCare Australia

One factor that explains why gaming machines are the form of gambling with the highest level of problem gambling is their accessibility, with venues operating in every local community, outside of Western Australia, and operating for extended periods of time. In a number of regions of Australia the highest concentration of electronic gaming machines, and [electronic gaming machine] venues, is in areas characterised by lower socio-economic status [Socio-Economic Index For Area]. (sub. 238, p. 5)

Clubs Australia

[There] is no evidence supporting the concept of a nexus between access to gaming machines and problem gambling rates. Indeed ... the rate of problem gambling in Queensland has decreased at the same time as gaming machine access and expenditure have grown. The nexus has been rejected in NSW, where legislation capping gaming machine numbers in clubs at a maximum of 450 has recently been reversed. While there is no longer a venue cap in NSW, venues must be able to justify an increase in machine numbers by showing the Local Government Area has low relative machine numbers and high socio-economic status.

However, a number of 'harm minimisation' measures proposed and already introduced seem far more geared towards minimising access to gaming machines for the entire community rather than targeting those with a problem. (sub. 164, pp. 255–6)

Beyond the powerful example provided by the early liberalisation experiences across Australia, there is a broad range of evidence suggesting a link between accessibility and harm (appendix I). For example:

- Storer, Abbott and Stubbs (2009, referred to in sub. 73, pp. 5–6) found on the basis of a meta-analysis of 34 Australian and New Zealand problem gambling surveys, that an increase in the prevalence rates of problem gamblers (SOGS 5+) was associated with increasing density of gaming machines.
- Data on counselling services across the jurisdictions (appendix J, table J.4) indicate that the proportion of clients experiencing problems with gaming machines was 22 per cent in Western Australia — where access to gaming machines is confined to the casino — compared with 74 to 79 per cent in New South Wales, Victoria, the Northern Territory and the ACT. The data also indicate Western Australia has experienced less 'feminisation' of problem gambling than the other jurisdictions.
- Lund (2009) found that, following a temporary ban of gaming machines in Norway between 2007 and 2008, gambling participation, frequency and problems reduced.
- The Ministry of Health (New Zealand) (2008b) analysed a health survey of over 12 000 people aged 15 and over and found that, compared with those who lived

in neighbourhoods furthest from gambling venues (or non-casino gaming machine venues), a person who lived in neighbourhoods closer to gambling venues (or non-casino gaming machine venues) was significantly more likely to be a problem gambler who had gambled at a gambling venue (or non-casino gaming machine venues) in the last year.

- Rush et al. (2007) found that problem gambling appeared to be ‘modestly, but significantly, associated’ with proximity to casinos and racetracks with gaming machines.
- Welte et al. (2004) found from a US survey of around 2630 adults that those who live within 10 miles of a casino have twice the rate of pathological or problem gambling as those who do not.

Indeed, had more information been brought to bear at the time about the harmful effects of substantially increasing accessibility to gaming machines, a different model of liberalisation — centred on destination, rather than community-wide, gambling — may well have been seen as appropriate (box 14.2). Only Western Australia adopted a model of destination gaming through a single casino — and the evidence supports maintaining that model.

Box 14.2 What are destination venues?

Australasian Casino Association

Casinos are destination gaming venues. ... a destination venue [is] defined as providing “some barriers to the consumption of gaming products, with a degree of effort required. Destination venues involve a pre-mediated decision to travel to the venue, often over a significant distance”. ... Hotels and clubs are considered convenience venues, “providing facilities a consumer may encounter during their daily activities, leading to an impulse decision to gamble. These venues often have a high accessibility to consumers and few barriers to consumption”. (sub. DR365, p. 10)

Some countries have reversed the process of liberalisation for precisely these reasons.

- In Switzerland, there was initial widespread liberalisation of gaming machines — they were present in amusement arcades, casinos, restaurants and bars. However, this was followed by a community backlash that, by 2005, led to the complete phasing out of gaming machines in the wider community, with access limited to licensed casinos. Access was further limited as identification is required for entry into a Swiss casino.
- In Russia, after gambling was liberalised in the 1990s, the Government responded to concerns about gambling harms by introducing legislation in 2006

that banned casinos and gaming machines in all locations other than in four remote gambling zones, including in the Altay region in Siberia.

- Poland recently adopted a law that confines gambling to casinos and phases out gaming machines in cafes, clubs, shops and services stations (AFP 2009).¹

However, in Australia — with its particular culture, politics and history — it would be difficult for any government to completely, and suddenly, revert to a destination model of access to gaming machines in jurisdictions outside of Western Australia.

Moreover, other considerations would affect the desirability of any such move. In particular, there has been community adaptation to gaming machine accessibility (for which there is some evidence — chapter 5 and appendix I). Adaptation can occur, for example, as the novelty of gaming machines reduce, as people experiencing initial harm resolve their problems, or with increased public awareness of gambling harms. Thus, gambling harms might stabilise or even reduce in the face of increasing exposure to the machines.

That then raises the question of whether at *current* levels of accessibility, incremental changes to accessibility would have any substantive effects. An important underlying issue here is whether the links between accessibility and harm continue to grow linearly as accessibility rises, or whether the ‘dose response’ effect diminishes at some point. From a theoretical perspective, it seems likely that once gaming machines are ubiquitous in any community, additions to their number make little difference. The Victorian example appears to bear that out — the number of machines is a fraction of that in New South Wales, but without a commensurate effect on problem gambling prevalence rates.

That said, as shown in appendix I, some studies do find strong apparent links between accessibility across regions and harm (and certainly between accessibility and gaming expenditure), with even small changes to already high levels of accessibility apparently still having effects. However, these findings probably reflect the difficulties in distinguishing between the relative strengths of the two causal links between accessibility and harm:

- On the one hand, greater accessibility stimulates demand, with the result that some gamblers are exposed to risks that were originally muted or not present.
- On the other hand, a population that already includes problem gamblers will be typified by higher expenditure levels (chapter 5), encouraging greater supply of

¹ As a counterpoint to these examples is Singapore, which has imposed accessibility requirements on its first casino that include barring persons under 21 from entry, barring persons deemed to have gambling problems, and imposing an entry charge for Singaporeans and permanent residents of \$US70 from which tourists are exempt (Cheng 2010).

gaming machines in those areas. In that case, reducing accessibility in that area will result in greater utilisation of existing machines or shifts in the location of demand, without reducing harm.

Both effects are likely to be present, and their relative size will depend on the pre-existing level of accessibility and the nature of the host communities. It is likely that the second effect is dominant once accessibility rises above a certain threshold. The fact, as discussed later, that reductions in caps in particular geographic areas failed to have marked effects on spending or on problem gambling rates also supports this conjecture. Analysis of longitudinal data on problem gambling and accessibility may help better identify the relative strengths of the two causal pathways.

14.3 Restricting the accessibility of gaming machines

While the scope for (and desirability of) dramatic changes in accessibility is probably now limited, there are already several policies that aim to restrict accessibility to some degree. Restrictions on the accessibility of gaming machines in Australia have tended to be confined to:

- limits on the numbers of gaming machines (caps) on a state-wide, regional or venue basis
- limits on the hours of operation of gaming machines
- limits on gambling by minors
- restrictions on the location of gambling venues, or the provision of gambling services (such as lottery tickets), in airports and near schools or shopping centres.

Only two jurisdictions have limited the type of venues that can have gaming machines. In Western Australia, gaming machines are only permitted in the Burswood Casino, and in the ACT, modern gaming machines are only permitted in clubs.

The remainder of this section examines the effectiveness of several types of existing restrictions — principally, gaming machine caps and limits on the hours of operation — in addressing gambling harms and the scope for improving them.

Capping the number of gaming machines

All jurisdictions have some type of cap on gaming machine numbers, whether on a state-wide, industry, regional, and/or venue basis (table 14.1).

Since 1999, changes to the capping of gaming machines have occurred in most jurisdictions. The main change has been in the specification of a state-wide cap (or a moratorium on gaming machine expansions that has become a cap), which has been accompanied by gaming machine forfeiture or redistribution arrangements. Victoria, alone amongst the states and territories, introduced regional caps (box 14.3). Although there have been generally no changes to venue caps, some jurisdictions have increased them. New South Wales after imposing a cap of 450 on clubs recently lifted the cap to accommodate forfeiture and redistribution arrangements

Box 14.3 Victoria's regional caps policy

The Victorian Government introduced regional caps in 2001 to reduce the accessibility of gaming machines in vulnerable areas (sub. 205, p. 55). Two rounds of caps were introduced; the first in 2001 and the second in 2006. There are now caps on gaming machines in 19 regions, which are set at 10 gaming machines per 1000 people or at the gaming machine density in the region at the date the cap was imposed, whichever is lower. The boundaries for the capped regions are based on local government areas and include those parts of the municipality that are considered to be most at risk. By 2010, the regional cap of 10 gaming machines per 1000 will extend to all uncapped local government areas (with the exception of areas within Melbourne).

Community attitudes to gaming machines

It is apparent from gambling prevalence surveys undertaken since 1999 that Australians continue to be concerned about the impacts of gaming machines, with few wanting to see an expansion in the number of gaming machines in their communities and many wanting the number reduced (table 14.2). For example, around 90 per cent of Victorian adults in a 2003 survey agreed with the statement that the Government should reduce the number of gaming machines.

Community attitudes by themselves are not strong enough grounds for introducing or further tightening caps on gaming machines. People may be overly optimistic about the effectiveness of caps. Nevertheless, survey data constitute evidence of community concern about the number of gaming machines in Australia. This can also help policymakers to gauge community expectations about gaming machine accessibility, which along with harm minimisation, is a potentially valid reason for introducing caps.

Table 14.1 Caps on gaming machine numbers by state and territory

State-wide	Regional	All clubs	All hotels	Casino/s	Per club	Per hotel	Main change/s since 1999
NSW 99 000 (all venues)	na	97 500 (clubs and hotels)	97 500 (clubs and hotels)	1500	na ^a	30	New state-wide cap. Cap per club introduced but subsequently reversed.
Vic 30 000 (all venues)	20 per cent of machines located outside Melbourne.	13 750	13 750	2500	105	105	New regional cap.
<p>In 19 'vulnerable' regions, density is capped at 10 EGMs per 1000 adults.^b By 2010, density will be capped at 10 EGMs per 1000 adults in all regions except Melbourne CBD, Southbank and Docklands.</p>							
Qld ^c na	na	24 705	20 000	12 EGMs per table game.	280	40	New hotels cap, proposed clubs cap, increase in per hotel cap.
SA 13 081 ^d	na	12 086 (clubs and hotels) ^d	12 086 (clubs and hotels) ^d	995	40	40	New state-wide and casino caps.
WA 1750 (casino)	na	0	0	1750 ^e	0	0	New casino cap.
Tas 3680 (all venues) ^f	na	2500 (clubs and hotels)	2500 (clubs and hotels)	na	40	30	New state-wide cap, increases in venue caps.
NT na	na	na ^g	na ^g	na	45	10	Increase in per hotel cap.
ACT ^h 5200 (clubs and hotels)	na	5200 (clubs and hotels)	5200 (clubs and hotels)	0	na	Hotels 10 Taverns 2	Decrease in per tavern cap.

^a New South Wales clubs are not restricted in the number of EGMs allowable, but multi-terminal gaming machines are restricted to 15 per cent of their EGM stock. ^b Or at their density in October 2006, whichever is lower. ^c A freeze on gaming machine numbers (19 310 for hotels and 23 018 for clubs) continues until 2010. The maximum number of casino EGMs is subject to ministerial approval. ^d Clubs and hotel EGMs are being progressively reduced to 12 086, which will then become the cap. ^e EGMs include 150 machines in the members-only area of the Burswood casino. ^f State-wide cap excludes TT line ferries, which have 46 EGMs. ^g Cap of 1190 for clubs and hotels before parliament. ^h ACT hotels/taverns only have access to class-B EGMs, whereas clubs are allowed class-C machines. Hotels must have at least 12 rooms used for residential purposes.

Sources: Chapter 2, table 2.11; FaHCSIA (2009b).

Table 14.2 Attitudes to accessibility of gaming machines, gambling prevalence survey results, selected jurisdictions

<i>Survey question or statement related to accessibility</i>	<i>Tasmania (2007)</i>	<i>NT (2005)</i>	<i>Victoria (2003)</i>	<i>ACT (2001)</i>
Number of gaming machines should increase/ stay the same/ decrease	na	A small increase 0.9 to 1.7% A large increase 0.3 to 0.6% Stay the same 43 to 46.4% A small decrease 11.1 to 13.3% A large decrease 31.9 to 34.8% N=1873	na	A small increase 0.7% A large increase 0.2% Stay the same 38.2% A small decrease 16.5% A large decrease 37.8% N=5445
Number of poker machines in the state should be reduced	Agreed 83.6% Disagreed 7.2% Neutral 5.5% N=3899	na	Agreed/strongly agreed 73.6% Disagreed/strongly disagreed 15.3% N=1767	na
The Government should reduce the number of poker machines	na	na	Agreed/strongly agreed 89.4% Disagreed/strongly disagreed 5.4% N=1125	na
Poker machines should be removed from suburban/local shopping strips	na	na	Agreed/strongly agreed 79.2% Disagreed/strongly disagreed 14.1% N=1767	na

Sources: Australian Institute for Gambling Research (2001, p. 132); Centre for Gambling Research (2004a, pp. 129–130, pp. 133–4, pp. 137–8); Charles Darwin University (2006, p. 157); SACES (2008b, p. 53).

Are caps effective in addressing gambling harms?

The Commission discussed the impacts of caps, including on problem gamblers, in some detail in its 1999 report.

It is hard to generalise about the impacts of caps, as they depend on:

- the extent to which they are binding (demand exceeding supply)
- other aspects of the regulatory environment (regulatory restrictions on payout rates and arrangements for forfeiture and redistribution of machine entitlements)

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- the way in which gamblers and venues respond (for example, binding caps may lead to more intensive playing by gamblers, the early retirement of older machines and increased machine utilisation).

In relation to a binding cap, the impacts on gamblers, including on problem gamblers, will depend on the ability of venues to adjust payout rates (increase prices or reduce odds).

- Where venues can easily reduce payout rates to reflect increased scarcity of gaming machines due to the cap, this could deter problem gamblers, but increase the spending of existing problem gamblers (who are not very responsive to price changes) and adversely affect non-problem gamblers (by increasing the cost to them of gambling).
- Where venues are not able to reduce payout rates (because of the regulatory floor to prices) to respond to increased demand for the machines, resulting congestion and queuing to use the machines could deter problem gamblers and adversely affect non-problem gamblers. The impact of congestion and queuing on problem gamblers, however, is uncertain. They could respond by:
 - increasing the intensity of their play (say by increasing their total bet size per button push) thus potentially exacerbating their problem gambling
 - having a break in play, thus helping their problem gambling
 - shifting their play to another less busy time (or venue) thus potentially incurring no change in their problem gambling.

As all jurisdictions impose minimum payout rates and require venues to seek approval before they reduce their payout rates to the minimum, the ability of venues to adjust their rates in response to demand pressures is likely to be severely constrained. As a consequence, the second type of impact above is more likely — but only if the cap is binding.

Examples of the impacts of caps, and the difficulties in assessing those impacts, are given by two evaluations — one of the South Australian reduction of gaming machines in 2004, the other of the initial round of Victorian regional caps in 2001 — boxes 14.4 and 14.5.

The complexity of the impacts of caps on gamblers confirm that they are blunt and largely ineffective instruments for addressing gambling harms, particularly given the already widespread availability of gaming machines in most jurisdictions.

If governments continue to use caps for the purpose of harm minimisation, however, they should also consider the following.

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- Venue caps enable a more controlled and ‘bottom-up’ approach to the expansion of gambling, while local impacts are being monitored.
 - A smaller number of gaming machines in a venue confines gaming machines to being just one element in a mix of social activities within a venue. Problem gamblers may be inhibited by their greater conspicuousness in this environment (Duty of Care, trans., pp. 431–2).
 - State-wide, regional or venue caps could be set without undue adverse impacts on problem and non-problem gamblers where the total number of machines is already low. However, where the number of machines is high, the impacts for gamblers of setting a cap well below this level could be severe.
 - Where modest restrictions on the number of machines have low adverse impacts on gamblers, they also have the advantage of lowering the aggregate costs of any regulated changes to gaming machines — such as the adoption of pre-commitment technologies or changes to bet limits.

Box 14.4 Evaluation of the South Australian reduction in gaming machines

The impacts of the state-wide reduction in gaming machines in South Australia was evaluated by Eltridge and Delfabbro (2006) for the Independent Gambling Authority. Legislation introduced in 2004 resulted in the initial removal of over 2000 gaming machines from ‘for-profit gaming venues’ by 1 July 2005, and contained further provision of the removal of additional machines by subsequent trading rounds to achieve a total reduction of 3000. For-profit venues generally lost between one and eight machine entitlements. Clubs and for-profit venues with 20 or fewer machines were exempt from the gaming machine reductions.

Eltridge and Delfabbro found the following impacts:

- Although there was a ‘sudden decrease’ in the growth of gaming machine expenditure coinciding with the introduction of gaming machine reductions, it was ‘not possible’ (given the general downward trend in gaming machine expenditure growth over the previous few years) to infer the reduction ‘was the sole cause of this decrease.’ (p. 14)
- For-profit venues did not experience a decrease in their net gaming machine revenue. Net revenue per machine was higher once the machines were removed — patrons appeared to spend the same amount on 32 machines as they did on 40.

In their interviews with 400 regular gaming machine players (those who played fortnightly or more often), Eltridge and Delfabbro also found that very few believed that the removal of the machines had influenced the amount of time and money spent gambling on the machines, or their ability to control their gambling. Eighty per cent believed that the legislation had not reduced problem gambling.

Box 14.5 Evaluation of the initial round of Victoria's regional caps

The South Australian Centre for Economic Studies (SACES 2005b) evaluated the regional cap policy for the then Victorian Gambling Research Panel. At the time, caps had been applied to five regions and led to the removal of over 400 gaming machines from these regions. The Centre found that on balance there was no evidence that regional caps had any positive influence on problem gamblers or problem gambling (p. 136). Specific results included the following.

- Econometric analysis of expenditure data yielded mixed results.
 - Only in two capped regions were there falls in the level of gaming expenditure similar in magnitude to the reduction in gaming machines. But based on an analysis of falls in expenditure in specific venues that lost machines, it was not possible to conclude that the falls in expenditure in the regions was due to the caps.
 - There was no support for the proposition that the imposition of the caps caused a reduction in expenditure in the five capped regions compared with shifts in expenditure in the State as a whole.
 - There was no evidence that the caps led to an increase in the level of gaming machine expenditure in the five uncapped regions (that were potential 'leakage' points for displaced expenditure from the capped regions).
- An analysis of problem gambler services data indicated that there had been no change in the number of problem gamblers attending counselling, on problem gambler counselling rates or other forms of help-seeking behaviour.
- Industry representatives indicated that the regional caps policy had no effect on regular or committed gamblers. One reason for this was that previously idle machines were able to be utilised by gamblers (that is, utilisation rates increased).
- Smoking bans and the removal of 24 hour gaming had a significant impact on gaming machine expenditure in the capped regions comparable to the impacts on the uncapped regions and the State as a whole. (This suggested that these measures had a much greater impact than regional caps.)

That gaming machine caps are, at current levels, likely to be largely ineffective in addressing gambling harms is not to say that existing limits should be relaxed. A precautionary approach to addressing the risks of harms from gaming machines would imply that there would be no further increases in the total number of gaming machines in a jurisdiction.

The ACT's prohibition on gaming machines in the Canberra casino

ACT legislation discriminates among the types of gambling venues that are able to obtain gaming machines. Only registered clubs are able to obtain licences for

class C machines (more modern machines). General liquor licensees and tavern licensees are only able to obtain class B (less modern) gaming machines. And the Canberra casino is prohibited from operating gaming machines of all types.

The main argument given for retaining the prohibition on the casino and limiting hotels from acquiring modern gaming machines is that there are greater social benefits from clubs providing gaming machines than commercial operators. ACT Government said:

The ACT has adopted a community gaming model whereby the profits from gaming machines are returned, directly, to the community. This is a longstanding policy of governments in the ACT. The rationale behind restricting gaming machines from the casino is in keeping with the community gaming model, it is not directly related to a harm minimisation strategy. (sub. DR339, p. 6)

However, Casino Canberra advocated that it be permitted to operate gaming machines:

Casino Canberra seeks the reallocation of 200 video gaming machine licences from the licensed club environment into a newly created separate casino allocation. This will enable the development of an international class entertainment venue in the ACT dedicated to providing a service to a clientele mature enough to make responsible decisions. It will also support the development of Canberra as an international tourist destination and underpin the future economic viability of a new Convention Centre for our city. (sub. DR315, p. 3)

Moreover, it argued that, being a destination venue, patrons would need to exercise a conscious decision to go to the casino to gamble:

... To go to a casino, a customer has to make a conscious decision to do so. It requires planning. Access is not easy, security enforces dress standards, intoxication is not tolerated and children are not admitted. The casino is a clearly identified place for gambling and the natural location for gaming machines.

... The decision to go to a casino is therefore not an impulse action, it is a very conscious educated decision. Compare that to machine gambling in a hotel/pub/club, where someone goes principally for a drink with mates or a meal with the family, find gaming machines and gambles. This is an example of impulse gambling and impulse decision-making, which is very different from customer choice in casinos. (sub. DR315, p. 10)

Participants from the clubs industry strongly supported the ACT Government position and opposed any change to existing policy (for example, Ainslie Football and Social Club, sub. DR300; Canberra Southern Cross Club, sub. DR319; Clubs Australia, sub. DR359; ClubsACT, subs. DR337 and 127). As ClubsACT argued:

... the demarcation between the ACT's model of community-based gaming — as opposed to privately-owned gaming — is clear, unequivocal and defensible socially.

Our continuing concern is that if this nexus is broken in the ACT it will only be a matter of time before the major beneficiaries of profits from gaming machines will be the privateers — as they are in the other Australian jurisdictions.

In contrast, community based clubs in the ACT are not about making a profit for a few, they are about spreading their operating surplus across the community by investing in club facilities for the benefits of their members (who are the residents of Canberra) and in support of the broader Canberra community. (sub. 127, p. 26)

Moreover, the clubs industry argued that liberalising gaming machines in the casino would be ‘conflicting and completely contradictory’ with ensuring harm minimisation (for example, Ainslie Football and Social Club, sub. DR300; ClubsACT, sub. DR337). ClubsACT argued:

ClubsACT acknowledge that adding one venue will not dramatically affect accessibility, and we have never argued that it would. Also, because the machines would be provided under the existing cap, we accept it would not increase the overall gaming machine population.

However, based on the differential in gaming turnover and net revenue earned on gaming machines in different venues — that is, casinos as opposed to hotels and clubs — 200 gaming machines in the Canberra Casino could be expected to earn at least double that of the same number of machines in a Canberra club.

Given the Commission seems to believe that gaming spend is a proxy for problem gambling, then by this logic we assume it would also agree that this increased spend is likely to exacerbate problem gambling. (sub. DR337, p. 4)

In its review of the casino legislation, the ACT Gambling and Racing Commission (2004) considered the arguments for and against removing the prohibition on the casino operating gaming machines and said:

... there is not an overwhelming argument either way. Allowing gaming machines in the casino would not materially increase the degree of competition in the provision of gaming machine services in the ACT since the clubs already compete. It might, however, increase tourism revenue somewhat. While the provision of gaming machines in the casino would not materially increase the availability of machines in the city, it would provide them in a different sort of venue and the impact of this on problem gambling has not been investigated. (p. 51)

Although the ACT Gambling and Racing Commission considered that it was ultimately for the Legislative Assembly to decide whether or not the prohibition remained, it set out some matters that should be taken into account should gaming machines be allowed in the casino. These matters included the appropriate premium to be paid by the casino licensee for operating gaming machines, the appropriate taxation rate, and the number of gaming machines that the casino could be permitted to operate (2004, p. 52).

The ACT prohibition has been examined by the National Competition Council according to national competition principles. In its most recent assessment, the Council considered that the ACT had not complied with its obligations under the Competition Principles Agreement.

The [Competition Principles Agreement] places the onus of proof on governments to demonstrate that restricting competition is the only way of achieving their objectives. The ACT Government has asserted that its objective [to ensure the benefits from the operation of gaming machines accrue to the community] could not be achieved other than by restricting the issue of gaming machines licences to licensed clubs, but it has not provided analysis to support its position. (NCC 2005, p. 17.11)

The Commission considers that the ACT prohibition on the Canberra casino operating gaming machines is difficult to justify on solid public policy grounds.

- Gambling is the core business of casinos — the very reason that they exist at all. The ACT prohibition means that this is the only casino in Australia, and probably the world, that is prevented from offering gaming machines. (However, the argument by the casino that they would be a destination venue for gaming machines is less compelling, given gaming machines are widely accessible throughout the community. In that environment, a casino is more like a large and sophisticated club. Casinos are more reasonably seen as destination venues where only one or a few venues offer gambling in a city.)
- Lifting the prohibition on Canberra casino is unlikely to increase significantly the accessibility of gaming machines. Community concerns about increased accessibility could be addressed by ensuring that the current number or limit of gaming machines in the ACT do not increase.
- There is little evidence that clubs are inherently safer venues than casinos (and indeed in some instances, evidence to the contrary — chapter 5). Although clubs are not-for-profit, they are still concerned to maximise their returns from gaming machines and have increasingly faced similar pressures and conflicts as commercial operators.
- There are, in principle, more effective ways of facilitating the social contribution of ACT clubs than providing them with exclusivity over the provision of gaming machines — for example, direct subsidies to community facilities or to clubs where those subsidies can demonstrate better social outcomes than alternative uses (like better roads or health services).²

² In its research study into the contribution of the not-for-profit sector, including of clubs (PC 2010), the Commission considered competitive neutrality issues associated with the differential tax treatment of the not-for-profit sector. It concluded that, while clubs have provided strong support to the community in general, tax concessions on their gaming income breach competitive neutrality principles (p. 8.26).

There is no policy rationale for the current prohibition on the Canberra casino from operating EGMs.

- *Permitting the Canberra casino to operate gaming machines, without expanding the number of gaming machines in the ACT and subject to the application of appropriate regulatory harm minimisation measures, would be unlikely to increase accessibility or increase gambling harms.*

A way of achieving this would be for the ACT Government to amend the:

- *Casino Control Act 2006* to enable the casino to operate a specific number of gaming machines and
- *Gaming Machine Act 2004* to lower the existing ACT cap on gaming machines licensees (that is, clubs and hotels/taverns) by the amount of machines that the casino is permitted to operate.

The Commission does not consider that addressing this anomaly would provide additional grounds for additional gaming machine liberalisation in respect of hotels and taverns in the ACT. The lifting of the prohibition on the Canberra casino, with no further increase in the total number of machines in the ACT, means that there would only be one additional venue providing gaming machines. However, permitting ACT hotels and taverns to provide (modern) gaming machines, even without increasing the total number of machines in the ACT, would increase the number and spread of venues with gaming machines. It would, thus, be inconsistent with a precautionary approach to addressing the risks of gambling harms.

Regulatory processes for gaming machine expansions — local area impacts

Jurisdictions have various regulatory processes for considering applications by gaming venues to operate, introduce or expand the number of gaming machines. Processes that allow for the assessment of local impacts, or give some capacity to communities to control the number of gaming machines in their local areas, could be viewed as a ‘bottoms-up’ approach to controlling accessibility to gaming machines.

An example is in New South Wales where there is a new local impact assessment process administered by the New South Wales Casino, Liquor and Gaming Control Authority. The new process was introduced in January 2009 to reduce the red tape burden associated with its previous social impact assessment process. Like the

process it replaced, the objective of the new process is to assess the impact of additional gaming machines in a local government area. Depending on the classification of the local government area where the venue is located, the venue may or may not be required to complete a local impact assessment when applying for an increase in the number of gaming machines it can have. Applications must generally show that any increase in gaming machines will result in an overall positive impact on the local community. The process makes it difficult for venues in local government areas classified with a high density of gaming machines, high gaming machine expenditure and a low ABS Socio-Economic Index for Area (SEIFA) to obtain more gaming machines (New South Wales Government, sub. 247, p. 32).

The Victorian Government has also instituted processes that take account of the local area impacts of gaming machines. Under the *Gambling Regulation Act 2003 (Vic)*, premises must not be approved for gaming machines, and increases in the numbers of gaming machines at premises must not be granted, by the Victorian Commission for Gambling Regulation (VCGR) ‘unless satisfied’ that:

... the net economic and social impact of [approval or amendment] will not be detrimental to the well-being of the community of the municipal district in which the premises are located (sections 3.3.7(1)(c) and 3.4.20(1)(c)).

In addition to setting out a net detriment test for not granting approval, the Victorian regulatory process confers a particular role on local councils. Applicants for premises approval or increasing the number of gaming machines must give copies of their applications to the relevant council (sections 3.3.5 and 3.4.18 (2)). The council may make a submission to the VCGR on the economic and social impact of the application on their district (sections 3.3.6 (1) and 3.4.19 (1)). The VCGR must consider such submissions (section 3.3.7 (3) and 3.4.19(5)). Where the application is for approval of new gaming machine premises, the VCGR must seek and consider the council’s views, even if it does not make a submission (section 3.3.7(4)). The process thus places an onus on the applicant to show no net detriment will arise from increasing gaming machines in a community.

The recent case of *Romsey v. Victorian Commission for Gambling Regulation*, is the first under these provisions — it shows how the net detriment test is applied and, in doing so, how important community sentiment is in determining applications to introduce gaming machines in a local area (box 14.6).

Running parallel to the Victorian regulatory process are planning requirements. These enable councils to require a planning permit for the placement of gaming machines in their community (Department of Planning and Community Development 2009, Victorian Planning Provisions, clause 52.28).

Box 14.6 The Romsey Hotel case

This case centred on an application by the Romsey Hotel in 2004 for 50 (later 30) gaming machines. Under the *Gambling Regulation Act 2003 (Vic)*, approval for gaming machine premises could not be given unless ‘... the net economic and social impact would not be detrimental to the well-being of the community of the municipal district in which the premises are located’ (section 3.3.7(1)(c)).

The Victorian Commission for Gambling Regulation (VCGR) refused the application. Central to its decision was ‘the overwhelming impression’ from a survey that ‘members of the local community find the prospect of gaming at its only hotel so disconcerting that it would have a significant effect upon that community’. The hotel sought a review of the decision in the Victorian Civil and Administrative Tribunal (VCAT), which set aside the VCGR’s decision and granted approval to the hotel. VCAT noted the VCGR’s decision and the significance of community opposition, but did not consider this in its own review. The Macedon Ranges Shire Council successfully appealed VCAT’s decision to the Court of Appeal of the Supreme Court of Victoria. The Court directed VCAT to reconsider the application on the basis that it erred in law in arriving at its decision without taking into account evidence of community opposition.

The main issue facing VCAT in its reconsideration was how the hotel’s proposal would affect community wellbeing. It did this by balancing the positive and negative economic and social impacts of the proposal if it were approved.

Among the many economic and social impacts noted by VCAT were the following:

- extensive hotel renovations would not be commercially viable without the income of gaming machines
- better community facilities (for example, a function room)
- some increase in local employment and economic activity
- the ‘legitimate’ and ‘significant’ benefits to people in the community who like to use gaming machines
- some shift in retail expenditure away from other businesses towards gaming machine expenditure
- three surveys, which demonstrated substantial community opposition to gaming machines at the hotel, even if the hotel refurbishment could not go ahead without them — about half of the town opposed the introduction of the gaming machines on that basis
- increased problem gambling in Romsey
- benefits to sporting clubs and community organisations from being able to access the renovated hotel’s facilities as well as from donations from the hotel.

In its conclusion, VCAT considered the hotel’s proposal would have a negative overall impact, reflecting a ‘slightly positive’ economic impact as against a ‘strongly negative’ social impact’ (para. 451). The factor carrying the most weight with VCAT was the strong community opposition to the proposal evident in the surveys.

Accordingly, VCAT refused the hotel’s application and affirmed the original decision of the VCGR.

Source: Romsey Hotel v. Victorian Commission for Gambling Regulation & Anor [2009] VCAT 2275 (12 November 2009)

Yet another example of regulatory processes relating to the introduction or expansion of gaming machines applies in New Zealand. Here, territorial authorities (akin to local councils) have a considerable role in relation to the introduction of gaming venues and gaming machines in their communities (Ministry of Health 2009b).

- Territorial authorities are required to have a policy for gaming machine venues (and TAB venues) in their districts, which must be reviewed at least every three years. The policy must, among other things, specify whether venues requiring consent may be established in their districts and, if so, where they may be located. It may specify any restrictions on the maximum number of gaming machines that a venue may operate. In adopting the policy, the territorial authority must have regard to the social impact of gambling within its district.
- New gaming machine venues need territorial authority consent.
- All gaming machine venues need territorial authority consent to increase the number of machines they are operating.

There are clearly different approaches, evident from the above examples, to considering local impacts from the introduction or expansion of gaming machines. A proper resolution of the most appropriate approach would require more detailed analysis than is possible in this inquiry and, perhaps, more time to gain further evidence.

That said, the Commission notes the following would be consistent with a precautionary approach to addressing the risks of harms from gaming machines:

- Requiring regulators to be satisfied that there would be no net detriment to community wellbeing from the expansion of gaming machines in an area before granting approval, as done in Victoria.
- Requiring gambling regulators to assess more closely the likely impacts of the expansion of gaming in low SEIFA and other vulnerable communities.
- Although community (and local council) input is desirable in principle, it need not be required on every application concerning gaming machines. However, extensive input should be required where the application involves introducing gaming machines in an area for the first time (as in the Romsey case), or a substantial increase in the number of gaming machines in an area.
- Local councils are close to communities and, thus, are likely to have a better perspective on the impacts of gaming machines on families, residents, businesses and community life than State or Territory governments or gambling regulators. They should be advised by regulators of all applications concerning gaming machines in their communities. They should be adequately resourced by State

and Territory governments where extensive input from the community is necessary.

Restrictions on the hours of operation of gaming machines

Most jurisdictions have restrictions on the daily operations of gaming machines in clubs and hotels, with required shutdown periods ranging from around 4 to 10 hours (table 14.3). The restrictions prescribe the times of day, or the duration, in which gaming machines are either required to be shut down or permitted to operate. The restrictions generally coincide with liquor trading hour requirements. Casinos are exempt from these restrictions and are permitted to operate their gaming facilities 24 hours a day.

The restrictions are based on the rationale that it is not good for communities — socially or from a mental and physical health perspective — to have broad access to gambling 24 hours a day (for example, noted by Blue Moon Research 2008, p. 14). The restrictions also seek to provide gamblers with a sustained break in play so that they go home or pursue activities other than gambling (for example, New South Wales Government, sub. 247, p. 33).

Participants from the community sector in particular expressed various concerns about the existing restrictions, including:

- the desirability of a common or national approach to closing times (UnitingCare Australia, sub. 238, p. 39)
- the need for breaks in gaming throughout the day (St Vincent de Paul Society Qld, sub. 41, p. 2)
- the staggering of closing times across venues, thus enabling 24 hour continuous gambling (Rodda p. 2 in Queensland Gambling Help Network, sub. 62)
- shutdowns occurring during late night periods, arguably negating the benefit to most players and inconveniencing shift-workers who gamble as a form of entertainment (Rodda p. 2 in Queensland Gambling Help Network sub. 62)
- the differential treatment of casinos compared with clubs and hotels (BetSafe, sub. 93, p. 16).

Table 14.3 Restrictions on daily gaming machine operations in clubs and hotels

	<i>Restrictions on hours of operation</i>	<i>Gaming machine shutdown period</i>
NSW	Gaming operations prohibited for 6 hours from 4 am to 10 am. Venues can seek approval to close for 3 hours on: Saturdays, Sundays and public holidays; or on other days on the grounds of hardship and subject to guidelines.	6 hours
Vic	Gaming machine operations permitted for a maximum of 20 hours unless venues approved for 24 hour trading. There are no venues with 24 hour gaming.	4 hours
Qld	Gaming operations not permitted before 10 am. In guidelines, gaming is considered 'acceptable' between 10 am and 12.00 am. After this time, venues must apply for an increase in the approved hours of gaming. Gaming beyond 3.30 am will only be approved in exceptional circumstances and where there is a lack of significant community detriment. ^b Restrictions also apply to the following days — ANZAC day, no gaming between midnight and 1 pm; Good Friday, no gaming; Christmas Day, no gaming; New Year's Eve, gaming up to 2.30 am is acceptable.	9.5 hours ^a
SA	Gaming operations prohibited for 6 hours continuously, or in total, within a 24 hour period.	6 hours
WA	na	na
Tas	Gaming machine operations can only occur for a maximum of 20 hours within any 24 hour period. Operations prohibited for at least 4 continuous hours.	4 hours
ACT	Gaming operations prohibited for 5 hours from 4 am to 9 am.	5 hours
NT	Gaming operations limited to trading hours. Gaming operations prohibited for 6 hours from 4 am to 10 am daily, and on Christmas day and Good Friday.	6 hours

^a The 9.5 hours of shutdown is calculated from the 'acceptable' hours of gaming from between 10 am and 12 30 am. Based on data from the Queensland Government, 99 per cent of gaming venues shutdown for at least 6.5 hours on average a day, and 74 per cent shutdown for at least 9.5 hours on average a day. ^b In addition to restrictions on gaming machine operations there are standard trading hours that allow for liquor to be served at any time from Monday to Sunday between the hours of 10 am and 12 midnight. There is currently a moratorium on applications for extended hours between midnight and 5 am. The moratorium will be in place pending the outcome of a State parliamentary inquiry into alcohol-related violence. ^c The Northern Territory Government noted that there are no 24-hour community gaming premises, with the majority closing before 2 am (sub. DR410, p. 3).

Sources: Clubs Australia (sub. 164, pp. 334–5); FaHCSIA (2009b); Queensland Gaming Commission (2007); Queensland OLGR (2009).

What do studies show on the effectiveness of mandatory shutdowns?

Several Australian studies have considered the effectiveness of restrictions on opening hours. Some of the studies merely reported the extent of support for, or the opinions on the effectiveness of, the restrictions by gamblers and/or venue managers (for example, Hing 2003, New Focus Research 2004 and Caraniche 2005). However, at least three of these studies went beyond reporting the views of

gamblers and venue managers on the efficacy of the restrictions to considering the impacts of the restrictions.

The effects of a three hour shutdown in New South Wales and the ACT

The first of these studies was by AC Nielsen (in partnership with McMillen) (2003) for the New South Wales Department of Gaming and Racing. This study examined the effectiveness of a three hour shutdown from 6 am to 9 am introduced in 2002. The study included interviews with ten problem gamblers, 300 recreational gamblers, and 111 hotels and clubs. Among the findings of the study were the following:

- The majority of the small group of problem gamblers interviewed were unaffected by the shutdown because they rarely, if ever, played gaming machines during the shutdown period. Only two were affected. The shutdown period affected their ability to hide their gambling behaviour, encouraging them to gamble more frenetically with the hours remaining and to search for ways to limit or vary their work hours (p. 5).
- Four per cent of the recreational gamblers interviewed used to play during the hours of 6 am and 9 am. The main reasons for doing so was because they were shift workers or finished work around the time. The shutdown period had little behavioural impact for the majority of recreational gamblers. It prevented only 5 per cent of recreational gamblers from playing when they wanted and resulted in 3 per cent changing the times they played. Over three-quarters of the recreational gamblers who were at the venue when they shut down their gaming machines went elsewhere — 70 per cent of this group went home, 18 per cent to another club, 8 per cent to another hotel, and 4 per cent to the casino. Five per cent changed their gaming machine spending as a result of the shutdown, with 4 per cent spending less and 1 per cent spending more (pp. 12–13).
- Despite strong objections and concerns by venues to the shutdown, analysis of gaming machine profit data suggested that, while the shutdown may have had an effect on profit in the months immediately following the shutdown, profit growth had steadily increased since then (p. 21).

AC Nielsen concluded that the three hour shutdown had minimal effect on the problem gambling target group and little behavioural impact for most recreational gamblers, and the views of gaming venues were not necessarily supported by analysis of gaming machine profit data (pp. 27–8).

The second Australian study was by McMillen and Pitt (2005) for the ACT Gambling and Racing Commission. The authors considered three harm minimisation measures, including the then three-hour mandatory shutdown of

gaming machine operations in the ACT (applying from 4 am to 7 am). Among their findings were the following:

- Eight of the 12 self-identified problem gamblers interviewed,³ reported that the mandatory shutdown had had no impact on their gambling problems, with only two reporting a beneficial impact (p. 118). The authors said:

By providing a break in play the 3-hour shutdown has been effective for those gamblers. However, the hours of the shutdown mean that most problem gamblers are not affected. (p. 122)

- Nine of the 45 recreational gamblers interviewed,⁴ reported that they had been affected by the mandatory shutdown (p. 109). Only two of the nine affected reported changing the time they spent gambling, and three reported they could not gamble when they wanted to (p. 109).
- The introduction of the mandatory shutdown had no detectable impact on the gambling turnover of 64 ACT clubs either in total or when disaggregated by size (pp. 75–7).
- Only 13 of 60 clubs interviewed had previously opened for 24 hours per day (p. 78). Most of the managers of these clubs reported a decrease of between 3 and 10 per cent in gaming revenue as a result of the mandatory shutdown (p. 80). Although most of the managers reported no impact on total business expenses, a small number reported that the shutdown created a safe environment to count money and made venue cleaning easier (p. 80). Most managers reported that the most common effect on patrons was that hospitality workers, taxi drivers, hospital staff and other shift workers no longer had a ‘local meeting place’ during the shutdown hours (p. 84). All managers considered that recreational gamblers, not problem gamblers, were most affected by the shutdown (p. 85). None of the managers reported ‘compensatory behaviour’ by patrons increasing their spending prior to and immediately following the shutdown period (p. 83).

McMillen and Pitt concluded that there was insufficient evidence or consensus about the value and effectiveness of the three hour shutdown (as well as the other two measures) and recommended that it be subject to ongoing evaluation with a view to extending the period to five hours (2005, p. 18). They also recommended that consideration be given to obtaining data to identify the hours when problem gamblers are more likely to gamble (p. 18). (However, this recommendation had not been followed by the ACT Gambling and Racing Commission.)

³ Gamblers who played gaming machines were recruited on-site from eight ACT clubs.

⁴ Regular gamblers recruited on-site in ACT clubs whose most frequent form of gambling was gaming machines.

The Commission is satisfied that there is evidence in the AC Nielsen study and the McMillen and Pitt study that short shutdown periods after 4 am are not effective in addressing gambling harms or helping problem gamblers.

FINDING 14.2

Mandatory shutdowns for gaming machines in most jurisdictions are too short and occur at times that make them ineffective as a harm minimisation measure.

The effects of a six hour shutdown in New South Wales

The third study evaluated the impacts of the six hour mandatory shutdown of gaming machines, which generally applied from 4 am to 10 am (Blue Moon Research 2008). The study was based on interviews with 270 gamblers and 100 hotel and club managers; in-depth interviews with problem gamblers, venue managers, gambling support agency counsellors and industry stakeholders; and discussions with the families of problem gamblers.

Among the study's findings were the following.

- The mandatory shutdown was effective in 'reaching' the moderate risk and problem gamblers (CPGI) that were playing at the time of the shutdown (p. 41). 71 per cent of moderate risk gamblers and 68 per cent of problem gamblers reported that they intended to go home if they were still playing when the gaming machines were shut down (table 14.4). However, some 9 per cent of moderate risk gamblers and 17 per cent of problem gamblers reported that they intended to go on to another venue. Blue Moon Research said:

This illustrates that while there is some roll on effect of problem and moderate risk gamblers due to the mandatory shutdown of EGMs, this is minimal. The mandatory shutdown operates to encourage the majority of problem and moderate risk gamblers to go home. (2008, p. 42)

- But the mandatory shutdown did not 'reach' all problem gamblers (p. 43). Interviews indicated that problem gamblers could play at any time. The problem gamblers that were playing in the times surrounding the shutdown indicated that they commonly played earlier in the evening as well, with the majority reporting that they usually played the gaming machines between 6 pm and 12 am (p. 43 and table 14.4). Blue Moon Research said, however that:

... while the mandatory shutdown does not reach all problem gamblers, it does reach many. For this group, it provides the necessary impetus to discontinue EGM play. (2008, p. 43)

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- The shutdown did not disproportionately effect recreational gamblers or those not at risk. Blue Moon Research said:

The shutdown impacts everyone in the venue at the time, but the majority of those were found to be at risk or have a problem, particularly late at night (12 am to 6 am).

Further, those not at risk, recreational gamblers, displayed a far lower level of dissatisfaction when the machines were shutdown than those with a problem ... (2008, p. 21)

- 19 per cent of hotels and clubs that were affected by the restrictions claimed that the shutdown had resulted in a negative impact on their business (p. 44). However, analysis of profit data for venues in the local government areas where the interviews occurred did not suggest a negative impact on revenue other than in the Sydney local government area, where some decline in revenue occurred in 2007 (pp. 44–5). The authors considered that the shutdown did not appear to have impacted negatively on the combined revenue of hotels and clubs (p. 45). (The Commission notes that a decline in revenue is not necessarily an unfavourable outcome, since effective harm minimisation measures will generally be associated with falling venue revenues.)

The Blue Moon Research study also provides some data on the most popular period of gambling for higher risk gamblers and other groups of gamblers (table 14.5). It shows that:

- the most popular periods of gambling for moderate risk and problem gamblers — 6 pm to 9 pm and 9 pm to midnight — are also popular with other groups of gamblers. Thus, imposing a shutdown during these periods would be likely to adversely affect non-problem gamblers.
- the least popular period for gambling for all groups of gamblers is 4 am to 7 am. Thus, requiring a shutdown at these times is unlikely to adversely affect non-problem gamblers, but it is also unlikely to benefit moderate risk and problem gamblers.
- the periods that are most likely to help moderate risk and problem gamblers, but not unduly affect non-problem gamblers are midnight to 4 am followed by 7 am to 10 am. However, the proportion of all gamblers playing at this time (6 per cent) is smaller than at other times of the day.

Table 14.4 Behavioural impacts of NSW 6 hour shutdown on gamblers by CPGI status

<i>Responses to question</i>	<i>No problem</i>	<i>Low risk</i>	<i>Moderate risk</i>	<i>Problem gambler</i>	<i>Total</i>
<i>Q: Intention when still playing and poker machines are shut down^a</i>	N=23	N=31	N=41	N=41	N=136
Stay here	26%	10%	15%	7%	13%
Go to the Casino	0	0	2%	5%	2%
Go to another club	4%	3%	2%	7%	4%
Go to another hotel	0	0	5%	5%	3%
Go home	57%	87%	71%	68%	71%
Don't know	13%	0	5%	5%	5%
<i>Q: Shutdown prevented you from playing poker machines when you wanted to</i>	N=63	N= 57	N=74	N=78	N=272
Yes	2%	4%	3%	8%	4%
No	46%	51%	51%	58%	52%
Not aware of shutdown	52%	46%	46%	35%	44%
<i>Q: Changed times of playing poker machines as a result of the shutdown</i>	N=63	N= 57	N=74	N=78	N=272
Yes	3%	0	0	10%	4%
No	44%	53%	54%	55%	52%
Don't know/can't say/not aware of shutdown	52%	48%	46%	35%	44%
<i>Q: Tend to spend more or less time playing poker machines as a result of the shutdown</i>	N=63	N= 57	N=74	N=78	N=272
More time	0	0	0	1%	0
Less time	6%	4%	4%	8%	6%
No change	41%	49%	49%	55%	49%
Don't know/can't say/not aware of shutdown	52%	48%	47%	36%	45%
<i>Q: Changed venues for playing poker machines because of shutdown</i>	N=63	N= 57	N=74	N=78	N=272
No change	46%	53%	51%	59%	53%
Yes	2%	0	3%	6%	3%
Don't know/can't say/not aware of shutdown	52%	48%	46%	35%	44%

^a Respondents recruited just prior to shutdown of gaming machines.

Source: Blue Moon Research (2008, pp. 98, 102–3).

Table 14.5 Usual times of playing gaming machines by CPGI status^a

<i>Time period</i>	<i>No problem</i>	<i>Low risk</i>	<i>Moderate risk</i>	<i>Problem gambler</i>	<i>Total</i>
	N=63	N=57	N=74	N=78	N=272
6 pm to 9 pm	27%	40%	35%	33%	34%
9 pm to midnight	19%	23%	24%	23%	22%
Midnight to 4 am	0	5%	8%	9%	6%
4 am to 7 am	0	2%	1%	1%	1%
7 am to 10 am	2%	0	4%	1%	2%
10 am to midday	22%	11%	12%	14%	15%
Midday to 3 pm	14%	7%	12%	8%	10%
3 pm to 6 pm	14%	12%	3%	8%	9%
Don't know / can't say	2%	0	0	3%	1%

^a The sample was made up of gamblers who were in venues around the time of the shutdown period.

Source: Blue Moon Research (2008, p. 178).

The effects of a shutdown after midnight — a Canadian study

In addition to the three Australian studies, a Canadian study assessed the effects of the shutdown of video lottery terminals (VLTs) at midnight (Corporate Research 2005). (The government introduced the measure in 2005, reflecting research that found that problem gamblers accounted for 40 per cent of all regular after midnight VLT players in Nova Scotia.) It was found that, three months after implementation,

- following the change in hours, five per cent of the 545 VLT players overall and 26 per cent of 65 regular after-midnight VLT players decreased their spending (p. 3). Higher risk players (CPGI) decreased their spending due to the time change more than other players: 18 per cent of 60 problem gamblers and eight per cent of 78 moderate risk reduced their spending compared with two per cent of 316 non-problem gamblers and 3 per cent of 92 low risk gamblers (p. 4)
- the time change appeared to cause a greater reduction of play than a shifting of play to other times and/or locations (for example, casinos) (p. 5)
 - two per cent of VLT players overall and 12 per cent of regular after midnight VLT players shifted their play to other locations. Only three per cent of regular after-midnight VLT players shifted their play to other times of the day.
 - higher risk players were most likely to shift their play to other venues, with three per cent of problem gamblers and five per cent of moderate risk players shifting play to other locations compared with 1 per cent of non-problem gamblers and two per cent of low risk gamblers. In addition, three per cent of problem gamblers shifted play to other times of the day compared with no gamblers in the other risk groups.

-
- the shutdown decreased net revenues by between 5 per cent and 9 per cent (p. 6).

The study also shows that higher risk groups are more likely to be playing after midnight than lower risk groups. It found that 43 per cent of the 60 problem gamblers surveyed were regularly playing VLTs after midnight (before the change) compared with four per cent of 316 non-problem players (Corporate Research 2005, p. 2)

The Canadian researchers concluded that the initial impact of the time change to a midnight shutdown was ‘quite positive’ and had a ‘desired effect’ in ‘curbing problem play’ (p. 8).

Should mandatory shutdowns be extended?

Participants were divided on whether current mandatory shutdown requirements should be further extended — in particular whether they should be of longer duration and commence earlier.

- Predominantly community sector participants supported the need for extended mandatory gaming machine shutdowns, with some prescribing particular periods and making other suggestions (box 14.7).
- However, industry and some other participants strongly challenged whether there was evidence to support extended gaming machine shutdowns and drew attention to the impacts on recreational gamblers, including shift workers, and on venues (box 14.8).

Commencement time and duration of shutdowns

In principle, a mandatory shutdown should occur at a time of day, and be of a duration, that provides higher risk gamblers with a sustained break in play, while creating minimal impacts for non-problem gamblers.

Although they have methodological limitations (for example, small samples of problem gamblers), both the Blue Moon Research study and the Canadian study contain data that show that:

- moderate risk and problem gamblers are over-represented among players of gaming machines after midnight
- commencing a mandatory shutdown of gaming machines earlier than 4 am and for a longer duration could help problem gamblers without significant adverse effects for non-problem gamblers and other patrons. Indeed, data from the Blue Moon Research study indicates a shutdown period could extend from 2 am to 9 am — a period of 7 hours.

(The Commission's views on evidential standard of proof are given in chapter 3.)

Box 14.7 Participants favouring an extended mandatory shutdown period

Amity Community Services

Amity supports the need to increase periods of shut down and suggest gambling shut down periods be brought in line with restrictions on the sale of alcohol in venues (4 am to 9 am). Evidence suggests that intoxication can increase high risk and impulsive behaviours. During these hours it is common for individuals under the influence of alcohol to frequent gaming venues, in particular casinos, when other entertainment venues have closed. (sub. DR388, p. 6)

Anglicare Tasmania

An opening period from midday to midnight would provide 12 hours of gambling each day, which Anglicare considers to be ample time for the recreational gambler. ... these hours should also apply to the casinos. Anglicare also supports having standardised opening times for all venues so that people with a gambling problem do not go from venue to venue seeking different opening hours. (sub. DR355, p. 2)

Disability, Child, Youth and Family Services (Tasmania)

Perhaps harm minimisation should be the primary consideration in at risk communities? At risk could be defined as lower than average on the SEIFA index. The period of shutdown would be in proportion to level of risk. (sub. DR370, p. 11)

Tasmanian Gaming Commission

The Gaming Commission believes that an extension of the shut down period for machines could be a useful 'proxy' policy to use to bridge the period until smartcard technology is introduced. The Gaming Commission is aware of research that shows problem gamblers playing for extended periods, often until very late and often with extensive use of alcohol. Community groups have suggested that close down between 2 am and noon (perhaps with slightly extended hours during weekends) would have very limited impact on recreational gamblers and may well limit losses of problem and at risk gamblers. (sub. DR311, pp. 3–4)

UnitingCare Australia

We suggest uniform national opening hours of, at most, 10 am to 12 midnight for EGM venues. This timing provides ample time for 'recreational gamblers' and restricts trading for the hours when the level of problem gambling is highest. We note that these hours are compatible with the hours of operation of Australia's most popular paid recreational activity, going to the movies. It is very rare that cinemas open outside of these hours, and there is not the customer risk in movie attendance that exists with EGM gambling. (sub. DR387, p. 18)

Senator Xenophon

... venues should be required to impose these shutdown periods earlier and for a longer duration.

... Any shutdown period should be uniform across a region so as to obviate the risk of problem gamblers simply leaving one venue that is closing to another that is still open down the road. (sub. DR289, p. 3)

Box 14.8 Participants against an extended mandatory shutdown period

ALH Group

Regulated shutdowns already occur across Australia. ... There is no evidence to support the extension of shutdown periods in reducing negative gambling behaviours.

...

This measure negatively impacts recreational gamblers, penalising consumers who work non-standard business hours, eg. Workers from call centres, factories, transport operators, hospitality workers, etc. (sub. DR340, p. 2)

BetSafe

We live in a society that operates 24 hours a day. It doesn't matter when the shutdown period occurs, some group of society will be affected. The current shutdown periods are all in the late night/early morning period when gaming machine usage is at its lowest. But that means that those late night and shift workers are deprived of a form of entertainment available to other groups. Whenever the shutdown period occurs, some group will be disadvantaged. (sub. DR345, p. 7)

Clubs Australia

... does not support [extending the mandatory shutdown] because its efficacy in assisting problem gamblers is unproven, while it would impose significant costs on recreational gamblers and clubs. (sub. DR359, p. 74)

... A shutdown between 1 am and 9 am would significantly impact non-problem gamblers who may have 'unusual' times available for recreation; for example, shift workers. There is anecdotal evidence of adverse impacts on members of clubs which are subject to existing shutdown conditions and are located in areas where there is a significant population of shift workers. The imposition of this measure has restricted the availability of club facilities for these workers and impacted on the revenue of the club with no evidence to suggest that the issue of problem gambling has been addressed. (sub. DR359, p. 75)

New South Wales Government — Minister for Gaming and Racing

... the Commission presented no evidence that to increase [NSW's] shutdown period (currently six hours) would be effective in reaching more problem gamblers. Research conducted by Blue Moon in 2008 found that the existing shutdown is effective in reaching problem gamblers playing before the commencement of the shutdown period. The research found no evidence-base to support a proposal to extend the shutdown period. (sub. DR336, p. 2)

Of the jurisdictions, only Queensland appears to have the capacity to enforce a shutdown period that commences early and is of long duration. In that State, the operation of gaming machines is 'not acceptable' under guidelines from 12.30 am to 10 am — involving a theoretical shutdown period of 9.5 hours. Around 74 per cent of Queensland hotels and clubs shutdown for at least this time, with 99 per cent shutting down for at least 6.5 hours (table 14.3^a).

Although there is evidence to support the earlier commencement and longer duration of mandatory shutdowns, it is not possible to be prescriptive about the period to apply to venues. Mandatory shutdown periods for gaming machines need to be determined by governments within the context of their other requirements affecting the hours of operations of venues, such as liquor licensing laws and trading hours requirements. That said, the Commission considers that mandatory shutdowns should occur no later than 2 am and be for at least six hours.

Responses of gamblers

With a mandatory gaming machine shutdown there is the potential for higher risk gamblers to:

- increase the intensity of their play as the shutdown time approaches, thereby increasing their gambling expenditure
- divert their play to other venues or to other times of the day because of the shutdown.

Although the studies above provide little, if any, information about the extent to which playing intensities are affected by the shutdown, they do indicate that gamblers will partly divert their play to other locations and to other times of the day. Moreover, higher risk gamblers are more likely to do so than other groups of gamblers. For example, the Blue Moon Research study indicates that, in response to the six hour shutdown, 10 per cent of higher risk gamblers (all problem gamblers) compared with three per cent of non-problem gamblers changed their times of play and nine per cent of higher risk gamblers compared with two per cent of non-problem gamblers changed venues (table 14.4). However, this diversion was not significant.

The extent to which (higher risk) gamblers divert to other venues as a result of shutdowns could be minimised were a common closing time to be imposed on all venues. A common shutdown period would ensure that there are no opportunities available for 24 hour gambling.

That said, there is a case for exempting casinos from gaming machine shutdown times. Although there would also be some benefits from shutdowns for casino-based gaming machines, the costs are likely to be relatively large for casinos, which also provide a range of other gambling forms such as table games. Moreover, having regard to the international, interstate and tourist nature of their clientele, the recreational experience of their patrons could be more significantly affected. However, as evident from the comments of some participants (box 14.9), there is the likelihood of some diversion of gamblers to casinos as a result of an exemption,

although this is more likely for those who live or otherwise gamble within a reasonable distance of a casino.

Casinos to varying degrees around Australia can still be regarded as destination venues and exhibit characteristics different from clubs and hotels.

On balance, the Commission's view is that casinos should be exempt from the shutdown requirement. (As noted later, the need for the shutdown requirement could be reconsidered were governments to introduce other effective harm minimisation measures.)

Some participants also expressed concerns about the potential for gamblers to divert from hotels and clubs during any shutdown period to online gaming (box 14.9). At this time, there appears to be little substitutability between gambling on gaming machines and online gaming. A Norwegian study of the effects of a temporary ban on gaming machines between 2007 and 2008 on a sample of 1300 players of gaming machines (Lund 2009, pp. 221–2) found that participation on internet EGMS significantly reduced after the policy change despite it being only legal form of gaming machine gambling. There was also a small reduction in participation on internet casinos. However, for all forms of internet gambling, there was only a 'slight' increase in internet participation as a result of the policy change.

Box 14.9 Participants' concerns about the potential diversion of gamblers to other gambling forms

ALH Group

... further trading hour restrictions are likely to cause player substitution into less regulated or unregulated gambling environments, for example, online gaming through the internet. (sub. DR340, p. 2)

Community Clubs Association of Victoria

The major effect of increasing the mandatory shutdown periods is likely to be encouraging people to visit the Casino, which is exempt from shutdown. The results will not be a reduction in gambling by problem or at-risk gamblers. (sub. DR366, p. 14)

Leagues Clubs Australia

... in Sydney, gamblers have free transport options to Star City from many suburbs, no matter what hour of the day. When existing shutdown hours are implemented the gamblers has ready access to a wider range of gambling options. ...

... should online gaming provisions be endorsed, the problem gambler can simply return home to log on and continue to gamble in an unprotected environment. (sub. DR382, p. 9)

Other relevant issues

There are a number of other issues relevant to whether there should be an extension in mandatory shutdown requirements.

Shift workers are likely to be affected by an extended shutdown period. However, the extent and nature of impacts on them are unclear.

- There is no reason to assume that shift workers are entirely without gambling problems.
- Even if shift workers consisted entirely of recreational gamblers, they constitute a relatively modest proportion of the work force. Of the total number of Australian employees aged 15 years and over in 2006, around 17 per cent usually worked shift work (ABS 2007, *Working Time Arrangements*, November 2006, cat. no. 6342, p. 3) That said, there may well be some communities whose workforce is dominated by shift workers.
- The shutdown period would not prevent shift workers gambling during rostered days off, or during other hours when they were not working or sleeping.

Although there may be an adverse impact on venues' revenue derived from gaming machines as a result of an extended shutdown period, this is to be expected if the measure is have an effect on addressing gambling harms.

Twenty-four hours a day, seven day a week access to recreational activities in a physical location is very unusual. Restaurants, sporting complexes, theatre and cinemas are usually closed by around midnight.

Unlike most other recreational activities, gambling is associated with harms to the community. The service of alcohol, another recreational activity associated with harms to the community, is increasingly being subject to opening hours restrictions (for example, the Queensland moratorium on approving exemptions to standard trading hours applying to liquor).

Earlier closure of gaming machines may partly address the risks of people — and not just problem gamblers — gambling when intoxicated. Overconsumption of alcohol reduces the capacity for genuinely informed consent.

- New South Wales crime data on alcohol-related incidents (for example, assaults and offensive behaviour) (Briscoe and Donnelly 2001) indicate that the time of day (and days of the week) at which the percentage of incidents flagged by police as alcohol-related was relatively high included between midnight and

3 am on the weekend (p. 8).⁵ In addition, the incidents tended to involve men around 30 years of age as either victims or ‘persons of interest’ (p. 9). Thus, closure at this time would target a group that is more generally vulnerable to gambling problems — young men.

- The 2008 Victorian problem gambling prevalence survey (Hare 2009, p. 17) found that moderate risk and problem gamblers are likely to be more intensive consumers of alcohol than non-problem gamblers — both problem gamblers and moderate risk gamblers consume on average a significantly higher number of drinks per week (10.97 and 11.05 alcoholic drinks, respectively) than non-problem gamblers (6.88 alcoholic drinks). (However, Club One (SA) noted evidence in South Australia that problem gamblers do not drink and that many venues close down much of their food and alcohol services as they are not used — sub. DR328, p. 1).

Conclusion

The Commission considers there is satisfactory evidence to support modifying requirements for mandatory shutdowns of gaming machines in clubs and hotels to improve their effectiveness in addressing gambling harms. In particular, shutdowns should involve a more extended period (at least six hours) and commence much earlier than now applies (no later than 2 am). It notes the Queensland approach where there is capacity for venues to be shutdown for at least 9.5 hours from 12.30 am to 10 am. However, governments should determine the precise period of an extended shutdown within the context of other requirements applying to the service of alcohol.

There is a case for exempting casinos from gaming machine shutdown times. However, there will be some resulting diversion to casinos from those who live or gamble within a reasonable distance of them.

Mandatory shutdown times may no longer be necessary once governments implement other prevention and harm minimisation measures, as proposed by the Commission, and should be re-considered at that time.

⁵ A recent study by Allen Consulting Group (2009a) for the Department of Justice (Victoria) on alcohol-related harm and the operation of licensed premises appears to corroborate this. In the study, data were presented that showed a positive correlation between late opening hours and the rate of offences in or near licensed premises. In particular, the data showed that licensed venues that shut down from 1 am to 5 am were associated with 86 per cent of all offences occurring within a 24 hour period compared with licensed venues that shutdown before 1 am, which were associated with 9 per cent of all offences (p. 32).

A mandatory shutdown of gaming machines does not mean that hotels and clubs need close down their other activities. These venues would continue to be subject to other operating hours restrictions.

RECOMMENDATION 14.1

Drawing on the Queensland approach, governments should introduce a shutdown period for gaming machines in all hotels and clubs that commences no later than 2 am and is of at least six hours duration. Casinos should be exempt from this measure.

More frequent shutdowns?

Another policy option is periodic shutdowns during the day. This could be in addition, or as an alternative, to the more lengthy shutdown period proposed above. It could involve shutting down gaming machines for (say) 10 minutes every hour or half an hour every three hours. The Tasmanian Gaming Commission considered there might be merit in such ‘episodic’ shutdowns (sub. DR311, p. 4).

The main benefit of requiring frequent shutdowns throughout the day would be to create more opportunities for moderate risk and problem gamblers to break their play. Delfabbro et al. (2007) found that problem gamblers (CPGI) were much more likely than other groups of gamblers to gamble for more than three hours (pp. 167, 185). Long session durations for higher risk gamblers has generally been confirmed in most Australian prevalence studies. Requiring more frequent shutdowns makes it more likely that the shutdown will interrupt a problem gambler’s sustained session of play.

However, there are several potential drawbacks from requiring shutdowns throughout the day, including:

- the increased likelihood of adversely affecting non-problem gamblers
- the risk that gamblers would play more intensively as the shutdown looms
- increased compliance costs for venues — particularly related to staff management and scheduling.

It is possible that a different kind of shutdown — one that is tailored to individuals, rather than the whole venue — might have fewer drawbacks. For example, in a recent study for the Victorian Government, Schottler Consulting found that the overwhelming majority of recreational gamblers said that a mandatory break of 20 minutes after two hours of play would not reduce their enjoyment, while moderate risk and problem gamblers (CPGI) reported much greater effects on their time and money spent (2009a, p. 8 and table 14.6). This kind of enforced break

would not require the simultaneous shutdown of all gaming machines in a venue, reducing the disruption effects of the shutdown system described above. However, a mandated, individually-tailored, break in play would require player identification, and would best be considered as a possible feature of a future pre-commitment system (chapter 10), as observed by Schottler Consulting (2009a, p. 8).

Table 14.6 Impacts of a 20 minute compulsory break after two hours of play, Victoria

Per cent of gaming machine players

	<i>Non-problem gamblers</i>	<i>Low risk gamblers</i>	<i>Moderate risk gamblers</i>	<i>Problem gamblers</i>
	N=703	N=192	N=80	N=25
Enjoyment				
Increase	3	7	7	24
About the same	82	73	65	42
Decrease	15	20	28	34
Money spent				
Increase	1	4	1	13
About the same	84	76	59	54
Decrease	15	20	40	33
Session length				
Increase	2	4	7	21
About the same	82	76	51	36
Decrease	16	20	42	43
Play frequency				
Increase	1	4	10	17
About the same	82	73	57	38
Decrease	17	23	33	45

Source: Schottler Consulting (2009a, p. 55).

Limiting the number of venues offering gaming machines?

The focus of this chapter has been on examining existing accessibility restrictions. A different approach to accessibility is to limit the number of venues providing gaming machines in a particular area. Thomas advocated such an approach:

... It may be worthwhile to consider additional recommendations along the lines that measures to control geographic accessibility of EGM gambling be linked to the number of EGM venues within a geographic region rather than the number of machines across a region. This would restrict the ability of industry to simply move machines between venues or remove underperforming machines.

... Reducing the number and position of EGM venues within a local area may assist problem gamblers to physically avoid venues when attempting to cut down or abstain

from gambling. In my research with EGM problem gamblers I have heard both gamblers and counsellors discuss the difficulties associated with avoiding venues: “Before they were in Victoria I wasn’t addicted to them because I wasn’t looking at them in every street corner” (F, Regional participant, PG) I particularly recall a gambling counsellor saying that treatment seekers coming to her service had to pass a number of venues regardless of the route taken. It may also be useful to consider more stringent limitations on the number of venues within regions known to be more vulnerable (i.e., low socio-economic status).

... Linked to this is the need to ensure that people have access to adequate alternative activities and spaces that are local, open long hours and allow for casual social interaction [citing Thomas 2009 and Thomas, et al. 2009]. Clubs may provide a variety of options including EGM gambling, however, people who have experienced problems with their gambling require alternatives in locations that do not include EGM gambling. Outer lying suburbs may be found to be particularly lacking in terms of an adequate number and variety of options. (sub. DR316, pp. 1-2)

Reducing the number of venues providing gaming machines in a particular area could be seen as a useful transition to a model of accessibility centred on destination gaming rather than community-wide gaming. Governments should consider undertaking further research on the impacts of such an approach, and it would be consistent with a capacity for local governments to have a voice in decisions about accessibility to gaming machines in their communities (section 15.3).

A final comment

Even with modifications, restrictions on caps, operating hours of gaming machines and other restrictions on accessibility are unlikely to be as effective as other harm minimisation measures, including the Commission’s pre-commitment proposal. This is primarily because small changes to accessibility (across its varying dimensions) would make little difference to the overall accessibility of machines in most jurisdictions. This is not to say that such modifications should not occur. On the contrary, were governments not to introduce the Commission’s pre-commitment proposal or other measures, there is a greater imperative upon them to refine their existing harm minimisation measures, including their accessibility restrictions.

The introduction of other more effective harm minimisation measures could allow some existing restrictions on accessibility of gaming machines to be relaxed such as caps and shutdowns to gaming machines. But relaxation of existing restrictions would need to be contingent on an adequate review by governments.