

# **Productivity Commission Inquiry into Australia's Gambling Industry**

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## **1. Introduction**

The Commission's 1999 Inquiry into Australia's Gambling Industries was a major step in the development of a comprehensive understanding of the issues which confront Australian society arising from the rapid growth in legalised gambling in the period since the early 1990s. The present Inquiry provides an opportunity to build on this previous work, but also to generate somewhat greater momentum than the 1999 Inquiry, the conclusion of which we submit were largely ignored or sidelined by the adoption of what we have called 'the discourse of business as usual'. By this, we mean that the interests of individuals adversely affected by gambling's expansionary tendencies have been disregarded in contrast to the interests of gambling industries, despite there being little or no evidence that gambling offers any particular economic benefits above those which might be realised by alternative uses of the resources deployed by those industries.

In this submission we propose to highlight a number of specific areas of concern and to refer the Commission to attached material we believe to be relevant to consideration of these concerns, including the extent to which the benefits of gambling can rely upon the concept of consumer's surplus. There are also particular concerns about the extent to which the interests of gambling consumers are currently protected via gambling regulation.

Please note that the principal subject area for this submission is in relation to the use of electronic gaming machines (EGMs) in local clubs and hotels.

## **2. Specific Issues**

### **2.1 Consumer protection**

EGMs are sophisticated devices and ubiquitous in Australian hotels and clubs, save for those located in Western Australia. As the Commission will be well aware the overwhelming majority of problem gamblers in Australia report that EGMs are their principal or favoured gambling mode. As the Commission will also be aware, EGMs are capable of generating significant revenue in relatively short periods of time. Recent venue level data released by the Victorian government in March 2009 demonstrated just how much revenue could be generated by EGMs in suburban locations in Victoria. Undoubtedly similar levels of performance characterise EGMs

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<sup>4</sup> This submission is made in a private capacity by the authors and reflects their academic interest and expertise. It does not represent the institutional views or opinions of Monash University or the University of Western Sydney

located in lucrative venues in other Australian states. Tables 1 to 3 (in Attachment 1) set out the 'top 20' gaming machine venues by aggregate return and revenue per EGM in Victoria for the year 2007-08, together with some characteristics including their location and ownership.

These data demonstrate that revenue (i.e., player expenditure, or losses) of between \$15 million and \$20 million per annum are readily achievable, as are average expenditures of more than \$250,000 per EGM. Indeed, in our analysis of South Australian EGM data for Livingstone & Woolley 2008 (attachment 5) we noted that EGM expenditures of approximately \$500,000 per annum were achieved on some EGMs, remarkable given the lack of bank note acceptors (BNAs) on South Australian EGMs.

There is thus ample evidence of very significant expenditure on EGMs. It also appears abundantly clear that a very significant proportion of this expenditure derives from people experiencing problems, or at risk of experiencing problems, with their gambling. The PC estimated this proportion at 43% in 1999. More recently, we estimated it at in excess of 50% (Livingstone & Woolley 2007, attachment 4).

We believe that the attached reports (Livingstone & Woolley 2008, AIPC 2006, attachments 5 and 3, respectively) along with Livingstone & Woolley 2007 document some key characteristics of the EGM system, specifically in Victoria and South Australia. The EGM system is an interconnected and dynamic electronic network capable of iterative/reflexive modification in pursuit of increased revenue, and for the most part this has been achieved. Unfortunately, it has been achieved in market conditions which we believe actively discriminate against consumers. This is realised through well understood mechanisms such as concentration of ownership (notably in Victoria) but also, and importantly, via a structured system in which information about the commodity being purchased (time on the EGM game) is distributed in a highly asymmetrical manner. As Delfabbro has noted, the provision of information to EGM users is a highly vexed issue (Delfabbro 2004). Of even more significance, however, may be the impossibility of disclosing the 'price' of EGM use, even with goodwill. Our basis for this conclusion is discussed in our 'in-confidence' attachment (Livingstone & Woolley 2009).

Thus, we are strongly inclined to suggest that there is an even more pressing need for active consumer protection intervention in the area of EGM regulation than is presented in many other areas of the consumer economy. Unfortunately, gambling regulators have taken the view that a key regulatory document, the National Technical Standards, should not address consumer safety/protection issues. Games are assessed via the standards for certain parameters of fairness (such as whether they adhere to minimum return to player, in some jurisdictions whether they demonstrate excessive volatility, etc) but not for their propensity to produce harm. In jurisdictions that have taken a more pro-active stance in relation to consumer safety such as South Australia, the focus has been on preventing further exacerbation of harm. Nevertheless, the 'upstream' production of harm itself remains largely unchanged since 1999, despite some recent reductions of parameter values such as maximum bet in some jurisdictions. Such moves at least acknowledge that material change has a role to play in reducing the level of harm produced by poker machine gambling.

A range of relevant issues are raised in the attached documents and we submit that considerable scope exists for the technical standards to pursue consumer protection as a key goal. The linkage between problem gambling and game characteristics such as volatility, the skewness of session duration toward short sessions and the operation of reinforcement schedules to both provide excitement and to disguise losses is clear. The calibration of these operations in gaming machines respond only to the requirements of the Gaming Machine Standard and are not immutable. As the Commission is aware, Australian-style gaming machines are a particular variant of a popular entertainment device that comes in a variety of forms across the globe. The particular engineering solution of Australian-style games is largely a historical accident. The standardising of the industry through cooperative endeavours of State, Territory and New Zealand regulators and gaming machine manufacturers has brought benefits in terms of game fairness, independent testing, probity, revenue protection and market entry costs. However, this process has not to date addressed the safety of the product currently licensed for Australian markets.

If it has not already done so, we would therefore strongly urge the Commission to consult with gambling regulators and gaming machine manufacturers in other countries where the issue of product safety has been confronted as a technical issue. In particular, the Commission could avail itself of the rationale for the change to Regulation 5 in Japan. In Japan, where gambling itself is illegal, the increase in prize pools associated with the accumulated jackpots of new pachislot machines and the associated increased volatility of game outcomes lead authorities to conclude that what was effectively gambling was emerging in pachinko rooms. In fact, the introduction of larger prizes and greater volatility was associated with the emergence of a market segment with characteristics not unlike what are termed 'problem gamblers' in Australia. As we understand it, the response of authorities was to reduce dramatically the size of the top prize and associated game volatility. The response of manufacturers, including leading Australian manufacturers such as Aristocrat, was to redesign games for Regulation 5 and to seek market share on the basis of entertainment values rather than the revenue outcomes more typically associated with commercial gambling.

We would also urge the Commission to consult with the Norwegian gambling authorities. The Norwegian authorities, unhappy with the impact of the initial roll-out of their gaming machine industry on problem gambling, removed games from private control. A process of developing a gaming machine technically configured with consumer safety as well as entertainment and recreation values in mind was to be undertaken. We would reiterate that gaming machine manufacturers will supply machines configured to the specifications of the local regulators. A sustainable industry is not necessarily associated with the sustaining of very high commercial revenue returns.

Access and availability of high intensity gaming machines in club and hotel social venues remains little changed since 1999. The key parameter values in Australian jurisdictions remain set well in excess of those allowable in, for example, the proposed UK model, where much smaller numbers of games will be permitted in local pubs and clubs, and where those games will be heavily restricted as to stakes and prizes, with the clear goal of affecting the volatility of these games. There will be a limited number of gaming machines in the entire UK industry that can be operated at

the same levels of intensity as the entire stock of machines in Australian pubs and clubs.

We believe that many of the dangers inherent to Australian-style games (notably the capacity to lose substantial sums in short time frames, and absolute uncertainty about the price of play) could be addressed via smart card or similar systems. These systems have at least two benefits: in a) being able to restrict access to high intensity gaming machine devices without personal identification (similar to the ‘specified area’ operating in Crown Casino and legislated for in Victorian clubs and hotels); and b) allowing EGM users to make solid pre-commitment decisions about daily, weekly, or monthly limits on time and/or money spent on EGMs. Such systems are currently on trial in some Australian jurisdictions (we understand that trials are being conducted in Queensland and in South Australia) as well as in at least two Canadian provinces. If access to high intensity gaming was only to be available via smart card, access to low-impact stand-alone devices providing entertainment and a top prize of \$100 could remain unrestricted for hotel and club patrons. The provision of safe entertainment and modest ambient income for venues from ‘recreational’ gamblers could run alongside a controlled access to the kind of high intensity gambling currently operating in social venues.

Access and availability measures could eventually be coupled with the innovative software developed in Canada by Schellink and Schrans which has the capacity to identify patterns of play consistent with that of a problem gambler, for the purpose of initiating support for such players. Effective solid pre-commitment systems of this nature have the potential to make a substantial difference to the use of EGMs by people attempting to limit their gambling, although they may not be entirely effective in limiting expenditure by those in the grip of a gambling problem. However, coupled with careful regulation and the utilisation of algorithmic software such as that developed by Schellinck and Schrans such systems would be likely to assist problem gamblers and may assist in limiting expenditure of the proceeds of crime, and indeed strongly support self-exclusion programs. If it has not already done so, we would strongly urge the Commission to consult with regulators in the Canadian provinces of Nova Scotia and Saskatchewan where we understand such systems have been trialled, if not with Professor Schellinck and Dr Schrans directly.

## **2.2 A public health critique for EGM gambling**

Although some jurisdictions maintain that they adopt public health models in gambling, these tend to be heavily focused on ‘downstream’ interventions such as the provision of counselling services or use of large scale (expensive) media campaigns highlighting the dangers of excessive gambling. Although gambling counselling in particular is a thoroughly worthwhile activity and may provide substantial benefits to many who utilise it, take up rates for such services tend to be modest. In any event, those who do make use of gambling counselling services are by definition people who have already suffered substantial harm.

A contemporary public health approach would place far more emphasis on ‘upstream’ approaches to the problem, in this case effective regulation to limit harm and better regulate the harm causing mechanism – in this case, the EGM system.

Korn & Shaffer (1999) pointed out that a public health perspective must include not just the behaviours of individuals but also organizational and political behaviour through examination of public policy, asking whether the policy fosters or discourages health. Similarly, public policy should be directed towards promoting good health within a population by ensuring that both public and private sector activity should not only not detract from health, but actively promote good health,(Korn & Shaffer 1999; Baum 2005) and that the alleviation of adverse health impacts derived from particular social, environmental and economic conditions may require change in those conditions (Nutbeam 1998)

The much publicised Reno Model, developed by Blaszczynski, Ladouceur & Shaffer (2004) proposes ‘responsible gambling’ strategies to reduce the rate of development of new ‘cases’ of gambling related harm, suggesting that these strategies should focus on those at high risk. Although the Reno Model appears to utilise public health principles, its adoption of a system of ‘responsible gambling’ suggests that it is far from a comprehensive public health approach. The harm prevention, minimisation or reduction task (conflated categories within the Reno Model)<sup>5</sup> is posed as ‘epidemiological’: to accurately measure the extent of individual clinical symptoms and ensure that ‘specialists working in public health programs’ are able to treat them. Gambling related problems are seen as a function of personal biological and cognitive/behavioural issues, rather than being located within a complex web of social, technological and cultural factors. Korn *et al* (2006) argue that the Reno Model’s focus on treatment of the ‘ill’ ignores the population’s need for effective measures to prevent harm, and exemplifies the lack of definitional clarity on harm minimisation and related concepts.

Industry has readily adopted ‘responsible gambling’. The Australian Gaming Council (2008), sets out the aims and objectives of that organisation’s responsible gambling strategy as discouraging ‘consumers from developing problems with their gambling’ and reducing ‘the prevalence of problem gambling by making available assistance to customers who may have a problem with their gambling’. The strategy also suggests that education should assist gamblers to detect problem behaviour at an early stage, and promote responsible gambling policies, community support programs and the provision of effective treatment services. Tattersall’s Ltd (2006) has also adopted a responsible gambling strategy, incorporating much of the Reno Model’s approach. Tattersall’s strategy emphasises ‘Primary Measures ... directed to the broader community to promote informed choice’, ‘Secondary Measures ... [to] encourage a responsible culture to protect patrons from harm’ and ‘Safety Net Measures ... to provide assistance to those who are experiencing problems’.

Although such strategies acknowledges that the gambling industry has responsibilities to reduce gambling related harm, the aims are almost entirely focused on providing support to individuals who have developed or are at risk of developing problems with ‘their’ gambling. Livingstone & Woolley (2007) describe ‘responsible gambling’ as an elastic term, lacking goals and locating responsibility for harm production with users, whilst ignoring the substantial harm producing capacity of the EGM system.

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<sup>5</sup> Harm minimisation as a public health concept attends to interventions necessary to reduce the negative consequences of particular activities. In the substance abuse context, harm minimisation properly encompasses three specific fields: harm reduction, supply reduction and demand reduction. Thus, harm minimisation and harm reduction operate at distinct levels.

Effectively operationalising a comprehensive harm minimisation model would require a much broader set of interventions using more 'upstream' public policy approaches than are envisaged in the Reno Model, which is strongly oriented towards treatment and relapse prevention – i.e., 'downstream', post-harm, interventions, 'downloading' responsibility for harm to affected individuals. This approach does not destabilise existing regulatory or other arrangements, maintaining a 'discourse of business of usual' which protects the material interests of those collecting gambling revenue – private commercial interests, dominated by a small number of very large businesses, and state governments.

### **2.3 Community contributions by EGM venues**

The folk model of EGM gambling continues to have some currency in Australia, fuelled in part by the tendency of gambling organisations to provide high profile sponsorship of sporting organisations and good causes. In Victoria, club venues operating EGMs are required to submit annual returns for the purpose of substantiating their continuing eligibility for exemption from the community support fund levy of 8.33% of net gaming revenue, imposed on hotel venues for the purposes of funding the Community Support Fund. In 2005-06, hotel venues were also required to submit such returns, although they derived no benefit from doing so other than compliance with then regulation (this requirement was subsequently removed). Thus, a data base of contributions claimed by such venues is available, and although it may not be entirely representative of the activities of all clubs around Australia certainly provides insight into the actual community purposes to which the proceeds of EGM gambling are put, as claimed by venues.

Overwhelmingly, the majority of claims for community benefit as claimed under the Victorian system were for the operating expenses of the business. Typically, more than 80% of the amounts claimed by venues as a benefit to the community was for the operating expenses of the enterprise – wages costs, the cost of fixed assets, and operating expenses.

A very modest proportion of the amounts claimed by venues went to genuinely charitable or philanthropic purposes.

Attached monographs (Livingstone 2007, Livingstone 2008a and Livingstone 2008b all in attachment 2) set out these claims and discuss them in more detail. The point of this is not to suggest that clubs and hotels operating EGMs do not provide some benefits to the community through employment and associated expenditure, etc. However, they appear not to provide unique benefits to any real degree whatsoever, even though governments and venues tend to suggest that these benefits would not accrue unless EGM gambling were permitted to continue unabated. In fact, the benefits provided by EGM venues are overwhelmingly the same in nature as those provided by any other business, such as a restaurant, non-EGM equipped hotel offering alternative entertainment opportunities, or the like. The Commission made this point well in the 1999 report – gambling businesses are not magic puddings, despite repeated and often inflated claims to the contrary.

## **2.4 Data collection and disclosure**

Some Australian jurisdictions have adopted transparent approaches to the provision of data around EGM operations. Victoria, South Australian and Queensland all provide regularly updated and locally disaggregated data about EGM revenue. Such data are invaluable in developing an understanding for the pattern of EGM use and its generally associated regressive distribution (another point pursued by the Commission during the 1999 Inquiry).

However New South Wales in particular (where EGMs proliferate more than anywhere else in Australia) does not make such data publicly available, and this is a major obstacle to independent analysis and community debate around the benefits and costs of EGM gambling. National data collection and speedy provision of such data at a consistent level of disaggregation (certainly at the LGA level, and preferably on a monthly basis) is both feasible and highly desirable in the interests of public debate about, and informed analysis of, matters relating to EGM harm, costs and benefits.

## **2.5 Consumer rationality, sovereignty and benefit**

Much of the Commission's estimate of community benefit attributed to gambling in the 1999 report was associated with the idea of consumer's surplus. Certainly, this also generated some controversy at the time. The Commission adopted the approach of disregarding that proportion of consumer's surplus which it attributed to the proportion of gamblers with gambling problems. This approach was adopted on the basis that such gamblers were unlikely to be capable of deriving the surplus, being compelled to gamble by force of their obsession (so to speak).

Livingstone & Woolley (2009) (attachment 6, IN CONFIDENCE) presents data which we believe calls into question the relevance of the concept of consumer surplus in relation to the consumption of poker machine gambling. The data suggests that EGM gambling consumption is not sensitive to changes in price. Currently there are technological limits only to the supply of poker machine gambling, limits which have not been approached (even in capped areas there is little evidence of 'crowding out'). Additional units of poker machine gambling can thus be provided at virtually no additional cost to suppliers. At the same time it is almost impossible for consumers to estimate the cost of specific time on any EGM game.

With a cap on supply, a price ceiling, asymmetric information on price and the apparent absence of price signalling the 'market' for EGM gambling can only be described as 'very imperfect'. Gamblers cannot detect price changes, have little idea of how much 'entertainment' they can purchase for a set amount, and are likely to be persuaded to part with much more than they intended if their goal is to achieve a certain amount of time on device. Under such conditions, well-informed rational decision-making becomes difficult, if not impossible. EGM gambling is an activity where the price cannot be accurately disclosed, and where it is simply not possible to construct a conventional demand curve and therefore to calculate consumer surplus.

In addition, undisclosed price changes (via the decline of average RTP over time) can result in the re-distribution of hundreds of millions of dollars in consumers' stakes away from player returns and into the hands of gaming operators and the public purse.

### **3. Conclusions**

It is conceivable that a gaming machine industry can continue to operate in Australia without inflicting considerable harm on communities, including disadvantaged communities, although we submit that under present regulatory and related conditions this is not possible. However considerable advancement using technological and other regulatory means is required to achieve the goal of a socially and ethically sustainable EGM industry which does not inflict harm on local communities. We have not touched on the distribution of harm associated with EGMs, assuming that the Commission is well aware that EGMs continue to be concentrated in areas of relative disadvantage and to reap substantial and disproportionate revenue from socially disadvantaged communities. That this has been acknowledged by regulators (for example, in Victoria, where a system of regional caps has been introduced) makes the situation even more deplorable, given the inadequacy of measures to protect such communities from the entirely avoidable harms associated with EGMs.

On many fronts, a national response to EGM regulation is desirable, subject to the Australian government taking a leading role in reducing the dependency of state governments on gambling (especially EGM taxes) and co-ordinating and implementing national regulatory approaches – for example, via common data collection and reporting, prohibition of ATMs within gambling venues, and reconstruction of the National Technical Standards to emphasise consumer protection and consumer safety issues. The Trade Practices Act may well be a relevant vehicle to consider in implementing a national approach to consumer safety in gambling, although as non-lawyers we are not in a position to offer detailed or specific advice on this.

In summary, despite the very substantial illumination provided by the Commission's 1999 Inquiry and Report, it has been business as usual for Australia's gambling industries in the intervening period. While this suits the business interests of the now very large corporations which dominate the gambling sector, and provides state governments with a steady stream of tax dollars, it has caused considerable harm to many hundreds of thousands of Australians, harm which we believe could have been readily avoided. We submit that the time has well and truly come for this system of harm production to be reigned in, and welcome the Commission's Inquiry as a vehicle for identifying the means of so doing.



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Submission of Livingstone, Woolley & Keleher

Attachment 1 – Submission of Livingstone, Woolley and Keleher

‘Top 20’ EGM Venues, Victoria 2007-08  
Operators, LGA, Player Losses and \$/EGM

Table 1: Venues ranked 1-20 by Net Player Losses 2007-08

Venue	Rank	LGA	Operator	Player losses, 2007-08	EGMs	\$/EGM, 2007-08
SKYWAYS TAVERNER	1	Moonee Valley	Woolworths/Mathieson	\$19,366,647	100	\$193,666
SEAFORD TAVERNER	2	Frankston	Mathieson	\$18,716,128	105	\$178,249
GLADSTONE PARK HOTEL	3	Hume	Other	\$18,633,030	90	\$207,034
PLOUGH HOTEL	4	Whittlesea	Woolworths/Mathieson	\$17,909,129	100	\$179,091
BUNDOORA TAVERNER	5	Whittlesea	Woolworths/Mathieson	\$17,513,639	100	\$175,136
KEYSBOROUGH HOTEL	6	Greater Dandenong	Woolworths/Mathieson	\$17,426,248	89	\$195,801
DONCASTER INN	7	Manningham	Woolworths/Mathieson	\$17,378,090	100	\$173,781
WERRIBEE PLAZA TAVERN	8	Wyndham	Woolworths/Mathieson	\$17,332,291	80	\$216,654
KEALBA VIEWS HOTEL	9	Brimbank	Castello	\$17,107,913	86	\$198,929
MATTHEW FLINDERS	10	Monash	Woolworths/Mathieson	\$16,443,341	59	\$278,701
PRINCE MARK HOTEL (TATTS)	11	Casey	Woolworths/Mathieson	\$16,279,739	103	\$158,056
SOUTHSIDE SIX HOTEL (SANDBELT)	12	Kingston	Woolworths/Mathieson	\$16,163,707	100	\$161,637
EXCELSIOR HOTEL-MOTEL	13	Whittlesea	Mathieson	\$16,021,341	105	\$152,584
SHOPPINGTOWN HOTEL	14	Manningham	Mathieson	\$16,012,049	100	\$160,120
SANDOWN RACECOURSE	15	Greater Dandenong	Other	\$15,965,368	90	\$177,393
EPPING PLAZA HOTEL	16	Whittlesea	Other	\$15,813,458	100	\$158,135
WESTEND MARKET HOTEL	17	Brimbank	Mathieson	\$15,756,491	88	\$179,051
HALLAM TAVERNER	18	Casey	Woolworths/Mathieson	\$15,652,925	92	\$170,140
BURVALE HOTEL	19	Whitehorse	Woolworths/Mathieson	\$14,982,227	103	\$145,459
DEER PARK HOTEL	20	Brimbank	Woolworths/Mathieson	\$14,882,719	100	\$148,827
<b>TOTAL/AVERAGE</b>				<b>\$335,356,479</b>	<b>1,890</b>	<b>\$177,437</b>
<b>Total Mathieson and Mathieson/Woolworths</b>			<b>16</b>	<b>\$249,120,582</b>	<b>1,419</b>	<b>\$175,561</b>
<b>Mathieson and Mathieson/Woolworths –% of total</b>			<b>80%</b>	<b>74.3%</b>	<b>75.1%</b>	

Source: VCGR

Submission of Livingstone, Woolley & Keleher

**Table 2: Venues ranked 1-20 by Net Player Losses per Gaming Machine 2007-08**

Venue	Rank	LGA	Operator	\$/EGM, 2007-08	EGMs	Player losses, 2007-08
MATTHEW FLINDERS	1	Monash	Woolworths/Mathieson	\$278,701	59	\$16,443,341
COURT HOUSE HOTEL (FOOTSCRAY)	2	Maribyrnong	Mathieson	\$230,833	21	\$4,847,485
WERRIBEE PLAZA TAVERN	3	Wyndham	Woolworths/Mathieson	\$216,654	80	\$17,332,291
GLADSTONE PARK HOTEL	4	Hume	Other	\$207,034	90	\$18,633,030
ASHLEY HOTEL	5	Maribyrnong	Woolworths/Mathieson	\$206,348	50	\$10,317,412
ROXBURGH PARK HOTEL	6	Hume	Other	\$199,414	74	\$14,756,617
KEALBA VIEWS HOTEL	7	Brimbank	Castello	\$198,929	86	\$17,107,913
WATERGARDENS HOTEL	8	Brimbank	Other	\$197,157	70	\$13,801,011
KEYSBOROUGH HOTEL	9	Greater Dandenong	Woolworths/Mathieson	\$195,801	89	\$17,426,248
SKYWAYS TAVERNER	10	Moonee Valley	Woolworths/Mathieson	\$193,666	100	\$19,366,647
BRAYBROOK TAVERNER	11	Maribyrnong	Woolworths/Mathieson	\$190,567	31	\$5,907,583
ST ALBANS HOTEL	12	Brimbank	Other	\$182,728	50	\$9,136,386
VILLAGE GREEN HOTEL	13	Monash	Woolworths/Mathieson	\$182,309	79	\$14,402,372
MILLERS INN	14	Hobsons Bay	Other	\$181,408	70	\$12,698,560
PLOUGH HOTEL	15	Whittlesea	Woolworths/Mathieson	\$179,091	100	\$17,909,129
WESTEND MARKET HOTEL	16	Brimbank	Mathieson	\$179,051	88	\$15,756,491
SEAFORD TAVERNER	17	Frankston	Mathieson	\$178,249	105	\$18,716,128
ROYAL HOTEL SUNBURY	18	Hume	Woolworths/Mathieson	\$177,553	31	\$5,504,138
SANDOWN RACECOURSE	19	Greater Dandenong	Other	\$177,393	90	\$15,965,368
MEADOW INN HOTEL	20	Hume	Woolworths/Mathieson	\$176,973	76	\$13,449,948
<b>WEIGHTED AVERAGE/TOTAL</b>				<b>\$194,217</b>	<b>1,439</b>	<b>\$279,478,096</b>

Source: VCGR

Submission of Livingstone, Woolley & Keleher

**Table 3: Number of venues in Top 20 lists by LGA**

<b>LGA</b>	<b>Top 20 by Total Loss 2007-08</b>	<b>Top 20 by Loss/EGM 2007-08</b>	<b>Total Player Losses, LGA, 2007-08</b>	<b>Player losses to Woolworth – Mathieson and Mathieson venues, 2007-08</b>	<b>Woolworth – Mathieson and Mathieson - % of LGA total player losses</b>
Brimbank	3	4	\$127,884,362	\$30,639,210	24.0%
Casey	2	0	\$117,281,156	\$31,932,664	27.2%
Frankston	1	1	\$71,434,982	\$18,716,128	26.2%
Greater Dandenong	2	2	\$116,067,557	\$17,426,248	15.0%
Hobsons Bay	0	1	\$51,310,796	\$0	0.0%
Hume	1	4	\$101,608,645	\$18,954,086	18.7%
Kingston	1	0	\$88,413,997	\$16,163,707	18.3%
Manningham	2	0	\$65,247,592	\$33,390,139	51.2%
Maribyrnong	0	3	\$58,100,446	\$21,072,479	36.3%
Monash	1	2	\$125,714,694	\$30,845,713	24.5%
Moonee Valley	1	1	\$76,213,310	\$19,366,647	25.4%
Whitehorse	1	0	\$58,629,143	\$14,982,227	25.6%
Whittlesea	4	1	\$87,459,036	\$51,444,109	58.8%
Wyndham	1	1	\$74,836,814	\$17,332,291	23.2%
<b>Total</b>			<b>\$1,220,202,530</b>	<b>\$322,265,647</b>	<b>26.4%</b>

Source: VCGR

Submission of Livingstone, Woolley & Keleher

Table 4: Player losses and estimated revenue shares – Woolworths/Mathieson venues 2004-05 to 2007-08

		Total player losses	Venue share (25%)	Woolworths (75%)	Mathieson (25%)
ALH	2004-05 (EST)*	\$236,860,615	\$59,215,154	\$44,411,365	\$14,803,788
	2005-06	\$372,977,342	\$93,244,336	\$69,933,252	\$23,311,084
	2006-07	\$386,745,545	\$96,686,386	\$72,514,790	\$24,171,597
	2007-08	\$397,663,290	\$99,415,822	\$74,561,867	\$24,853,956
Taverner	2005-06**	\$121,253,021	\$30,313,255	\$22,734,941	\$7,578,314
	2006-07	\$187,725,943	\$46,931,486	\$35,198,614	\$11,732,871
	2007-08	\$188,725,061	\$47,181,265	\$35,385,949	\$11,795,316
Total	2004-05	\$236,860,615	\$59,215,154	\$44,411,365	\$14,803,788
	2005-06	\$494,230,363	\$123,557,591	\$92,668,193	\$30,889,398
	2006-07	\$574,471,488	\$143,617,872	\$107,713,404	\$35,904,468
	2007-08	\$586,388,351	\$146,597,088	\$109,947,816	\$36,649,272
	<b>2004-2008</b>	<b>\$1,891,950,818</b>	<b>\$472,987,704</b>	<b>\$354,740,778</b>	<b>\$118,246,926</b>

Source: VCGR

\* ALH Ltd acquired by Woolworths - Mathiesons from end Oct 2004. Estimate based on 8 months revenue share, 2004-05 revenue estimated

\*\* Taverner Hotel Group Pty Ltd acquired by Woolworths-Mathiesons from end Oct 2005. Estimate based on 8 months revenue share

These tables were compiled by analysis of the Gaming Machine Data released on the website of the Department of Justice on Friday 6 March 2009 (see <http://www.gamblinglicences.vic.gov.au/gaming-machines/about-gaming-machines.html>)  
Data related to ownership/operation of venues was compiled by reference to the website of the VCGR at <http://www.vcgr.vic.gov.au/CA256F800017E8D4/Industry/A7DC78EF87ADB80CCA257018004AB8C4?OpenDocument>

**Other Attachments to the submission of Livingstone, Woolley and Keleher are as follows:**

**Attachment 2:**

Livingstone 2007, 2008a and 2008b

**Attachment 3:**

AIPC 2006

**Attachment 4:**

Livingstone & Woolley 2007

**Attachment 5:**

Livingstone & Woolley 2008

**Attachment 6 IN CONFIDENCE**

Livingstone & Woolley 2009