

VICTORIAN GOVERNMENT

**SUBMISSION TO THE PRODUCTIVITY COMMISSION
INQUIRY INTO GAMBLING IN AUSTRALIA**

MARCH 2009



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Abbreviations

ATM	Automatic teller machine
CALD	Culturally and linguistically diverse
CoGHS	The Council of Gambler's Help Services
CPGI	Canadian Problem Gambling Index
CSF	Community Support Fund
DSM	Diagnostic and Statistical Manual of Mental Disorders
EFTPOS	Electronic Funds Transfer Point of Sale
GSP	Gross State Product
HFCE	Household Final Consumption Expenditure
IHP	Integrated Health Promotion
PCP	Primary Care Partnerships
PGSI	Problem Gambling Severity Index
RGMAC	Responsible Gambling Ministerial Advisory Council
SOGS	South Oaks Gambling Screen
Tabcorp	Tabcorp Holdings Limited
VCAT	Victorian Civil and Administrative Tribunal
VCGR	Victorian Commission for Gambling Regulation

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Executive Summary

The Productivity Commission has commenced a 12 month public inquiry into Australia's gambling industries and has invited written submissions on an issues paper released in December 2008.

This submission provides a wide range of information about the gambling industry in Victoria and the changes that have occurred since 1999. Information is provided in the submission on:

Chapter 2: Taking action on problem gambling

The submission provides an outline of *Taking action on problem gambling*, a 5 year strategy to combat problem gambling that was released by the Victorian Government in October 2006.

As part of that strategy, the Victorian Government committed \$132 million to build a safer gambling environment and improve treatment services for problem gamblers and their families.

Chapter 3: Gambling licences review

In 2004, the Victorian Government commenced a formal review of the gambling licensing arrangements that will apply to Victoria's gambling industry beyond 2012. The scope of the review includes the licensing arrangements for lotteries, electronic gaming machines, wagering and keno as well as funding of the racing industry.

The Victorian Government has concluded the lotteries licensing phase and has established new regulatory structures for keno and wagering. Keno and wagering will each be offered via single stand-alone licences.

In 2008, the Victorian Government announced a landmark decision in relation to the regulation of gaming that will see the current model based on the gaming operator duopoly replaced with a new venue operator structure. New arrangements to implement this announcement in 2012 are currently being established. This change will provide a broader distribution of the benefits of gaming while creating greater competition.

Chapter 4: Gambling in Victoria

Changes that have occurred in Victoria since 1991 are outlined in this section. Information about relative market share is provided. It shows that in 2007-08, gaming machines in clubs and hotels made up 53.87 per cent of gambling expenditure in Victoria. The amount spent by Victorians on gambling, represented by player loss on all products, has been declining as a percentage of Gross State Product since 2003-04 and there was a marked decline in gambling expenditure as a proportion of household final consumption expenditure from 2001-02 to 2007-08.

Information provided about gaming net expenditure in nominal and real terms shows that in real terms gaming machine expenditure in 2007-08 was lower than 1999-00 levels.

The direct and indirect contribution that the gambling industry makes to the Victorian economy is discussed. The industry makes a direct contribution by stimulating economic activity and generating employment and makes an indirect contribution via gambling taxes.

Problems associated with measuring the economic costs and benefits of gambling due to a lack of primary data and a uniform approach to economic modelling are discussed.

Chapter 5: Participation and profile of gamblers

The 2003 *Victorian Longitudinal Community Attitudes Survey* found that 77.4 per cent of resident Victorian adults had participated in at least one gambling activity in the previous 12 months.

The challenges of measuring the prevalence of problem gambling are acknowledged in this section. An explanation is provided for the Victorian Government's view that there is evidence of a reduction in the prevalence rate in Victoria from 2.14 per cent (the Productivity Commission 1991 estimate) to 1.12 per cent (the 2004 estimate from a survey conducted by the Australian National University for the Victorian Government).

A major new Victorian epidemiological study has been commissioned by the Victorian Government and will provide a reliable body of knowledge about gambling and problem gamblers, including the prevalence of problem gambling within the Victorian community.

Evidence suggests that problem gamblers are poly-gamblers who can be differentiated by some key characteristics.

Difficulties associated with estimating the amount of gambling losses that problem gamblers account for are discussed.

The impact of problem gambling on gamblers, their families, friends, colleagues and on the Victorian community as a whole is discussed. The personal, financial, legal, social and employment impacts of problem gambling are considered.

Chapter 6: Taxation

The submission provides information on gambling taxes as a proportion of Victorian Government revenue and shows that gambling and gaming taxes, as a proportion of total Victorian general government revenue has fallen over the last decade.

It provides an explanation of the new tax arrangements that will apply to clubs and hotels with gaming machines under the venue operator model for the regulation of gaming machines post-2012.

This section also provides information about the Community Support Fund.

Chapter 7: Regulatory arrangements

Regulatory arrangements that apply to gambling in general and to gaming machines in particular are discussed in this chapter.

The number of gaming machines in Victoria is capped at 27,500 outside the Melbourne casino, with an additional 2,500 permitted in the casino. The Victorian Government has also introduced regional limits on the number of gaming machines for 19 areas of the state considered particularly vulnerable to the harm caused by problem gambling and high concentrations of gaming machines.

Chapter 8: Consumer protection measures

The Victorian Government recognises the importance of fostering responsible gambling and has introduced a range of consumer protection measures aimed at creating safer gambling products and environments.

This section of the submission provides information about over 20 consumer protection measures that have been introduced by the Victorian Government over the last 10 years. The Victorian Government has introduced a range of measures with industry wide application including a requirement to have a Responsible Gambling Code of Conduct and the consolidation of offences relating to minors. Consumer protection measures that have been introduced with a particular focus on gaming machines are outlined and future measures that the Victorian Government has committed to introduce are also discussed (in particular, a prohibition on ATMs in gaming venues and pre-commitment for gaming machines).

Chapter 9: Victorian Government programs on gambling

Since 1999, the Victorian Government has spent over \$87 million on problem gambling, including more than \$54 million on specialist services to help problem gamblers and their families. The Victorian Government approaches problem gambling as a public health issue and believes there is compelling evidence to support programs for effective prevention, early intervention and treatment.

The Victorian Government funds 16 agencies to deliver Gambler's Help services which include gambling counselling and problem gambling financial counselling. The purpose of these services is to provide integrated and coordinated services within each of the eight Victorian Government regions.

In 2007, the Victorian Government redeveloped the Gambler's Help problem gambling service system to create a more responsive and flexible service system that would meet the policy objectives in *Taking action on problem gambling*.

Chapter 10: Developments in gambling research

The Victorian Government recognises the importance of research to improving the knowledge base about gambling related issues. This is important in assisting with the development of evidenced based policy and effective problem gambling measures. For this reason, the Victorian Government has developed a *Submission Based Grants System for Gambling Research* to commission research on gambling from a variety of disciplines.

Gaming machine harm minimisation measures states and territories (not including Western Australia)

	VIC	ACT	NSW	NT	QLD	SA	TAS
Ban on 24 hour gambling (outside casinos)	✓	✓	✓	✓	✓	✓	✓
Limits on withdrawal from ATM	✓	x	x	✓	x	✓	N/A *
Ban on access to credit	✓	✓	✓	✓	✓	✓	✓
Ban on ATMs in venue	✓*	x	x	x	x	x	✓
Time of day must be displayed	✓	✓	✓	✓	✓	✓	✓
Limits on note acceptors	✓	x	✓	✓	✓	✓	✓
Compulsory responsible gambling training for staff	✓	✓	✓	✓	x	✓	✓
Certain winnings to be paid by cheque	✓	✓	✓	✓	✓	✓	✓
Minimum lighting requirements	✓	✓	x	✓	x	x	x
Pre-commitment	✓#	x	x	x	x	x	x
Limit on spin rate	✓	x	x	✓	✓	✓	✓
Bet limit	✓	✓	✓	✓	✓	✓	✓
Display of odds of winning	✓	✓	✓	✓	✓	✓	✓
Player information displays	✓	✓	✓	x	✓	✓	✓
Ban on advertising outside venue	✓	x	✓	x	x	✓	✓

* From 2012

From 2010

* ATMs are banned from hotel and club venues. ATMs are not allowed in casino gaming areas.

1. INTRODUCTION

The Victorian Government welcomes the Productivity Commission's new inquiry into gambling and hopes this submission will provide the inquiry with useful information about the gambling industry in Victoria and responsible gambling measures introduced by the Victorian Government.

Much has happened in Victoria since the Productivity Commission's landmark 1999 report on Australia's gambling industries.

Since 1999, the Victorian Government has taken significant steps to reduce the harm caused by problem gambling. In particular, the Victorian Government has taken action on many of the issues identified by the Productivity Commission in its 1999 report. A list of these initiatives can be found in Appendix 1.

In 2004, the Victorian Government announced a formal review of Victoria's gambling industry. The objective of this review was to deliver the best outcomes for future generations of Victorians through the gambling licensing arrangements that will apply beyond 2012, when current licences for gaming machines, keno and wagering expire. The Victorian Government has already concluded the lotteries licensing phase of the review, granting two separate lotteries licences, introducing competition to the Victorian lotteries market for the first time in 54 years.

To further its efforts in reducing gambling related harm, in 2006 the Victorian Government released *Taking action on problem gambling*, a \$132.3 million five year strategy to combat problem gambling in Victoria. This strategy provides the basis for recent and ongoing initiatives to combat gambling related harm.

The Victorian Government is now at the forefront of both national and international efforts to combat problem gambling. For example, it recently announced new measures to prohibit ATMs from gaming venues from 2012, and to require all next generation gaming machines to have, from 2010, a mechanism that allows a player to pre-set time and loss limits.

The submission follows the structure of the Commission's *Issues Paper* (Productivity Commission 2008), although it does not attempt to answer directly all the questions posed in the *Issues Paper*.

It should be noted that while the submission refers to all gambling forms, it has a significant emphasis on the gaming machine industry. Whilst it is recognised that other parts of the gambling industry are important, the Victorian Government acknowledges that most public attention has been directed at gaming machines as a source of gambling related harm.

2. TAKING ACTION ON PROBLEM GAMBLING

Taking action on problem gambling, a 5 year strategy to address problem gambling, was released by the Victorian Government in October 2006.

Under this strategy, the Victorian Government committed \$132.3 million, which represents the largest funding commitment for problem gambling in Australian history.

Taking action on problem gambling incorporates public health and social regulation into problem gambling policy responses. It provides an integrated approach to consumer protection and the prevention, early intervention and treatment of gambling related harm.

Taking action on problem gambling identifies seven priority action areas:

- *Action area 1: Building better treatment services*
- *Action area 2: Ensuring a more socially responsible gambling industry:*
- *Action area 3: Promoting healthy communities*
- *Action area 4: Protecting vulnerable communities*
- *Action area 5: Improving consumer protection*
- *Action area 6: Enhancing the regulator*
- *Action area 7: Fostering gambling research.*

Significant progress across all action areas has been made to date.

A copy of *Taking action on problem gambling* is at Appendix 2. See Appendix 6 for the *2006-07 Progress Report*.



Taking action on problem gambling

Guiding principles

1. **Net community benefit**
Policies and strategies to address problem gambling must deliver a net community benefit to Victoria. The net benefit to the community will be measured by weighing up both social and economic considerations.
2. **A whole-of-community approach**
The prevention and minimisation of the harm caused by problem gambling requires a whole-of-government approach. It also requires the involvement of individuals, industry, communities and not-for-profit organisations.
3. **A long-term approach**
Problem gambling cannot be reduced overnight. It is a complex problem that requires a long-term investment and a coordinated approach. Problem gambling trends, and the effectiveness of strategies developed in response to those trends, may only emerge over time.
4. **An evidence-based approach**
Policies and strategies designed to respond to the harm caused by problem gambling must be evidence-based. They should be well founded and based on objective analysis, research and experience, from both local and overseas sources.
5. **A multi-faceted approach**
The complex nature of problem gambling requires a diverse range of responses that address problem gambling from public health, social regulation and consumer protection perspectives.
6. **Cultural relevance**
The design and delivery of prevention and harm minimisation strategies must meet the needs of all Victorians, including those from culturally and linguistically diverse and Indigenous communities.
7. **Open and informed decisions**
Decisions on gambling and strategies designed to respond to the harm caused by problem gambling should be informed and the reasons for decisions should be open and transparent.

Source: Taking action on problem gambling

3. GAMBLING LICENCES REVIEW

In 2004, the Victorian Government announced a formal review of Victoria's gambling industry. The objective of this comprehensive review was to deliver the best outcomes for future generations of Victorians, through the gambling licensing arrangements that will apply beyond 2012.

The review is to provide advice on:

- the electronic gaming machine and wagering licensing arrangements post 2012 and the broad approach and timing to implementing these arrangements
- the arrangements for the provision of keno
- the funding of the racing industry post 2012
- the broad financial and regulatory arrangements for the proposed licensing arrangements.

(See the *Review of the Electronic Gaming Machine, Club Keno and Wagering Licences and Funding Arrangements for the Racing Industry Post 2012* at Appendix 7).

In 2007, the lotteries licensing phase of the review was concluded when the Victorian Government granted two separate lotteries licences, introducing competition to the Victorian lotteries market for the first time and ending the previous 54-year monopoly.

In 2008, the review proceeded a step further by setting a landmark new direction for the gambling industry in Victoria. Under the new arrangements:

- approved hotels and clubs will bid directly for 10 year gaming machine entitlements, which will authorise venues to possess and operate gaming machines
- keno will be offered as a single specific 10 year licence
- a single stand-alone 12 year licence will be offered for wagering.

Licences to operate keno and wagering will be opened up to competition for the first time in Victoria's history. The future licensing approach for gaming also provides for greater competition, while seeking to spread the benefits of gaming more broadly.

The Victorian Government's decision in relation to the future of gaming, wagering and keno recognises that gambling in its various forms is a well-established and legitimate form of entertainment in Victoria.

It is an industry that employs thousands of people throughout the state and one that the Victorian Government wants to ensure is sustainable, promotes responsible gambling and has positive benefits for the community in the future. The Victorian Government will ensure that high standards of probity, transparency and accountability continue to be maintained under the new structures.

The new arrangements reshape the industry, offering a new competitive environment that will deliver direct benefits to the community on many levels, with the Victorian

Government's new responsible gambling measures serving to increase protection for those in the community most vulnerable to problem gambling.

State's guiding principles for gambling policy

In carrying out its task, the review is required to consider the Victorian Government's principles to guide future gambling policy and legislation. These principles are:

Consumer choice

The Government recognises that gambling is a legitimate recreational activity for many, and Victorians are entitled to expect the highest standards of choice and service from gambling providers in a competitive and innovative marketplace.

Community benefit

The Government is committed to ensuring that the legitimate financial benefits of gambling are transparent, recognisable, and fairly distributed to the community.

Harm reduction

The Government is committed to reducing the harm caused to people experiencing the effects of problem gambling, and recognises that the State, the gambling industry and community partners have a shared responsibility to deliver effective solutions.

High standards of transparency and accountability

The Government seeks to ensure the highest standards of transparency, probity, integrity and accountability in the development of evidence based gambling policy, and the community will be engaged on the decisions that affect them.

Sustainable Racing Industry

The Racing Industry is a vital part of Victoria's economic and social fabric. The Government is committed to providing an environment that promotes a viable and sustainable future for the Racing Industry.

Other reforms to the post 2012 gambling industry announced in April 2008 included introducing competition for the single keno and wagering and betting licences for the first time. These licence awarding processes are well underway, with the new keno and wagering and betting licences currently proposed to be awarded by the end of 2009 or early 2010.

The Independent Review Panel

The *Gambling Regulation Amendment (Review Panel) Act 2007* established the Independent Review Panel to implement a commitment by the Victorian Government to establish a panel of appropriately qualified people to independently and publicly report on the conduct of the review of Victoria's gambling industry.

The Independent Review Panel consists of four members, and is chaired by the Honorable Ron Merkel QC, a former Judge of the Federal Court. The Independent Review Panel has been actively and constructively engaged in reviewing the review process, in accordance with its functions under the *Gambling Regulation Act 2003*.

The Panel reports to the Minister on whether the review meets the high standards of governance and probity required by the Victorian Government.

The Independent Review Panel's reports are published on the Department of Justice's website after being tabled in Parliament.

From duopoly to venue operator model

In April 2008, the Victorian Premier announced a landmark decision about the future of Victoria's gaming industry. This announcement was that Victoria's gaming industry would transition to a venue operator structure in 2012. This new structure will allow venues to acquire and operate their own gaming machines. See Appendix 8 – *Gaming Machine Arrangements 2012 – Statement of Outcomes II* for further details.

This decision follows on from an independent National Competition Policy, review of gaming machine legislation, which concluded that the existing duopoly gaming operator structure was of a "highly anti-competitive nature" and lacked "public interest benefits, over more competitive structures" (Marsden Jacob Associates 2000, p.52).

The decision reshapes the gaming machine industry for the next generation to improve the focus on gaming machines at a community level. It also ensures maintenance of the economic benefits to Victorians stemming from employment and investment. The new structure gives direct control to venue operators. It will empower venue operators to take more responsibility for their own gaming machine decisions, and take more control over their business planning and development.

Venue operators will be able to respond more directly to consumer preferences and will be more accountable to their community.

The Victorian Government will utilise a competitive bidding process to allocate 27,500 gaming machine entitlements to approved venue operators. Each entitlement held by a venue operator will authorise that venue operator to operate one gaming machine for a period of ten years from 2012. A progressive tax structure will provide assistance to smaller venues with low revenues, and will deliver a tax-free threshold for clubs.

It is intended that a comprehensive education and training program will be made available to assist the industry to move to the new structure. The education program, with dedicated workshops and business assistance, will begin in the first half of 2009.

The Victorian Government has also decided that a single monitoring licensee will oversee the integrity of gaming machine transactions in gaming venues from 2012. The competitive awarding process for the new 10-year monitoring licence will start in 2009.

The gaming industry in Victoria will continue to operate in a tightly regulated market, to ensure that the highest level of integrity is maintained with respect to industry activity. Extensive probity checking will continue to be conducted by the VCGR.

4. GAMBLING IN VICTORIA

The gambling industry makes a significant contribution to Victoria, in terms of both economic activity and the role it plays in the social life of the Victorian community.

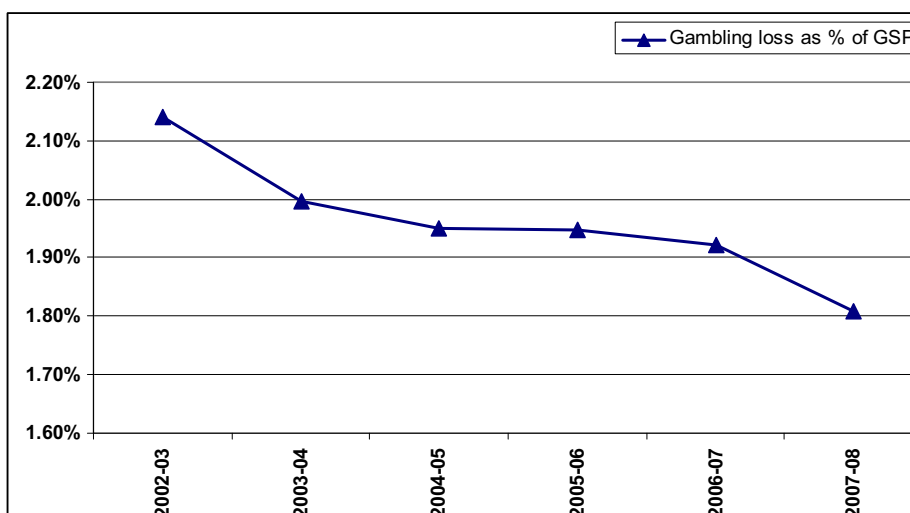
Over the past decade, gambling industries worldwide have undergone a period of rapid change with the emergence of new technologies, new regulatory structures and new business strategies. The gambling industry in Victoria has not been immune from these changes.

Like other Australian jurisdictions, Victoria has seen a consolidation of the major industry players as well as the challenges posed by the emergence of online casinos, mobile phone technologies and internet wagering. At the same time, the Victorian Government has made significant changes to the way the industry is regulated and has placed an increasing emphasis on fostering responsible gambling.

The gambling industry in Victoria expanded rapidly, following the introduction of gaming machines in 1992. However, in the decade since the Productivity Commission's first report into Australia's gambling industries, the industry in Victoria (particularly gaming) has matured, with a slowing of the growth in expenditure to the point where, in 2008, gaming expenditure grew at less than the rate of inflation.

As can be seen in Figure 1, the amount spent by Victorians on gambling, represented by player loss on all products, has been declining as a percentage of GSP since 2002-03.

Figure 1: Player loss as a percentage of Victorian GSP 2002-03 to 2007-08



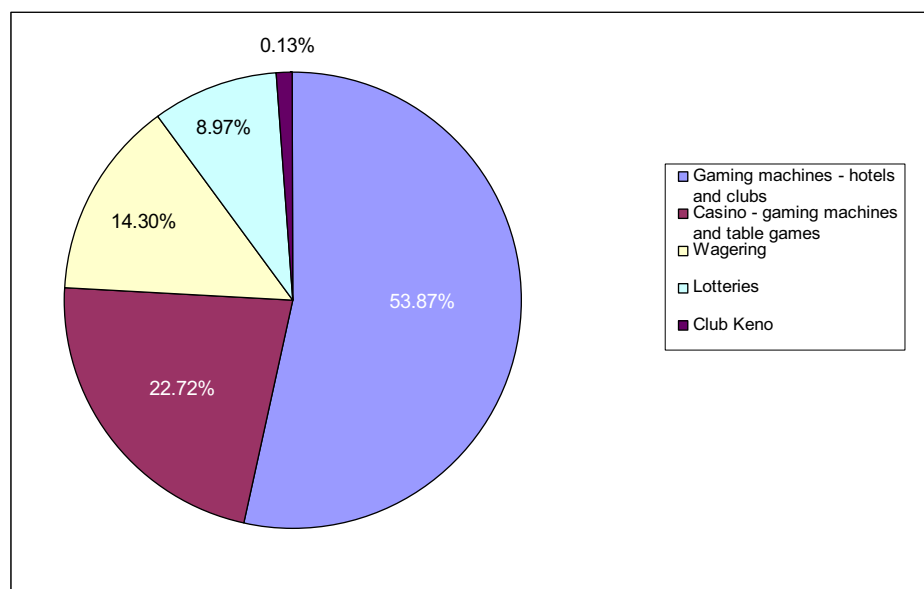
Source: Department of Treasury and Finance and VCGR Annual Reports 2003-08

Gambling products

The gambling products legally available in Victoria are gaming machines, public lotteries, wagering and betting, minor gaming, Calcutta sweepstakes, trade promotion lotteries, club keno, casino games and two-up.

Figure 2 illustrates the relative market share of each form of gambling by gambling expenditure in 2007-08.

Figure 2: Victorian gambling expenditure 2007-08



Source: VCGR

As the figure demonstrates, expenditure on gaming machines makes up a significant proportion of gambling expenditure in Victoria. The popularity of this form of gambling, as well as its relatively recent introduction into the Victorian market and its association with problem gambling behaviour, has inevitably led to a significant emphasis being placed on the impact gaming machines have on the Victorian community.

Gambling expenditure

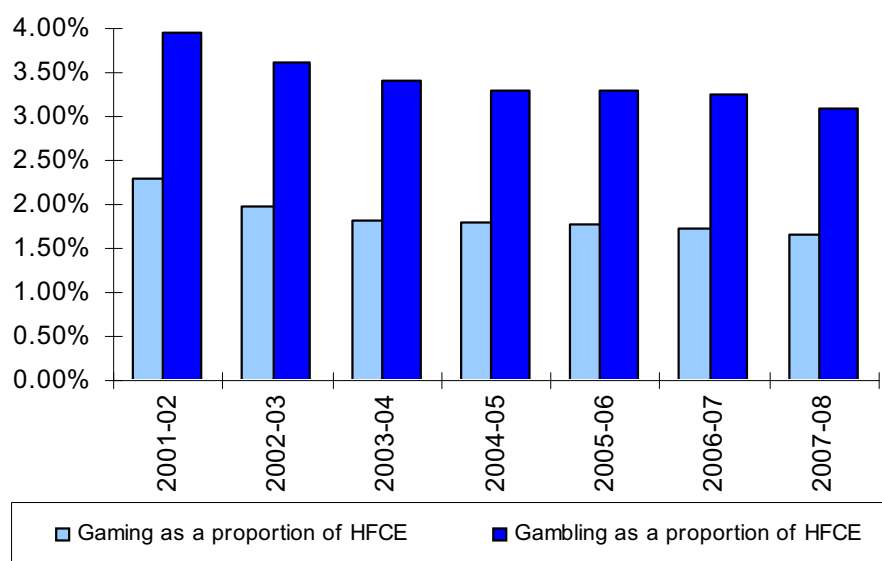
HFCE reflects spending by households on products or services to satisfy their current needs or wants. Both gambling and gaming have been declining as a proportion of HFCE since the end of the 2001-2002 financial year. Table 1 and Figure 3 illustrate this decline.

Table 1: Gambling (net) expenditure (all types) and gaming (net) expenditure as a proportion of HFCE 2001- 02 to 2007- 08(\$ millions).

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Gaming (net) expenditure	2,563	2,334	2,291	2,393	2,472	2,543	2,612
Gambling (net) expenditure	4393	4266	4276	4372	4585	4762	4848
Nominal HFCE	111,201	118,362	125,625	133,021	138,754	146,678	156,401
Gaming and gambling as a proportion of household final consumption expenditure (%)							
Gaming as a proportion of HFCE	2.30	1.97	1.82	1.80	1.78	1.73	1.67
Gambling as a proportion of HFCE	3.95	3.60	3.40	3.29	3.30	3.25	3.10

Source: Department of Treasury and Finance

Figure 3: Gambling (net) expenditure (all types) and gaming (net) expenditure as a proportion of HFCE 2001-02 to 2007-08



Source: Department of Treasury and Finance

Table 1 and Figure 3 show a marked decline in gaming (net) expenditure from 2.30 per cent in 2001-02 to 1.67 per cent in 2007-08. Over this period, there has also been a marked decline in the percentage of HFCE from all forms of gambling from 3.95 per cent to 3.10 per cent.

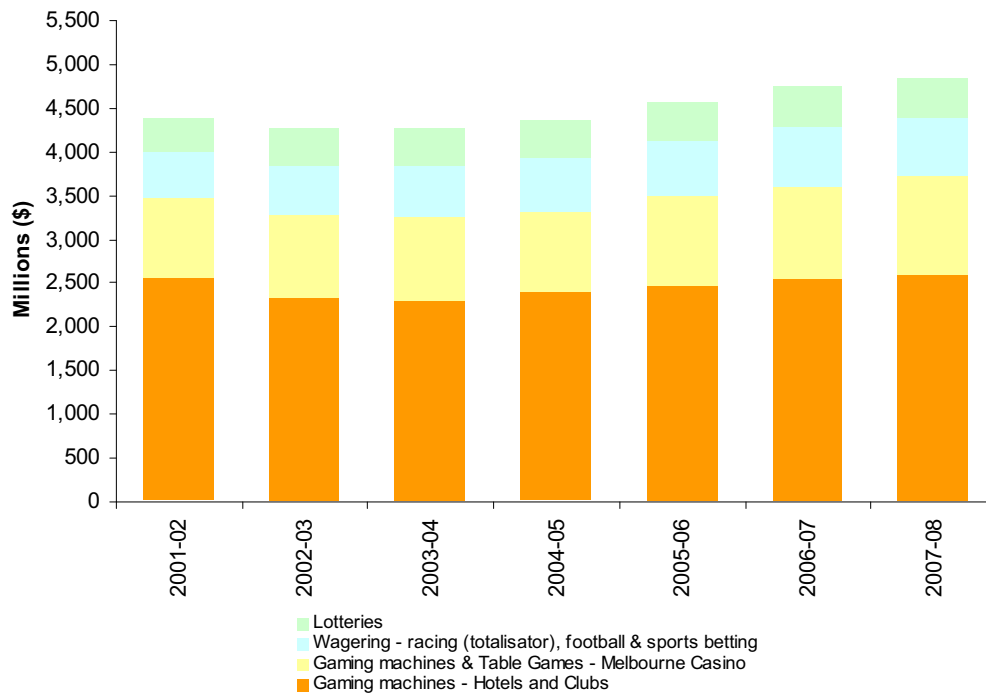
Table 2 and Figure 4 detail the (net) expenditure for each form of gambling from 2001-02 to 2007-08 and show that during that period the relative proportions have been reasonably stable.

Table 2: Gambling (net) expenditure 2001-02 to 2007-08 (\$ millions)

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Gaming machines: hotels and clubs	2,563	2,334	2,291	2,393	2,472	2,543	2,612
Gaming machines and table games: casino	911	952	964	922	1,027	1,062	1,101
Wagering: racing and sports betting	527	550	579	616	626	678	693
Lotteries	385	424	436	435	453	471	435
Club keno	7	6	7	7	6	7	7
Total	4,393	4,266	4,276	4,372	4,585	4,762	4,851

Source: VCGR

Figure 4: Gambling (net) expenditure 2001-02 to 2007-08



Source: VCGR

Gaming machine expenditure

As shown in Table 3, since 1999-00, both gaming (net) expenditure and gaming (net) expenditure per adult have fluctuated, although gaming (net) expenditure per adult in 2007-08 was significantly down from the high in 2001-02.

Table 3: Gaming (net) expenditure and gaming (net) expenditure per adult 2000 to 2008(\$)

	1999-00	2000-01	2001-02	2002-03	2003-04
EGM expenditure	2,170,581,995	2,366,016,584	2,562,820,950	2,334,294,514	2,290,929,976
Expenditure per adult	615	662	696	627	600
	2004-05	2005-06	2006-07	2007-08	
EGM expenditure	2,393,030,966	2,472,451,853	2,543,175,356	2,611,507,885	
Expenditure per adult	618	630	639	647	

Source: VCGR

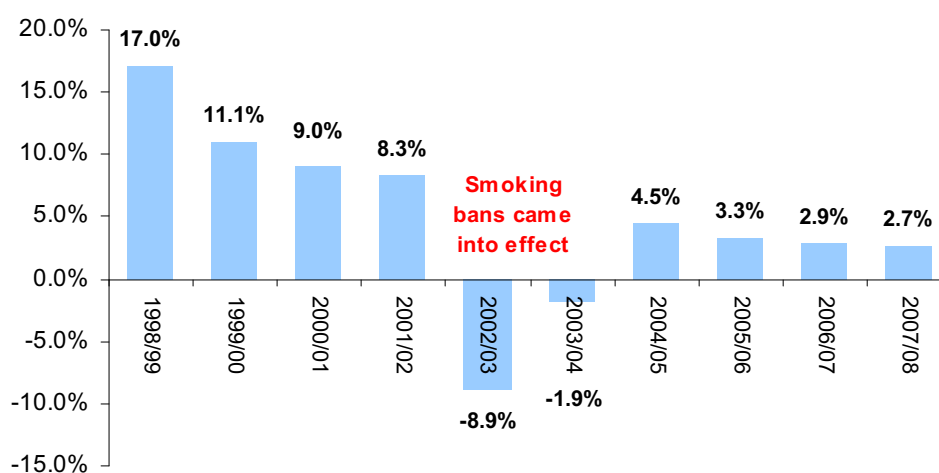
The Victorian Government introduced a ban on smoking in the gaming area of clubs and hotels on 1 September 2002 as a public health initiative. While the motivation to introduce smoking bans was the health and wellbeing of Victorians, the bans had a significant impact on gaming (net) expenditure, as is demonstrated by Table 4 and Figure 5.

Table 4: Percentage change of gaming (net) expenditure 1998-99 to 2007-08

	1998-99	1999-00	2000-01	2001-02	2002-03
Gaming machine expenditure (\$)	1,954,271,215	2,170,581,995	2,366,016,584	2,562,820,950	2,334,294,514
Percentage change on previous year	17.0	11.1	9.0	8.3	-8.9

	2003-04	2004-05	2005-06	2006-07	2007-08
Gaming machine expenditure (\$)	2,290,929,976	2,393,030,966	2,472,451,853	2,543,175,356	2,611,507,885
Percentage change on previous year	-1.9	4.5	3.3	2.9	2.7

Source: VCGR

Figure 5: Percentage change of gaming (net) expenditure 1998-99 to 2007-08

Source: VCGR

As can be seen from Figure 5, the rate of growth in gaming (net) expenditure has slowed significantly from 1998-99 and, although it has recovered from the negative growth experienced as a result of the introduction of the smoking bans, it is nowhere near pre-smoking bans levels and has continued to decline. This decline is likely to be a product of both the effect of the Victorian Government's harm minimisation measures and the maturing of the gaming market.

Nominal and real gaming (net expenditure) 1999-00 to 2007-08

Table 5 shows gaming machine (net) expenditure in nominal and real terms. Gaming machine (net) expenditure has fallen in real terms, using both the Melbourne and Australian consumer price index as a deflator.

Table 5: Nominal and real gaming (net) expenditure 1999-00 to 2007-08 (\$ millions)

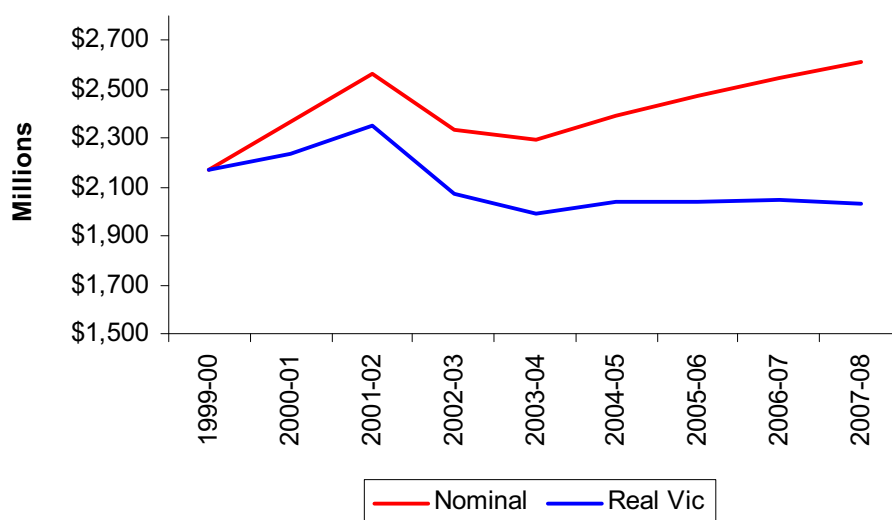
	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Nominal	2171	2366	2563	2334	2291	2393	2472	2543	2612
Real (Melb)	2171	2232	2351	2075	1991	2039	2043	2048	2031
Real (Aust)	2171	2233	2351	2077	1992	2031	2033	2032	2018

Base year: 2000

Deflator: Australian and Victorian Consumer Price Index

Source: VCGR

Figure 6: Nominal and real gaming (net) expenditure 1999-00 to 2007-08



Source: VCGR and Australian Bureau of Statistics (Melbourne CPI used as the deflator)

Figure 6 shows the nominal and real net gaming machine expenditure using Melbourne CPI as the deflator. From 2004-05 onwards, gaming machine (net) expenditure has risen in nominal terms but in real terms gaming machine net expenditure is lower than 2000 levels.

Both nominal and real net expenditure peaked in 2001-02 before a sharp decline following the introduction of the smoking bans in 2003. In 2004-05, nominal net expenditure began to rise. However, real net expenditure has been stable and is substantially lower than pre-2002 growth levels.

Contribution to the Victorian economy

While the Victorian Government places significant emphasis on addressing problem gambling, it also recognises that not every dollar spent on gambling is a dollar of harm and that for the vast majority of Victorians gambling is a legitimate and enjoyable recreational activity.

The Victorian Government recognises the important contribution that the gambling industry makes, directly and indirectly, to the Victorian and Australian economies.

Direct contribution

Over 15,000 people are employed at clubs and hotels with gaming machines, the Melbourne casino and TAB agencies, while the racing industry is an important source of employment in rural and regional Victoria.

Gambling, like any form of consumption, stimulates economic activity. Consumer expenditure on gambling can be associated with:

- the creation of employment by gambling providers and their supplier industries
- capital investment in venues, race tracks and other premises where gambling is provided
- manufacturing (of machines and other fittings)
- similar injections into ancillary industries.

It is worth making the point that the introduction of gaming machines in Victoria boosted employment in hotels and clubs in Victoria (O'Neil et al. 2005).

Gaming is only one element of the broad range of entertainment options offered in a hotel or club. Given that most people in Victoria gamble as part of a social outing (McMillen 2004), spending on gaming machines is therefore accompanied by spending on food, beverages and other entertainment, generating flow-on economic activity and employment.

However, gambling industry employment has been found to be 'low-intensity employment'. A 2000-01 Australian Bureau of Statistics study of licensed venues with gambling facilities found that, per dollar of takings, over twice as many jobs were created by beverage sales as by the gambling facilities within the venue. Meals and food sales were found to have created more than six times as many jobs in the venue as gambling (O'Neil, et al 2005).

Further, while gambling industry employment is 'low intensity' it should be noted that the revenue earned from gaming machines has enabled venue facilities to be improved, which creates benefits for significant numbers of customers and increased employment in other parts of the venue and in ancillary employment in industries like construction. (O'Neil et al. 2005).

Gambling facilities and events (such as the Melbourne casino and the Melbourne Cup) provide an important economic stimulus to the Victorian economy as a whole, via their contribution to Melbourne as a tourist destination.

Indirect contribution

Gambling taxes help to fund some of the essential services that the Victorian Government provides for all Victorians, including vital health services, community projects, problem gambling services and community education initiatives. For example, the 2008-09 budget estimates that 82 per cent of 2008-09 gambling tax revenue or \$1.4 billion will go back into the community via the Hospitals and Charities Fund, the Mental Health Fund and the Community Support Fund.

All of the taxes from gaming machines are appropriated to the Hospitals and Charities Fund and the Mental Health Fund, while hotels with gaming machines pay an additional 8.33 per cent of player loss in tax, which is directed to the Community Support Fund to fund a diverse range of community programs. A levy on each gaming machine is also paid into the Hospitals and Charities Fund. Taxes raised from public lotteries, and keno are applied to both the Hospitals and Charities Fund and the Mental Health Fund, while wagering taxes are paid to the Hospitals and Charities Fund.

While acknowledging that the gambling industry makes an economic contribution to the Victorian economy, the Victorian Government also recognises the inherent difficulties in accurately quantifying that contribution.

As stated by Associate Professor Paul Delfabbro in the *A Review of Australian Gambling Research* (GRA 2009):

At present, there is no consistently agreed-upon conceptual framework for undertaking economic impact research in Australia. Instead, researchers have tended to employ different economic approaches and sources for data for their analyses (p.11).

The lack of primary data and a uniform approach to appropriate economic modelling has resulted in the research undertaken in this area being of limited value. In particular, the gaps in data mean that the exact cost of gambling to consumers, the elasticity of demand and the nature and extent of linkages to other industries are largely theoretical, or even opinion-based.

Some exceptions can be found in smaller local area studies undertaken in the last decade. Even in these smaller studies, however, the focus has been on basic input-output linkages and the connection between the accessibility of gaming machines, revenue and problem gambling.

In *Social and Economic Impact Study into Gambling in Tasmania* (South Australian Centre for Economic Studies 2008), the net economic impact of gambling was estimated to range from an economic loss of \$62.7 million to an economic gain of \$75.5 million per annum (p.x).

The report states:

The choice of different assumptions around the social costs to problem gamblers, or in the calculation of consumer surplus (particularly the choice of the price elasticity of demand), could lead to a different balance of costs and benefits (p.x).

The wide range of net economic impact identified in the report reflects the difficulty in estimating economic and social benefits and costs, which can vary significantly according to the assumptions made. The report also utilises a consumer surplus component in their analysis and did not employ any sophisticated economic modelling techniques such as computable general equilibrium modelling.

Further, no values were assigned to employment, investment or economic activity in terms of a net contribution or cost with the report noting that there is little evidence of any net economic benefits from gambling through expenditure, investment, employment and tourism. These benefits were assessed to be transfers from one activity to another with no overall net gain to the economy.

However, the report notes that there is little or no evidence that gambling has negatively impacted on other areas of the economy such as the retail sector. Essentially assigning zero values to impacts because of an assumed neutral effect in the absence of effective evidence to the contrary partly explains the net impact range cited in the report and is illustrative of the current dilemma in measuring net economic impact in the absence of significant primary data.

5. PARTICIPATION AND PROFILE OF GAMBLERS

How many Victorians gamble?

The Victorian survey of 8,479 adults conducted in April and May 2003 for the *2003 Victorian Longitudinal Community Attitudes Survey* (McMillen 2004), found that 77.4 per cent of resident Victorian adults had participated in at least one gambling activity in the previous 12 months. This is a decrease from the 81 per cent overall participation rate in Victoria reported by the Productivity Commission in its 1999 national survey.

Among Victorians surveyed gambling participation levels were highest among:

- single parents (86.0 per cent)
- separated or divorced people (84.3 per cent)
- people on medium incomes (83.4 per cent)
- full-time workers (80.1 per cent)
- self-supporting retirees (79.2 per cent)
- rural residents (78.9 per cent).

The levels of gambling participation were lowest among:

- two-parent families (74.9 per cent)
- CAE/university educated (74.3 per cent)
- people older than 65 years (72.6 per cent)
- business owners (69.5 per cent)
- students (55.1 per cent).

The following groups tend to participate in a higher number of gambling activities compared with the Victorian average (2.3 activities):

- regular gamblers (3.78)
- 18–24 year olds (2.83)
- students (2.83)
- group households (2.57).

The most popular gambling activities pursued by Victorians were:

- lotteries (60.5%)
- bought instant scratch tickets (33.9%)
- electronic gaming machines (33.5%)
- wagering (28.2%).

Definition of problem gambling

The Victorian Government has adopted the following Australian Ministerial Council on Gambling definition of problem gambling:

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

(Neal, Delfabbro and O'Neil 2005, p.(i)).

Whilst there are a number of definitions of problem gambling, the definition adopted by the Ministerial Council on Gambling recognises that problem gambling is appropriately addressed within a public health framework. It recognises that the adverse consequences of problem gambling result in harm being caused to the individual gambler and his or her family, friends and work colleagues.

Measuring the prevalence of problem gambling

The challenge of defining problem gambling is complicated by the difficulty of measuring whether an individual has a problem. The identification of an individual's problem gambling status requires the application of a screen or tool which can be either clinical in nature or designed for general population use.

The SOGS was based on the DSM, version three revised (DSM-III R) screen and was initially designed to screen psychiatric patients for gambling problems. DSM-III R is a clinical tool used primarily for use within a clinical setting to define pathological gambling.

There have been many independent checks on the use of DSM tools and SOGS itself. Both tools were originally designed as screening tools for clinical patients and have been found to be wanting in their applicability to population prevalence surveys (Neal, Delfabbro and O'Neil 2005, p.73). Although shorter than the DSM II R upon which it was based, SOGS uses an underlying dependence model (for example, alcohol), an approach which has brought its direct applicability to gambling into question (Neal, Delfabbro and O'Neil, 2005, p.78).

It has been found that SOGS gives rise to false positives when used in community surveys (that is, it has a tendency to define gamblers as problem gamblers when further testing shows them as not having a problem) (Neal, Delfabbro and O'Neil 2005, p.77). Despite this, SOGS was used in prevalence studies until 2001 as there was no existing screen designed specifically for population surveys.

The CPGI was developed partly as a response to the shortcomings of the SOGS. Its developers attempted to design a more appropriate tool for use in prevalence surveys of the general population, including those typically under-represented groups in clinical samples and those who are less typical problem gamblers. CPGI also aims to better address the social and environmental contexts of problem gambling and to include the

measurement of correlates of problem gambling, which provides a better understanding of problem gamblers (Ferris and Wynne, 2001).

The Victorian study *2003 Victorian Longitudinal Community Attitudes Survey* (McMillen 2004) compared three screens: SOGS, the Victorian Gambling Screen (VGS)* and the CPGI.

The conclusions of this study were that:

- SOGS is an unsatisfactory instrument to measure the prevalence of problem gambling in the general population and that SOGS be replaced as the screen of choice in future Victorian and Australian population surveys.
- VGS was an improvement on SOGS, specifically in terms of one-dimensionality, internal consistency, item distributions and, to some degree, construct validity, and that the content of VGS and its definition of problem gambling did not differ much from SOGS, contrary to claims of a departure from that theoretical model.
- CPGI demonstrated at least equally good qualities on all these dimensions, plus better classification validity and that overall CPGI demonstrated the best measurement properties of all three gambling instruments investigated in the study.

(McMillen 2004, p.12)

The CPGI is now the commonly accepted tool of choice in population studies. Since 2001, every major prevalence study conducted by Australian jurisdictions has used the CPGI (strictly speaking the nine scored questions of the CPGI known as the Problem Gambling Severity Index (PGSI)). Victoria's current epidemiological study (yet to be published), which will provide a current prevalence estimate, also uses this screen.

In *A Review of Australian Gambling Research – Implications for inter-jurisdictional public policy and regulation*, a report for Gambling Research Australia, published in March 2009, Associate Professor Paul Delfabbro states that:

... the consistency of these estimates across the country suggests that State-based prevalence studies of gambling behaviour are quite comparable at a national level... an important reason for this is that all recent surveys have been of a sufficient magnitude as to provide only a limited margin of error (standard error) around the estimated proportions. All major prevalence surveys conducted since 2000 have involved samples of over 6000 cases with many having more than 15,000 (Delfabbro 2009, p.44).

* The VGS is a screen developed for the Victorian Casino and Gambling Authority which sought the development of a new problem gambling screen that would be based on a definition of problem gambling relating to the harmful consequences of problem gambling and that was more appropriate for the Australian context where gambling is relatively widespread and accepted.

Victoria's prevalence of problem gambling

In 1999, the Productivity Commission estimated that 2.14 per cent of adult Victorians were problem gamblers. This prevalence rate was calculated using SOGS. The total Victorian sample in the national gambling survey was approximately 2,200 (Productivity Commission 1999, vol 3, p.F18).

In 2004, a survey conducted for the Victorian Government by ANU found that 1.12 per cent of adults, or 43,957 Victorians, have serious problems with their gambling also using the SOGS screen. The total sample used was 8,479 (McMillen 2004).

The application of SOGS to regular gamblers was the same in both surveys, but the Productivity Commission's survey included some non-regular gamblers who spent on average \$80 per week on any gambling product, in recognition that excessive gambling may occur outside of the regular gambler cohort. However, the \$80 per week filter does not relate to the income levels of the respondents and therefore omits any measure of capacity to gamble. The Productivity Commission itself recognised this as a weakness (Productivity Commission 1999, vol 3, p.F9).

In its *Issues Paper* (2008), the Productivity Commission said that the reduction in the Victorian prevalence rate from 1999 to 2004 may be due to methodological differences in the surveys (pp.17-18). However, these surveys have more in common methodologically than is acknowledged in the *Issues Paper*. These studies use the same screen and, apart from a minor sub-sampling difference, both studies apply that screen to regular gamblers who are defined in the same way. The Victorian Government's view that there is evidence of a reduction in the prevalence rate in Victoria is a credible one, as the studies are directly comparable.

Victoria's new prevalence study

The Victorian Government recognises the importance of developing a reliable body of knowledge about gambling and problem gamblers, including the prevalence of problem gambling in the Victorian community.

To this end, the Government has commissioned a major new epidemiological study for Victoria. The field work for this study has recently been completed and involved a survey of 15,000 Victorian adult respondents randomly chosen through a random digit dialling process using a computer-assisted telephone interview process. The CPGI was used to ensure comparability with other Australian jurisdictions and because it is widely-recognised as the best population screen for prevalence studies.

The methodology being used in the epidemiological study is:

- the total sample is drawn from all Victorian regions and postcode place of residence was collected for accurate weighting purposes
- all respondents who have gambled, even if only on lotto or scratch tickets, in the past 12 months are screened using the CPGI regardless of how regularly they participated in any gambling activity

- the questionnaire and sample design are consistent to enable geospatial data analysis replicating a public health/bio-statistical approach to the prevalence and distribution of problem gambling throughout Victoria.

The results of this study are due in the near future and will be provided to the Productivity Commission when available.

Recent inter-jurisdictional comparisons of prevalence

Every prevalence survey undertaken by Australian jurisdictions since 1999 has used the CPGI as the population screen to estimate the presence of problem gambling in their respective adult populations. The size of the samples in the various prevalence studies have been such that sampling errors have been minimised and a top-level comparison between jurisdictions can be made.

Table 6 below shows the various problem gambling prevalence studies undertaken in Australian jurisdictions since 1999 by screening tool.

Table 6: Recent problem gambling prevalence by jurisdiction from 1999

	Problem gambling prevalence rates (% adult population)			
	1999 Productivity Commission SOGS 5+	CPGI Rate	Year	SOGS
	Victoria	2.14	0.97	2003-04
New South Wales	2.55	0.8	2006	
Queensland	1.88	0.47	2006-07	
South Australia	2.45	0.4	2005	
Western Australia	0.70			
Tasmania	0.44	0.54	2008	
ACT	2.06	-	2001	1.9 (SOGS 5+) 0.5 (SOGS 10+)
Northern Territory	1.89	0.64	2005	1.06

Sources: Productivity Commission 1999; Centre for Gambling Research ANU 2004; Office of Liquor Gaming and Racing NSW 2006; Queensland Office of Gaming Regulation 2007; Department of Families and Communities South Australia 2005; Department of Treasury and Finance, Tasmania 2008; Charles Darwin University, (Northern Territory Prevalence study) 2005.

These studies show that the prevalence in each jurisdiction's adult population (with the exception of Western Australia where no prevalence work has been undertaken since 1999) range from 0.4 per cent to approximately 1 per cent.

Jurisdictional differences in problem gambling rates appear minimal, which highlights the need for a more sophisticated analysis of the relationship between per capita gambling expenditures (especially relative gaming expenditure) and movements in problem gambling prevalence over time, as this relationship is neither strong, nor linear.

The universal use of computer-assisted telephone interviewing as the data collection methodology adopted in jurisdictional prevalence studies, together with the use of the CPGI, enables further analyses to be undertaken and conclusions drawn as to what is occurring nationally, even with the point-in-time differences (Deffabro, 2009, pp.58-59).

Adaptation theory and problem gambling

In 2006, Professor Max Abbott in *Do EGMs and problem gambling go together like a horse and carriage?* (Abbott, 2006) posited an adaptation theory of problem gambling.

The exposure theory of gambling is the widely held idea that because participation in gambling activities (especially in gaming machine gambling) is a necessary condition for the development of gambling problems, it is therefore reasonable to expect that increased availability will lead to increased gambling involvement and therefore increased gambling problems and related harms. Abbott stresses that while exposure to the agent (gambling) is a necessary condition for a given disorder (problem gambling), it is rarely sufficient:

Using a public health framework, Abbott (2006) proposes an adaptation theory of problem gambling, which suggests that:

- previously unexposed individuals are at high risk of developing problem gambling
- over time, adaptation (that is, immunity and protective environmental changes) occur and problem levels reduce even in the face of increasing exposure
- public health and regulatory measures can accelerate adaptation
- while strongly associated with problem gambling, gaming machines give rise to more transient problems.

In short, exposure theory contends that the greater an individual's involvement in gambling the greater likelihood of harm, while adaptation theory suggests that individuals develop a suite of coping mechanisms that can ameliorate the negative consequences of exposure to gambling.

Abbott's theory is that individuals and populations adapt to exposure over time and that prevalence rates may level out or decline even in the face of increasing availability. Recent analysis of prevalence studies, examination of contextual factors, replication surveys and prospective studies all provide support for the adaptation theory of problem gambling, especially in relation to gaming machine gambling and exposure. The observed decline in the prevalence rate in Victoria between 1999 and 2004 would seem to support this theory, given the comparatively recent and rapid introduction of gaming machines in Victoria since 1992. In addition, real (net) gaming expenditure levels are substantially lower than in 1999-00, indicating a level of market maturity.

Who are the problem gamblers?

Since the Productivity Commission's 1999 inquiry, Victoria and other jurisdictions have identified some key characteristics of problem gamblers. The evidence suggests that the problem gamblers are poly-gamblers who can be differentiated from the general adult population because they:

- tend to be male
- tend to be younger (although this is not entirely the case in all samples drawn)
- have relatively lower levels of education (secondary school)
- are more likely to be unemployed than other groups and have a relatively lower level of income
- are more likely to be divorced, separated or single and live in a group or lone person household
- are more likely to be from a non-English speaking background
- have a higher level of associative psychological conditions such as depression.

(A.C Nielson, 2006); (McMillen J, 2003), (O'Neil M, et al 2008); (SA Dept. for Families and Communities, 2006)

Estimating the expenditure of problem gamblers

In 1999, the Productivity Commission estimated that problem gamblers accounted for about one-third of all gambling losses in Australia (Productivity Commission 1999, vol. 3, app. p.13). Of this, gaming machines (over 42 per cent) had the largest share, followed by wagering (33 per cent).

The Productivity Commission arrived at this estimate using data obtained from its own National Gambling Survey, together with aggregate data obtained from the Australian Gambling Statistics. Adjustments were made for the underestimation of total gambling expenditure as shown in the national statistics.

The Victorian Government has doubts about this estimate.

One concern about the methodology used by the Productivity Commission concerns its assumptions about the gambling behaviour of problem gamblers according to gambling product type and the notion that a problem gambler may have a problem with one form of gambling but not with another (p. 8). This raises the question of whether the level of expenditure by product should be taken into account when considering a person's gambling risk. For example, there may be higher expenditure levels associated with some products (such as gaming machines), while expenditure on other products (such as bingo) may be purely recreational in nature and such expenditure may be more comparable to money spent on other forms of entertainment, like seeing a movie or having a meal (p.8).

As problem gamblers gamble on many products, their individual expenditure on any one product may be less than average. However, even that expenditure needs to be seen in the broader context of the harm being experienced.

Further, the Productivity Commission conceded that its 1999 survey results underestimated player losses by 25 per cent. However, when looked at product by product, this underestimation is not uniform: it over-enumerated for products like lotteries and under-enumerated products such as gaming machines and wagering. This affects the efficacy of the method used to estimate problem gamblers' share of total expenditure.

The Productivity Commission used the relevant gambling shares of player losses calculated from its national survey and then applied them to the relative shares of total player losses in Australia as reported by jurisdictions.

In addition to the divergence of expenditure estimates from the survey and the official statistics, the sample itself has errors (as with any sample) that, as noted by the Productivity Commission, affect its reliability and accuracy of the data. Indeed, the questions in the survey ask respondents to state how much money they usually lose and this was the primary source for estimating expenditure for each gambling product. These type of questions are known to elicit inaccurate responses for many reasons, not the least of which is the lack of reliability in self-report data.

Therefore, determining the proportion of gambling expenditure derived from problem gamblers is difficult, partly due to the underestimation of total gambling expenditure from surveys compared to official statistics and how much of this expenditure is attributable to problem gamblers according to gambling product. Another layer of complexity is that no distinction is made between expenditure that falls into a benign recreational category where a modest amount of money is spent on a gambling product and a level of expenditure that is an indicator of risky gambling behaviour.

In the absence of an analysis of expenditure levels relative to income the Productivity Commission survey does not give a clear indication of the level of harm that may be associated with expenditure on particular products, only that some gamblers spend more on some products than others.

Thus, current published research does not shed light on the level of expenditure attributable to problem gamblers. The more salient issue, given that the financial resources of problem gamblers are finite, is the rate of new problem gamblers in any given period (or incidence). This can only effectively be measured in longitudinal studies.

It is important to note that this issue is an international one. Studies aimed at measuring the proportion of gambling expenditure accounted for by problem gamblers need to be able to match reported expenditures with actual government and industry revenues. An underestimation of total gambling expenditure in studies makes the estimation of expenditure attributable to problem gamblers lack validity (Williams and Wood 2004, pp. 33-45).

Impacts of problem gambling

The Victorian Government acknowledges the significant and serious impacts of problem gambling on gamblers, their families, friends and colleagues, and on the community as a whole.

Measuring impacts is one way of understanding gambling related harm. The severity of the problems experienced by a problem gambler is influenced by individual characteristics and circumstances. For example, the financial impact of a person's gambling expenditure will differ according to the person's income. In circumstances where mental health problems, drug and alcohol dependency and problem gambling co-exist, it is challenging to determine which problems developed first, and the role they play, both individually and collectively, in creating negative consequences for the individual.

For this reason, a public health approach to problem gambling requires understanding of causality and pathways to problem gambling in order to inform policy makers and program developers of appropriate early intervention and prevention strategies which assist in preventing harm being caused in the first place.

As noted in the Productivity Commission's 1999 report:

The most effective way of identifying causal pathways relating to apparent adverse outcomes for problem gambling would be a longitudinal study of gamblers (p.7.9).

To this end, the Victorian Government has funded Australia's first three year longitudinal study which commenced with the planning stage in 2008.

The major objectives of the longitudinal study are:

- to measure the incidence (i.e. number of newly diagnosed cases in a specified time period) of problem gambling
- to estimate the rate of transfer of people from one gambling risk category to another
- to understand the risks and vulnerabilities related to changes in gambling status and understand these in the context of broader socio-demographic variables such as gender and cultural background.

Other objectives of the study include:

- to explore the problem gambling pathways
- to explore the aetiology of problem gambling
- to investigate the incidence of cessation or remission
- to explore the temporal association between problem gambling and co-occurring disorders
- to consider demographic, social, legislative, and contextual factors and their associations with problem gambling

- to consider behaviours and gambling motivations and their impacts on problem gambling.

Personal impacts of problem gambling

There is substantial evidence about the co-existence of problem gambling behaviour with psychological illnesses such as depression, anxiety and suicide ideation. Depression and anxiety may be as much a cause as they are a symptom of problem gambling.

For example, in a recent study conducted by Professors Jackson and Thomas *Risk And Protective Factors, Depression and Co-morbidities In Problem Gambling* (Thomas and Jackson, 2008), the risk of depression in the problem gambler group was identified as 71.4 per cent and, using a general psychological test (Kessler 10), 35.7 per cent of problem gamblers have a “severe mental disorder”.

There is also evidence that substance abuse - mainly of alcohol and tobacco - is associated with problem gambling and some research has found that anxiety may mediate the relationship between smoking and problem gambling (Rodda, Brown and Phillips, 2004). The Jackson and Thomas study also showed, using a standard alcohol usage screen, that half the problem gambling group in their survey were rated as having “likely hazardous alcohol use” (Thomas and Jackson, 2008, p.9).

The prevalence study currently being undertaken on behalf of the Victorian Government contains standard screens for psychological wellbeing, depression, smoking and alcohol use.

In a data collection project undertaken by the Alfred Hospital, approximately 8.4 per cent of people presenting at the Alfred Psychiatric Centre were assessed as having a gambling problem, more than eight times the rate in the general adult population (Chow-Fairhall and Watkins, 2006).

Therefore, while the order in which these problems develop in is unclear, the co-existence of mental disorders and problem gambling behaviour is well established.

Social impacts of problem gambling

It is recognised that problem gambling impacts on relationships of all types and most jurisdictional prevalence studies since 1999 have collected data on the effect of gambling on relationships. However, there is little agreement on how to differentiate the severity of the impacts.

In the Victorian study *The Experiences of Problem Gamblers, Their Loved Ones and Service Providers* (New Focus, 2005), the majority of respondents reported that their problem gambling had a serious impact on their family and/or loved ones. Of the 14 respondents in the follow-up qualitative phase of the project, seven stated that they had become distanced from their families, five had lost contact with their immediate family altogether, and two reported having lost their partners. Furthermore, problem gamblers indicated that their interpersonal relationships have tended to be

characterised by lies, deceit and arguments over money. Excessive time spent at venues is also a contributing factor to relationship difficulties.

Employment impacts of problem gambling

The Victorian Government acknowledges that this area is not well researched and that only the broad impacts of problem gambling on employment have been investigated in prevalence studies.

There is, however, evidence that problematic gambling behaviour affects the job status and performance of problem gamblers. In Victoria, almost half of the male problem gamblers (and 11.5 per cent female) in the *2003 Victorian Longitudinal Community Attitudes Survey* (McMillen 2004, p.111) indicated that their gambling problem had adversely affected their performance at work. Nearly 4 per cent of female problem gamblers stated that they had been dismissed from their work as a consequence of their gambling problem. Approximately 7 per cent of males and 4 per cent of female problem gamblers stated that their problem had resulted in them changing their jobs.

In the South Australian study *Gambling Prevalence in South Australia* (Department of Families and Communities 2005) approximately 32 per cent of problem gamblers said that in the last 12 months their gambling had adversely affected their work performance, over 16 per cent stated that they had changed jobs as a result of the same problem and over 15 per cent stated that they had lost their job because of their gambling (South Australian Department of Families and Communities 2005, pp.134 – 135).

Financial impacts of problem gambling

The questions attempting to identify the impacts of gambling on the financial life of gamblers are contained in the CPGI, SOGS and the DSM-IV, and are integral to the assessment of whether someone has a problem with their gambling. Spending more than one can afford is an obvious indicator of harm but it is affordability rather than the amount being spent that is critical. However, studies aiming to measure the financial commitment problem gamblers make to their gambling have been shown to be inaccurate as self-reporting often understates the amount spent.

In the *2003 Victorian Longitudinal Community Attitudes Survey* (McMillen, 2004) report, regular gamblers were asked to state what they would have done with the money spent on gambling had they not used it to gamble. The most common response was that they would have used it to pay bills or credit cards debts, saved it, spent it on other forms of entertainment and recreation, or on personal items, restaurants or take away food.

These results need to be cautiously interpreted as it may be too challenging for respondents to accurately identify alternative uses for their gambling expenditure.

Legal impacts of problem gambling

It is difficult to assess the legal impacts of problem gambling. There are studies that link problem gambling to criminal activity but these suffer from poor data sources as the direct link between the offence and problem gambling is confounded by other associative factors (Sakurai and Smith, 2003 p.6).

Studies which have examined court and police records provide a more interesting insight into crime linked with problem gambling. However, even these are of variable quality and the collection of data not uniform. Essentially, investigations into cases involving fraud have found that obtaining finance or credit by deception is the most common crime (Crofts, 2002)

Recognising the lack of reliable data in this area, the Victorian Government has recently provided a grant under its gambling research grants program to examine the link between the availability of gambling opportunities and the development of problem gambling behaviours and links to offending behaviour. This research will examine how these problem gambling behaviours are affected by the number and distribution of gaming products and venues in Victoria. The study will detail the characteristics communities possess that insulate them against the negative impacts of gambling.

6. TAXATION

Victorian Taxes

The Victorian Government applies tax to all forms of gambling in Victoria except minor gaming, raffles, bingo and lucky envelopes. Regulatory restrictions are imposed on the supply of gambling products in Victoria to minimise potential social costs. As a consequence of restricted supply however, the gambling industry has the ability to generate profits which exceed the operating costs and a normal return on the capital investment at the expense of consumers.

By taxing the gambling industry, the government has the capacity to reclaim a share of these 'supernormal profits' on behalf of the community.

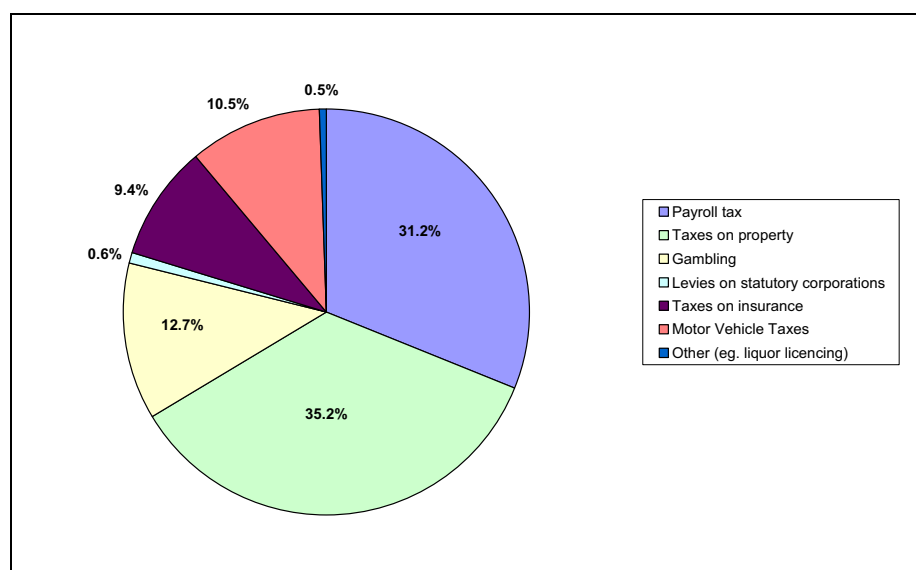
Table 7 sets out tax estimates by tax type for 2008-09 and estimates that gambling tax revenue will account for 12.7 per cent of total state taxes in 2008-09. This compares to property tax revenue estimates accounting for 35.2 per cent and payroll tax revenue estimates accounting for 31.2 per cent of all state taxes.

Table 7: Tax estimates (by tax type) 2008-09

	Payroll tax	Taxes on property	Gambling taxes	Levies on statutory corporations	Taxes on insurance	Motor vehicle taxes	Other (e.g. liquor licensing)
2008-09 budget estimates							
Millions (\$)	4012.9	4533.4	1630.2	73.7	1212.3	1357.3	60.3
Per cent	31.2	35.2	12.7	0.6	9.4	10.5	0.5

Source: Victorian Budget Update 2008-09

Figure 7: Tax estimates (by tax type) 2008-09



Source: Department of Treasury and Finance

Gambling taxes as a proportion of Victorian government revenue

Table 8 shows that, as a proportion of total Victorian general government revenue, gambling and gaming tax revenue has fallen over the last decade. In 1999-00, gaming machine taxes accounted for 4.2 per cent of Victorian government revenue and gambling taxes (including gaming machine taxes) accounted for 6.9 per cent. By 2007-08, these proportions had fallen to 2.7 per cent and 4.3 per cent respectively.

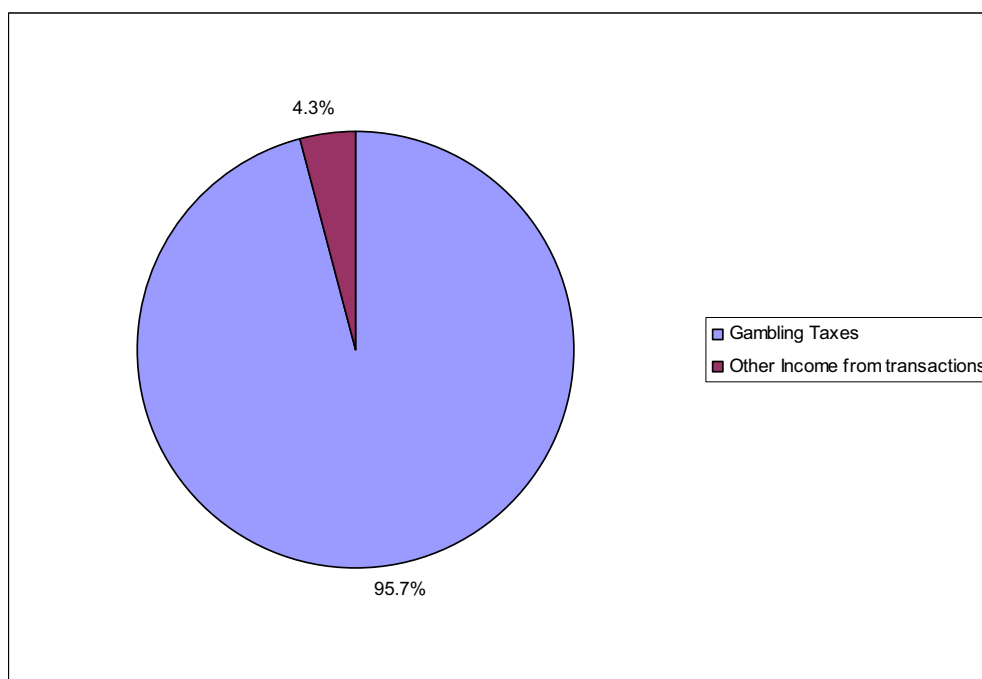
Gambling taxes are sourced from lotteries, gaming machines, the casino, wagering, and club keno. Taxes are typically in the form of a percentage of player loss with the tax rate varying according to gambling product. Player loss is equal to the amount gambled less prizes or refunds to players. Gaming operators and the casino operator also pay a Health Benefit Levy of \$4,333 per gaming machine.

Table 8: Gambling and gaming taxes as a proportion of Victorian Government revenue 1999-00 to 2007-08 (%)

	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Gambling	6.9	5.4	5.4	4.9	4.7	4.6	4.6	4.3	4.3
Gaming	4.2	3.4	3.6	3.1	2.9	2.8	2.8	2.7	2.7

Source: Department of Treasury and Finance

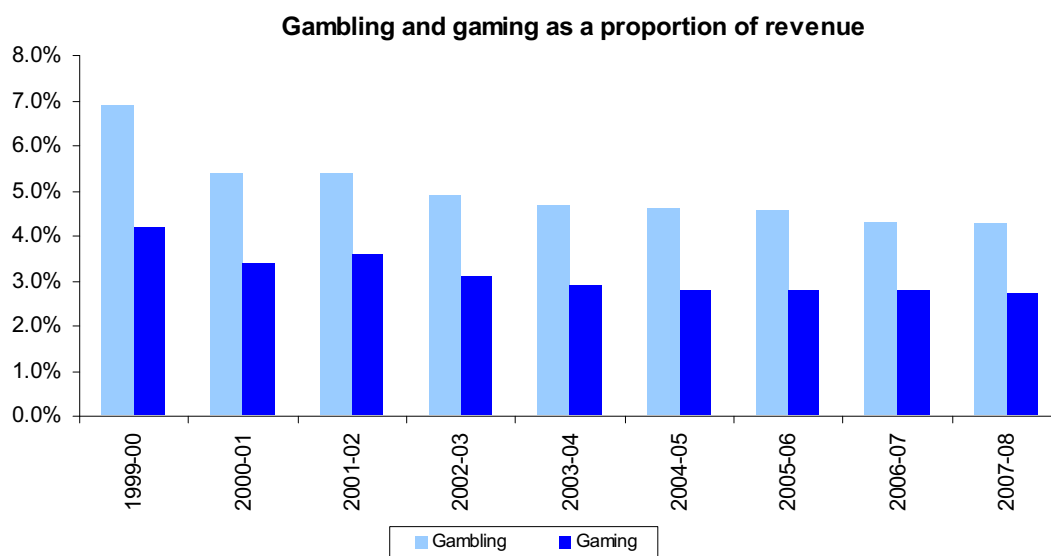
Figure 8: Gambling taxation as a proportion of Victorian Government revenue 2007-08



Note: Other income from transactions includes all taxes, duties and levies.

Source: Department of Treasury and Finance

Figure 9: Gambling and gaming taxes as a proportion of revenue 1999-00 to 2007-08



Source: Department of Treasury and Finance

It was estimated at the time of the 2008-09 budget that 82 per cent of 2008-09 gambling tax revenue or \$1.4 billion will go back into the community via the Hospitals and Charities Fund, the Mental Health Fund and the Community Support Fund.

Gambling tax types and revenue in Victoria for the year ended 2007-08

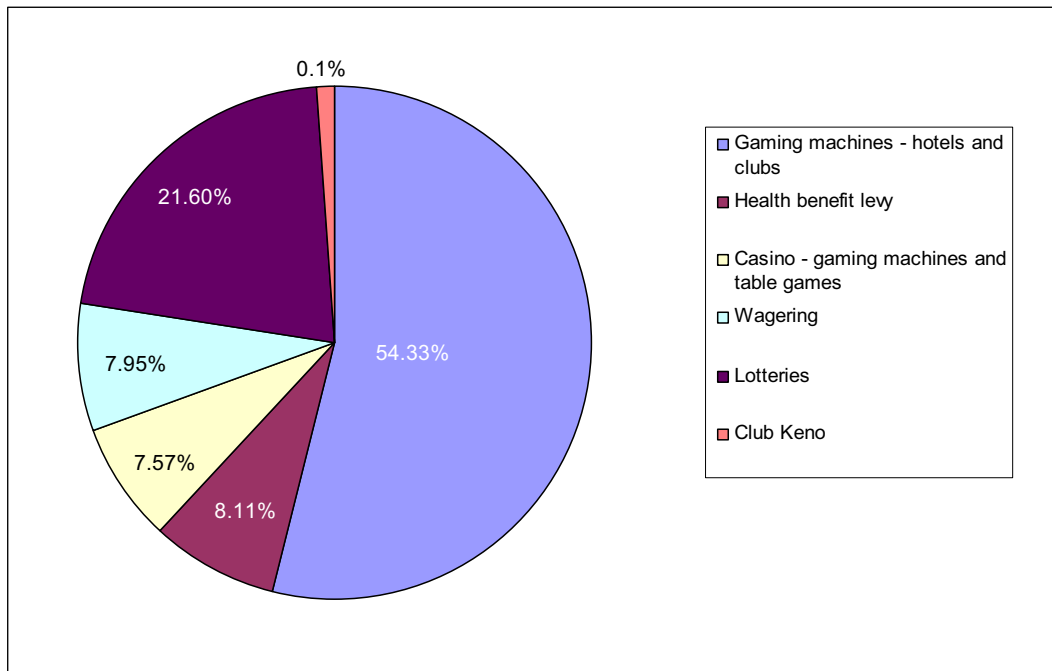
Table 9 and Figure 10 show that gaming machine taxes accounted for 62.4 per cent of gambling taxes collected, 21.8 per cent came from lotteries, 8 per cent from wagering, 7.6 per cent from the casino and 0.1 per cent from club keno.

Table 9: Gambling taxes by type 2007-08 (\$ million)

Gaming machines	Lotteries	Wagering	Casino	Club Keno
991.3	346	127.3	121.3	1.6
Percentage of total gambling taxes (%)				
62.4	21.8	8.0	7.6	0.1

Source: VCGR

Figure 10: Gambling taxes by type 2007-08



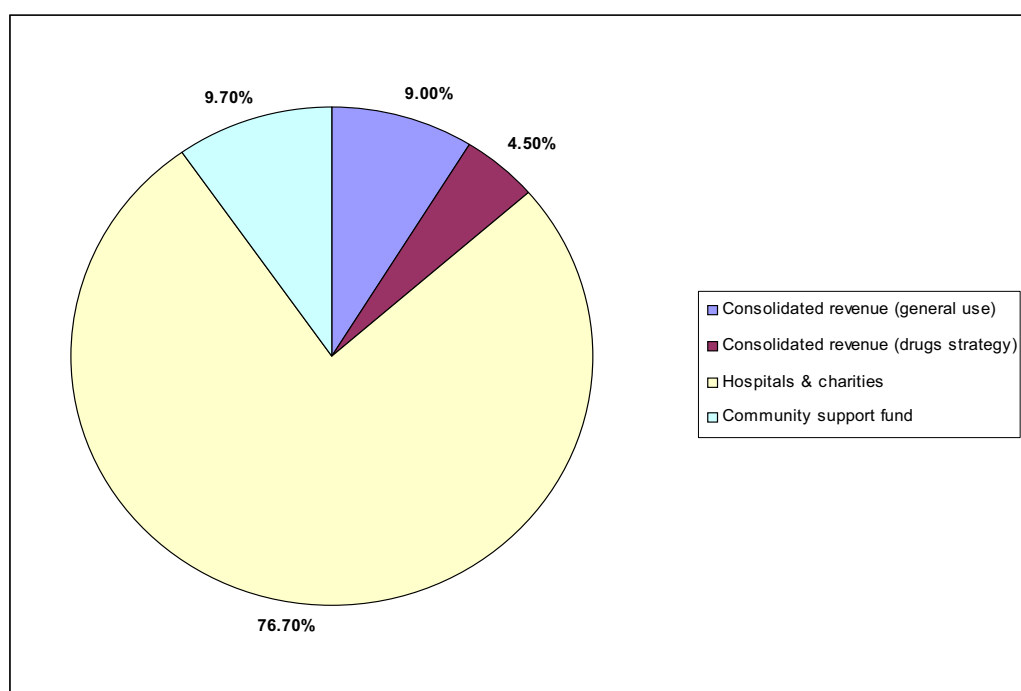
Source: VCGR

Gaming revenue to the Victorian Government comes in a number of forms through various fees, levies and taxes on gaming. In 2007-08 this revenue amounted to close to \$1billion.

Figure 11 illustrates how government revenue from gaming machines in 2007-2008 was allocated. It indicates that:

- 13.6 per cent was allocated to consolidated revenue
- 76.7 per cent was allocated to the Hospitals and Charities Fund
- 9.7 per cent was allocated to the Community Support Fund.

Figure 11: Allocation of government revenue from gaming machines 2007-08



Source: Department of Treasury & Finance

New tax arrangements for clubs and hotels post-2012

New taxation arrangements will apply under the venue operator model for the gaming industry announced by the Victorian Premier in April 2008.

These new arrangements will give venue operators a much greater share of revenue from gaming machines, while also having direct responsibility for a greater share of the business costs associated with running a gaming business.

Currently, the revenues from gaming are distributed between the gaming operators, Tatts Group and Tabcorp, venue operators and the Victorian Government. From 2012, the revenues will be split between venue operators and the Victorian Government.

The Victorian Government has decided that progressive tax arrangements will apply to gaming machine revenue under the new venue operator structure post-2012. The progressive taxes will apply to each venue's "average monthly per gaming machine revenue", or player loss within each venue.

"Average monthly per gaming machine revenue" is calculated by dividing each venue's monthly revenue by the number of machines with respect to which an entitlement is held by the venue operator.

The following progressive rate scale will apply to the monthly per gaming machine revenue to calculate the tax per machine at each venue:

Table 10: Tax rates for gaming revenue in clubs and hotels post-2012

Average monthly, per machine revenue	Hotel tax rate	Club tax rate
0 - \$2,666	8.33%	<i>Tax free</i>
\$2,667 - \$12,500	50.83%	42.5%
\$12,501 +	58.33%	50.0%

Source: Department of Justice

The Community Support Fund

The Community Support Fund was established in 1991 as part of the regulatory regime for the introduction of gaming machines in Victoria and is a mechanism for distributing part of gaming revenue back to the community.

Under the *Gambling Regulation Act 2003*, net gaming revenues from hotels with gaming machines are subject to an additional tax of 8.33 per cent. Revenue from this 8.33 per cent tax on hotels is paid into the Community Support Fund. In 2007-08, this amounted to \$142.7 million. Under a legislative arrangement for a period of eight years from 1 July 2004, \$45 million of this amount is set aside each year for the Victorian Drug Strategy, with the remainder available to be allocated to the uses specified in the *Gambling Regulation Act 2003*.

The *Gambling Regulation Act 2003* prescribes the uses to which the Community Support Fund can be put. These are:

- programs for the prevention and treatment of problem gambling and research into problem gambling and the economic and social impacts of gambling;
- programs for drug addiction/abuse treatment, rehabilitation or education
- financial counselling and assistance for families in crisis
- programs for the benefit of youth
- research or pilot programs relating to community advancement
- programs for the benefit of sport and recreation
- programs for the promotion or benefit of the arts
- programs developing tourist destinations, facilities or services or for the promotion of tourism.
- purposes related to the support or advancement of the community as determined by the Minister
- meeting the costs of administering and managing the Community Support Fund.

Community benefits by clubs

The additional tax payable by hotels does not apply to club venues provided clubs make a community benefit contribution of at least 8.33 per cent of their net gaming

revenues. Clubs with gaming machines must lodge with the VCGR each year a Community Benefit Statement that quantifies the community benefits provided by the club to the community. It is the method by which clubs demonstrate that these contributions have been made. The Minister for Gaming determines what expenditure is claimable as a community benefit.

In 2008, the Victorian Government amended the *Gambling Regulation Act 2003* to tighten up the requirements relating to Community Benefit Statements. As part of these reforms, the Minister for Gaming issued a new direction that clarified what clubs can claim as a community benefit. The new direction will apply from the 2008-09 financial year and emphasises direct contributions to the community while limiting indirect contributions (that is, employment, purchase of equipment etc).

7. REGULATORY ARRANGEMENTS

The Victorian Government believes that the gambling industry can create significant externalities and as such should be tightly regulated. For this reason, the regulatory framework places a strong emphasis on high standards of probity for gambling service providers, and on consumer protection and fostering responsible gambling.

The *Gambling Regulation Act 2003* as established to:

- foster responsible gambling
- minimise harm caused by problem gambling
- accommodate those who gamble without harming themselves or others
- ensure that gambling is conducted honestly and without criminal influence
- ensure that community and charitable gaming is conducted for the benefit of community and charitable organisations and in a manner that ensures public confidence in such gambling is maintained
- promote tourism, employment and economic development in Victoria.

The *Gambling Regulation Act 2003* also establishes the independent regulator, the VCGR and the Responsible Gambling Ministerial Advisory Council.

The VCGR ensures the ongoing probity of gambling providers in Victoria. Its objectives also include fostering responsible gambling, ensuring the implementation of Victorian Government policy on gambling and acting as a source of advice to the Minister on gambling issues.

The Responsible Gambling Ministerial Advisory Council

The Victorian Government places great value in working cooperatively with the gambling industry and community stakeholders. To this end, the RGMAC was established as a source of direct advice to the Victorian Government, through the Minister for Gaming, on responsible gambling policy and gambling research priorities.

To ensure that RGMAC has a strong and active role in contributing to gambling policy, its existence and role were enshrined in legislation in October 2004.

RGMAC is a key stakeholder consultation mechanism and the diverse background of Council members provides the Victorian Government with a range of perspectives ensuring that both community and business interests are considered in decision-making.

The functions of RGMAC are prescribed in its Terms of Reference which require RGMAC to provide advice on:

- emerging social concerns and related economic issues associated with problem gambling in Victoria

- the formulation and implementation of responsible gambling policies and initiatives to ensure a socially sustainable industry, in particular, on the development of an industry-wide responsible gambling regulatory framework
- the development and implementation of a comprehensive framework for responsible gambling programs focussing on prevention, community protection, treatment and recovery
- research priorities to support effective prevention, community protection, treatment and recovery.

RGMAC is required to have an annual work plan to guide its activities each year and has established a number of working groups to progress more detailed work on particular objectives and initiatives.

The regulation of gaming machines

Location

Gaming machines in Victoria are located in clubs and hotels throughout the state and in the Melbourne casino. As Table 10 shows, Victoria has fewer machines than New South Wales or Queensland.

Table 11: Number of gaming machines by state and venue type 2005

State	Number of machines 2005				% of total in		
	Total	Clubs	Hotels	Casinos	Clubs	Hotels	Casinos
New South Wales	100233	74668	24065	1500	74%	24%	1%
Queensland	43590	21102	18832	3656	48%	43%	8%
Victoria	29624	13397	13727	2500	45%	46%	8%
South Australia	15001	1699	12363	939	11%	82%	6%
Australian Capital Territory	5144	5056	88	0	98%	2%	0%
Tasmania	3566	173	2116	1277	5%	59%	36%
Northern Territory	1849	687	298	864	37%	16%	47%
Western Australia	1500	0	0	1500	0%	0%	100%
Australia total	200507	116782	71489	12236	58%	36%	6%

**This data was produced by the Queensland Treasury and should not be used for direct comparisons with other data in this report.*

Source: Australian Gambling Statistics

As at 30 June 2008 there were 26,797 gaming machines in clubs and hotels in metropolitan and regional Victoria.

Gaming machine numbers and density

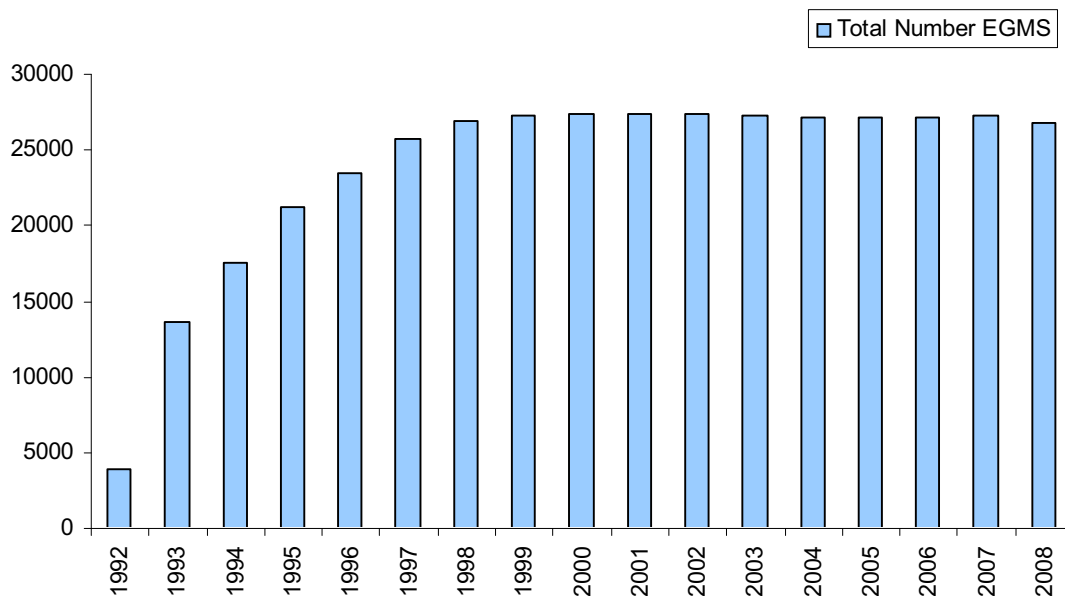
The Minister for Gaming determines the number and distribution of gaming machines in Victoria, under section 3.2.3 of the *Gambling Regulation Act 2003* which empowers the Minister to issue directions to the VCGR in relation to requirements for gaming machines, including:

- the maximum number of gaming machines permitted in the state

- the maximum number of gaming machines permitted in a gaming venue
- the proportion of gaming machines to be located outside of Melbourne
- the proportion of gaming machines in hotels, clubs and racing clubs
- the proportion of gaming machines permitted to be operated by each gaming operator.

The number of gaming machines in Victoria is capped at 27,500 outside the Melbourne casino. Under the *Casino Control Act 1991*, 2,500 machines are permitted in the casino. This means the total number of gaming machines available in the state is capped at 30,000.

Figure 12: Gaming machines in clubs and hotels 1992 to 2008 (as at 30 June)



Source: VCGR

The number of gaming machines in Victoria rose steadily between the introduction of gaming machines in 1992 and 1999.

In recent years, the number of gaming machines in clubs and hotels has oscillated just under the cap level of 27,500.

Gaming machine density is an indicator of accessibility because it takes into account both the number of gaming machines and the population in a given area. The standard method for reporting density is the number of gaming machines per thousand adults. Gaming machine density in Victoria has fallen steadily from 7.76 at the beginning of the decade to 6.64 by 2008 (excluding gaming machines at the casino).

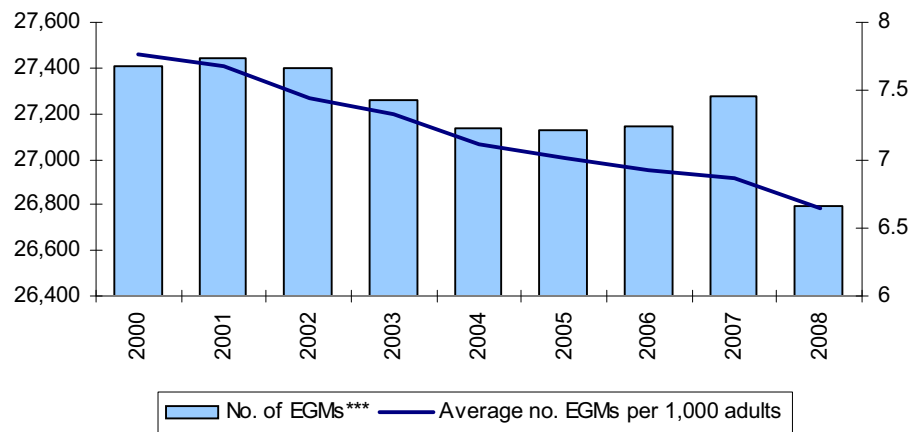
Table 12 and Figure 13 show the change in gaming machine numbers and density in Victoria between 2000 and 2008.

Table 12: Gaming machine numbers and density 2000 to 2008

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Gaming machines	27,408	27,444	27,400	27,260	27,132	27,124	27,147	27,279	26,797
Gaming machine density (machines per 1000 adults)	7.76	7.68	7.45	7.33	7.11	7.01	6.92	6.86	6.64

Source: VCGR

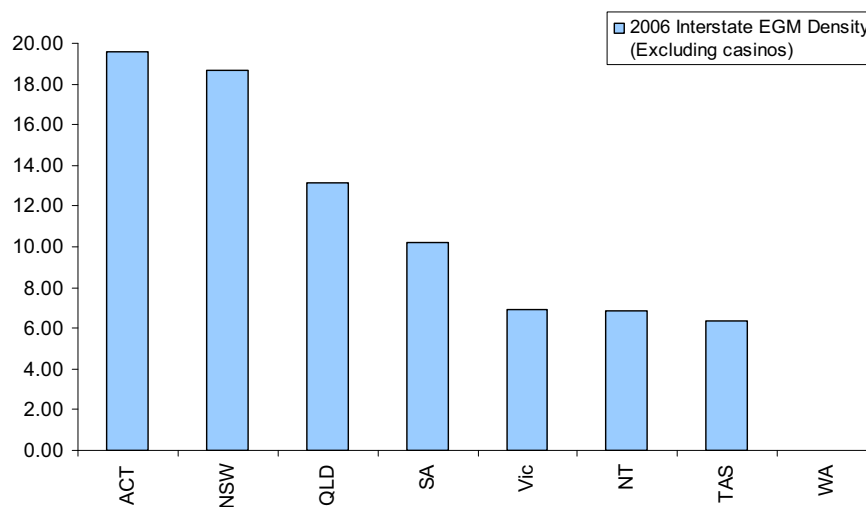
Figure 13: Gaming machine numbers and density 2000 to 2008



Source: VCGR

Figure 14 shows that Victoria has the third lowest gaming machine density of all Australian states and territories, except for Western Australia which has no gaming machines outside the casino.

Figure 14: 2006 Gaming machine density per 1000 adults for all states and territories



Note: Excludes gaming machines in casinos

Source: Australian Gambling Statistics

Regional and municipal limits on gaming machines

Regional limits

In 2001, as part of its broader problem gambling strategy, the Victorian Government implemented regional limits (regional caps) on gaming machine numbers to protect areas considered particularly vulnerable to the harm caused by problem gambling and from high concentrations of gaming machines.

The regional caps policy aims to reduce the accessibility of gaming machines in vulnerable areas. It is based on evidence of a link between accessibility and problem gambling arising from research findings locally and in other jurisdictions.

First round of regional caps

Regional caps on five of Victoria's most disadvantaged areas were implemented in February 2001. The five capped regions were:

- Maribyrnong Plus—the City of Maribyrnong plus the adjoining postcodes 3015, 3020 and 3031
- Greater Dandenong Plus—the City of Greater Dandenong plus the adjoining postcodes 3170, 3177 and 3803
- Darebin Plus—the City of Darebin plus the adjoining postcodes 3058, 3060, 3061, 3074 and 3081
- Bass Coast Shire
- City of Latrobe.

As a consequence of the caps, 406 gaming machines were removed from the five capped regions.

Assessment of the impact of the first round of caps

The regional caps implemented in 2001 stopped the growth of gaming machines in particularly vulnerable communities.

VCGR statistics for the period during which the caps were implemented reveal that in the three years to 30 June 2004 total net nominal gaming machine expenditure in the five capped regions declined by 5.4 per cent compared to a statewide decline of 3.2 per cent.

Second round of regional caps

In October 2006, the Victorian Government announced a second round of regional caps. The second round of regional caps increased the number of capped regions to 19, covering all areas capped under the first round and new areas identified in the Victorian Government's 2002 election policy. The regions now capped are:

- Ballarat
- Banyule (partially capped)
- Bass Coast
- Brimbank (partially capped)
- Casey (partially capped)
- Darebin
- Greater Dandenong
- Greater Geelong (including the borough of Queenscliffe)
- Greater Shepparton
- Hobsons Bay
- Hume (partially capped)
- Latrobe
- Maribyrnong
- Melbourne (partially capped)
- Monash (partially capped)
- Moonee Valley
- Moreland (partially capped)
- Warrnambool
- Whittlesea (partially capped).

Maps showing the location of the capped regions can be found on page 30 of *Taking action on problem gambling* in Appendix 2.

The cap is set at 10 gaming machines per 1000 adults or the density of gaming machines in the region at the date the caps was imposed, whichever is lower. As a result of the two rounds of caps, 949 gaming machines have been removed from capped regions (406 as a result of the first round of regional caps and 543 as a result of the second round of regional caps).

The second round of caps was finalised on 18 December 2007, when excess machines were removed from venues within the capped regions. The VCGR determined the venues from which machines were removed using a formula that removed machines from gaming venues with higher than average expenditure per machine.

The number of machines permitted in capped regions is periodically reviewed by the VCGR to take into account changes in population.

Municipal limits

To strengthen the regional caps policy, the Victorian Government will, in accordance with a commitment given in *Taking action on problem gambling*, by 2010 set a maximum gaming machine density for all uncapped local government areas (with the exception of the central business district, Southbank and Docklands in the City of Melbourne) at 10 gaming machines per thousand adults.

Gaming machines will be removed from any local government area with a gaming machine density above 10 gaming machines per thousand adults as at the date the municipal limit is applied.

8. CONSUMER PROTECTION MEASURES

The Victorian Government recognises the importance of ensuring that gambling is provided in a manner that fosters responsible gambling to minimise the harm caused by problem gambling while accommodating those who can gamble without harming themselves or others.

Consumer protection measures are needed to:

- provide information to consumers that reinforces their ability to make informed decisions about gambling
- limit gambling product designs and practices that have been shown to be unsafe.

The Victorian Government has an impressive record in consumer protection over the last decade and now leads the nation protecting gambling consumers and creating safer gambling products and environments.

The Victorian Government has introduced a broad range of consumer protection measures and has recently announced further measures that will be implemented in the future. Some of these measures focus on specific sections of the gambling industry while others adopt a more far reaching consumer protection approach that encourages the development of a responsible gambling environment generally.

The specific consumer protection measures discussed below form an integral component of the Victorian Government's overall strategy to foster responsible gambling. The other components of the Victorian Government's strategy which are discussed elsewhere in this submission are:

- the implementation of regional and municipal limits on the number of gaming machines
- the provision of Gambler's Help services
- the Victorian Government's problem gambling community awareness and education strategy
- commissioning research
- the establishment of a Responsible Gambling Ministerial Advisory Council to provide foster cooperation and provide advice to the Minister.

Consumer protection measures: gambling

The Victorian Government has recognised the need to develop a comprehensive range of consumer protection measures that apply across all sectors of the gambling industry. Measures introduced to date include:

- enabling the Minister for Gaming to ban a gambling product or practice that the Minister considers undermines a responsible gambling objective of the *Gambling Regulation Act 2003*

- consolidating offences relating to gambling by minors and including a new objective in the *Gambling Regulation Act 2003* to “ensure that minors are neither encouraged to gamble nor allowed to do so”*
- introducing a requirement that gambling providers have a Responsible Gambling Code of Conduct approved by the VCGR
- making it an offence for a venue operator or the wagering operator to knowingly allow an intoxicated person to gamble.

Consumer protection measures: gaming machines

Since 1999, the Victorian Government has introduced a raft of measures that specifically apply to gaming machines. It has:

- banned 24 hour gaming venues except for the Melbourne casino and in the central business district (no approvals outside the casino have been given)
- introduced a requirement that the time of day be displayed on all gaming machines
- introduced a requirement that gaming machines display information about the odds of winning and the amount of time and money spent by a player
- improved lighting requirements in gaming machine areas
- introduced player information warnings on gaming machines about the effects of problem gambling
- established a maximum limit on gaming machines bets of \$10[#] and more recently reduced this to \$5 for all gaming machines approved on or after 1 July 2008 and for all gaming machines from 1 January 2010[#]
- banned \$100 note acceptors [#]
- capped spin rates at 2.14 seconds per spin[#]
- banned autoplay facilities
- imposed withdrawal limits of \$200 per transaction on ATMs and EFTPOS facilities in gaming venues
- banned cash advances from credit accounts at gaming venues
- banned gaming machine advertising outside both the gaming machine area of a venue and the gaming area of the Melbourne casino
- restricted signage that can be displayed outside gaming venues and the Melbourne casino
- required that accumulated credits of \$1,000 or more on gaming machines must be paid entirely by cheque[^]

* These amendments come into operation on 1 June 2009

[#] Except for some machines at the Melbourne casino

[^]Accumulated credits of \$2000 or more on casino gaming machines must be paid by cheque

- prohibited from 2010 the placement of ATMs within gaming venues or within 50 metres of an entrance to the gaming area of the Melbourne casino unless payments from the ATMs are limited to no more than \$400 per card per 24 hour period
- given local councils more planning powers in relation to the placement of gaming machines
- required venue operators to have a self exclusion program approved by the VCGR
- required new player information warnings about the effects of problem gambling.

The introduction of these consumer protection measures has significantly altered the way gaming is conducted in Victorian gaming venues.

For example, in 1999 there were 133 venues licensed to operate 24 hours a day. Now, there are no such venues other than the Melbourne casino. In 1999, a person could withdraw \$1,000 in \$100 notes from an ATM, feed them into a machine, bet as much per spin as the machine's capacity would allow and stay there without a break.

Now a person:

- must leave the gaming machine area to access an ATM
- can withdraw no more than \$200 at a time from an ATM at a gaming venue
- cannot bet more than \$10 per spin on a gaming machine (reducing to \$5 for all machines from 2010)
- needs to leave the gaming machine area of a gaming venue if they want to smoke
- has to stop gambling when the gaming room closes as there are no longer any 24 hour gaming venues outside the Melbourne casino.

Review of consumer protection measures

As part of its ongoing work in the area of consumer protection, the Victorian Government from time to time reviews existing measures to determine their effectiveness and takes further action where appropriate.

For example, the Victorian Government in 2006 reviewed the existing compulsory player information warnings, which were originally introduced in 2002. It conducted extensive consumer market research in the Victorian community to determine what would be effective player information standards.

The feedback from focus groups suggested that there should be a range of messages, that the use of emotion was important in the messages, that the messages should be practical and non judgmental, and that the messages should be easy to notice and read without too much other text distracting from the key message.

Utilising this research and working in consultation with community and industry groups, new standards were developed incorporating four key messages:

- young males: *Stay in control*
- middle-aged females: *In the end the machines will win*
- middle-aged males: *Don't chase your losses - walk away*
- older females: *Set yourself a limit and do not exceed it.*

The new standards were introduced in August 2008.

Future directions

The Victorian Government continues to be proactive in implementing consumer protection measures designed to foster responsible gambling.

For example, the Victorian Government has recently announced its intention to introduce the following consumer protection measures in the future:

- a ban on all ATMs in gaming venues by 2012
- a requirement that from 2010 all next generation gaming machines have a mechanism that allows a person to pre-set time and loss limits prior to commencing play
- a reduction in the maximum starting credits permitted on a gaming machine from \$10,000 to \$1,000
- the introduction, by 2010, of a maximum density of 10 machines per 1000 adults for all uncapped municipalities (except the Melbourne central business district and the Southbank and Docklands areas in Melbourne).

Of particular significance are the proposals to ban ATMs from gaming venues and the requirement to have pre-commitment mechanisms on gaming machines.

ATMs in gaming venues

On 13 March 2008, the Premier announced that ATMs would be removed from gaming venues and from within 50 metres of an entrance to the Melbourne casino by 2012, subject to limited exemptions for small towns in regional Victoria where access to cash may be very limited.

Currently, ATM and EFTPOS facilities are prohibited in the gaming machine area of a gaming venue and cash withdrawals are limited to \$200 per transaction.

The Victorian Government has already moved to further restrict access to cash in gaming venues. From 1 January 2010, ATMs will be prohibited in gaming venues unless they limit cash withdrawals to not more than \$400 per card per 24 hour period.

The Australian Bankers' Association in a submission to the Senate Community Affairs Committee put the total number of ATMs in Australia at 26,067 as of January 2008. Of this, around 25 percent are located in gaming venues (Bell, 2008).

Empirical evidence collected by the Centre for Gambling Research for its study of ATM use in ACT gaming venues, *The Use of ATMs in ACT Gaming Venues: An Empirical Study*, shows that self-identified problem gamblers are more likely than other groups to access ATMs at gaming venues. Additionally, gamblers withdraw larger amounts from gaming venue banking facilities than non-gamblers (Centre for Gambling Research 2004, p.76). Daily diaries of gamblers that make up part of this study suggest a close relationship between the use of cash facilities located in gaming venues and gambling expenditure (p.113).

Pre-commitment for gaming machines

On 25 March 2008, the Victorian Government announced that, from 2010, all next generation gaming machines will be required to have a pre-commitment mechanism to enable a gambler to pre-set time and loss limits.

The pre-commitment system to be implemented will be designed to minimise the harm caused by problem gambling and to provide useful information to all gamblers about their play.

There is much evidence to support the implementation of a pre-commitment system. For example, in *Analysis of Gambler Pre-commitment Behaviour* it was found that most regular Australian gamblers pre-commit in some way (Gambling Research Australia 2006, p.14). Pre-commitment technology gives gamblers the tools to do this more effectively. There is also evidence that gamblers who are able to monitor expenditure over an extended period rather than a single gambling session may have more success in controlling their gambling. A pre-commitment system can help players to do just this because it enables players to track their spending on gaming machines.

In *Gambling Prevalence in South Australia* it is reported that a survey of problem gamblers showed that:

- 26.6 per cent of those interviewed very often lost track of time when they were gambling
- 16.0 per cent often lost track of time
- 23.3 per cent of problem gamblers interviewed sometimes lost track of time.

(Office of Problem Gambling South Australia
2006, p.207)

A pre-commitment system could potentially help people to track the time they spend gambling and therefore give them more control over their gambling.

In its 2004 report *Gambling: Promoting a Culture of Responsibility* the Independent and Regulatory Pricing Tribunal (IPART 2004) in NSW discussed incorporating pre-commitment facilities into gaming machines to allow a player to set a monetary or time limit (IPART 2004, p.98). IPART considered that the use of pre-commitment facilities was likely to assist gamblers to manage the time and money they spend gambling. IPART went on to recommend that players should be encouraged to use pre-commitment cards on a voluntary basis where they are available.

The Victorian Government is currently working with industry and community stakeholders on implementation of its pre-comment policy and expects to make a further announcement on the details of the new system later this year.

New and emerging technologies

Gambling behaviour and new and emerging technologies

Technology will provide new market opportunities not only in the form of internet gambling but also in the form of more technologically advanced gaming machines, interactive gambling and telephone wagering. In addition, other established gambling forms will become more technologically driven (for example, bingo and keno).

There is a need to both determine factors that contribute to the take up of the new media and the impact of these products on the development of problematic gambling behaviours.

In Australia, television and mobile phones are billion dollar industries, with close to 100 per cent market penetration. Emerging technical capabilities for mobile phones and digital television mean that it is now possible to purchase and play games not just on mobile phones, but also on television, with television and mobile phones acquiring the same functionality as the internet.

The internet has attracted media interest, because it challenges existing legislative capabilities. The internet can be used anonymously, is available 24 hours a day, and is of more interest to younger age groups.

There are currently four types of internet gambling: on-line lotteries, sports betting and wagering, on-line casinos and stock-trading sites (which may be gambling sites depending on how they are used).

Prevalence studies in Australia and internationally show that internet gamblers are significantly more likely to be younger, male, have moderate levels of education, be in full-time employment, and to have a higher personal income. Internet and related technologies are recognised as a risk factor for young males for developing a gambling problem. The participation rate within adult populations of this form of gambling varies between one and two per cent. There is some evidence from recent New South Wales, Northern Territory and Queensland prevalence studies which suggest that among those who participate in this form of gambling, there is a relatively higher proportion of problem gamblers.

According to recent Canadian research, *Internet Gambling in Canada: Prevalence, patterns and land-based comparisons* (Wood 2008) internet gamblers were three to four times more likely to have a gambling problem.

In the recent Tasmanian prevalence study *Social and Economic Impact Study into Gambling in Tasmania, Volume Two: The Prevalence Study* by The South Australian Centre for Economic Studies and The School of Psychology (University of Adelaide 2008) of those who gambled on the internet, two thirds (67 per cent) indicated that they used only Australian sites, 22 per cent used overseas sites, and 11 per cent used

both. There were 12 (0.3 per cent) people in the sample who had gambled on casino games using the internet and 38 (0.9 per cent) who placed sports-bets.

The internet might contribute to an expansion of excessive and/or disordered gambling by generating exposure among individuals who under different circumstances would have minimal exposure to gambling. Increased exposure to potential public health toxins can be associated with increases in both related behavior and problems (Shaffer, LaBrie and LaPlante 2004). In addition to increasing access, because using the internet is most often a solitary activity that can provide instant or rapid gratification, it also has the potential to accelerate an individual's existing problem.

It is clear that research lags behind in this area, both in terms of products and the access to those products.

In an attempt to broaden the body of knowledge in this area, the Victorian Government's research agenda has adopted emerging technologies as a key theme and research has been recently commissioned in this area. It will focus on high speed broadband developments, interactive gambling technologies and youth. There is also a Gambling Research Australia project on new and emerging technologies due for completion in July 2010. This project focuses on understanding new technology usage, the problems associated with that usage and gambling behaviour.

Given the size, potential new markets and risks to certain cohorts associated with new and emerging technologies, the Victorian Government is keen to make this an area of particular focus for both state and national research efforts.

It is important to note that generally speaking, interactive gambling is prohibited by the *Interactive Gambling Act 2001(Cth)*. That Act excludes certain gambling services from the prohibition, including certain forms of wagering, betting and lottery services.

An emerging difficulty for the State and Territory Governments in effectively regulating to promote responsible gambling is the nationalisation of account based betting markets. The debate arising from the decision of the High Court in *Betfair v Government of Western Australia* may be an indicator of 'lowest common denominator' standards of regulatory controls that might develop in the absence of Commonwealth Government engagement.

The Victorian Government will, within this context, continue to monitor developments in this area and will use findings from research on emerging technologies to inform policy development.

An issue of concern to Australian racing

A related concern in respect of the national account based wagering market (telephone and on-line) is the impact on the Australian racing industry of any major shift in wagering turnover from State and Territory TABs to bookmakers.

The concern arises from the financial structure of the racing industry which relies heavily on revenue returned from TAB wagering for its ongoing viability. Revenue to the industry arising from bookmakers operations is comparatively insignificant.

A particular issue in this regard is the practice, particularly by corporate bookmakers located in the Northern Territory, of bookmakers offering wagers based on TAB dividends rather than the traditional fixed or starting price basis.

This practice has the potential to divert wagering turnover from the TAB system to the corporate bookmaking sector resulting in significant reductions in racing industry revenues. Incidents of totalisator pool manipulation can also be attributed to this practice with consequent implications for the integrity of totalisator wagering.

In Victoria, the racing industry generates significant employment, capital investment and tourism that would be put at risk from any diminution of industry viability. Racing is also a rich element of community life and cohesion, particularly in rural areas, as well as being an important part of our cultural heritage.

It is understood that the Australian Racing Board will be making a submission to the Commission on the potential use of Commonwealth legislative powers to address a range of issues of concern to the racing industry. The Victorian Government would support appropriate measures designed to protect the ongoing financial viability of the racing industry and looks forward to discussing issues raised by the ARB as the Commissions Inquiry proceeds.

9. VICTORIAN GOVERNMENT PROGRAMS ON GAMBLING

Response to problem gambling

The Victorian Government has a clear commitment to make Victoria's response to problem gambling the most comprehensive, effective and committed of any government in Australia.

This commitment is reflected in *Taking action on problem gambling*, which combines public health, social regulation and consumer protection approaches.

Problem gambling and public health

The Victorian Government approaches problem gambling as a public health issue and believes that there is compelling evidence to support programs for effective prevention, early intervention and treatment.

A public health framework, which underpins *Taking action on problem gambling*, recognises that there are a range of behaviours associated with gambling. As gambling behaviour becomes more problematic so too does the range, intensity and complexity of the behaviours involved. This means that multiple strategies are needed to prevent gambling becoming problematic and to reduce gambling related harm.

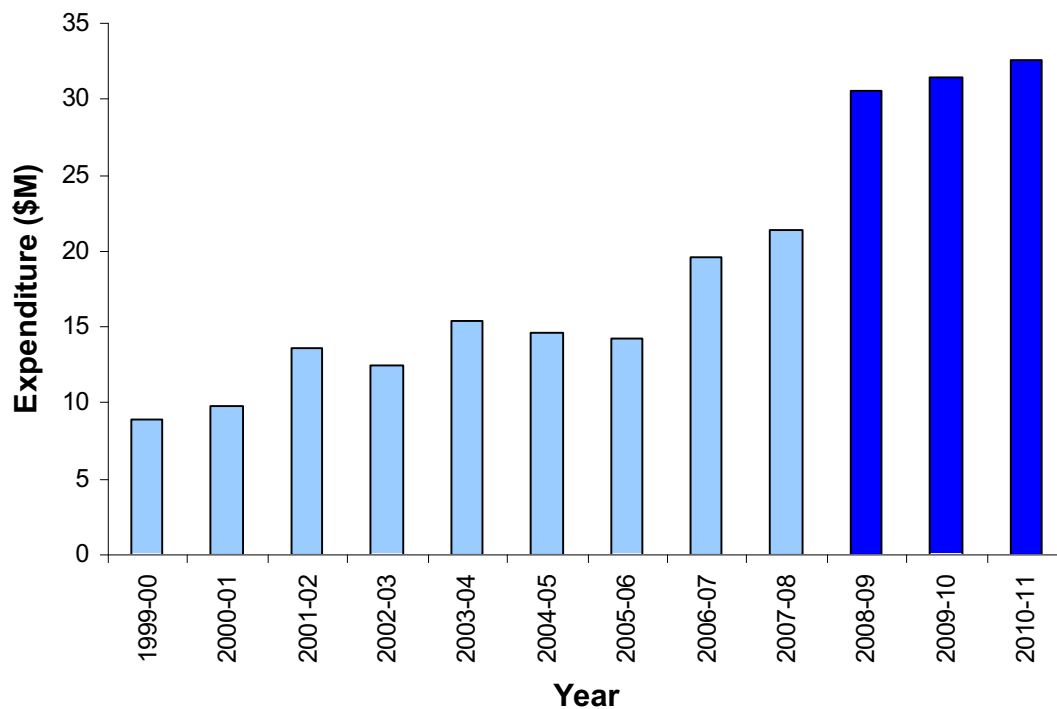
Prevention, treatment and harm minimisation are the cornerstones of a public health policy framework and are used to address other problem behaviours such as alcohol abuse and drug taking.

Victoria's expenditure on problem gambling

The Victorian Government has substantially increased its financial commitment to address problem gambling.

Since 1999, the Victorian Government has spent over \$87 million on problem gambling, including more than \$54 million on specialist services to help problem gamblers and their families. Figure 14 shows the Victorian Government's actual and projected expenditure on problem gambling and responsible gambling measures from 1999-2000 to 2010-11. Expenditure for the 2007-08 financial year totalled \$21.39 million.

Figure 14: Problem gambling program expenditure 1999-00 to 2010-11



Note: 2008-09 to 2010-11 data is predicted expenditure based on commitments in Taking Action on Problem Gambling

Source: Department of Human Services and Department of Justice

Services for problem gamblers

The Gambler's Help service system

The provision of effective Gambler's Help services is a key focus of *Taking action on problem gambling* and a major part of the Victorian Government's response to problem gambling.

The Gambler's Help service system delivers both regional and statewide services. These services are supported by a number of statewide capacity building organisations, including the Victorian Aboriginal Community Services Association, the Centre for Culture Ethnicity and Health, and the Problem Gambling Research and Treatment Centre (see below for a description of the activities of these organisations).

The activities outlined below form part of a problem gambling service system that is underpinned by research evidence and best practice approaches (for more details on empirical sources see the section below on Victoria's innovations and developments).

Building better treatment services

In 2007-08, the Victorian Government spent \$14.2 million on the following initiatives from *Action Area 1: Building better treatment services* in *Taking action on problem gambling*.

Regional Gambler's Help services

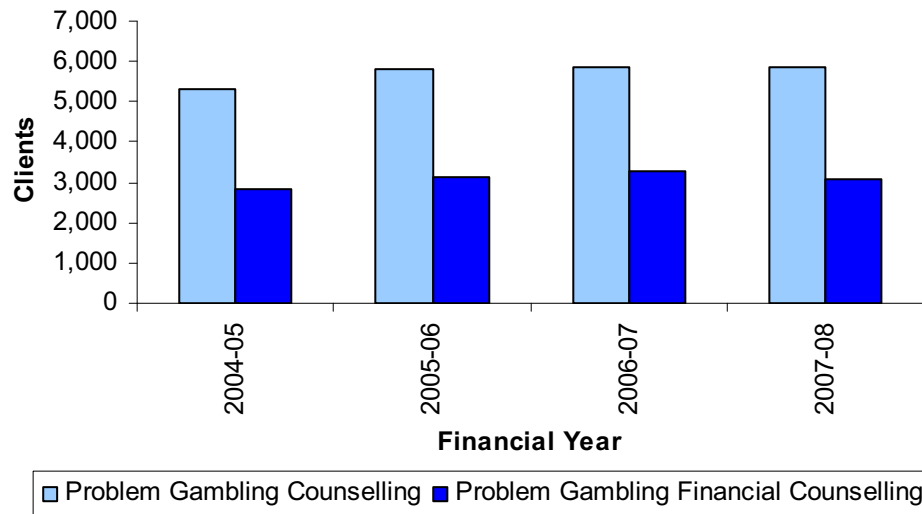
The Victorian Government funds 16 agencies to deliver Gambler's Help problem gambling counselling and problem gambling financial counselling services from approximately 100 sites across metropolitan, regional and rural Victoria.

The purpose of the regional Gambler's Help problem gambling services is to provide integrated and coordinated services within each of the eight Victorian State Government regions.

These services include:

- problem gambling counselling to reduce and minimise the harm caused by problem gambling by providing evidence based interventions across a range of practice modalities and practice settings
- specialist services to develop links across problem gambling, mental health, alcohol and other drugs, and family services to provide greater coordination of care and specialist services for individuals and families experiencing gambling related harm and co-morbid conditions
- specialist problem gambling financial counselling to stabilise and improve the financial situation of problem gamblers and their families through information, advice and practical support
- community education to increase awareness of problem gambling, responsible gambling and help services, and to build community resilience through information, education, health promotion and provider education programs
- the Recovery Assistance Program to provide material and financial assistance when gambling has resulted in financial crisis.

Figure 16: Number of problem gambling counselling and problem gambling financial counselling clients 2004-05 to 2007-08

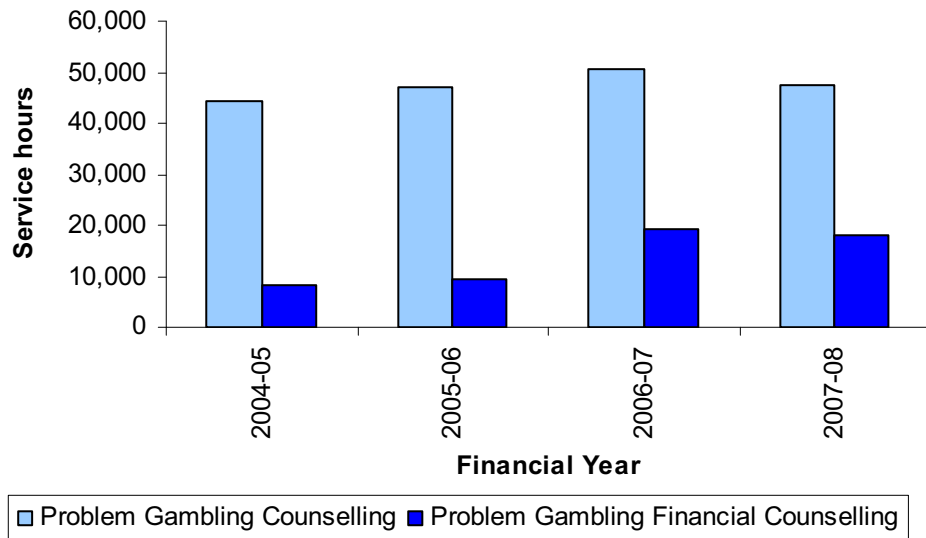


Note: 2007/08 data includes an estimate for the two agencies who moved on to a different IT platform during 2007-08. Client numbers are therefore underestimated.

Source: Gambler's Help IRIS database

As Figures 16, 17 and 18 show, from 2004-05 to the present the number of people seeking problem gambling counselling and the service hours devoted to those clients has remained stable. During the same period, there has been an increase in the number of people seeking problem gambling financial counselling from 2,816 to 3,060. Client hours for problem gambling financial counselling increased substantially from 8,197 to 17,976, with the hours of counselling per client rising from 2.9 hours to 5.9 hours. Throughout these years there were significant statewide television advertising and other media campaigns which promoted Gambler's Help services, as well as the statewide 1800 number.

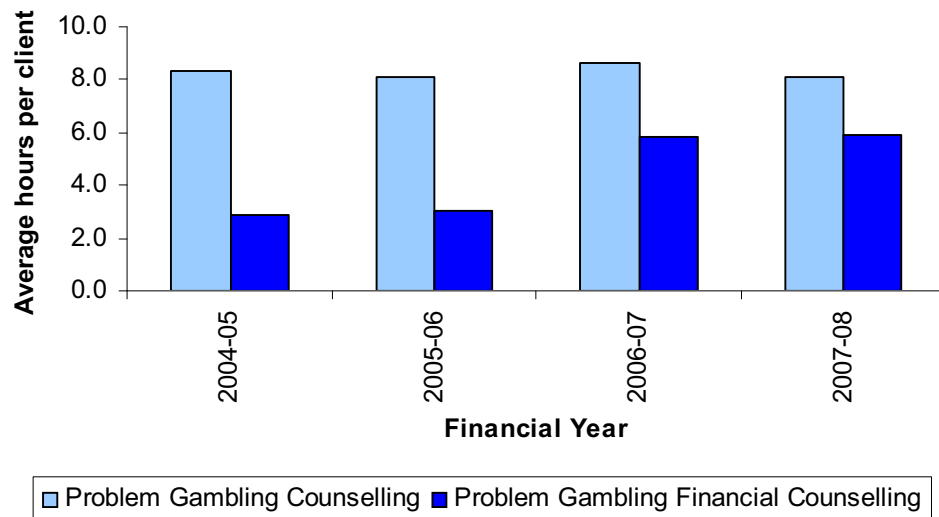
Figure 17: Total service hours for problem gambling counselling and problem gambling financial counselling 2004-05 to 2007-08



Note: 2007-08 data includes an estimate for the two agencies who moved on to a different IT platform during 2007-08. Client hours are therefore underestimated.

Source: Gambler's Help IRIS database

Figure 18: Average service hours per client for problem gambling counselling and problem gambling financial counselling 2004-05 to 2007-08

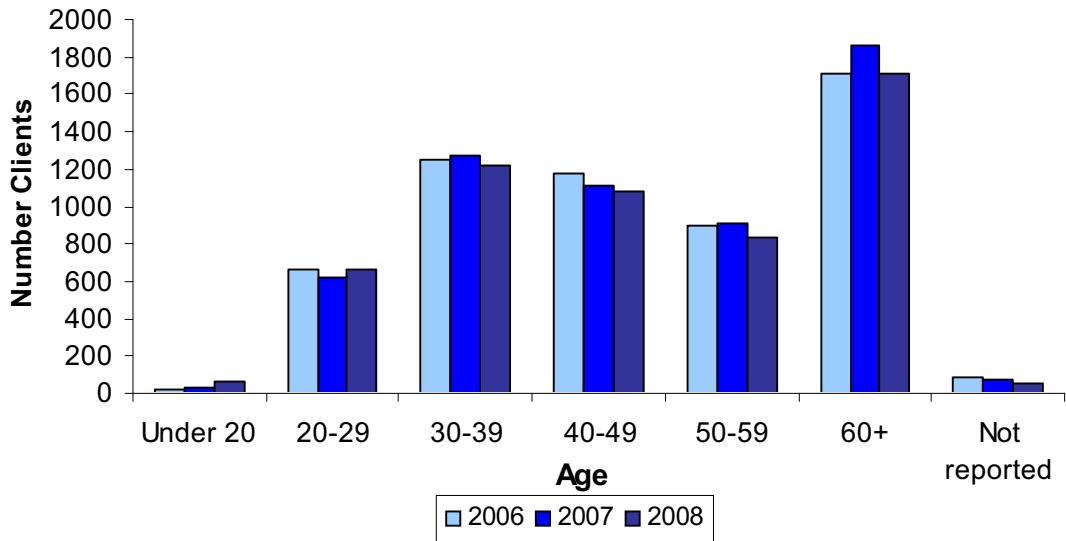


Note: 2007-08 data includes an estimate for the two agencies who moved on to a different IT platform during 2007-08. Client hours are therefore underestimated.

Source: Gambler's Help IRIS database

Figures 19 to 22 provide a demographic profile of clients presenting to problem gambling counselling and problem gambling financial counselling services. Service utilisation for problem gambling counselling is highest amongst clients aged over 60, whereas problem gambling financial counselling records the highest number of clients between the ages of 30 and 49 years.

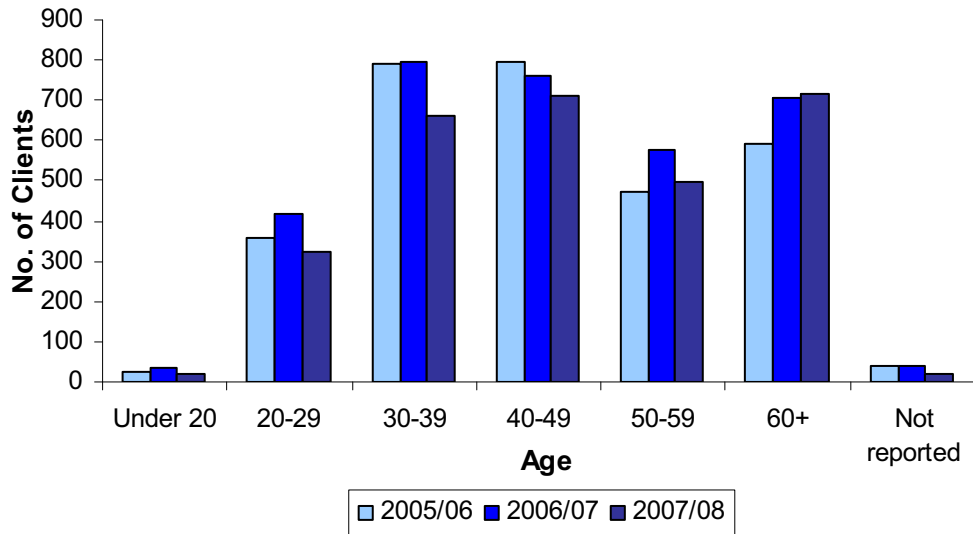
Figure 19: Number of problem gambling counselling clients by age 2005-06 to 2007-08



Note: 2007-08 data for the fourth quarter is incomplete due to two agencies moving on to a different IT platform. Client hours are therefore underestimated.

Source: Gambler's Help IRIS database

Figure 20: Number of problem gambling financial counselling clients by age 2005-06 to 2007-08

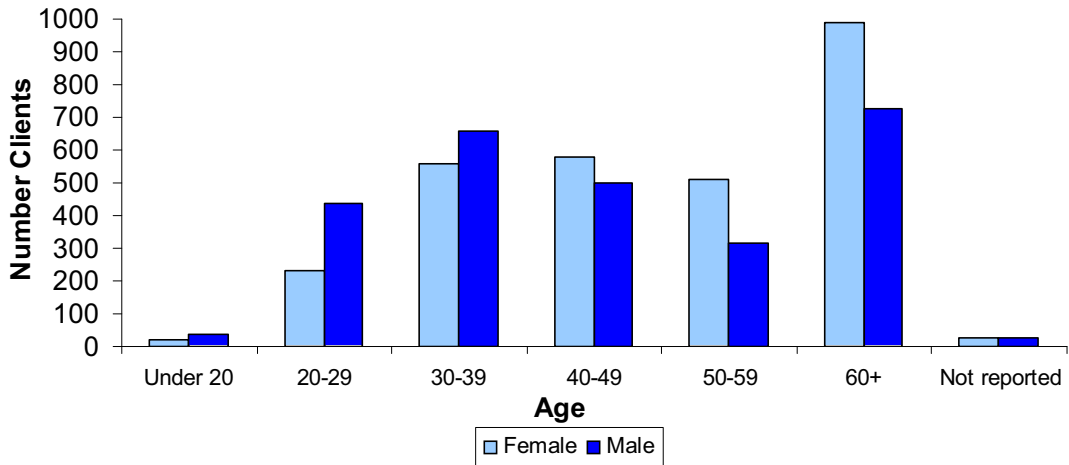


Note: 2007-08 data for the fourth quarter is incomplete due to two agencies moving on to a different IT platform. Client numbers are therefore underestimated.

Source: Gambler's Help IRIS database

In terms of gender, younger males (under 39 years of age) outnumber female clients for problem gambling counselling services. However, this trend is reversed for clients over 40 years of age. Female clients attending problem gambling financial counselling outnumber males in every age category (except for those under 20).

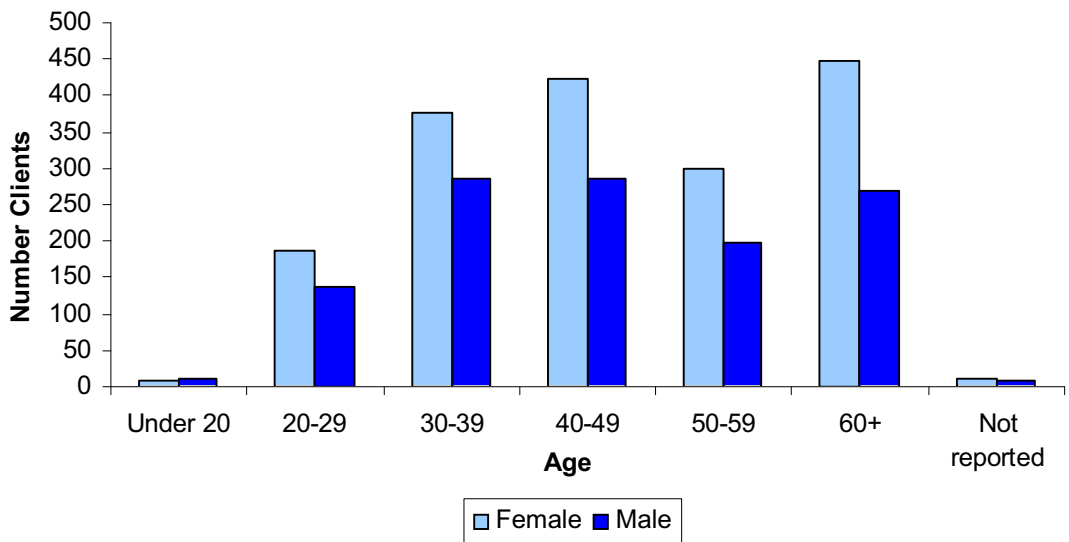
Figure 21: Number of problem gambling counselling clients by gender 2007-08



Note: 2007/08 data for the fourth quarter is incomplete due to two agencies moving on to a different IT platform. Client numbers are therefore underestimated.

Source: Gambler's Help IRIS database

Figure 22: Number of problem gambling financial counselling clients by gender 2007-08



Note: 2007/08 data for the fourth quarter is incomplete due to two agencies moving on to a different IT platform. Client numbers are therefore underestimated.

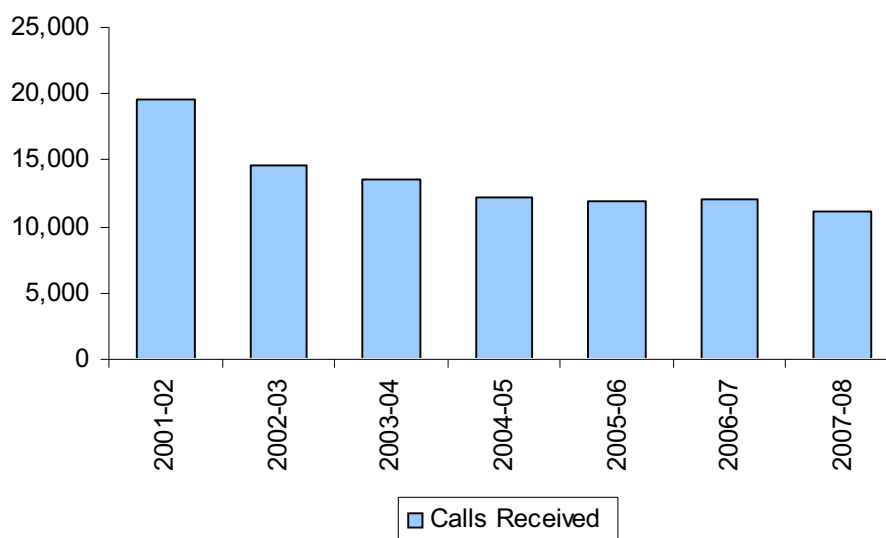
Source: Gambler's Help IRIS database

Statewide Gambler's Help Line

The Gambler's Help Line is an integral component of the Gambler's Help service system. The Gambler's Help Line is a 24-hour, seven days per week telephone service providing information, referral, counselling and support to problem gamblers and their family members. Gambler's Help Line interfaces with Gambler's Help face-to-face problem gambling counselling and financial counselling services provided at the regional level. This service is available to all Victorians via a state wide 1800 number.

Figure 23 demonstrates Gambler's Help Line service demand from 2001-02 to 2007-08.

Figure 23: Gambler's Helpline calls 2001-02 to 2007-08



Source: Turning Point Alcohol and Drug Centre Inc

It is difficult to accurately identify the reasons behind the reduction in calls to the Gambler's Help Line. This trend may be attributed to a number of factors, including (but not limited to) a decline in the number of people requiring problem gambling services in Victoria, a decline in help-seeking of problem gamblers, a larger cohort of problem gamblers seeking alternative sources of assistance and/or gamblers displaying natural recovery from their gambling issues.

Callers to the Gambler's Helpline are in most instances able to obtain immediate assistance and may be referred to local services for face-to-face problem gambling counselling or problem gambling financial counselling, if required.

Since July 2007, the Gambler's Help Line has provided a therapeutic telephone counselling program for people who are experiencing difficulty with a gambling related problem, but for whom face-to-face counselling presents difficulties. The Gambler's Help Line is also expanding its services to deliver counselling services online.

Australian Online Gambling Counselling and Support Program

Through the Gambling Working Party of the Community and Disability Services Minister's Advisory Committee, the Victorian Government is overseeing the establishment of the *Australian Online Gambling Counselling and Support Program*.

Under this program, a new national gambling website will incorporate a range of online tools, providing a multi-layered response to the needs of site visitors and potential gambling treatment/help-seekers, including:

- access to gambling information and resources (both local and virtual)

- online counselling (synchronous and asynchronous)
- assessment and referral.

This counselling program will offer a highly accessible, 24/7 service to anyone seeking assistance in relation to gambling. Professional gambling counsellors will provide a range of responses to anyone with a concern about gambling. The existing 24/7 helpline will be expanded to include a range of specialist counselling, education and referral services online.

The service will provide more choice and access to services for individuals who do not wish to attend face-to-face services, who are younger and respond better to services provided via the internet, and for people from remote areas.

Services to Indigenous Victorians

In 2003, the Victorian Government commissioned a research and needs analysis project on health promotion and best practice service provision for Indigenous communities. The project made two key recommendations to better meet the needs of Indigenous communities, namely:

- the implementation of a preventative care model, with a focus on community development, community education and partnerships
- the provision of an enhanced Indigenous-specific counselling service network.

In response to these recommendations, the Victorian Government has funded two Indigenous services to meet these needs; the Victorian Aboriginal Health Service and the Victorian Aboriginal Community Services Association.

Services to culturally and linguistically diverse communities

The Centre for Culture Ethnicity and Health is funded to deliver the Victorian Multicultural Gambler's Help Program to support the problem gambling sector to work effectively with CALD clients and communities.

The Problem Gambling Research and Treatment Centre

As part of its commitments under *Taking action on problem gambling*, the Victorian Government has provided \$4 million over four years to develop the Problem Gambling Research and Treatment Centre (the Centre). The Centre will conduct research into interventions for people with gambling problems, with the objective of informing the design and delivery of treatment programs and training for practitioners.

The Council of Gambler's Help Services

The Victorian Government has funded CoGHS since 2002-03. CoGHS is the peak body representing Gambler's Help services. CoGHS acts as a conduit between the Victorian Government and Gambler's Help services and provides advocacy, information and professional development activities for its members.

Promoting healthy communities

In 2007-08, the Victorian Government spent \$4.5 million on the following activities from *Action Area 3: Promoting healthy communities in Taking action on problem gambling*.

Problem Gambling Community Awareness and Education Strategy

Educating, promoting responsible gambling and informing Victorians about the potential harm from excessive gambling is the core objective of the *Promoting Healthy Communities* component of *Taking action on problem gambling*.

The Victorian Government's *Problem Gambling Community Awareness and Education Strategy* is a powerful and comprehensive population health approach to minimise and manage problem gambling. Combining public health, social regulation and consumer protection approaches to problem gambling results in an integrated, multifaceted range of programs that target both individual behaviours and whole of community awareness.

As illustrated in Figure 24, this strategic approach to minimise problem gambling relies on three integrated and parallel principles: building community resilience, education and promoting risk awareness and service promotion. These are interlinked and guide all communication and education.

Figure 24: The Problem Gambling Community Awareness and Education Strategy



2. Educating and targeting of community segments at risk of developing a gambling problem in Victoria

Audiences/market segments:

- People with mental health issues (eg depression)
- People with co-morbid addictions (eg drug/alcohol)
- People in vulnerable communities
- People who are socially isolated
- People with intellectual disability/cognitive impairments
- People of Indigenous backgrounds
- Senior Victorians
- People in community services or correctional clients
- People in rural/remote communities
- Young people
- People of CALD backgrounds

Messages:

- Early intervention

Key result areas:

- Develop and implement strategies to mitigate the incidence and impact of problem gambling by targeting community segments at-risk of problem gambling in Victoria
- Implement place-based pilot programs
- Risk awareness promotion and education (eg Responsible Gambling Awareness Week)
- Reinforce Gambler's Help brand
- Educate children about the risks of gambling and the harm caused by problem gambling

3. Service awareness and promotion

Audiences/market segments:

- Problem gamblers
- At-risk gamblers
- Healthcare professionals
- Significant others
- Industry
- Partners

Messages:

- Tertiary

Key result areas:

- Encourage a 'no wrong' door approach to accessing services and treatment options
- Encourage problem gamblers and their family and friends to seek help
- Promote the suite of services that respond to the needs of problem gamblers and their friends and family (eg problem gambling counselling, financial counselling, group work, online self-help and self exclusion programs)
- Reinforce the Gambler's Help brand

Source: *Problem Gambling Community Awareness and Education Strategy*

The objective of the communications component of the strategy is to explain the personal and social impact of problem gambling and encourage those with gambling problems to seek assistance. It aims to increase community awareness about the harm caused by problem gambling, enabling people to develop an understanding of how to gamble responsibly, and to increase the number of people accessing Gambler's Help services.

A copy of the *Problem Gambling Community Awareness and Education Strategy* can be found at Appendix 3.

Victoria's innovations and developments

Changes to the Problem Gambling service system

In 2007, the Victorian Government undertook a redevelopment and repurchasing of the statewide Gambler's Help problem gambling service system. The primary objective of the Gambler's Help redevelopment was to create a more responsive and flexible service system that would meet the policy objectives outlined in *Taking action on problem gambling*. This process involved drawing on a range of sources, including the Problem Gambling Research and Treatment Centre's Risk and

Protective Factors study (Thomas and Jackson, 2008), research conducted by the Alfred Hospital Psychiatric Research Centre (Chow-Fairhall and Watkins, 2006), Gambler's Help service utilisation data, an internal examination of models of service delivery across government areas responding to common needs, a KPMG review of the Victorian problem gambling service system, desktop research, government publications and international literature. As a result, the redeveloped service system employs an evidence based whole-of-community approach founded on objective analysis, research and experience from other program areas across government.

Key findings derived from the Gambler's Help utilisation data that informed the redevelopment were:

- problem gambling rarely occurs in isolation
- there is evidence of co-morbid conditions for problem gambling
- problem gamblers present for services with complex and severe issues
- client complexity may prevent access to Gambler's Help services for some clients
- alcohol and drug services, family services and mental health services are priority areas for joint action

In recognition that problem gambling is a complex problem that requires a multi-faceted approach to encourage the uptake of counselling services, the redevelopment process identified improvements to service delivery that aim to:

- be more responsive to complexity and the broader needs of the individual
- increase service access and uptake
- intervene sooner rather than later
- provide high quality, effective evidence-based services.

Priority activities to meet these needs include:

- cross sectoral interventions
- common assessment practices
- integrating with the broader system of care providers
- improving referral pathways
- providing more outreach
- increasing service access points
- making services culturally relevant.

These activities are delivered via PCP, IHP and Portfolio Services.

Primary Care Partnerships

Evidence from Australia and overseas demonstrates the value of partnerships in improving the delivery of human services. Since 2000, the Victorian Government's

Primary Care Partnerships Strategy has enhanced the ability of agencies to work together to improve the service delivered to consumers. PCPs are comprised of a diverse range of agencies, including hospitals, community health, local government, divisions of general practice and mental health, drug treatment and disability services.

A key component of PCP's is service coordination. Service coordination is a statewide vision to align practices, processes, protocols and systems through functional integration. Working within PCPs enables Gambler's Help to liaise with relevant agencies in a cohesive and coordinated way so that problem gamblers receive a seamless and integrated service. Service coordination elements include initial contact, initial needs identification, assessment and care planning.

Local Gambler's Help agencies are working with PCPs to ensure local initiatives complement the statewide strategy.

Integrated Health Promotion

IHP involves agencies and organisations from a wide range of sectors and communities working in collaboration using a mix of health promotion interventions and capacity building strategies to address priority health and wellbeing issues. Effective integrated health promotion program delivery is based on partnerships, a mix of interventions and a common planning framework involving of a broad range of sectors.

The IHP program that operates through the PCP strategy provides opportunities for Gambler's Help services to undertake integrated activities across agencies within PCP catchments. IHP provides a framework for achieving collaborative partnerships across sectors that can facilitate the delivery of individual and population wide health promotion interventions for problem gamblers.

Specialist portfolio services

A significant proportion of problem gamblers present to Gambler's Help services with multiple needs. Where problem gambling is identified within other specialist services, it is not likely to be the most significant presenting issue for the individual or for the worker. Clients with complex needs are unlikely to seek specialist problem gambling services due to the level of disability experienced and referral to Gambler's Help services is more likely to result in non-attendance and/or early drop out.

In an effort to redress this, portfolio workers are located within each State Government Region to develop relationships with specific community service providers and improve the response to the needs of clients presenting with problem gambling and associated issues. The priority portfolio areas are mental health, alcohol and drug services and family/relationships.

Portfolio workers develop strong links across services to enable greater coordination of care and the integration of specialist service responses for problem gambling clients.

Further information about the redeveloped service system is contained in the *Strategic Policy Framework for Gambler's Help Services* in Appendix 4.

Improved performance management

The Victorian Government recognises the necessity to monitor the delivery of effective, quality services in order to provide evidence of best practice in service delivery. The Victorian Government is committed to working closely with the Gambler's Help sector to develop and implement a comprehensive performance management framework. This framework involves the introduction of sector wide outcome-based performance assessment, quality assurance and continuous improvement measures. The Victorian Government has developed a revised set of key performance indicators and standard reporting mechanisms for Gambler's Help services to ensure effective performance management and the capture of high quality data.

At the core of improved performance management is a performance management manual that ensures accountability and continuous improvement in the delivery of programs and services. It provides the tools and processes to measure whether service delivery is meeting the objectives of the Gambler's Help service system as a whole. For a copy of the *Gambler's Help Performance Management Manual* see Appendix 5.

Driving innovation: the Problem Gambling Innovation Grants Program

The *Problem Gambling Innovation Grants Program* contributes to the achievement of *Taking action of problem gambling's* initiatives for *Action Area 1: Building better treatment services* by facilitating innovation in service delivery and practice within the problem gambling sector.

The program aims to provide support for innovation in service delivery and design and to foster a culture of learning and collaboration across the problem gambling sector. The specific objectives of the program are to:

- fund project management support for the development, implementation and evaluation of innovative problem gambling services
- develop the evidence-base for effective problem gambling services to inform the future delivery of Gambler's Help services
- facilitate the capacity of services to deliver enhanced problem gambling services
- provide opportunities for shared learning.

The Victorian Government invited submissions from Gambler's Help Services in March 2009.

10. DEVELOPMENTS IN GAMBLING RESEARCH

The Victorian Government recognises the need to improve the knowledge base to assist with the development of both evidence based policy and effective problem gambling interventions.

Since 2005, the following projects have been commissioned to provide a substantive evidence-base for policy and program development.

Major projects

Epidemiological study

The epidemiological study examines the distribution and determinants of problem gambling in Victoria, and will investigate problems that co-exist with problem gambling, such as depression and substance use. This study will also provide critical data to inform a range of research studies and policy directions, and will also serve as a mechanism for further strategic planning of problem gambling treatment services in Victoria.

This large study will not only provide an up-to-date prevalence estimate for Victoria but will also provide a significant data base for the current longitudinal project which will follow various respondents, including problem gamblers, over a three-year period.

Longitudinal study

The Victorian Government recognises that, by following people over time, much insight can be gained from changes in gambling behaviour, risk levels and life changes for an individual.

As part of *Taking Action on Problem Gambling*, Government has funded a three year longitudinal study which uses the data base from an epidemiological study as the basis for investigating causal pathways and issues of importance.

This is the first longitudinal study in Australia specifically designed for gambling research purposes. The planning stage of the project commenced in 2008.

Grant projects

The Victorian Government has developed a *Submission Based Grants System for Gambling Research* in order to harness the research capabilities of individuals and organisations from a variety of disciplines to provide a broader perspective on gambling-related issues. The research projects are focused on issues of policy importance; for example, accessibility was the theme for the first round of grants, with funding for eight projects.

Grant recipients are required to publish in peer reviewed journals thus ensuring work is of a robust and academic quality. Research is required to be 'pure' in nature and

to be rigorously assessed for its contribution to a broader knowledge base. This in turn aims to inform policy.

The following projects have been commissioned under the grants scheme:

- Testing the link between accessibility and problem gambling amongst gaming venue staff.
- A study of self-control across different culturally and linguistically diverse communities.
- Socio-economic impacts of access to electronic gaming machines in Victoria: effects on demand and communities.
- Identifying local area community and gaming industry risk and protective factors that impact upon the prevalence of problem gambling.
- Problem gambling vulnerability: the interaction between access, individual cognitions and group beliefs/preferences.
- The influence of gaming machine expenditure on crime: local area evidence in Victoria.
- The impact of an audience and venue-size on gaming machine gambling.
- The relationship between access to gambling and gambling behaviour in Victoria: a longitudinal study using surveys and community-level data with a focus on problem gambling.
- The impact of high-speed broadband developments and interactive gambling technologies on youth consumption of Internet (online) interactive gambling services and youth consumer well-being.
- Australian teens and poker: gambling prevalence, influences and implications.
- Factors affecting youth gambling: a comprehensive model of the antecedents and consequences of gambling in younger people.

Other projects

In addition to the major projects and the grants scheme projects, the Victorian Government has also commissioned the following specific research projects:

- Destination-style gambling - a review of the literature concerning the reduction of problem gambling and related social harm through the consolidation of gambling supply structures.
- Impact of changes to gaming machine characteristics on play behaviour of recreational gamblers.

- Indices-based approach for forecasting gambling expenditure at local government level .
- Problem gambling and the correctional services system (internal project)
- Analysis of geo- and socio-spatial gaming machine expenditure by venue.

Gambling Research Australia

Victoria also provides secretariat support to Gambling Research Australia. This role includes the design of research briefs and commissioning of research. There are four publications with another 15 either commissioned or soon to be commissioned.

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