

Mr Gary Banks  
Chairman  
Gambling Inquiry  
Productivity Commission  
PO Box 80  
BELCONNEN ACT 2616

Dear Mr Banks

Please find enclosed the Victorian Casino and Gaming Authority's submission on gambling research. The submission relates to the research undertaken by the Authority, and its predecessor body, the Victorian Gaming Commission, pursuant to its statutory obligation to conduct research into the social impact of gambling. The Authority wishes to reserve the right to lodge further submissions on other matters.

A copy of the 1997-98 annual report is also enclosed for your information.

If you have any queries in relation to this submission, or if you would like any further information, please do not hesitate to contact Mr Bill Lahey, Director of Gaming and Betting.

Yours sincerely

**SUE WINNEKE**  
**Chairman**

# VICTORIAN CASINO AND GAMING AUTHORITY SUBMISSION TO THE PRODUCTIVITY COMMISSION INQUIRY INTO AUSTRALIA'S GAMBLING INDUSTRIES

## INTRODUCTION

The Victorian Casino and Gaming Authority is the independent statutory body responsible for the regulation of Victoria's gambling industry. The Authority is established pursuant to Section 82 of the *Gaming and Betting Act* 1994. The majority of the Authority's powers, objects and duties are conferred on it under this Act together with the *Casino Control Act* 1991, the *Casino (Management Agreement) Act* 1993, the *Gaming Machine Control Act* 1991, the *Club Keno Act* 1993 and the *Gaming No 2 Act* 1997.

The Authority was established in June 1994, and undertakes licensing and regulatory functions with the principal objective of ensuring that gaming, wagering and approved betting competitions are conducted honestly and that the management and operation of the casino, the two gaming operators (Tattersall's and TABCORP) and the licensed gaming venues remain free from criminal influence and exploitation. The Authority is also required to fund research into the social impact of gambling.

## RESEARCH BACKGROUND

As noted above, research is a statutory obligation of the Authority, and as such the Authority gives a high emphasis to its research responsibilities. Research is also conducted by the Department of Human Services in the area of service delivery for problem gamblers.

### Funding

The research undertaken by the Authority is funded from the Community Support Fund, which is established under section 138 of the *Gaming Machine Control Act* 1991 and whose funds are drawn from  $8\frac{1}{3}$  per cent of the net cash balance from gaming conducted in hotels in Victoria.

Section 138 of the *Gaming Machine Control Act* 1991 requires that funds from the Community Support Fund must be applied firstly for research by the Victorian Casino and Gaming Authority and secondly for payment for or towards the provision of projects of benefit to the community, such as projects assisting problem gamblers, drug rehabilitation centres and projects of lasting significance which demonstrate substantial community benefit and substantial financial commitment from other sources and applications. These projects include programs for the benefit of youth, sport, recreation, tourism, arts, or any other programs or purposes relating to the support or advancement of the Victorian community.

### Research Charter

Soon after the Authority was established in 1994 steps were taken, in relation to research, to develop and adopt a research charter.

This research charter sets guidelines for the Authority to follow in conducting research on the social impact of gambling and requires the Authority to consider:

- the impact on individuals and families;
- the impact on communities and neighbourhoods;
- the cultural and social impact; and
- the socio-economic impact.

A copy of the Authority's Research Charter which details these activities is at Attachment 1.

### **Research undertaken by the Victorian Gaming Commission prior to the establishment of the Victorian Casino and Gaming Authority**

Prior to the establishment of the Victorian Casino and Gaming Authority, the Victorian Gaming Commission undertook a number of research projects. These included:

1992

- First Survey of Community Gambling Patterns; and
- Bibliography of Gaming Publications.

1994

- Review of Electronic Gaming Machines in Victoria (the Schilling Report); and
- First Survey of Gaming Venues.

1995

- Second Survey of Community Gambling Patterns (completed and released by the Authority).

*Note: Copies of all completed reports referred to are enclosed, and a complete listing of all published research reports is at Attachment 2.*

### **Department of Human Services**

Research undertaken by the Department of Human Services focuses on service delivery to those persons having difficulty with gambling and includes projects focusing on the profile of a problem gambler, the effectiveness of the current problem gambling assistance systems and the effectiveness of various theoretical frameworks which currently underpin the problem gambling assistance programs.

Officers from the Department of Human Services and the Authority liaise regularly to ensure that there is no duplication in research projects and to share information of mutual relevance.

## **RESEARCH PROGRAMS**

### **1995 Research Program**

Once the research charter had been adopted the Authority was in a position to pursue a detailed research program. The first research program was announced in February 1995.

This program incorporated the initiatives recommended by consultants engaged to develop the research charter and to recommend priority projects.

*Note: The procedure for the conduct of research projects undertaken by external consultants on behalf of the Authority is detailed at Attachment 3.*

During 1996 the first results from the 1995 research program were publicly released as reports and included:

- Third Survey of Community Gambling Patterns;
- Second Survey of Gaming Venues;
- The Effect of Electronic Gaming Machines upon Charity and Non Profit Organisations in Victoria; and
- First Survey of Positive and Negative Perceptions of Gambling.

#### *Baseline Database Project*

The 1995 research program also included the development of a comprehensive database containing detailed information on the gambling industry. This project involves the ongoing development of a database of factual data as opposed to anecdotal evidence. The focus of the project to date has been the establishment of the Geographic Information System on which the computer system operates, which has been completed. Further, the process of collecting data for the database has been an ongoing exercise. Currently, work is being undertaken to establish an Internet website which will allow public access to this information.

### **1996-97 Research Program**

The Authority's 1996-97 research program was announced in June 1996. This program comprised nine new projects with an additional two ongoing survey series.

The Authority developed this approach following a consultation process with community, church and industry groups in the period from late 1995 to early 1996. This consultative approach enabled the Authority to address issues of concern raised by such groups. This research program comprised the following:

#### *Fourth Survey of Community Gambling Patterns*

This survey was undertaken on behalf of the Authority by Market Solutions (Australia) Pty Ltd and released on 29 January 1997. The report identifies changes which have occurred in community gambling patterns following the establishment of the temporary casino in Melbourne and continued growth in the number of licensed gaming venues.

Further, it details changes in gambling patterns from when the first (May 1992), second (May 1994) and third (June 1995) surveys were conducted.

#### *Impact of the Expansion in Gaming on the Victorian Retail Sector*

In March 1997 the Authority published the report completed by the National Institute of Economic and Industry Research titled the “Impact of the Expansion in Gaming on the Victorian Retail Sector”. This project was designed to provide an insight into the causes of the perceived decline in sales and profits by retail business in Victoria since the introduction of electronic gaming machines and the opening of the temporary casino.

#### *Definition and Incidence of Problem Gambling*

This project commenced in February 1997 and was completed in August 1997. It examined the definition and incidence of problem gambling within Victoria with the aim of recommending a standard benchmark to define and measure problem gambling. The project was conducted by the Australian Institute for Gambling Research, University of Western Sydney and the results of the project were published in August 1997.

#### *The Effect of Gambling on Employment in Victoria*

In August 1997 the Authority published the report titled “The Effect of Gambling on Employment in Victoria” undertaken by the National Institute of Economic and Industry Research. The focus of this project was to identify the areas of increased employment due to the expansion of gambling activities in Victoria since July 1992 and those areas where the effect of gambling has been to lessen both employment and employment opportunities.

#### *Social and Economic Effects of Electronic Gaming Machines on Non-Metropolitan Communities*

A consulting consortium of Deakin Human Services Australia of Deakin University and the Melbourne Institute of Applied Economic and Social Research at the University of Melbourne, was appointed to undertake this project to examine the impact of electronic gaming machines on the non-metropolitan communities of Geelong, Ballarat, Bendigo and the Latrobe Valley municipalities of Baw Baw and Latrobe. The project commenced in April 1997 and a report was published in December 1997.

#### *Patron Profile of a Major Casino Operating in a Metropolitan Environment*

The aims of this study, undertaken by the research consultancy firm Hames Sharley, were to obtain a demographic profile of casino patrons, including changes in patronage following the move of the casino from the temporary to the permanent site, and to identify issues that may arise from the findings of the research. The project was completed in October 1997 and the resultant report was released in December 1997.

#### *Older People and Gambling*

This project commenced in March 1997 and was completed in September 1997. The research examined the nature and extent of gambling patterns of persons 55 years and older in Victoria and assessed any changes in such patterns since the introduction of electronic gaming machines and the casino. The research was undertaken by Roy Morgan Research and the results were published in September 1997.

#### *Community Facilities Resulting From the Providers of Gaming in Victoria*

The consultants Hames Sharley were engaged to examine the provision of community facilities which can be attributed to the providers of gaming in Victoria. The project was aimed at providing an insight into what is returned to the community by the providers of gaming in the form of assets, facilities and donations to charitable, sporting and community organisations. The project commenced in March 1997 and a report was released in December 1997.

#### *Impact of Electronic Gaming Machines on Small Rural Communities*

This project also involved the consultants Hames Sharley and had the objective of examining both the social and economic impacts of electronic gaming machines on the small rural communities of Balmoral/Coleraine, Camperdown and Sale. The project commenced in May 1997 and a report was released in December 1997.

#### *Impact of Gaming Machines on Inner City Municipalities*

A consortium of consultants led by the Melbourne Institute of Applied Economic and Social Research of the University of Melbourne was engaged to examine the impact of electronic gaming machines and the casino on four inner city municipalities, namely, the cities of Maribyrnong, Moonee Valley, Moreland and Darebin. The project commenced in May 1997 and a report was released in December 1997.

#### *Fifth Survey of Community Gambling Patterns and the Second Study of Positive and Negative Community Perceptions of Gambling*

This project was a continuation of the first survey on the positive and negative perceptions of gambling completed in late 1996 and of the four earlier surveys of community gambling patterns conducted between 1992 and 1996. The consultants, Market Solutions, and Associate Professor Mark Dickerson of the Australian Institute for Gambling Research, were appointed to undertake this project. A report was published in December 1997.

#### *Summary of Research Findings*

Arthur Andersen was appointed in October 1997 to undertake this project which had the aim of critically analysing and evaluating past research projects undertaken by the Authority and drawing conclusions about the social and economic impacts of gambling. The report on this project was released in December 1997.

### **1998-99 Research Program**

On 1 July 1998 the Authority announced its 1998-99 research program. In total the 1998-99 research program comprises an integrated package of eleven distinct projects: one on-going survey series; eight new projects and the introduction of two longitudinal surveys.

Once again the Authority developed this research program following a consultation process with various church, community and industry groups. An important part of the development process was the consideration of advice from the consultants who had previously conducted research for the Authority, and the assessment made by the consultant as part of the project "*Summary of Findings 1996-97 Research Program*" and comments made by the Auditor-General in the report "*Special Report No. 54 - Victoria's Gaming Industry - An insight into the role of the regulator*".

The projects comprising this program are in line with the Authority's Research Charter, and are as follows:

*Gaming - Comparative History and Analysis, Framework for Evaluation and Summary of 1998-99 Findings*

A study of the comparative history of gaming impacts in Australasia, followed by the development of a rigorous framework to measure the social impacts of gaming and the subsequent use of this framework in critically analysing and summarising the whole of the 1998-99 program;

*Continuing Surveys of Community Gambling Patterns and Perceptions*

The sixth and seventh surveys of community gambling patterns and perceptions;

*Club and Hotel Industry Gaming Impact Study*

An examination of the impact of gaming on the club and hotel industries which considers the provision of dining and other recreational, cultural and social facilities, the changes in the culture and the effect on the entertainment and music industries;

*The Economic Impact of Gaming*

An examination of the combined overall economic impact of gaming from the macro (State) level through to the base micro (individual household/person) level;

*Problem Gambler Measurement Instrument*

The development of a survey instrument to accurately measure the prevalence of problem gambling in the Victorian context;

*Evaluation and Further Use of Existing Data Sets*

A review, including geo-demographic profiling, of existing research data sets of the Authority;

*The Impact of Gaming on Specific Cultural Groups*

An examination of the impact of gaming on specific cultural groups;

*The Impact of Gaming on Crime Statistics*

An evaluation of the availability of suitable crime statistics to enable meaningful analysis of the association between gambling and crime rates;

*The Impact of the Expansion of Gaming on the Tourism, Entertainment and Leisure Industries*

A study of the impact and role of the expansion of gaming in the tourism, entertainment and leisure industries;

*Longitudinal Examination of Perceptions and their Relationships with Actual Findings*

A longitudinal examination of people's perceptions of electronic gaming machines and the casino and the relationship of these perceptions to actual gaming industry behaviours and events; and

*Longitudinal Community Impact Study*

A longitudinal study of the impact of gaming on specific communities including both metropolitan and rural areas.

Work has commenced on a number of these projects and it is anticipated that the program will be progressively completed by the year 2000.



**RESEARCH CHARTER**  
**(Set of principles for operation)**

The *Gaming Machine Control Act* 1991, section 109(e), requires the Authority to fund research into, and advise the Minister for Gaming on, the social impact of gaming.

The Authority will achieve this objective by adopting and operating within a broad set of principles (as detailed below).

These principles establish and describe parameters for the purpose of implementation of functional roles and responsibilities.

1. The fundamental purpose of research conducted by the Authority is to gather data in a format that will enable it to:
  - make available to the public reliable information on the social impact of gambling;
  - put its views to the Government on policy issues in a timely manner; and
  - carry out regulatory functions and recommend implementation of changes to those functions as appropriate.
2. The Authority will undertake and/or commission such research as is necessary to ensure that the social impact of gaming is thoroughly documented and understood for the benefit of the community, the Government and the industry.
3. Co-operation and co-ordination of the research effort among and between the industry and community will be encouraged, to facilitate the rationalisation and standardisation of research into the social impact of gambling and to achieve reciprocal benefit and cost savings.
4. To assess social impact as required under the Act, social impact will be defined for this purpose as:
  - impact on individuals and families;
  - impact on communities and neighbourhoods;
  - cultural and social impact; and
  - socio-economic impact.
5. The Authority will monitor significant research developments both within Victoria and on the interstate and international levels as part of on going efforts to maintain Victoria at the forefront of gambling studies and research.

6. The Authority will establish and maintain basic data sets such as are necessary to enable it to perform its research and other functions.
7. From time to time, specific issues of concern within the community will arise that the Authority will research, report on and provide its views on policy matters to the Minister.
8. The Authority will identify and implement necessary longitudinal and consequential impact studies.
9. The Authority will disseminate results of its research wherever possible (taking into account commercial sensitivities) to government, commercial operators, other researchers, interest groups, media and the general public.

## VCGA RESEARCH SCOPING MATRIX

A comprehensive data and research base would inform:

### **FAMILIES AND INDIVIDUALS**

- Who is Gambling
  - age and sex
  - education and income
  - nationality
  - residential locality
- Income disposal patterns
- Use of time
  - leisure
  - work
  - family
- Effect on family life
  - stability
  - cohesion
- Problem gambling
  - nature and impact
- Social life impact
  - loss and gain

### **COMMUNITIES/NEIGHBOURHOODS**

- Location of venues
- Effect on organisations
  - ability to self funding through minor gambling
- Local facilities impact
  - ability of clubs to expand and provide
- Effect on services
  - shopping centres
- Community participation levels
  - sport
  - arts activities
  - entertainment

### **SOCIETY & CULTURE**

- Changing perceptions of gambling
- Moral attitudes
- Differential risk to vulnerable groups eg. young people
- Visibility of new forms of gambling
- Overall crime levels
- Cultural identity
- Gaming as recreation
- Effect on city life & urban renewal
- Community safety & confidence
- Gambling as a cultural product
- Historical perspectives

### **THE ECONOMY**

- Tourism
  - 'at home' tourists
  - regional, interstate, international
- Employment
  - increase and loss
  - shifts and transfers
  - regional impact
  - need for training
- Business
  - viability of clubs, hotels and entertainment venues
  - export development and substitution
  - market segmentation
- Beneficiaries
  - governments
  - Australian or overseas operators

**COMPLETED RESEARCH PROJECTS**

1992

- First Survey of Community Gambling Patterns; and
- Bibliography of Gaming Publications.

1994

- Review of Electronic Gaming Machines in Victoria (the Schilling Report); and
- First Survey of Gaming Venues.

1995

- Second Survey of Community Gambling Patterns.

1996

- Third Survey of Community Gambling Patterns;
- Second Survey of Gaming Venues;
- The Effect of Electronic Gaming Machines upon Charity and Non Profit Organisations in Victoria; and
- First Survey of Positive and Negative Perceptions of Gambling.

1997

- Fourth Survey of Community Gambling Patterns;
- The Impact of the Expansion in Gaming on the Victorian Retail Sector;
- The Effect of Gambling on Employment in Victoria;
- The Definition and Incidence of Problem Gambling, Including the Socio-Economic Distribution Of Gamblers;
- Older People And Gambling;
- Community Facilities Resulting from the Providers of Gaming in Victoria (including Third Survey of Gaming Venues);
- Social and Economic Effect of Electronic Gaming Machines on Non-Metropolitan Communities;
- Impact of Electronic Gaming Machines on Small Rural Communities;
- Impact of Gaming Venues on Inner City Municipalities;
- Fifth Survey of Community Gambling Patterns combined with the Second Positive and Negative Perceptions of Gambling Survey;
- Patron Profile of a Major Casino Operating in a Metropolitan Environment; and
- Summary of Research Findings - 1996-97 Research Program.

## PROCEDURE FOR CONDUCTING RESEARCH

The Research Committee has implemented the following procedure in identifying and undertaking research projects:

### Project Development

- Step 1 consultation with community, church and industry groups and other appropriate sources, to assist in establishing the types of research projects to be included in the Authority's research program;
- Step 2 once the Authority has agreed on the content of the proposed Research Program, a submission is made to the Community Support Fund Unit for Funding;

### Development of Project Brief

- Step 3 once funding is obtained draft project briefs are developed and circulated for comment to organisations identified as having a relevant interest in a project, for example:
- the Retail Traders Association for the project on the impact on retail outlets since the expansion of gambling in Victoria; and
  - the municipalities of Moreland, Moonee Valley, Maribyrnong and Darebin for the project on the impact of Gaming Venues on Inner City Municipalities;
- Step 4 on receipt of comments provided by these organisations, consideration is given to the comments and variations to the project brief are made where appropriate;

### Appointment of Consultant

- Step 5 on finalisation of the project brief, advertisements are placed in "the Age" and "the Australian" inviting tenders to undertake the project;
- Step 6 on receipt of tenders, a selection process is conducted in accordance with the Victorian Government's tendering and contract guidelines;
- Step 7 the preferred consultant is chosen and all applicants are advised of the outcome;

### Conduct of Project

- Step 8 the successful consultant is required to enter into a contract with the Authority, prior to commencing the project; and
- Step 9 the final report prepared by the appointed consultant is published by the Authority. All reports are made available to the public.