

**SUBMISSION TO THE PRODUCTIVITY COMMISSION**

**INTERCHURCH GAMBLING TASKFORCE**

**MARCH 1999**

### *Executive Summary*

The present arrangement of gambling and gambling control in Victoria has created a number of severe problems and discrepancies across the Victorian population as a whole, and created specific difficulties in many individual communities. This has been caused by the widespread and rapid introduction of gambling forms into Victoria, and been exacerbated by State Government policy and legislation surrounding gambling control and revenue, Industry Providers' marketing and promotional activities, and the nature of modern gambling devices, particularly electronic gaming machines (EGM's).

This report has examined a number of issues which are primary agents in the spread of negative consequences of gambling across the state and particularly in poorer and disadvantaged communities.

#### *1. The authority over gambling planning issues and gambling revenue collection.*

At the present time, by and large both planning control and the authority to raise gambling revenue lies in the hands of the State Government. While some planning control is given to Local Government through the State Planning Scheme, this is severely limited and in practice, often ineffectual to prevent gambling venues in a municipality. Primary legislative power lies with the State Government and decisions over locations of venues is primarily made by the industry's providers, Tattersalls and Tabcorp.

The combination of planning and revenue authorities within the same level of government creates severe bias towards the proliferation of EGMs and gambling across the state, as the expansion of the industry creates profitable returns for the Government and subsequently can hinder the required control of gambling to reduce the widespread negative social and economic consequences.

This widespread dilemma has been made even more acute in poorer communities which for various reasons tend to have much higher levels of gambling expenditure. It is these communities that are providing the highest levels of revenue for the government, therefore creating a form of regressive taxation. This is exacerbated when it is noted that very little revenue has been returned to poorer communities through the Community Support Fund, when other wealthier municipalities which have much lower gambling expenditures, have received funding for major developments and projects. The social and economic consequences of this in poorer communities are devastating.

Changing the system so that local government has both planning and revenue control appears to be a better solution, but may result in local government having the same bias as is now recognised with the State Government. A better and more foundational solution is to improve the ability for local government to respond to gambling problems in their municipality by giving them increased planning power over local venues. Local Government is closer to the community and can subsequently respond more directly to community concerns and problems. Combined with this is the need to improve the transparency and management of the Community Support Fund, so that it is used more for the purpose that it was intended. This requires independent management of the fund and a transparent allocation process.

## *2. The impact of gambling on poorer communities and municipalities.*

As previously mentioned, poorer communities are dealt a double blow by gambling through having higher expenditure on gambling for various reasons, and receiving little back from that revenue. The consequences this can lead to are:

- household financial difficulties
- increased reliance on social security
- increased reliance and pressure on charity and welfare groups

- increased crime
- overall loss of community wealth
- cultural shift within a community surrounding leisure and recreation choices
- the uncertain future of a communities with high levels of gambling

These are problems that may be alleviated, but cannot be overcome, through traditional problem gambling services and programs. The nature of gambling policy and legislation and the power of the industry to promote itself and social engineer the marketplace requires more foundational changes. This requires a return of power to the local community so that individual municipalities can decide for themselves when the negative consequences of gambling have overcome the perceived benefits.

### *3. The mix of different gambling forms and their impact on the community.*

After an analysis of the different elements which make up all forms of gambling and their impact on the community, it is quite alarming to note that the gambling forms with the greatest negative impact are all newly introduced forms, which have been brought into Victoria very rapidly throughout this decade. It is this rapid introduction of high impact gambling forms that has led to the widespread public outcry.

Without a doubt, EGMs have the highest potential for negative impact on individuals, families, and communities, and this has been observed in practice in Victoria. They are clearly the most popular gambling form with 53% of total gambling losses being attributed to EGMs, and with 78% of clients at G-line citing EGMs as the cause of their gambling problems. It is their combination of high accessibility and visibility, ease of use and inherent psychological influences within the game that has resulted in this situation.

Running a close second in potential impact is the casino. Again, it is due to the high level of promotion and widespread knowledge of this facility that has resulted in this situation. While often attracting a different type of gambler (although the casino's primary income

earner, EGMs, would attract similar types of gamblers as local EGMs) it continues to promote itself as a positive environment where everybody wins. This has been encouraged and supported by the State Government. It is also a form of gambling where large amounts of money can be lost in small periods of time, and where an individual believes they have control to gain that money back. Of course, the contrary is the case.

However, a potential threat which could be even greater than these two is that of internet gambling. This has the opportunity to create the greatest negative impact of any gambling form due to its high accessibility, limited ability to be controlled, and the lack of any social interaction that it gives to a gambler. The potential for damage that this has is devastating, which explains the U.S. decision to outlaw Internet gambling outright.

***Introduction:***

This submission has been formulated following the meeting of the Productivity Commission with the IGTF at the public hearing on 23 November 1998, and has been designed to address the following issues:

1. The appropriateness or otherwise of local government having both planning and taxing authority, particularly in relation to gaming machines and whether there are any relative benefits or risks compared to these powers resting at the State level.
2. The risks if any arising from the preponderance of gaming machines in poor areas.
3. The relative mix of types of gambling available and their impact on the community.

***1. The appropriateness or otherwise of local government having both planning and taxing authority, particularly in relation to gaming machines and whether there are any relative benefits or risks compared to these powers resting at the State level.***

Discussion of present planning and taxing authority:

- Planning - the authority and power to control and authorise gambling developments, both in terms of numbers of venues and in numbers of machines lies in the hands of three organisations: State Government, Local Government, and Industry Providers (Tattersalls and Tabcorp). The State Government has set Ministerial Directions<sup>1</sup> which control the maximum number of machines available, the proportion of machines located outside urban Melbourne, the maximum number of machines permitted in restricted and unrestricted areas, the proportion of machines in clubs vs. hotels, and the proportion of machines to be operated by each provider. The State also has planning power through the State Planning Scheme, which allows any venue where the gaming area is to be less than 25% of the floor area where liquor is consumed to be exempt from the need for a permit from the Local Government, prohibits venues in closed shopping complexes, and only allows venues in nominated strip shopping centres if they existed or had licences before 16 June 1998. Local Government has planning power only with venues where the gaming area exceeds 25% of the floor space and a permit is required. In such circumstances a council may choose to refuse a permit, however, this process is open to appeal. However, in choosing to refuse a permit, the Planning and Environment Act determines that such factors as noise, impact on amenity, car parking, hours, etc. must be considered, social and economic effects *may* be considered, but need not be (Section 60b). On appeal, there is limited precedent for the use of 60(b) in predicting the response of VCAT, and quite obviously social and economic effects (the main impacts of gambling) have minimal influence when

---

<sup>1</sup>Section 12, Gaming Machine Control Act 1991.



compared to physical effects. Industry Providers have planning power in that machines must be available and granted to a venue. Therefore, the two providers have power over where their machines will be located, within the framework set by the State.

- Taxing - all revenue that flows to Government from gambling is initially collected by the State Government. This includes an overall 33.3% gambling tax and 8.33% on the revenue from hotels only, which flows into the Community Support Fund. This fund is then spent on: 1. Research into the social impact of gambling; 2. Sport, recreation, community services and government initiatives on youth homelessness; and 3. The promotion of arts and tourism. Therefore, the largest proportion of taxing authority is in the hands of the State Government. The only authority local government has is the ability to request funding from the CSF for local initiatives. However, this has not been the majority, with most allocations from the fund being made to programs that are administered by a State Government Department.

It is this present situation that has caused severe disadvantage in certain municipalities in terms of revenue and authority. Especially in those municipalities with high levels of community expenditure on gambling, there appears to be little return of taxation revenue from the CSF to the local area, and especially for the purposes of addressing problem gambling, which is a pressing issue in these localities. One such example is that of the City of Maribyrnong, where the community lost \$43.8 million in 1998, with \$14.6 million being revenue to Government and \$2.7 million going to the CSF. However, the only specific project that received funding from the fund only received \$700,000, where municipalities that have contributed little to the fund receive projects and programs worth much more.

This has raised the issue of whether gambling revenue should be more in the hands of local government. However, there are a number of benefits and risks to this concept, which shall be examined in detail.

Benefits:

- *Money expended by a community on EGMs is returned to that local community in a proportion directly related to expenditure.* - Therefore, those communities that are spending the most on gambling and losing the most money out of the community will receive the most amount back. The need for this increased equity is apparent in the previously mentioned Maribyrnong example. Subsequently, the overall economic impact of EGMs and the regressive taxation in the municipality will be reduced.
- *Revenue available to local government will parallel more closely gambling abuse in that municipality.* - Since gambling expenditure in a local government area is a good indicator of the prevalence of problem and excessive gambling behaviors amongst the population, this means that those areas with the highest degree of problem gambling will have the most funds available from gambling revenue to provide support services and other entertainment and social activities to combat this.
- *Local Government is closer to the community and more able to be swayed by public opinion, which makes them a better body to determine where gambling revenue is to be spent.* - This would hopefully reduce the spending of gambling revenue on projects and services which do little to combat problem gambling, and would respond more directly to community needs and beliefs about gambling in their municipality. This can be both in directly addressing problem gambling in the municipality through direct programs and services, but also through the provision of alternative leisure and social activities to try and fill the void which gambling is rapidly filling, much to the detriment of the local population.

Risks:

- *Increased administration and costs.* - Due to having to return gambling revenue to local government in direct proportion to the expenditure within that municipality adds another level of administration and subsequent costs which further reduce the finances available.
- *Local Government may seek gambling revenue and subsequently become dependent on it.* - As with the State Government in the present situation, the large amount of revenue that can be earned through gambling in a municipality may become too attractive. This leads to the consequence of local government actually promoting gambling to increase revenue, and becoming dependent on that source of revenue for projects and general municipality finances. This is even more dangerous when you consider that in most cases gambling expenditure by a community will diminish over time when households saving are depleted and more of the community is in a state of poverty due to gambling. This compounds the situation, as this would subsequently put greater demand on local services, which the local government would have to fund out of a diminishing revenue source.
- *Revenue cannot reverse the cultural social changes that are taking place within communities due to gambling.*- A greater availability of funds by local government has some effect on alleviating the negative consequences of problem gambling and subsequently the overall burden felt by the community, but it cannot and will not be able to address the cultural shift taking place in these communities regarding leisure and entertainment that gambling has brought in with it.
- *Local Government may not use gambling revenue for the purpose for which it is primarily intended.*- Local Governments may not choose to spend gambling revenue on gambling services or alternative leisure/social activities, but may prioritise revenue

to other projects or services which do little to combat problem gambling and high levels of gambling expenditure within the community.

- *Direct revenue return does not consider the issue of 'commuter gamblers'*:- For many outer urban municipalities, many residents gamble at more inner areas, often on the way home from work, and then return to their home municipality already having lost their money. Therefore, these municipalities while not having high levels of gambling expenditure within the local government area, are losing large amounts of money from this community which is being spend in other areas, and therefore cannot be returned under this concept. This could possible lead to such municipalities promoting gambling in their area to compete with other municipalities so that at least they will get some return from their residents' gambling expenditure.

After examining the benefits and risks of combining taxing and planning authority within local government, it is in the opinion of the IGTF that there is inadequate evidence to support such a scheme. This is especially apparent when we observe that at the present time both planning and taxing authority lie primarily with the State Government, and we have observed the inherent bias towards gambling as an acceptable revenue activity and entertainment option that this has encouraged at the sacrifice of community social well-being.

In relation to this, there are a number of other issues which have to be considered when examining the relationship between planning authority and revenue.

Other Issues:

- *Would it not be simpler, cheaper and fairer to have a more transparent and better, independently managed Community Support Fund?*

By simply tackling the issue of the Community Support Fund and its distribution, the extra complications, costs and inherent risks involved with redistributing revenue directly would be avoided, whilst still improving the equity of the Fund in relation to local government areas. Local Government appears at present to be highly supportive of this concept and would be content with it, even if it may not return the amount that a full redistribution of revenue would. Such a concept would have to devise suitable and equitable mechanisms for local government to be fully represented in determining the distribution of the Fund.

- *To link 'taxing authority' and 'planning authority' in Local Government assumes a degree of planning power.*

At present, the concept of local government having planning authority is somewhat erroneous. Whilst local government has a number of controlling powers over local developments, with the current nature of gambling legislation and planning controls, there is little local power over gambling venues. If a venue has less than 25% of the licensed floor space occupied by gaming machines, then local government has virtually no way of refusing such a development on social, economic or aesthetic grounds. And even when local government does have the ability to refuse a permit, the influence that social and economic effects can play is somewhat minimised, especially on appeal, by the nature of the Planning and Environment Act (Section 60b). The nature of State Government legislation and the State Planning Scheme has removed most planning power from the hands of local government.

Therefore, at the present time both planning and taxing authority lie primarily in the hands of the State Government, with secondary planning power in the hands of the industry providers, which has led to the present state of affairs with high levels of gambling, saturation of EGMs in low-income areas and the continued promotion of gambling as an entertainment option. This is the dangerous outcome of combining the two authorities of planning and taxing, at least at the state level, and there is a high probability that it could occur at the local level also if the two authorities were combined there.

Subsequently, the first step in improving overall equity and social consequences in Victoria would be to return planning authority to local government before even considering the role of taxing authority. This leads us to our next issue;

- *Should the focus be on revenue distribution or gambling control? (Or, "Is it better to restrict a gambling venue, or simply allow local government to profit more from it?")*

In examining the appropriateness of combining planning and taxing authority within local government, we are implicitly condoning the continuation and expansion of gambling activities in Victoria as it is presently being done. This issue is secondary to the primary issue of gambling control. We are aware of the fact that problem gambling and excessive gambling expenditure cost local communities and the state as a whole far more in the long run than gambling revenue can ever compensate for. We are also aware of the issue of the cultural shift in the local communities that has been caused by gambling, which has nothing to do with expenditure or revenue, but is simply due to the presence and promotion of gambling in the community, which has displaced community ideas surrounding leisure, entertainment, and social activities.

Therefore, the issue of distribution of revenue is a minor one when considering the overall impact of gambling on the state. This is not to say that it is an issue that should not be examined, for the substantial losses through gambling in certain poorer

municipalities significantly exacerbate the statewide problems of gambling. But to advocate a complete restructuring of the distribution framework is perhaps putting too much focus on the issue, when most of these particular problems could be minimised through a better managed Community Support Fund, and when a greater majority of specific and broad social consequences of gambling could be addressed by stronger local planning powers able to take into account regional and local factors when considering the number and location of EGMs in a community.

Overall, this issue can best be summarised through the use of the following diagram:

<u>TAXING AUTHORITY</u>	<u>PLANNING AUTHORITY</u>	
	<i>State Government</i>	<i>Local Government</i>
<i>State Government</i>	1. Present	3. Best
<i>Local Government</i>	2. Proposed (reality)	4. Proposed (perceived)

*Situation 1.- Present:* Taxing and planning authority lie primarily in the hands of the State Government. The disadvantages of this system have already been outlined previously.

*Situation 4.- Proposed (perceived):* Directly distributing revenue to local government depending on the gambling expenditure of that local government area as it is proposed to occur, with planning and taxing authority both in the hands of local government. This has the same pitfalls as situation 1 in that the same body has both planning power and receives gambling revenue, which may tend to compromise objective and community sensitive planning decisions. This however may have the possible benefits of the authority with the primary power being closer to the communities affected and therefore more aware of the social and community consequences of gambling and less able to distance themselves from community opinion.

*Situation 2.- Proposed (reality):* Directly distributing revenue to local government depending on the gambling expenditure of that local government area as it would probably occur in reality if revenue were the focus of modifications. Without a more comprehensive restructuring, planning power would remain in the hands of the state government. We say this is in reality, as until the planning scheme and gambling legislation is amended to allow for local government planning power, planning power will remain a state government domain. And while this situation does allow for the return of revenue to local governments, it does even less than the present situation to control the spread of gambling and approval of gambling venues. This is because the planning power remains in the hands of a body fairly distant from the community consequences of gambling and still receiving gambling revenue, and the body closer to these consequences



is now being quietened over the issue by the flow of gambling revenue into local government coffers. Therefore, this is possibly the worst situation possible. Even if revenue were to be used for problem gambling services and for other leisure and entertainment options, it does nothing to control the cultural shift discussed earlier, and allows the culture of gambling, its high profile and promotion, and its continued easy accessibility to continue relatively unfettered.

*Situation 3.- Best:* Perhaps the best arrangement possible if it were to be combined with modifications to the Community Support Fund as discussed previously to alleviate the effects of regressive taxation. In this situation, planning power is returned to the hands of the local authorities, who are aware of public consequences and opinions relating to gambling, and who are not being compromised by the direct return of revenue. Revenue is handled by state government, who, with an independently managed CSF, would be returning this in a more even-handed way to those communities most in need of problem gambling services and projects to alleviate and avoid the problems of excessive gambling. Therefore, gambling is being addressed on two sides: One, by planning powers over local venues by a responsive and objective local authority, controlling the spread of gambling by taking into account local factors, and secondly, by the better use of gambling funds to address already existing and potential gambling issues, especially to areas most in need.

## ***2. The risks if any arising from the preponderance of gaming machines in poor areas.***

The risks arising from the high concentration of EGMs in a certain low-income municipality stem from the overall problems that are inherent with excessive gambling activities, but are intensified by the saturation of machines in an area of low income,<sup>2</sup> and the natural and social engineered tendency for people from such communities to engage in gambling activities. Broadly, there are two factors at work in creating these risks in these communities: 1. The direct effects of gambling on individuals, families, and the overall community, and 2. The effects of large amounts of revenue being removed from a low-income community through gambling.

The following four risks are drawn from the Interchurch Gambling Taskforce Review of the Social and Community Consequences of the Cap on Electronic Gaming Machines in Victoria, November 1998.

- *household financial difficulties* - the consequences of this much money coming out of the community and each household leads firstly to the erosion of savings. However, in many areas of lower average income the fact is many households have no or little savings. Therefore, gambling expenditure comes from the household budget, and subsequently leads to the sacrifice of necessities or the inability to pay bills.<sup>3</sup> The

---

<sup>2</sup>In areas of highest EGM concentration, which are also areas of lowest income, we find one EGM for every 58 residents, or one machine for every 23 active gamblers. (Assuming 40% of adult population gamble).

<sup>3</sup>The City of Maribyrnong (the poorest municipality in Melbourne) has determined that each of the 40% of active gamblers spends on average \$45 a week. The average income for Maribyrnong is \$635 a week. This indicates that the active gambling population is spending 7% of total household income on gambling. This is in contrast to Industry reports that state an average spending on EGMs of \$25 a week with gambling only constituting 1.9% of the disposable household income. To assume this indicates a disposable income among active gamblers in Maribyrnong of \$2368 a week, which is highly unlikely. This demonstrates the problem with widespread gambling statistics quoted by industry and the wide differences between municipalities.

It has also been stated from recent research that 5% of the total population spend 25% of their gross income on gambling, and with 10% of the population spending over 10% of their gross income on gambling. (Seiffert, M., Presentation paper "Problems with Gambling" from public hearings 'Gambling in Victoria' - People Together Project, March 1996.) It is indeed a broadly accepted concept that as much as 80% of gambling revenue comes from about 20% of gamblers.(O'Brien (1998) Bad Bet, Random House)

belief that gambling expenditure comes from the entertainment portion of the budget only holds true for those gamblers who budget a certain amount for gambling and can stick to that amount. Many cannot, and the more desperate the financial situation, the harder it can be to suppress the 'hope of getting lucky'. Also, many gamblers of lower incomes do not have or have very limited entertainment budgets. It has also been noted in research that financial pressures often lead to an increase in domestic violence.<sup>4</sup> It could therefore be expected to see a rise in domestic violence in areas of low income and high EGM concentration.

- *increased reliance on social security* - as a natural consequence of the above point, the demand on social security increases. However, in most cases of problem gambling behaviors, the loss of financial security does not lead to a reduction in gambling. There are many experiences in the problem gambling assistance arena of individuals receiving social security and spending it that same day on EGMs.
- *increased reliance and pressure on charity and welfare groups* - this is also a natural consequence of the above two points. It is difficult to obtain figures on this, as most people presenting for financial assistance will not cite gambling as the reason for their financial difficulty, due to the stigma attached and the fear that confession will result in a refusal of assistance. In a Tasmanian study, it was determined that approximately 38% of people asking for food at a particular agency were there because of gambling.
- *increased crime (especially white collar crime)* - with increased financial difficulty, some will consider some forms of crime to alleviate this situation, or to fund further gambling activities. This has especially been found to be 'softer' forms of crime, especially in the family and the workplace. This unfortunately will usually result in involvement in the justice system, unemployment, and even deeper financial distress. This may lead to more desperate and harder crime from some individuals. To compound matters, at present there is no legislation covering problem gambling as a

---

<sup>4</sup>A Gambling-Led Recovery? - Don't Bet On It!, The Church and Nation Committee, Presbyterian Church

valid cause for criminal activity as there is with drugs and alcohol.<sup>5</sup> In American surveys it has been estimated that 30% of prisoners are probable pathological gamblers.

---

of Victoria, 1995, p36.

<sup>5</sup>Problem Gambling and Crime: What part does crime play in problem gambling?', Victorian Council for Problem Gambling, October, 1996.

Some further risks arising from this preponderance can be:

- *regressive taxation* - this is a preliminary consequence that leads to and intensifies the previously mentioned risks, and has been mentioned previously. Basically, it widens and intensifies the inequity between municipalities, exploiting poorer communities, who due to having a disposition towards gambling, will be more willing to spend their income in that way. Therefore, communities with the least wealth and income are paying the highest taxation level in terms of gambling revenue. This is further exacerbated by the previously discussed issue of revenue not returning to the community through the CSF.
- *overall loss of community wealth* - the flow on effects from expenditure of individuals and households on gambling would leave no sector of a municipality unscathed, as business, amenities, leisure and community organisations would all be affected by a loss of income, patronage, or both. With a community such as Maribyrnong losing \$43.8 million dollars to EGMs each year, and with only \$11.9 million remaining in local hotels and clubs, it can be quite clearly concluded that this must have an impact on the local economy. This unfortunately leads to further difficulties such as unemployment, loss of entertainment and leisure facilities and stress on community organisations, all of which only make the area more susceptible to the belief in gambling as a beacon of hope.
- *social engineering and cultural shifts* - with the high concentration of EGMs in a particular municipality, this leads to a high level of EGM access and visibility. This in turn can lead to a number of negative consequences. Firstly, it continues to encourage the cultural social changes surrounding leisure and entertainment, where recreation is determined by gambling, and theoretically (& according to advertising) winning. This cultural shift is more intense when it is noted that it has occurred in many of the facilities that people previously used for leisure and entertainment, being pubs and clubs. Subsequently, gambling and this philosophy of leisure have replaced previous

forms of recreation and entertainment further entrenched into the community. Industry providers state that venues are encouraged to develop a range of leisure activities besides gambling, but it is unclear as to whether that is for the welfare of the patrons or venue, or as a means of drawing more people to the venue to engage in gambling activities. Secondly, the high level of access and visibility further reinforces the belief and hope in EGMs as a potential way out of difficult circumstances, or simply as a way to make life much better. Promotion and advertising naturally focuses on this, but the saturation of EGMs in such communities makes them come to mind more frequently, especially in strip shopping centres where people are about their daily business. Subsequently, when difficult times strike, when people are emotionally vulnerable, or simply when seeking leisure and recreation, EGMs and gambling come more rapidly to mind than would have previously, or would in some other municipalities with much lower EGM concentrations.

- *the future of gambling communities* - any community can not have an unlimited amount of financial resources. As gambling expenditure continues to eat away at household savings, and in many cases, through household expenditure, there will come a time when a community is simply not able to continue the level of expenditure on gambling that we see now. While this reduction or loss of a market may affect Government and Industry Providers, they have the ability to move EGMs to more profitable, perhaps newer suburbs. However, many local hotels and clubs, which in the several good years of gambling have possibly become dependent on EGM revenue. Venues have engaged in major building projects, and will find themselves without this major source of revenue and with greater overheads and commitments than before the introduction of EGMs into Victoria. It is already a pressing concern to the Australian Hotels Association and the Licensed Clubs Association that Industry providers have taken machines out of some venues, resulting in severe financial strain on that venue operator. However, this has the potential to happen on a wide scale within a community if gambling at such a scale continues. This in future would lead

to further unemployment, economic strain, and reduction of recreation options, on top of that already caused by gambling.

### ***3. The relative mix of types of gambling available and their impact on the community.***

There are many different forms of gambling available to the Victorian public, and each form of gambling can vary within itself (through such things as different locations, promotion, environment, etc.) Therefore the best way to study the impact of these types is to first examine the elements which make up the mix of different types of gambling and the effect these can have on the community, both by themselves, and in combination.

These elements shall each be discussed in terms of how they operate and how they contribute to the positive or negative impact on the community. It should be noted that each of these elements appears to be elements that only effect the individual, not the community. However, as this report has previously discussed, it is at the individual level that the impact begins, and this is then transferred onto the family or household, and from then into the community.

Such elements are:

- *accessibility* - the more accessible a form of gambling is, the more able it will be able to be used by a broader portion of the community, and more often by that portion. Accessibility consists of two parts: one, the actual location of the venue being in an area frequented by a large proportion of the population (such as a strip shopping centre) and easy to find and locate, and two, being in a venue which is non-threatening to a large proportion of the population, being preferably one that they will have been in before. Accessibility is a major issue in the rise in women gambling, where the accessibility of gambling in the urban area has been a major contributing factor.
- *visibility* - this works closely in conjunction with the element of accessibility, and is achieved by venue location and numbers, as well as through advertising and



promotion. Higher visibility results in more people being attracted to venue, as well as reinforcing the previously mentioned belief in gambling as a means of financial success and as a positive leisure activity.

- *ease of gameplay* - the ease of gameplay of a gambling type does not directly effect how negative or positive a form is, but works in other ways with different populations. Types of gambling with a degree of difficulty are hard to learn, but often keenly followed once learnt, due to the closely related degree of control that may be felt, which will be discussed later. However, types with a very simple gameplay are very approachable and accessible to new populations and can bring more people into gambling behaviors.
- *speed of gameplay/return* - a gambling type with a rapid gameplay (meaning a quick cycle before requiring more money to be paid) is more likely to lead to problem gambling behaviors, as it is simply more possible to insert and lose more money, and it also intensifies the 'next time' philosophy that a win is just around the corner.
- *perceived return* - naturally, the more return a game gives, or the higher the chance of winning, encourages people to engage with that game. Usually, the chance of winning and the amount possible to win work contrary to each other and subsequently balance each other out. However, there are many beliefs surrounding perceived return that many individuals have (such as, the longer you play, the more likely a return (and a big return) will be).
- *perceived control possible* - control is not a major factor in determining the negative impacts of a gambling type, as gambling types with both high levels of control, and no control, have excessive gambling problems. However, a degree of control (or perceived control even when there is none) encourages the continuance of the game in the hope that the individual will be able to finally win by sheer effort.

- *social nature of game* - socialising with other people is one of the most heavily advertised inducements of engaging in gambling recreation. It is also one of the factors which can help reduce the negative consequences, as contact with other people may lead to increased responsibility, and avoids becoming too immersed in gambling.
- *combination with other activities* - having other activities available with the gambling activity is another positive element, as likewise with socialising, it avoid the total immersion of an individual in a particular form of gambling, and provides leisure alternatives which do not necessarily involve a continual loss of money. However, these activities should only be considered positive if they are true alternatives, and not simply tools to bring more people to a venue to gamble.
- *psychological influences inherent in the game* - by psychological influences, we are referring to the use of sound, light, movement or any other tool which affects an individual's judgement or which encourages a gambler to continue in the game. These can be quite explicit through the use of promotions or inducements, or can be quite subconscious. We can include in this element such tools that hinder an individual's ability to relate what is happening in a gambling activity to the activities of the real world (such as the removal of clocks, natural lighting, etc.)
- *initial outlay required* - small outlays make a gambling type more accessible to a greater proportion of the population, but indicate smaller returns or smaller odds. Larger outlays are more costly to an individual and may more quickly result in financial difficulty, but can also be a barrier to gambling for many people.

The following table has scored the main forms of gambling available in Victoria according to the previously mentioned elements, so that examination of their overall impact on the community can be better analysed and compared. As the ways in which they effect the community differ, the most negative degree has been identified with **bold**

**and underline**, less negative with just **bold**, and the least negative impact with normal text.

Elements that do not indicate a degree of negative impact on the community have been shaded in gray.

	<i>EGMs</i>	<i>Horse racing</i>	<i>Lottery</i>	<i>Scratch tickets</i>	<i>Casino games</i>	<i>Internet</i>	<i>Keno</i>
<i>Accessibility</i>	<b><u>High</u></b>	Low	<b>Medium</b>	<b>Medium</b>	Low	<b><u>High</u></b>	<b>Medium</b>
<i>Visibility</i>	<b><u>High</u></b>	<b>Medium</b>	<b><u>High</u></b>	<b>Medium</b>	<b>Medium</b>	<b><u>High</u></b>	<b>Medium</b>
<i>Ease</i>	<b><u>High</u></b>	Low	<b><u>High</u></b>	<b><u>High</u></b>	Low	<b>Medium</b>	<b>Medium</b>
<i>Speed</i>	<b><u>High</u></b>	<b>Medium</b>	Low	<b><u>Medium</u></b>	<b>Medium</b>	<b><u>High</u></b>	<b>Medium</b>
<i>Return</i>	Medium	Medium/ High	High	Medium	Medium/ High	Medium/ High	Medium
<i>Control</i>	<b>Low</b> <sup>6</sup> <b>Medium</b>	<b><u>High</u></b>	Low	Low	<b><u>High/</u></b> <b><u>Medium</u></b>	Depends	Low
<i>Social nature</i>	<b>Medium</b>	<b>Medium</b>	N/A	N/A	<b>Medium</b>	<b><u>Low</u></b>	<b><u>Low/</u></b> <b><u>Medium</u></b>
<i>Combination</i>	<b><u>Low/</u></b> <b><u>Medium</u></b>	<b><u>Low/</u></b> <b><u>Medium</u></b>	High	High	<b><u>Low/</u></b> <b><u>Medium</u></b>	<b><u>Low</u></b>	<b><u>Low/</u></b> <b><u>Medium</u></b>
<i>Psychology</i>	<b><u>High</u></b>	Low	Low	Low	<b>Medium</b>	Depends	Low
<i>Outlay</i>	Low	Medium	Low	Low	Medium	Depends	Low

This table not only allows us to compare different types of gambling and determine which are the most detrimental in their impact on the individual and community, but also permits us to determine the combinations of elements which make up particularly destructive forms of gambling.

<sup>6</sup>While technically there is no issue of control at work in EGM gambling, there are strong beliefs amongst gamblers that EGMs work in such a way that the longer one plays, the more likely a machine will be to jackpot, and that jackpot will subsequently be much larger, due to the large amount of money now inserted into it. The understanding that EGMs are programmed only to ever return a certain proportion of intake to the gambler, and that each game is completely independent of the last, appears difficult to be realised by EGM gamblers.

Through this we can clearly determine that EGMs (both in local venues and in the casino) form the greatest negative impact on the community, through the combination of accessibility, visibility, ease and speed of return, and the subsequent large population that has been attracted to it for such reasons. This impact is not surprising when we examine that 53% of all gambling losses in 1996-7 was attributable to EGMs alone, and we have already discussed in detail the particular problems this form of gambling has for the community at large, and for particular communities and municipalities.

We can also note the potential danger of Internet gambling, which appears to hold as much potential for damage to the community as EGMs have had so far, with the extra danger of the inherent difficulty in regulation and control of such a form, plus its potential exposure and accessibility to youth.

The casino and its associated games also appear to rate quite highly in terms of negative impact on communities, although this impact is spread across more communities than EGMs may be. It is also the high degree of promotion for the casino by both Crown and the State Government that has intensified this impact.

It is worth noting as we examine the mix of types of gambling and their impact on the community, that the gambling types which appear to have the greatest negative impact on the community are all relatively new to Victoria, being introduced in the early 90s, or being presently considered for introduction (as internet gambling is). It is this fact, combined with the very rapid and widespread introduction of these types of gambling that has led to the widely experienced and deeply felt impact that gambling in Victoria has had, both economically, socially, and culturally, on individuals, families and households, municipalities, communities, and on the entire Victorian population.

### *Summary of Recommendations*

- **Increased planning power to Local Government**

By re-attributing primary planning power to Local Government through the State Planning Scheme, it allows local communities to have a greater voice in determining the level of gambling within their municipality. This also overcomes the potential bias when combining planning power and taxing authority within the same body. Local Government is more aware of and can respond more directly to community problems created by gambling and are more aware of the consequences at a local level. At the present time, they have virtually no control, and this inability to respond to community needs is the primary cause of frustration and concern at the municipal level.

- **Transparent and independent Community Support Fund**

Presently, the Community Support Fund does not appear to be acting accurately at the municipal level in returning revenue to needy communities in the form of gambling services and community projects. Therefore, it is required that the Community Support Fund be independently managed so that it may fulfil its intended purpose, and that the allocation process be transparent so that municipalities and local organisations may be more able to receive funding for services and projects according to need and the level of gambling expenditure within a community.

- **Regional caps on Electronic Gaming Machines**

A regional approach to caps on machines numbers would allow levels of high EGM concentration in poor municipalities to be controlled, and to satisfy unmet demand for EGMs in areas with lower returns per machine. This helps overcome negative

consequences resulting from high concentration, accessibility and visibility. This improves equity, satisfies venues operators request in many areas and can reduce overall negative consequences in vulnerable areas.

- **Increased research into the social, economic and community consequences of differently gambling forms, and development of suitable abuse interventions**

It is apparent that much more research is required as gambling and its effects continues to expand in Victoria. At present much official research has been piecemeal, and requires a comprehensive examination of the effects of gambling and its various forms on the Victorian population as a whole, and on individual communities. This should lead to the development of strategic approaches, which should be both local interventions and services, and statewide policy and legislative modifications surrounding gambling control and promotion.

- **A slow down in gambling introduction**

While it is unfortunately too late for this recommendation, it is important to note that much of the negative results from gambling have been created or exacerbated by their rapid introduction into Victoria. This has also lead to a difficulty in ascertaining the negative consequences accurately as they are continually expanding. Therefore, for any future gambling forms that may be introduced, a slow and gradual approach should be taken where impacts can be examined before the problems become out of hand.