

## **Submission to Gaming Machine Arrangements Review by the Victorian Government**

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This review of the arrangements for electronic gaming machines (EGMs) in Victoria should provide some useful information to inform the appropriateness of existing and planned harm-minimisation measures.

The following submission discusses the need for the review to consider the location, number and type of gambling venues, as well their opening hours and staffing arrangements. We also submit that the review should consider the raw number of machines. Finally, we make some points regarding community benefits from EGM revenues and the granting of perpetual licences.

Based on research conducted by the submission authors and others, we would recommend that very careful consideration is given to examining the effect of the number and characteristics of *venues* on a community or a region, as well as the effect of the number and location of machines (Thomas, 2010).

The Victorian model of community-wide distribution of EGM venues, coupled with extremely long opening hours, means that there is very high accessibility to EGM gambling across the state. This model of highly accessible, community-based gambling means that most people have easy access to gambling from their homes and that many people travel only have to travel short distances to gamble (Delfabbro, 2008; Eltridge & Delfabbro, 2006; KPMG Consulting, 2000; Robitaille & Herjean, 2008). This is of concern, as this model facilitates impulsive decisions to gamble, and encourages use of venues and EGM gambling as a way of dealing with emotional or situational issues (Surgey, 2000; Thomas, et al., 2009). This is in contrast to considered event-based decision-making that must occur where gambling is less geographically and temporally available (Thomas, 2010).

Further, area-level disadvantage predicts higher losses on EGMs which are concentrated in the poorest areas. Disproportionate exposure to EGMs explains almost half (40%) of the effect of disadvantage in predicting EGM losses, demonstrating that oversupply of gambling opportunities in these areas contributes substantially to the degree of losses (Rintoul, Livingstone, Mellor, & Jolley, 2013). Accessibility to venues and losses are therefore far higher in the communities that are least able to absorb high expenditure.

Thus any consideration of reductions in the number of venues should carefully consider location, with an emphasis on protecting more vulnerable areas.

The AGRC is currently conducting a place-based study of gambling in two local areas of Melbourne known for their differences in EGM availability and gambling losses. This study is exploring how the local amenity and community context influence gambling consumption. These findings are particularly pertinent to this review. They are not yet published but authors Rintoul and Thomas wish to advise they are available to discuss the study and its preliminary findings to inform the review.

In addition to examining the number and distribution of EGM venues, the review should examine whether future licensing should consider the *type* of venue most appropriate for EGMs.

Victorian research has shown that expenditure in clubs tends to be lower, on average, than that in hotels (Thomas, Pfeifer, Moore, Meyer, Yap, & Armstrong, 2013). This, at least in part, may be explained by the increased visibility people feel in venues such as member-based clubs and smaller venues, where they are known by other customers and staff. In these venues people feel their gambling will be more visible, which then acts as a brake on gambling (Thomas et al., 2013).

There is evidence that experienced staff trained in Responsible Service of Gaming are fully capable of identifying problem gambling behaviour and responding to it, to minimise further harm (Thomas, Delfabbro & Armstrong, 2014; Thomas et al., 2013; Delfabbro, Osborne, McMillan et al., 2007). The same evidence suggests that less-experienced staff (especially young casual staff with limited hours and service length) are much less likely to respond effectively to problem gambling behaviour with responsible service measures. The extent to which venue management emphasises and prioritises staff resources and attention to responsible gambling service appears to vary markedly between venues, and this impacts the level of harm observed and responded to in the venue.

Venue-level factors such as customer visibility, staff experience and training, and the extent of management-led staff engagement with responsible service of gambling are important factors that should be accounted for in the consideration of the allocation of new entitlements, or changes in the EGM cap.

By way of caveat, it must be stated that even when implemented in accordance with responsible gambling codes of conduct, it is still unclear whether staff identification of and intervention into problem gambling will lead to the desired effect of minimising harm. For example, it is not clear what proportion of individuals who are experiencing harm are being identified, nor do we yet know whether identification and intervention leads to improved outcomes for these individuals (Livingstone, Rintoul, Francis, 2014). Further research into this area is required.

With regard to community benefit claims, we would suggest that the review carefully

consider excluding venue operating expenses by clubs from allowable claims (including capital investment, maintenance and staffing costs). These are general operating expenses incurred by any business and allowing such claims may unfairly advantage this type of business compared to other non-gambling businesses in the community. Further, unlike direct community benefits (Class A), these costs are unlikely to benefit the broader community beyond the license holder, and as such are generally not able to be claimed in other jurisdictions in Australia (Livingstone et al 2012).

The value of community benefits from EGM revenues should also be reviewed more broadly. Research has demonstrated that actual financial benefits provided to communities from clubs who operate EGMs in Victoria via Class A contributions comprise only a tiny proportion of the revenue generated at these venues – representing around 2.4% of total losses by customers (Livingstone, Kipsaina & Rintoul, 2012). It could be argued that the tax breaks provided to clubs operating EGMs are a relatively expensive way of providing community amenity. Furthermore, treating clubs differently to hotels for the purposes of taxation raises questions about whether EGM license holders should be considered not-for-profit entities. The abolition of corporate tax concessions for businesses such as clubs was a recommendation of the Henry Tax Review (Attorney-General, 2009) and is worthy of further consideration.

Finally, given evidence constantly is emerging about the nature of gambling and gambling-related problems, and effective ways to respond to these problems, we would recommend licenses continue to be time-limited (rather than in perpetuity) to allow the government to accommodate new evidence and respond to emerging issues.

The Australian Gambling Research Centre is available for further consultation in relation to this or other matters, as required.

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