

Socio-economic impacts of access to electronic gaming machines in Victoria

Effects on demand and communities

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This study was funded through the Community Support Fund as part of round two of the Grants for Gambling Research program.

This study investigates the community level of impact of electronic gaming machines and, in particular, examines the effect on communities that may be considered disadvantaged through their particular mix of socioeconomic indicators.

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Socio-economic impacts of access to EGMs in Victoria:

Effects on demand and communities

Final Report

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DEFINITIONS

Accessibility: the access people have to EGMs in terms of venue size, type, location and operational characteristics.

Community benefit: the positive outcomes generated through EGM gambling activity in the community, in particular the social outlet component, creation of employment in the local area and revenue generation for communities.

Community clubs: are not-for-profit clubs closely linked with community activities, usually offering a range of services for the community such as sporting/social and also support various community groups.

Community harm: the negative impacts on the community as a result of electronic gaming machine (EGM) activity. In particular, the cost of ease of access to EGM gambling venues in low socio-economic communities, the impacts of problematic gaming activity and the burden this places on community members.

Community members: are those people who play a community services role and have experience in dealing with gambling-related issues in the community.

Community resilience: the capability of communities to withstand significant adversity and risk (Kulig, 2000).

Correlation: a statistical/numerical relationship between two different variables, which assists in determining the effect each variable, has on the other.

Disadvantaged communities: are those with a low socio-economic status which are characterised by high rates of unemployment, low incomes and a low skilled workforce. In the gambling context this includes communities characterised by a high concentration of EGMs and EGM venues.

Regression: statistical/numerical analyses which denotes a weakening relationship between variables.

Social capital: the product of social structures and personal interaction that can be leveraged from to achieve personal and social goals.

ABBREVIATIONS

ABN: Australian business number

ABS: Australian Bureau of Statistics

AIPC: Australian Institute for Primary Care

EGM: Electronic Gaming Machine

LGA: Local government area

CSF: Community Support Fund

CBS: Community Benefit Statement

SEIFA: Socio-Economic Indexes for Areas

VCGR: Victorian Commission for Gambling Regulation

SCOPE OF THE ELECTRONIC GAMING MACHINE (EGM) GAMBLING STUDY

This study investigates the socio-economic impacts of accessibility to Electronic Gaming Machine (EGM) gambling in Victorian communities. The introduction of EGMs to venues is a contested issue from both an individual citizen and a community perspective. This study investigates the community level of impact of EGMs and, in particular, examines the effect on communities that may be considered disadvantaged through their particular mix of socio-economic indicators. A report on the community impacts of EGM gambling examined the effects of gambling environments on socio-economic attributes in Victorian and Western Australian communities and found that, consistent with other studies, EGM expenditure was highest in low socio-economic areas and that concentration of EGMs was highest in those areas (South Australian Centre for Economic Studies (SACES), 2005). However, the SACES report recognised some limitations at the regional and the sub-regional level of analysis, and concluded that “...there would be significant value in further developing this study” (p.188). It concluded that triangulated or multi-method approaches were best suited to analysing gambling (p.215). This study on the access into socio-economic impacts of EGM gambling in communities, extends the community impact research reported in the 2005 SACES study and adopts a multi-method approach.

First, the research investigates EGM gambling through detailed analyses of the overall Victorian EGM revenues and player attributes. The study then offers a more detailed community-focussed profile of EGM gambling, resources and demographics. It seeks to develop a better understanding of the concepts of community harm and community benefit and examine how this knowledge might guide the consideration of gambling policy and practice especially with respect to EGMs in those areas that have a higher concentration of EGMs and higher relative spend on EGM gambling, higher unemployment and lower average weekly earnings.

A significant element of this study is a more comprehensive and deeper understanding of the nature and constitution of community harm and community benefit and the critical elements that create resilience to the problems related to gambling in communities.

As a major element of the research, this study aims to deliver a framework for use in assessing the socio-economic impacts of EGM gambling in communities. The project meets several policy and practice objectives in relation to EGM gambling:

1. The research evaluates access-related issues in terms of location and player-type and assesses the importance of this constellation on the demand for EGMs.
2. It examines the impact of this demand on communities and analyses how these issues might mitigate or exacerbate the effects of EGMs in communities.
3. The research aims to develop an evaluation model for understanding and addressing gambling in communities, particularly those communities in areas that are disadvantaged according to socio-economic criteria.

Research results gathered through meeting these objectives provides the Victorian Government and other policy makers and planners with an analysis of impact issues of EGMs. It examines the impact of elements such as type of venue, location, numbers of EGMs at locations, geography of EGMs (e.g. socio-economic factors such as income levels) on EGM-playing activity and reports on the overall impact on demand of EGMs together with the social make-up of that demand. Furthermore it provides critical data on the broader issues communities are facing in terms of social capital formation, community economic development and the allied contribution of EGM gambling to this enterprise. Through this multi-level research activity and investigation, the study develops a comprehensive framework to evaluate the socio-economic impacts of EGM gambling.

EXECUTIVE SUMMARY

The theme of *accessibility* to gambling products is a key area of interest and focus for this study. The impact of venue characteristics in terms of size, venue type, service on offer and other operational features on demand are central to access-related issues.

Another element relating to access-related issues is whether there are macro-level policy and community-level mitigators relating to access in place to ensure that the benefits of EGM gambling are not overwhelmed by the problems of gambling. In this respect, the study focussed on determining why some communities are more resilient to the effects of EGM gambling if their access to EGM gambling products is similar to other communities, and understanding the role of social capital in explaining this phenomenon.

Major findings of the study focus on the Victorian-level results from analysing player attributes and spend across venues and the multiplex effects of EGM gambling on regions. Regional findings are derived from a closer examination of regional-specific data relating to community harm and community benefit:

Gambler profiles:

- Characteristics of EGM gamblers confirm those people who are unemployed, low income earners and have mortgages have a higher spend on EGMs.

Regions:

- Concentration of EGMs and venues with EGMs in poorer areas as measured by average weekly income is evident. This profile is clear even within disadvantaged regions.
- Volunteering activity can potentially reduce impacts from EGM spend per adult, per machine and as a proportion of income.

Input/output analysis:

- Those directly benefiting from EGM activity are the Victorian Government, EGM owners, the hotels and clubs who operate the machines, and those able to access the Community Support Funds (CSF).
- EGM inputs are paid for by other firms in the services sector, other industry sectors and non-EGM operators in the hotel and club sectors in regions, in the form of reduced spending. However, there are also spillovers to the local community from some of the beneficiaries.
- Tourism and related cultural activities assist in creating growth if aligned with gambling activities. There is a need to capitalise on synergies of clubs, tourism, cultural experiences and retail to improve, rather than diminish, local trade.
- Cash-based crime is not seen to be linked to EGM activity.

Community:

- Social capital creation is an important mechanism for ameliorating the negative impacts of EGM gambling.
- Volunteering is a critical element of building social capital and leads to greater community resilience to the problems of gambling.
- Well-functioning membership clubs play the role of a community hub.
- There is under-reporting of community benefit generated by clubs; positive intangibles such as improved community access, a safe venue and facilitating social gatherings are unable to be included in the Community Benefit Statement (CBS).

Overall, the study found that for smaller gaming venues, such as community clubs, EGM gambling appears to direct a range of benefits to the community. These benefits include a contribution to community social capital and the provision of voluntary opportunities for community members. Both benefits are identified as strong mitigating factors to the harmful effects of EGM gambling. The study proposes a framework, which highlights the dynamic nature of the gambling environment and identifies the key stakeholders and their respective tasks.

REPORT STRUCTURE

The report proceeds by first providing a review of the findings of gambling and electronic gaming research from international contexts together with a review of the Australian research results. It also examines the electronic gaming policy settings and regulatory environment. The review of prior research also focuses attention on the issue of a lack of understanding of the constituent components and limited measurement and evaluation mechanisms for understanding community benefit and community harm resulting from electronic gambling activities. It was found that the Australian research has tended to concentrate on identifying individual harm factors emanating from EGM gambling with a notable lack of significant research on community-level harm and benefit.

The report then outlines the study methodology specifically developed to undertake this research project. The study utilises a range of methodological techniques to identify how EGM gambling affects communities. It uses regression analysis and correlations for the overall gambling and social data for Victoria. The study also uses qualitative data to distil the major themes around the impact of EGM gambling in communities.

The next section reports on the study findings. Examination of the attributes of the broader industry together with the attributes of those who gamble on EGMs in Victoria is contained in this section. The section also outlines the contribution of clubs and assesses the consequent impact on communities. In the next part of the report, the study then analyses community demographics across Victoria to select those areas that could be considered disadvantaged according to levels of employment, income and age dispersion, venue characteristics and associated impacts, and dispersion of venues over specified Local Government Areas (LGAs). This approach allowed a closer examination of the three case study regions and has established an effective research protocol that may be used in other gambling studies.

The empirical data gathering was undertaken in three stages. Stages 1 and 2 examined statistical data relating to EGM users/non-user expenditure patterns and EGM businesses. Correlation and regression analysis were used to gain insight into the relationship between EGM revenue generation in LGAs, EGM density measures and relative income. In these stages, the opportunity cost impacts of EGM venues on communities are evaluated. Stage 3 of the report commences by outlining the details of each of the studied regions. In-depth analysis of the three Victorian regions chosen — City of Ballarat, City of Greater Dandenong and City of Latrobe — is undertaken, using location maps, demographics and EGM expenditure data, to highlight the EGM gambling expenditure in the regions. Furthermore, this stage presents qualitative data gathered from the three regions through semi-structured interviews and focus groups.

From this suite of methodologies, drawing from the macro-level of Victoria-wide data to a closer investigation of specified the three regions, a clearer picture of EGM gambling in Victoria emerges. The implications of gambling for communities are then identified and analysed. Table 1 shows the structure of the report:

Table 1: Report structure

Scope and Executive Summary	Introducing the topic of electronic gambling, the importance of developing a better understanding of community effects of EGM gambling is highlighted. The Executive Summary outlines key points derived from the findings of this extensive research project.
Literature review and Methodology — Electronic gaming machine gambling and communities	Comprising a review of contemporary international and national research into EGMs and effects on communities, this section discusses previous gambling research and outlines the debates relating to the provision of EGM gambling, EGM policy and regulation, and methodological issues. It shows how this research uses the prior research as a platform for advancing the methodological techniques and expanding on the knowledge about EGM gambling in communities.
Stages 1 & 2 — Geographical economic analysis	<p>This section reports on quantitative data gathered from websites of the Victorian Commission for Gambling Regulation (VCGR), the Australian Bureau of Statistics (ABS) and secondary data. Data sets of EGM users/non users' expenditure patterns and EGM businesses, are used in correlation and regression analysis to gain insight into the relationship between EGM revenue generation in LGAs, EGM density measures and relative income.</p> <p>Furthermore, Stage 2 offers an analysis of the opportunity cost impacts of EGM venues on communities. Building on the work of Brown et al. (2003), an opportunity cost model is developed.</p>
Stage 3 part a — Case study regional analysis	Stage 3 of the report drills down into the community level data. It outlines details of each of the three studied regions. In-depth analysis of each region is presented, using locational maps, demographics and EGM expenditure. This section highlights the significance of EGM gambling spend in these disadvantaged regions.
Stage 3 part b — Perceived effects of EGMs	<p>As part of Stage 3, the qualitative data findings and analysis are also presented, emphasizing the major themes and issues derived from the data. The implications of the findings are discussed.</p> <p>In addition to perceptions of community members and club management for each of the three selected case study regions, Community Benefit Statements were analysed to determine the adequacy of the categories for reporting the type and level of benefit. The composition of benefits was compared with the results of the focus groups and interviews to develop a more comprehensive picture of the depth and breadth of community benefit.</p>
Stage 4 — New frameworks for understanding and balancing community harm/benefit	Stage 4 undertakes an analysis of the empirical data and builds an alternative framework for assessing the community impacts of EGMs.
Conclusion	This section returns to link the findings to the research questions.

LITERATURE REVIEW AND METHODOLOGY: ELECTRONIC GAMING MACHINE (EGM) GAMBLING AND COMMUNITIES

Introduction

Gambling research has been gathered from international and Australian studies. These studies were examined to deduce some of the effects of gambling at local, state and national levels. The literature highlights the potential negative and positive impacts of EGM gambling. In particular, several studies outline EGM gambling revenue generation and assess how these structures impact on the communities. Furthermore, some of the social issues arising from gambling behaviour are discussed, and the implications of these for communities with a high proliferation of EGM gambling products are outlined. From the literature, this study distils the results of previous research into gambling and uses this as a platform to develop guidelines to identify the socio-economic impacts of EGM gambling in communities and ultimately to investigate the particular structures which mitigate or exacerbate these impacts.

Gambling and Communities

In size and importance, the gambling industry in Australia has grown significantly over the last three decades. During this time there has been a fourfold increase in real gambling turnover. According to Brown et al. (2003) gambling is now a large taxation revenue earner for many western governments at both federal and state levels worldwide (for example UK, USA, Australia). Wynne and Schaffer (2003) have highlighted both the strong growth of gambling activity in recent years, and the revenue streams this activity has generated for governments and communities. However, there are also concerns about gambling, in particular EGM gambling (Oddo, 1997) and the accrual of benefits across all levels of society (Marshall, 1998).

The use of gambling by government is also sometimes seen as an inefficient mechanism for raising taxation revenue (Borg & Mason, 2001). Additionally, increased gambling can reduce taxation revenue from other sources, because of the opportunity cost impact of decisions to gamble, i.e. what would have otherwise happened to the money spent on the gambling product (see Borg, Mason & Shapiro, 1993; Moore, 1994).

Layton and Worthington (1999) also cite previous work (Madhusudan, 1996; Rivenbark & Roonsaville, 1996; Szakmary & Szakmary, 1995) as evidence that 'the pattern of expenditure may work to the relative detriment of low income individuals and deepen the economic problems that must be addressed by other public support programs'. Consequently, there is a need to understand the effect of gambling generally — and EGMs specifically — on low-income communities.

Much of the research conducted in Australia, however, has concentrated on the psychological and behavioural factors leading to individual problem gambling (Crisp et al., 2004; Delfabbro

& Winefield, 1999; Dickerson et al., 1992; Dickerson & Baron, 2000; Kyngdon & Dickerson, 1999), neglecting broader socio-economic outcomes. In a study sampling 8,389 Australian households in 1993-1994, Layton and Worthington (1999) found that changes in income have a greater impact on the probability of playing poker machines and casino type games. Brown et al. (2003) consequently developed a framework within which a broader analysis of social harm and benefit could take place. Building on this framework, this study evaluates the importance of access-related issues on the demand of EGMs and the impact of this demand on communities.

Gambling has long been the subject of intense debate as a consequence of its location in the moral/ethical dimension. At the same time, gambling activities have been acknowledged as a way to increase economic development and social gain in deprived areas (Jinker-Lloyd, 1996). Specific beneficial social outcomes are also indicated in previous studies and are outlined as follows:

- Where gambling is introduced to economically struggling areas, it generated economic benefits; however leakages of benefits out of the local economy severely limited these advantages (Rephann et al., 1997).
- It was found in municipalities in the USA that EGM gambling has a significant beneficial economic effect in most host cities, particularly those with Riverboat or land-based non-Native American gaming enterprises. Profits were used for capital improvement projects to help serve the tourist demand generated by gaming (Alexander & Paterline, 2005). However this research highlights the need to attract non-local money into the area.

Gambling can offer social support to older people, because of its social nature in bringing people together, and the subsidised amenities that could be accessed (such as inexpensive meals), in comparison with the isolation often found amongst this age group who no longer work (Bilt et al., 2004; McNeilly & Burke, 2000).

- Gambling can generate socio-economic benefits, such as increased employment and assistance to schools, senior citizens and recreation centres (Mehta, Levenson, & Levinstein, 2007).

Therefore, gambling in communities has both economic and social benefits. Gambling can be advantageous for communities in terms of capital generation (provided there are no financial leakages outside of communities) and that gambling revenue is not solely collected from local residents. As well as economic benefits, it can increase employment, provide assistance to community members in terms of financial resources, and is seen as a social mechanism in support for the elderly.

However, Oddo (1997) states that there are also concerns over gambling illustrated in both economic and ethical terms. Some of these concerns have been expressed throughout the literature and are outlined as follows:

- The knock-on effects from problem gambling such as the effects for relatives, problems with crime in gambling areas, “cannibalisation” of local business (gambling as an industry taking over other businesses) and increased demands for social/community services to deal with the negative consequences of gambling (Wynne & Schaffer, 2003).
- In terms of the relationship between casinos and crime, the impact of crime is initially low, but grows over time; with gambling seen as increasing all crimes except murder (Grinlos & Mustard, 2006).
- The poor spend a greater portion of their income on gambling than do middle income earners (Abbot & Cramer, 1993).
- There is a substitution effect between gambling and other forms of entertainment, suggesting that displacement effects are most likely in these types of activities which might also be related to tourism (Siegle & Anders, 1999).
- Where the majority of gambling is carried out by local residents rather than tourists, the outflow of funds from the community are likely to be a particular issue (Aasved & Laundergan, 1993).
- There is inequitable distribution of risks and benefits from gambling, where government and those who do not gamble are the greatest beneficiaries and those often poorer socio-economic groups who do not benefit pay the highest costs both individually and as communities (Poulin, 2006).
- Benefits from gambling are more likely to accrue at the macro rather than local level because of centralised tax revenues, whilst localities may suffer from displacement of activities with higher multipliers than the institutions with EGMs that replace them (Marshall, 1998).
- Lost wealth from gambling appears not to be regained for communities unlike, for example, the tobacco industry in which revenues collected through taxation are redirected to public health policy measures aimed at reducing access to tobacco. This is the opposite of what has occurred for gambling (Poulin, 2006).
- An over-concentration on gambling activities can result in over-reliance on one industry (Mehta et al., 2007).

These elements alert to both the *positive* and *less desirable* issues arising from gambling in communities. The research results highlight the heightened effects for disadvantaged communities. The literature also highlights the particular ways in which gambling revenue is used for economic benefit and the possible threats that are incurred through financial structuring of EGM gambling revenue. Ultimately, from the literature, this study finds that the determining factors of community impacts are where gambling expenditure is coming from, who is spending on gambling, to what extent EGM gambling expenditure is occurring, and finally the way gaming revenue is realised through tax and spending structures.

Finally the literature provides some general comments on gambling and its potential or actual impacts. Rose (1998) highlights some broad and useful summaries — ‘rules of thumb’ — in relation to gambling:

- Substitution rates range from 35% to 75% for casinos that serve a range of tourists and residents.
- Small cities and rural areas have gaming multipliers (i.e. the amount by which each dollar spent on gambling is multiplied through spending and re-spending decisions to give a total effect on the economy) of 1.5, medium to large cities have multipliers not greater than 2, and very large cities or states are around 2.5.
- Casino recapture (i.e. patrons stay for more than just gambling) is greatest where the casino is bigger in the facilities on offer than local rivals, and where there is greatest geographical distance between casino and alternative facilities. Concentrations of gambling are likely to increase local production of related goods and services (and thus reduce leakages) but there is a substitution effect, meaning that additional gambling will have smaller marginal impacts in such circumstances.
- Negative impacts on congestion, crime and health are related to the ‘carrying capacity’ of the host locality to deal with these issues.
- Positive short-term impacts relate to a broader choice of recreation activities.
- Employment is likely to be low paid but stable with good benefits.

Throughout the gambling literature there is indication of the desirable and undesirable impacts of gambling activity. In identifying desirable outcomes, the researchers emphasise some of the depending factors of gambling benefits and the trade-offs that may be detrimental to the community where gambling revenue is derived. Some of the factors in the literature which are key to this study are the social impacts of gambling — such as crime, employment and social outlet for community members — and the economic impacts which include how EGM gambling revenue is accrued and the way it is geared to impact communities. Moreover, this study aims to determine the ways in which communities are structured to mitigate or exacerbate the impacts of EGM gambling. This calls for an analysis into the social make-up of communities which can be investigated through social capital.

Social capital in the analysis of broader social outcomes

Social capital and network development is another important element in the debate about community benefit and harm. A key merit of this approach is that it shifts the focus of analysis from the behaviour of individual agents to the pattern of relations between agents, social units and institutions. In essence, social capital refers to the network ties of goodwill, mutual support, shared language, shared norms, social trust, and a sense of mutual obligation from which people can derive value (Coleman, 1988; Lin, 2001; Putnam, 1993; Woolcock, 1998). Central to the social capital concept is the notion that social relations among people can accrue benefits or resources that can be utilised (Coleman, 1988; Putnam, 1993, 1995).

Regardless of the level of operation or the perspective adopted, at its most basic level social capital refers to the ability to leverage advantage from the relationships between people (Coleman, 1988; Putnam, 1995), or as Lin (2000:28) describes it, the 'assets in networks'. Social capital does not exist in social networks *per se* therefore, but rather in the resources that these networks may give access to. The key point here is that social capital is more than the existence of relations. These relations must be utilised, leveraged or capitalised on to produce some form of advantage or benefit (Keast, Brown, & Guneskara, 2009 forthcoming)

In terms of the impacts of gambling specifically on social capital-related factors, Griswold and Nichols (2006) found in Metropolitan areas of the United States, for example, that a casino's presence significantly reduces social capital (measured by trust, civic, volunteerism, group participation, giving, and meeting friend/family obligations) when located within 15 miles of a community. This implies that EGM gambling (in this case casino) location may be crucial in determining impact in this regard. Pitcher (1999) also highlights however, that policies to ameliorate gambling may also be of crucial importance in building social capital, through sponsorship of local events that may attract tourists (but also benefit the local community), hosting of charitable fundraisers and promotional events in the communities in which they sit.

For communities, social capital reflects the ability of community members to participate, cooperate, organise and interact (Putnam, 2000). The building of strong, collaborative relationships thus enables the accomplishment of tasks and activities that might not otherwise be achieved through conventional ways of working (Putnam, 1993), playing a bridging role in community capacity building work and helping to link both within and between communities. In this way 'linking' social capital acts as a conduit to additional outside resources and provides a mechanism which moves the focus of intervention activity beyond 'getting by' to 'getting on' and improving life chances (Narayan, 1999; Woolcock, 2001). Keast and Brown (2002) highlight that these processes, if developed over the longer term, produce an ongoing and sustained social infrastructure, which they describe as network capital — that is, the residual knowledge, skills and facilities retained by a network after an intervention has passed (capacity building). Moreover, social capital once established and embedded can be 'borrowed' by neighbouring communities to secure wider regional benefits (Keast et al., 2009 forthcoming).

From an evaluative position, social capital focuses attention on two areas:

1. The relational elements of trust, norms, shared values and reciprocity (Putnam, 1993).
2. The strength and structure of the relationship networks that evolve.

Examining the work of Stone (2001) suggests that effective evaluation of social capital should draw on a number of approaches and provide both a personal and structural relational understanding in order to draw out the full set of outcomes. Collaboration or sharing non-confidential knowledge can reduce barriers caused by small size in a relatively costless manner through a four step process (Woolcock, 1998):

1. **Integrity** — by activating reputational resources associated with membership of a professional association.
2. **Integration** — continued community benefits at low or no cost, deriving from embeddedness but activated through expressing autonomy.
3. **Linkage** — membership of local and non-local networks by virtue of assets deemed to be of consequence to the interests of these.
4. **Synergy** — capabilities to link also to governance bodies, including government programmes and policies.

Together these four steps provide a foundation on which more expansive personal and social benefits can be leveraged.

Gambling in Victoria

Livingstone (2005) outlines the history of EGMs in Victoria, from the inception of EGMs and a casino (in Melbourne) in 1991, and the expansion of gambling venues in the 1990s, to social clubs and hotels/pubs (split on a 50:50 basis). This expansion meant that by 2003 there were 27,260 EGMs in 540 venues, excluding the 2,500 in the Melbourne Casino (which operates according to a different taxation regime). Clubs received 33.33% of total player loss in their venues, with 8.33% required by law to be spent on community projects. Hotels receive 25% of total player loss in their venues (with 8.33% of player loss directed towards the Community Support Fund). In addition to this, gaming operators receive 33.33% of total player loss. However, gaming operators are subject to additional taxes, so this figure does not reflect the total net profit of gaming operators. An example of this is the Health Benefit Levy that gaming operators are required to pay, which is \$4,333 per gaming machine. Livingstone (2005) points out that in suburban LGAs, affluent areas have fewer machines than disadvantaged ones as EGMs are deployed to maximise revenue, and for the most part, the players are local. This correlation between EGM location and socio-economic status is also seen by Marshall, (1999) for Adelaide, Baker and Marshall (2005) for Melbourne (as well as Sydney), and Marshall and Baker (2001, 2002, 2007) for Melbourne. In addition, they point out that ‘involved gambling’ or problem gambling, is less related to socio-economic status and more to proximity (involved gamblers are located less than half the distance to their regular venue than the average), and opening hours (both hours per day and days per week) — both issues of importance to this study.

Doughney and Kelleher (1999) have also argued that the purported net benefits of gambling to Victoria are based on ‘shaky’ methodological ground, because it assumes that gambling has been financed from individual savings rather than substituted alternative expenditures, under-reporting of gambling activity in the Australian Household Survey, as well as the externalities of additional government services required to deal with deleterious social effects from gambling, and reduced strength of the social fabric (and social capital). They also argue that EGM expenditures are, based on other surveys, likely to be funded (and therefore substituting) 20% from savings, 20% from other entertainment activities, 15% from household necessities, and 15% from other personal items, the rest accounted for by discretionary

spending and paid work. There is also an issue (Livingstone, 2005), of the illusion of sociability. Trevorrow and Moore (1998) find, for example, in their study of female gamblers in Victoria, that gambling women did not report higher levels of loneliness or social isolation than non-gambling women, though those with gambling problems did suffer from significantly higher levels of social alienation, and were involved in social networks where gambling was considered the norm (causation was not established by this study). Western, Boreham, Johnston and Sleigh (2001) also highlight a range of studies conducted in Victoria. In particular, their review of the research suggested the following set of units of analysis (and most appropriate analysis types) for which EGM gambling impacts could be measured (Western et al., 2001):

- the individual and family (qualitative)
- community (qualitative/quantitative)
- region (quantitative)
- state (quantitative).

Within these units, Western et al. (2001) provide seven demographic and social categories of quantitative and qualitative measurements. This study, with its multiple foci on gambling at the macro-level of the state, meso level of the region and individual gambler attributes within those specified regions, along with the broader social capital creation within those communities provides a deeper insight into the community impacts of EGM gambling and those structures in place that either exacerbate or mitigate the harmful impacts of EGM gambling in particular. Building on these recommendations, this study uses a mix of quantitative and qualitative methodological techniques to unpack the community impacts of EGM gambling and adopts a suite of quantitative and qualitative techniques to investigate state and region-level impacts.

Gambling assessment frameworks

An extensive background literature surrounds this subject, both globally in terms of casino-type gambling and EGM gambling, and particularly in relation to research already commissioned by the Victorian Government. For example, the broad evaluation of existing Victorian gambling research and development of a framework for analysis was conducted by the Social and Economic Research Centre (2001). SACES (2005) also produced a report on the community impacts of EGM gambling. This research amongst others, emphasises in particular the usefulness of triangulated research methodologies which utilise both quantitative and qualitative analysis — an approach followed in this study. In addition however, this research will look to specifically build upon the Brown et al. (2003) study which looked at the costs and benefits of gambling in socio-economically disadvantaged areas and subsequently developed a model for evaluation of these impacts, indicated in Table 2.

Table 2. Opportunity cost evaluation model

Effect	Direct Effects of EGMs	Indirect Effects of EGMs	Policy
Employment	Created by EGMs and multipliers	Changes in rivals' and other industries' employment	Location of EGMs, size of establishments, allowed behaviour (e.g. opening hours, etc.)
Competition (the displacement of income and cannibalisation of local businesses)	Of EGMs on rival sectors	Spending on EGMs — How this affects other sectors	Location of EGMs, size of establishments, allowed behaviour (e.g. opening hours, etc.)
Dependence and truncation (over-reliance on gambling /social capital)	Directly via number of jobs, revenue, taxes	Change in rivals and other industries jobs, revenues, taxes	Location of EGMs, size of establishments, allowed behaviour (e.g. opening hours, etc.)
Trade (tourism and local movements of gamblers, revenue and employment)	Expenditure into state /LGA from outside for EGMs v. expenditure out for EGMs	Expenditure into state/LGA from outside for industries affected by EGMs v. expenditure out for EGMs	Location of EGMs, size of establishments, allowed behaviour (e.g. opening hours, etc.)
Resource transfer (capital, profits, taxes, etc. but also social issues created and need to deal with these)	Revenue, profits, taxes out from EGM v. tax funded activities and community benefit and CSF money in	Resources in v. resources out of area as a result of EGM generated changes in behaviour (e.g. spending, health, crime etc.)	Location of EGMs, size of establishments, allowed behaviour (e.g. opening hours, etc.)

This framework identifies the direct and indirect impacts of EGM gambling on local, state and federal levels. The model also highlights the policy initiatives that influence the effects of gaming which are relevant to the delivery of EGMs in communities. From the model, the effects of EGM gambling can be assessed to determine the benefits and weaknesses that arise from gaming in communities.

Research specifications and research questions

Access to EGM gambling products and policy initiatives around their delivery can determine the relative impacts on communities. In this report, accessibility to gambling products is the area of interest and focus. Given that access is a broad topic that encompasses several elements, this study concentrates on the following key questions:

- What impact does the size of physical locations (venues at which gambling activities occur), the range of activities offered (services), and their operational characteristics have on demand?

- How do small, more geographically-spread venues impact on gambling behaviour/access when compared with larger, more concentrated venues (geographical locations, demographics)?
- Why are some communities more resilient than others in terms of being affected by gambling if their comparative access to products is similar?

The objectives of the research are:

- To evaluate the importance of access-related issues of location and player-type (outlined above) on demand for EGM products (via quantitative correlation and regression analysis).
- To examine the impacts of this demand on communities of different types and social structures and how these structures can mitigate or exacerbate the effects of EGMs.

The research program involved applied gambling-related research which advanced and tested current knowledge and also helped further innovative theory construction and validation:

- Analysis of the impact of issues including size of location, numbers of EGMs at locations, geography of EGMs (e.g. socio-economic factors such as income levels) on EGM-playing activity, including the impacts on overall demand, social make-up of that demand (e.g. local v. non-local) and impact of that demand.
- Impact of these issues on communities (with comparable access to EGMs) and their resilience (for example via multiplier effects, comparative spending patterns, etc.).
- Mapping of community-level effects within three communities by analysing community demographics, Community Benefit Statements (CBS), Community Support Fund (CSF) and allocations through gathering information from community members including community support professionals and club managers.
- Through this analysis a framework for evaluating the socio-economic impact of gambling (highlighted by previous research in this area), is further developed.

Project Methodology

The analysis was undertaken in three stages. Within the three stages, a mixed method design was employed. Quantitative data was gathered and a series of correlations and regressions were performed. Qualitative data in the form of interviews, focus groups and document evaluation was gathered and analysed. Quantitative methods were utilised in earlier stages to generate a statistical picture of EGM gambling in Victorian communities, while qualitative data was subsequently used in the next stage of the research to explore in greater detail the community impacts of EGM gambling.

Stage 1

Survey data sets of both individuals (EGM users) and businesses (EGM locations) were obtained. Where possible, data sets (e.g. census) were also obtained from government sources to further explore the gambling environment. Quantitative data in Stage 1 are included in correlation and regression analysis between EGMs revenue generation in LGAs and various measures of EGM density (EGMs per 1,000 population, machines per site, sites per LGA), as well as relative income and tourism considerations.

This approach was employed to evaluate the contention that the gambling environment (in terms of venue size, number of machines per person, spend per person, etc.) is determined by interactions between government policy (in terms of EGMs allowed, used of funds generated, etc.), the industry (EGM suppliers, hotels and clubs and their strategies) and the local socio-cultural-economic environment (numbers of people, their concentration, ages, income per head, tourism, activities, etc.). The processes of Stage 1 arrive at a geographical economic analysis in terms of EGMs and the environment in which they operate.

Stage 2

In Stage 2, impacts of EGM activity on communities (i.e. direct input-output effects, as well as alternative spending decisions) are evaluated. Inter-related economic, social and cultural impacts from this gambling environment are analysed. In addition, the potential impacts from the economic, social and cultural factors have upon each other which may mitigate the effects of the gambling environment are examined. Positive aspects such as community benefit resources, tourism, volunteering, and government spend on problem gambling services, together with less desirable elements such as crime and drug-use (in addition to long established factors such as EGM access, income levels, unemployment and inactivity). The “geographical” and opportunity cost impacts, which can be framed in terms of private-individual, public-local community, and public-state society, are also analysed in this stage.

Stage 3

Stage 3 utilises quantitative and qualitative data gathering techniques to provide an in-depth insight into the issues communities are facing as a result of EGM gambling activity. First, three communities were selected for investigation — City of Ballarat, City of Greater Dandenong and City of Latrobe (Stage 3, part A). The literature shows that most problematic areas for EGMs are low socio-economic/disadvantaged areas. Therefore the three areas were selected on the basis of low socio-economic status with a high concentration of EGMs. Indicators of disadvantaged communities were unemployment levels, skilled workers and average weekly income and concentration of EGMs. The Victorian 'average' of these indicators was identified and then three geographic areas (by LGA) that 'fit' these criteria were selected. In order to study effectively the community impacts of EGMs, the final criterion for selection of regions was a large number of community clubs as EGM venues. Maps have been used to depict the areas according to their socio-economic standing and to visually identify the concentration of gaming venues. The maps provide a 'bridge' from the overall

gambling data derived from Stages 1 and 2 and the regional community data which is unpacked in Stage 3.

Data from the selected case study regions provided information on individual and community stakeholder perceptions of EGM gambling, impacts on social capital and social capital network related issues (social/sporting club activities) to further evaluate the degree of resilience of different communities (and causal factors) to the impacts of EGMs (Stage 3, part B). Through the use of a purpose designed case study pro forma the evaluation project provides a suite of case studies that reveal EGM gambling impacts. Specifically, the case studies provide an in-depth qualitative view of EGM gambling and the detriments and benefits it can have in communities. Community representatives, industry representatives and club owners/managers, were asked to participate in semi-structured interviews and focus groups in order to gain rich information about issues that communities are dealing with in relation to EGM gambling.

Stage 4

Stage 4, provides a deeper analysis of the empirical data collected in Stages 1, 2 and 3 of the study, to build an alternative framework for assessing community impacts of gambling. This stage provides a range of possible vehicles that can be used by gaming venue administrators and policy makers to ensure that community harm is minimised and community benefits are maximised and indicates some of the key factors that can improve community resilience.

Data collection methods

The quantitative data required for Stages 1 and 2 was gathered via secondary data sources (e.g. Victorian Department of Justice, 2006; Australian Bureau of Statistics (ABS), 2006), as well as relevant secondary data sources (e.g. Penge, 2000).

Qualitative data collection methods for Stage 3 included focus groups and interview-derived data collection. Semi-structured interviews were conducted with community members and club owners to gain in-depth information around the community impacts of EGM gambling in the regions. Focus groups were organised with community members, primarily community service workers. Focus groups draw on group dynamics to elicit and challenge opinions thus bringing forward a range of EGM gambling and community impact issues to the discussion. While not all community service workers and club managers could be included, the team gathered a sample from those services that are most closely related to gambling issues, and those club managers operating community clubs with EGMs, to gain insight into the impacts of these clubs in the community. Table 3 sets out the array of methods used in this study.

Table 3. Data collection methods

Data Collection Method	Key Focus	Data Collection Sources	Sample
Surveys and statistics	EGM user profiles, EGM location and EGM gambling environment information	VCGR	Specific EGM gambling statistics of all 79 LGA's in Victoria
	EGM gambling input/output information	ABS	
	Regional demographics and localised EGM gambling information	ABS	
In-depth qualitative interviews and focus groups	Socio-economic impacts of EGM gambling including community harm and community benefit	Population of selected regions	Purposeful sample: venue managers, industry representatives and community representatives
Document analysis	Gambling policy environment	Policy documents about EGM gambling in Victoria	Specific EGM gambling policy documents for Victoria
	Existing community benefit presumptions and parameters	Community Benefit Statements	Community Benefit Statements for clubs in selected regions
	Distribution of Community Support Fund monies	Community Support Funds	Community Support Fund allocations in Victoria

This range of data gathering mechanisms has allowed for results to be 'triangulated' with the findings of one research tool testing and confirming the results of the others.

Analysis

The evaluation data gathering approach generated a broad suite of data. The analysis of the data was undertaken using two approaches:

- Quantitative correlation and regression analysis:
 - correlation analysis measures the strength and direction of a linear relationship between two variables
 - regression analysis measures the strength and direction of the relationships between one response variable and a range of potential predictor variables; this essentially allows us to determine, for each predictor variable, the strength and significance of its role as a predictor of the response variable.
- A thematic analysis approach was used to analyse the qualitative data generated. Themes were derived at two levels (two separate team members tested the veracity of the themes to ensure consistency of themes and deductions and greater reliability):

- first level: the case question level — at this level, themes were derived from the questions asked in the interviews and focus groups; themes were centred on the different aspects of community benefit and community harm
- second level: more nuanced themes emerging from a deeper analysis — at this second level, data was entered into the qualitative analysis software, NVivo. NVivo enables a detailed and organised analysis of the qualitative data and allows for relationships to be identified between particular themes and participant responses.

STAGES 1 AND 2 — GEOGRAPHICAL ECONOMIC ANALYSIS

The geographical economic analysis conducted in Stages 1 and 2 consists of a quantitative analysis of EGM gambling activity across the whole of Victoria, using a range of variables which differ according to geographic location (e.g. unemployment, rate, EGMs per 1000 people etc.). In addition, in Stage 2 the input-output effects of EGM gambling activities on an 'average' Victorian locality are also examined. The geographical economic analysis mainly focuses on economic outcomes, both direct and indirect, highlighting different impacts that may occur because of a range of factors that differ by geographic location.

Stages 1 and 2 methodological framework

The literature review highlights that gambling in general and EGM gambling in particular, is context dependent in terms of the extent and nature of the supply of EGM activity, but also the locality in which the activity sits, who undertakes the activity, how its inputs are resourced and how the subsequent resources (more particularly transfers) generated are distributed and used.

More specifically, the review highlights a range of access-related factors linked to location (urban-rural, socio-economic status of locality, mix and extent of alternative leisure activities, age breakdown of residents, crime, degree of existing social capital building activity (e.g. volunteering) and also how and where the proceeds are spent (taxation, profits, surpluses).

This research highlights a clear need, therefore, to focus on these issues when evaluating the Victorian EGM context. Clearly, this is an area where government policy plays a major role and thus evaluation of it is required. Distilling the ideas contained within the review of the literature highlights the need for the following analysis:

- The gambling access 'input' environment (in terms of venue size, numbers of machines per person, spend per person, etc.) and the extent to which it is determined by interactions between government policy (in terms of EGMs allowed, used of funds generated, etc.), the industry (EGM suppliers, hotels and clubs and their strategies) and the local socio-cultural-economic environment (numbers of people, their concentration, ages, income per head, tourism, activities, etc.).
- Potential gambling access 'outputs', including factors such as community benefit resources, tourism, volunteering, and government spend on problem gambling services, crime and drug-use and the extent to which gambling access-related factors impact on these elements.

The most recent (2006) survey data available related to the EGMs themselves (gathered from the Victorian Government Department of Justice website) and associated data obtained from the ABS 2006 census website is used. In particular, the following data is obtained (either directly or through calculation):

- EGM locations (numbers per LGA).
- EGMs per venue/locality.
- EGM income per venue/locality.
- Local population numbers; income per head; wealth per head (as proxied by house prices).
- Tourism statistics (both internal Australian and external).
- Relevant crime statistics (i.e. those that could be related to gambling and other crime such as drug-related).
- Health statistics (gambling addiction).
- Volunteering-related statistics.
- Revenue and resources to the community related data (including spend on problem gambling, and other community activities from the Community Support Fund, as well as spend allocated via Community Benefit Statements from EGM venues).

The data is gathered for all 79 LGAs in Victoria, missing data necessitating an amalgamation of some LGAs together to give 71 sets of data in total. Further data cleansing was then required, given that some LGAs were very small and did not have any EGM locations within them. Ultimately 62 sets of data were deemed usable.

The first task was to examine the basic bivariate correlations (which measure the strength and direction of a linear relationship between two variables, full details in Appendix A), in terms of the importance of access-related issues of location and player-type (outlined above) on demand for EGM products (via quantitative correlation and regression analysis), as well as to examine the impacts of this demand on communities of different types and structures and how these structures can mitigate or exacerbate the effects of EGMs. The results displayed in Appendix A (in parentheses where the number indicates the strength of the relationship between the variables: 0=no relationship; 1 = a 100% correlation; + indicates a positive relationship; and – indicates a negative relationship between the two variables) highlight the main potentially causative correlations between factors, which are then used when constructing basic regression analysis. In each case therefore, we report only the potentially dependent factor correlated with potential causal variables at the 5% 1-tailed level (*) or 1% 1-tailed level (**).

Bivariate correlations, however, cannot disentangle the impact of the various possible causal variables from one another. In order to identify the variables with the strongest statistically significant relationships, step-wise multivariate quantitative regression analysis is used (regression analysis measuring the strength and direction of the relationship between one response variable and a range of potential predictor variables). Regression analysis essentially allows us to determine, for each predictor variable, the strength and significance of its role as a predictor of the response variable. Stepwise regression identifies those variables which are individually statistically significantly related to the variable under investigation and

also maximises the overall R squared (which measures the strength of the overall relationship between the response variables) for the equation as a whole. This approach was deemed necessary because of the large number of theoretically important variables, with a limited number of cross-sectional observations (62).

Volunteering was chosen as a proxy for social capital measures more widely (see Griswold & Nichols, 2006) in order to establish a measure from comparative data available across the LGAs. It was not possible to determine from previous research reported in the literature the general direction of causation between volunteering (as well as tourism) and EGM-related activity. It was therefore decided that volunteering would be treated as an independent variable for the EGM access 'input' analysis. EGM related factors were also included when examining the factors of most relevance in determining volunteering behaviour in the EGM access 'output' analysis.

The results derived using this methodology are now outlined. The processes analysed in Stage 1 arrive at a geographical economic analysis in terms of EGMs and the environment they are located, primarily via regression analysis. In order to then evaluate resilience factors and their relationship with the impacts of EGMs, a number of opportunity cost and input-output related issues are examined in Stage 2. This is undertaken by examining the input-related EGM revenue raising impact of different types of EGM venue (in terms of size, scope and socio-economic location) on factors of importance to the community through regression analysis. An examination of output from EGMs in terms of how their revenues are used, both directly and compared with alternative spending decisions was also undertaken through use of secondary literature and data and primary evaluation of CBSs from clubs and hotels. Stage 2 concludes with the outlining of an illustrative input-output model to show the potential opportunity cost impacts of EGM gambling activity in monetary terms at the local level. The resultant adjusted R squared values are not compared between equations since each equation is examining a different relationship, the adjusted R squared only signifying the maximising of the strength of the relationship between the dependent and independent variables included.

Stage 1: Regression analysis results — evaluating the factors of importance to EGM demand and the impact of that demand

EGM access environment results

Supply results: Government policy

Table 4. EGMs per adult

Constant	Unemployment Rate	Overseas visitors	Median Income	Adjusted R-Squared	Durbin-Watson Statistic	F-Statistic
6.184 *	0.435 **	0.331 **	-0.291 **	0.453	1.432	17.824

*p-value<0.05 **p-value<0.01

EGMs per adult were positively correlated with visitors from outside Australia, unemployment rate and inactivity, and negatively with income. Regression analysis results show that the highest multiple correlation (adjusted) R squared result indicates that just over 45% of the variation in numbers of EGMs per adult can be explained by the unemployment rate, overseas visitors and income levels (the inactivity variable not being found to be strong or significant), further suggesting positive links with tourism activity, but also with unemployment levels and negatively with income. This result gives further support to existing research that gambling and income levels are regressively connected, which means that low income localities have disproportionately more EGMs than high income localities.

Supply results: Industry policy

Table 5. EGMs per venue

Constant	Volunteers	Adjusted R-Squared	Durbin-Watson Statistic	F-Statistic
80.799 **	-0.715**	0.503	1.879	62.661

**p-value<0.01

The regression analysis further suggests that volunteering activity and organisation has a negative impact on industry policy in terms of EGM venue size, if volunteering was seen as presenting an alternative activity to EGM gambling. It could also mean, however, that EGM activity has a massive negative effect on volunteering because they can be substitutes for each other. Given this possibility, the regression analysis was also undertaken excluding volunteering as a possible causal variable. Table 5 tells us that areas with high volunteering activity have smaller EGM venues and vice versa.

Table 6. EGMs per venue

Constant	Median housing loan repayments	Median income	Economic Inactivity	Adjusted R-Squared	Durbin-Watson Statistic	F-Statistic
131.526 **	0.953 **	-1.052 **	-0.496 **	0.381	1.874	13.526

**p-value<0.01

Excluding volunteering highlights that again, income is a regressive influence on EGM concentration, this time in terms of venue size, but with higher levels of inactivity associated with *smaller venues*, and higher housing loan repayments associated with larger ones. Overall, this explains 38.1 % of the variation in venue size. Table 6 again suggests that areas with higher economic deprivation (as measured by lower income, or higher inactivity) rates tend to have larger EGM venues, as do those areas where housing repayment costs are higher.

Supply Results: Government and industry policy together

Table 7. EGMs per venue per 1000 adults

Constant	Unemployment Rate	Overseas Visitors	Adjusted R-Squared	Durbin-Watson Statistic	F-Statistic
2.367	0.357 **	0.248**	0.188	1.510	8.063

**p-value<0.01

Finally, in this section, where EGMs per venue allowing for the population in which the venues sit (thus a combined measure of EGM concentration) is evaluated, then the overall adjusted R squared is relatively low, and the only significant links are found with tourism and the unemployment rate. Income, age and volunteering are not found to be significant explanatory factors. Table 7 suggests a relationship where areas with higher unemployment rates or stronger tourism activities are areas where the number of EGMs per adult is also higher.

Demand-related outcome results

Table 8. Net EGM spend per adult

Constant	EGMs per 1000 adults	EGMs per venue	Volunteers	Adjusted R-Squared	Durbin-Watson Statistic	F-Statistic
298.917 **	0.724**	0.150 **	-0.402 **	0.936	1.904	296.43

**p-value<0.01

EGM spend per adult is positively linked, unsurprisingly with both venue size and numbers of EGMs per adult (concentration measures). Interestingly, the bivariate correlations with tourism, crime, unemployment and income fall out of the multiple regression, leaving only volunteering as a strong and significant potential negative causal variable. This finding is interesting, particularly in terms of the unemployment and income variables, though the strong link highlighted earlier between EGMs per adult and income and unemployment measures may still suggest a secondary influence through the EGMs per 1000 adults variable.

Table 9. Net EGM spend per adult

Constant	EGMs per 1000 adults	Volunteers	Adjusted R-Squared	Durbin-Watson Statistic	F-Statistic
474.615 **	0.74**	-0.507**	0.926	1.90	380.131

**p-value<0.01

Because of the links between EGMs per venue and volunteers, the regression was also run excluding EGMs per venue. This generated a similar overall adjusted R squared and impact of EGMs per 1000 adults and volunteering.

Again this may suggest, therefore, that volunteering behaviour mitigates EGM spending behaviours (though as previously there may be the opposite causal link that EGM spend reduces volunteering). Overall Tables 8 and 9 indicate that the spend in EGMs in a local area is higher where there is a higher number of EGMs, but spend will be lower where there is a greater degree of volunteering activity.

Table 10. Net expenditure per EGM machine

Constant	EGMs per 1000 adults	EGMs per venue	Volunteers	Adjusted R-Squared	Durbin-Watson Statistic	F-Statistic
112451.6 **	-0.151*	0.329**	-0.617 **	0.735	1.791	57.344
				*p-value<0.05 **p-value<0.01		

In terms of EGM spend per machine, again this is positively related to EGM venue size, but is negatively related to the EGMs per 1000 adults variable (the other measure of concentration). This indicates a strong scale effect on spending within a venue, but the reverse from number of machines per se. As with EGM per adult, of the other variables found to have bivariate correlations, only volunteering maintains a strong and significant (negative) effect. As such, unemployment, inactivity and age are not included in the final multiple regression of best fit (though as previously they may play a strong secondary role in determining the location of EGMs per 1000 adults). This again lends support to the view of volunteering as a potentially strong substitute to EGM activity (though again there is also the potential that volunteering is strongly negatively affected by EGM activity). Table 10 indicates that the spend per EGM in a local area is higher where there are larger EGM venues, but will be lower where there is a greater degree of volunteering activity, as well as if there are a greater number of machines (as the spend on EGMs is spread out amongst a greater number of machines).

Table 11. Net expenditure per EGM machine per 1000 Adults

Constant	Median Weekly Disposable Income	Unemployment Rate	Adjusted R-Squared	Durbin-Watson Statistic	F-Statistic
14.393 **	-0.393 **	0.344 **	0.383	1.516	19.945
**p-value<0.01					

Where the dependent variable is spend per machine adjusted for adult population size, the best fit equation (with an adjusted R-squared of 0.383) contains median weekly income and unemployment rate, but not EGMs per venue, or inactivity. This therefore indicates a positive relationship with the unemployment rate and a negative relationship with disposable income — two measures of social disadvantage. The results suggest that when we adjust expenditure on EGMs to account for the available population available to play, then this highlights the importance of the disproportionate location of EGMs in more highly socially disadvantaged areas, highlighting this measure of access as of importance (consistent with previous research in this area). Overall Table 11 again suggests that areas with higher

economic deprivation (as measured by lower incomes, or higher unemployment) rates tend to have higher spends in each EGM machine after taking account of population size.

Stage 1: Conclusion

Overall, Stage 1 analysis reveals a complex and nuanced picture. Specifically, there appears to be a clear concentration of EGMs in terms of absolute numbers in low socio-economic areas. The other measure of concentration — namely EGMs per venue — is intimately but negatively linked to an alternative use of time — namely volunteering. In addition, whilst expenditure on EGMs (both per adult and machine) is linked to EGMs per adult, venue size and (negatively) to volunteering, it is not linked statistically significantly, directly at least, to income and unemployment measures. When the population size of the location is taken into account through the expenditure per EGM per 1000 adults measure however, this effectively highlights the EGM concentration in terms of numbers per person. Consequently unemployment and income levels do become strong and significant potential explanatory variables in ways consistent with existing research in the area.

As with Brown et al. (2003) there is evidence of a regressive link between low socio-economic status areas and EGM gambling activity. Larger venue size can be seen as a potential mitigator however, generating higher resources per EGM and higher spend per adult, consequently generating higher potential resources for community benefit. The other potential mitigator is volunteering activity, which can be seen to potentially reduce impacts from EGM spend per adult, per machine and as a proportion of income. These effects may be seen as counter-balancing — larger venue size reinforcing the revenue generating benefits whilst volunteering attempts to mitigate the costs (at least to an extent), though also likely reducing the size of EGM generated revenues.

Three key questions remain to be answered in Stage 2, however:

1. First, given the potential effects of EGM machines on local communities highlighted in the literature review earlier, does the Victorian data support or contradict these studies?
2. Second, how do potential community resilience factors that may assist in mitigating those areas where EGMs can be seen as deleterious actually relate to EGM activities?
3. Third, what is the importance of where the resources generated from EGM gambling are channelled, particularly those claimed in the CSBs, and the CSFs (from the 8.3% taken from hotels)?

Stage 2 will examine these issues in more detail.

Stage 2: Opportunity cost impact on communities from EGM venues

Stage 2: Regression analysis results

As in Stage 1, an initial set of correlations (see Appendix B) was produced and step-wise regression analysis subsequently undertaken and reported here.

Economic-based resilience factors

Table 12. Community benefit per person

Constant	EGMs per 1000 adults	EGM expenditure per adult	Adjusted R-Squared	Durbin-Watson Statistic	F-Statistic
-6.006 **	0.596 **	0.374 **	0.858	2.271	185.586

**p-value<0.01

Unsurprisingly, a strong link exists between overall community benefit resources generated from EGMs (as reported in CBSs), EGM expenditure and EGM concentration measured per adult. Given that the way in which community benefit has been measured up until now favours a greater reporting of 'community benefit' from larger venues, it was also considered to be necessary to explore the potential impact of venue size on community benefit. In order to do this, the variable expenditure per EGM per adult was used as an amalgamation of the two explanatory variables above, to give one scale variable. Table 12 highlights that the strongest relationship with the community benefit in a local area is with the number of machines in the area per head of population and their subsequent spend.

Table 13. Community benefit per person

Constant	EGMs per venue	EGM expenditure per EGM per adult	Adjusted R-Squared	Durbin-Watson Statistic	F-Statistic
-33.997 **	0.396 **	0.815 **	0.743	1.826	80.174

**p-value<0.01

The results in Table 13 show that resource generation (in terms of EGM expenditure per EGM per adult) is important, as is venue size (possibly for reasons of a scale effect of community benefit). This also highlights that community benefit per person can be seen as a community resilience (or stabilizer) factor, to the extent that it rises strongly in proportion with EGM revenue generation and also venue size (which, as seen earlier, was negatively related to another resilience factor: volunteering). Table 13 denotes that more community benefit per person in a local area is created by larger EGM venues and higher spend from people frequenting those venues.

Table 14. Voluntary-related community benefit per 1000 of adult population

Constant	Community Benefit Per Person	Problem gambling spend per person	Adjusted R-Squared	Durbin-Watson Statistic	F-Statistic
-3.346 **	0.523 **	0.401 **	0.376	1.604	19.366

***p*-value<0.01

The regression for voluntary-related community benefit indicates that a strong, positive, significant correlation (of 0.523) exists with overall community benefit per person (from which the resources for voluntary-related benefit is derived). Voluntary-related community benefit is also positively and significantly related (though not as strongly as with community benefit, having a value of 0.401) with spend per person on problem gambling (possibly from a perceived need to mitigate the impact where problem gambling is perceived to be worst). Interestingly, however, the level of volunteering itself does not significantly impact on the amount of benefit. This suggests that volunteering-related community benefit is not currently strongly supported by EGM gambling revenues highlighting the specific need to look in more detail at how community support funds are allocated (a task undertaken later in this section). Table 14 shows that activities that are related to volunteering and obtain community benefit resources from EGM gambling revenue, are higher where community support funds as a whole are higher, but also where government spending on dealing with problem gambling is higher, but not with volunteering activities themselves.

Table 15. Voluntary-related community benefit per 1000 of adult population as a proportion of overall community benefit per person

Constant	Problem gambling spend per person	Adjusted R-Squared	Durbin-Watson Statistic	F-Statistic
0.025 **	0.358 **	0.113	1.557	8.801

***p*-value<0.01

To further explore this issue, voluntary-related community benefit as a proportion of overall benefit was examined. This approach allowed further focus on which areas of possible expenditure and/or policy lobbying may be of importance. Regression analysis showed only a very low overall adjusted R squared and only problem gambling spend as a significant explanatory variable (disposable income, crime and importantly, volunteering, not being identified as significant explanatory variables). Table 15 again shows that voluntary community benefit is higher where government spending on dealing with problem gambling is higher, but not with volunteering activities themselves.

Alternatives (revenue sources and activities) based resilience factors*Tourism***Table 16.** Overseas visitors (as a proportion of the total population)

Constant	ABN Registration	EGM Per 1000 adults	Adjusted R-Squared	Durbin-Watson Statistic	F-Statistic
0.025 **	0.796 **	0.243 **	0.7110	1.89	75.739

***p*-value<0.01**Table 17.** Visitors from outside Victoria

Constant	ABN Registration	Median weekly disposable income	Adjusted R-Squared	Durbin-Watson Statistic	F-Statistic
0.025 **	0.813 **	-0.294 **	0.595	1.638	45.816

***p*-value<0.01

The regression equation for overseas visitors suggests a possible link between tourism and EGM concentration policy in terms of absolute numbers per head of population. The fact that no strong relationship exists between venue size and tourism, and the relatively stronger value of ABN registration (i.e. numbers of businesses) also suggests that the EGM link is tied in with broader vibrancy of the place and activity variables (e.g. pubs, clubs, shopping, entertainment, etc.). Table 16 indicates that tourism activities are higher where there are higher numbers of businesses (probably related to retail and entertainment activity), as well as higher numbers of EGMs being present, but not with larger EGM venues, suggesting that it is unlikely that tourism is being attracted by EGM activity alone. Table 17 notes the potential impact that visitors from outside Victoria may have on spending. This does, however, suggest that to a small extent tourism activity is mitigating EGM revenue generation for communities, through generation of revenue additional to that provided by the community's EGM gambling itself. Again, however, this requires further analysis through a model of spending and opportunity cost explored later in the section.

*Volunteering***Table 18.** Volunteering (social capital)

Constant	Expenditure per EGM	Median Age	Unemployment Rate	Median Housing Loan repayment	Median Individual Income	Adjusted R-Squared	Durbin-Watson Statistic	F-Statistic
0.202 **	-0.429 **	0.285 **	-0.180 **	-0.513 **	0.327 **	0.849	1.831	69.401

***p*-value<0.01

As can be seen in Table 18, volunteering may be significantly negatively impacted upon by EGM gambling in terms of spend (but not venue-size effects), but clearly there is an issue here over causation (i.e. whether higher spend causes lower volunteering, or vice versa). It

can also be seen that volunteering is negatively affected by unemployment and housing loan repayments, but is positively affected by median income levels and age. Variables such as inactivity and crime are not found to improve the overall R squared or to be statistically significant. On the one hand therefore, volunteering can be seen as negatively affected by EGM gambling activity, while on the other it may simultaneously be the case that it mitigates EGM activity (as indicated in Table 9/Stage 1). Examining these relationships in more detail through the qualitative analysis in Stage 3 is therefore of crucial importance.

Table 19. Volunteering (social capital)

Constant	ABN Registration	Median Age	Unemployment Rate	Median Housing Loan repayment	Median Individual Income	Adjusted R- Squared	Durbin- Watson Statistic	F- Statistic
0.051	0.242 **	0.452 **	-0.290**	-0.875 **	0.421 **	0.781	1.851	44.130

**p-value<0.01

If we make the assumption that higher levels of volunteering impact on EGM spend, then excluding the EGM-based variables gives the equation above in Table 19, where volunteering is positively affected by age, ABN registration and income variables, but negatively affected by unemployment and housing loan repayments. Overall, this suggests that volunteering is disproportionately an activity for older citizens, employed/self-employed, and higher income earners. It may also, however, to some extent represent an alternative to EGM gambling and employment-search activities. Tables 18 and 19 suggest specifically that higher levels of volunteering occur in areas where the population is older, or deprivation is lower (unemployment and mortgage payments are lower, and incomes are higher), as well as where there is less spend on EGMs.

Social based effects

Table 20. Problem gambling spending per person (From Community Support Fund)

Constant	Expenditure per EGM	Median Age	Adjusted R- Squared	Durbin- Watson Statistic	F- Statistic
-3.517	-0.354 **	0.332 **	0.35	1.374	17.458
Constant	EGMs per venue	Median Age	Adjusted R- Squared	Durbin- Watson Statistic	F- Statistic
-3.517	-0.345 **	0.335 **	0.345	1.333	17.068

**p-value<0.01

It might be expected that greater expenditures on EGM in an area would be positively related to the extent of problem gambling in that area and thus spend on problem gamblers. The negative correlation with EGM gambling expenditure highlighted above, therefore, may seem counter-intuitive. It may be, however, that problem gambling behaviour is more concentrated in smaller venues, with fewer resources to deal with the issue. Table 20 also indicates that the

government's spend on problem gamblers is higher in areas where the population is older and spending on EGMs is lower.

Crime

Table 21. Cash related crime

Constant	Drug possession	Median Income	Unemployment	Overseas Visitors	Adjusted R Squared	Durbin-Watson	F-Statistic
-13837.5 **	0.286 **	0.404 **	0.245 **	0.429 **	0.842	2.265	81.995

**p-value<0.01

The regression equation does not suggest that cash-related crime is impacted upon (at least directly) by EGM activity. Instead it seems to be more impacted upon by drug use (a potentially strong motive for crime), local income levels, tourism and ABN numbers (potential victim-groups for cash-based crime opportunity), as well as associated with unemployment. Unsurprisingly, Table 21 shows that cash-related criminal activity is higher in areas where there is more social deprivation (as measured by higher unemployment or lower income), as well as in areas where there are more tourists (giving opportunities for criminal activities) and drug-taking (perhaps indicating a motive for at least some of these crimes). It does not show a relationship with EGM activity.

Drugs

Table 22. Drug possession

Constant	Cash-related Crime	Median Age	Unemployment	Overseas Visitors	EGMs per venue	Adjusted R-Squared	Durbin-Watson	F-Statistic
380.760 *	0.413 **	-0.175 *	0.209 **	0.385 **	0.242 **	0.776	2.522	43.244
Constant	Economic Inactivity	Disposable Income	Unemployment	Overseas Visitors	EGMs per venue	Adjusted R-Squared	Durbin-Watson	F-Statistic
827.122 **	-0.47 **	-0.278 **	0.367 **	0.689 **	0.242 **	0.766	2.573	41.005

*p-value<0.05 **p-value<0.01

A key issue for the regression with drug possession as the dependent variable is whether crime is seen as a cause or consequence, given their close correlation. In the equations where it is left in or taken out, then EGM venue size negatively impacts upon drug possession, whilst overseas visitor numbers and the unemployment rate positively impact drug possession. Where cash-related crime is treated as a potential causal variable then it is strong and significant also, as is median age (though negatively related). Conversely, where crime is not seen as a causal variable then economic inactivity and disposable income are both negatively related to drug possession. Focusing on EGM venue size, there may be the possibility that larger EGM venues provide an alternative (including not just EGM gambling but other activities as well) that may mitigate drug-taking behaviour. Table 22 shows that

higher drug activities are related to areas of higher tourism in younger-aged areas, where crime and unemployment are higher. Conversely, drug possession is also higher in areas where EGM venues are smaller.

Finally, this section of the analysis examines other potential causes and mitigators of the 'problems from gambling' in terms of the proportion of income spent on gambling.

Table 23. EGM spend as a proportion of income

Constant	EGMs per 1000 adults 0	Volunteers	Median income	Economic Inactivity	Adjusted R-Squared	Durbin-Watson Statistic	F-Statistic
0.022 **	.606 **	-0.514 **	-0.202 **	0.165 **	0.934	2.396	216.931

**p-value<0.01

An examination of the regression demonstrates that, in addition to expenditure on EGMs as a proportion of income being positively impacted upon by increased EGM numbers (i.e. access), that inactivity and lower median income (highlighting again the potentially regressive nature of gambling) can be seen as anti-resilience factors, whilst volunteering is the key resilience factor mitigating against it. Table 23 again reinforces earlier analysis, showing that EGM spend in an area as a proportion of income is higher in areas characterised by higher economic deprivation (measured by lower income and higher inactivity), as well as where there are higher numbers of EGMs or where volunteering is low.

There are clear links here with social capital. These need to be weighed, however, against the impacts for hotels — and particularly clubs — in creating, sustaining, and building community social capital.

This outcome highlights the importance of understanding where the resources generated from EGM gambling are channelled, particularly those claimed in the CBSs, and the CSFs (from the 8.3% taken from hotels). In addition, however, there is an important issue concerning how the overall costs and benefits are distributed in the economy. Analysis is therefore required to explore the degree to which there may be a mismatch between where the inputs into EGM gambling are coming from at a regional level, compared with where the outputs (in the form of community benefit and support funds) are located. In order to do this a basic overall opportunity cost input-output model is created and outlined below.

Stage 2: Opportunity cost input-output model

In terms of opportunity costs issues, a SACES (2005) study that found that by comparing Victoria with Western Australia (where there are no pub or club EGM venues) that gambling produces 3.2 jobs per \$1m compared with 8.3 jobs per \$1m of income from beverage sales, and 20.2 jobs per \$1m from food and meals, possibly as a consequence 10 persons per 1000 working in cafes and restaurants in W.A. (and 15.9 per establishment) compared with 8 (and 12.7) in Victoria — the employment figures per licensed establishment being 16.3 in Victoria and 13.6 in W.A. suggesting a shift in employment rather than any addition.

Penge (2000) also calculated (for EGM spending in the Bendigo area) that the Type 2 (direct and induced effects) multiplier for output was 1.28, the income multiplier was 1.77, the employment multiplier 1.64, and the value added multiplier 1.63. All these results were, however, very low in comparison with most other sectors in the economy, not least because of the initial leakage of more than two thirds (2/3) of the revenue from the region (in government taxes and machine operator revenues). Further, examining the opportunity costs issue via hypothetical extraction (i.e. 'closing down' sectors in the economy, such as gambling and others) to compare the impacts on the economy when substituting EGM activity for spending decisions on other sectors, Penge compared the impacts on the economy to determine that overall EGM activity in individual regions is likely to be substantially negative for the economy rather than merely redistributive (see Penge, 2000 for further details of the technique as it is applied to EGMs).

Clearly, however, the results strongly depend upon the opportunity cost issue of the initial spending decision, as well as where those inputs of financial resources into EGM activity came from. Doughney and Kelleher (1999) estimated that, based on other surveys, EGM expenditures are likely to be funded (and therefore substituting) approximately as follows:

- 20% from savings
- 20% from other entertainment activities
- 15% from household necessities
- 15% from other personal items
- 30% accounted for from discretionary spending and increased paid work.

This is a different assumption to Penge (2000), and may be seen as more accurate by narrowing down the likely substitution effects more realistically to a smaller number of key sectors within entertainment, retail, manufacturing, and also raising the possibility that a relatively large proportion of the financial input may come from savings and increased work, reducing savings-related resources for investment, but also potentially raising economic activity. The 'tourist issue' is also an important issue in terms of injecting resources that would otherwise not have been available to a region.

If we utilise the available literature (particularly Rose's (1998) rules of thumb as outlined on page 15 of this report), this allows construction of a very simple illustrative regional EGM impact scenario (see Table 24) which incorporates both input-output and opportunity cost-related factors for each dollar of EGM revenue.

Table 24: Illustrative regional EGM impact scenario (incorporating opportunity cost and input-output effects from available literature)

Assumption source		Assumption Source	
Direct EGM inputs		Regionally retained resources	
33.33 cents goes to EGM owners (Tabcorp and Tattersalls)	Livingstone (2005)	6.18 cents	Penge (2000) (\$2m spent in regional economy from 1/3 of \$32.35m generated)
38.87 cents goes to government in taxes	AIPC (2006) (derived from assuming that 2/3 of EGM revenue is from hotels and thus will have to pay additional 8.3% levy)	5.53 cents	AIPC (2006) (derived from assuming that 2/3 of EGM revenue is from hotels, goes into the CSF and is perceived as additional (as compared with substitute monies) to spend on community-related projects of various types
27.80 cents remains in community	AIPC (2006) (derived from assuming that 2/3 of EGM revenue is from hotels and thus will have to pay additional 8.3% tax levy)	27.80 cents remains in community	AIPC (2006) (derived from assuming that 2/3 of EGM revenue is from hotels and thus will have to pay additional 8.3% tax levy)
Total: \$1		39.51 cents (i.e. loss of 60.49 cents per \$1)	Author calculations
Input sources: of each \$1 (multiplicands for above)			
10% input from Tourism	Penge (2000)+ assuming this spend is both additional to otherwise planned and visit is not EGM related (i.e. no other multiplier effects)		
20% input from savings	Doughney and Kelleher (1999)		
6.8% from EGM import substituting behaviour	Penge (2000)		
Total: 36.8%	Author calculations from above		
Total: 63.2% from consumption-substituting behaviour	Author calculations from above		
Total: 63.2 cent reduction in spending on other parts of the economy	Author calculations		
Output multiplier effects		Output multiplier effects	
EGM related additions in output \$1*1.278= \$1.278 overall addition	Penge (2000) 1.278 output multiplier for gaming	27.8 cents addition	

	Assumption source	Assumption Source
EGM consumption substitution-related reductions in output	Penge (2000) two output multiplier for non-gaming activities	\$1.264 reduction
$\$0.632 \times 2 = \1.264 reduction		
Net resource input per \$1 EGM initial spend: \$1.278 - \$1.264 = 1.4 cents	Author calculations	Net non-EGM resource output effect per \$1 EGM initial spend: \$0.278 - \$1.264 = -\$0.986

Based on Table 24's assumptions, which can be seen as more optimistic than Penge (2000) regarding the opportunity cost (or substitution effect), EGM gambling inputs into the economy as a whole are largely but not wholly cancelled out by the multiplied negative effects on other areas of consumption.

For the region itself, retained resources will be reduced because of the approximately 2/3 of each \$1 EGM revenue which is redistributed out of the economy in the form of taxes and EGM owner revenues. In addition, the reductions in non-EGM output effects created via opportunity cost (substitution) on other areas of the economy far outweigh the relatively small additional multipliers from the EGM activity itself on other areas of the economy. It must be acknowledged that these results are based on a number of (explicitly highlighted) assumptions, and thus that different assumptions from those used in the illustration will generate different results, though it is believed that the results are in their broadest terms, indicative of the likely picture, discussed more generally in the conclusions below.

Stage 2: Conclusions

Overall, the regression analysis undertaken reveals potential community-related resilience factors against EGM gambling. The community support funds generated are unsurprisingly linked directly to EGM expenditures. Even those specifically related to volunteering activity are not statistically linked to that activity in terms of volume, but instead to spending on one of the deleterious effects of EGM activity (though potentially also a source of funds to bolster community resilience), namely government spend on problem gambling. Tourism can also be seen to be linked to a small extent with EGM activity, but not venue size (which would be more likely to create an initial attraction), leading us to postulate that generally it is overall entertainments, as well as retail activity, that are the real driving forces in tourism attraction, with EGM gambling representing a secondary activity once the tourist has been attracted. More positively, however, cash-based crime is not seen to be linked to EGM activity per se in the regressions generated, with drug-possession seen as negatively linked to venue size (smaller clubs).

In addition, the input output analysis highlights that those who directly benefit most from EGM activity in economic terms, are the state government, EGM owners, the hotels and clubs who operate the machines, and those able to access the CSFs, whilst the EGM inputs are to a large degree paid for by other industries and non-EGM operators in the hotel and club sectors in the region in the form of reduced spending. However, there are also spillovers to the local community from some of these beneficiaries that have not as yet been examined, as will be discussed in Stage 3.

It is the social capital related factor of volunteering, therefore, that seems to be of most specific interest, requiring further focus in Stage 3. Simultaneously, it may be both the variable with the most potential to bolster community resilience against deleterious effects from gambling, and also the areas most likely to be impacted negatively by EGM activity. This finding also needs to be weighed, however, against the impacts for hotels, and particularly clubs, in creating, sustaining, and building community social capital. This therefore makes it even more important to examine the roles and activities of clubs and hotels in their spending of the resultant resources, and the degree to which this can be seen as assisting in producing (or reducing) non-economic effects (such as social capital building) both within the clubs (and hotels) themselves, but also in the wider community through their spending decisions.

STAGE 3 (PART A) — CASE STUDY: REGIONAL ANALYSIS

Introduction to Stage 3

Stage 3 of the study has been designed to assess the socio-economic impacts of EGMs on communities. This assessment has been done by drawing on demographic data of three regions in Victoria (part A), together with empirical qualitative data on the views and perceptions about EGM gambling from those people located within the selected communities (Part B). The three regions were selected on the basis of high concentration of EGMs, large number of community clubs with EGMs and low socio-economic status. Low socio-economic status was identified by comparing unemployment levels, skilled workers, and average weekly income against Victorian averages. In the initial steps of this stage of the project, secondary quantitative data was obtained to generate a picture of the selected regions. Social statistics for the relevant areas have been collected, such as population, median income, age, nationality and occupation to build a community profile. Furthermore, geographical maps have been used to visualise the three regions and their social make up within Victoria, in regards to unemployment and income. Finally, to complete the picture of the EGM gambling environment in each region, data was gathered on EGM products and spend, for example the number of EGMs, EGM expenditure per LGA and per person.

The statistical evidence drawn on in this section is derived from the Australian Bureau of Statistics Census Data in 2006 (<http://www.abs.gov.au>). All colour coded maps indicate the proportion of low income households as a percentage of all households with a gross weekly income of less than \$500. These figures are based on place of usual residence in 2006. All EGM gambling expenditure and EGM venue related data is sourced by the VCGR (2007a). Furthermore, after conceptualising the EGM gambling environment through statistical data, Stage 3 of the report involves the qualitative data generated through semi-structured interviews and focus groups, allowing for in-depth insight into the issues around EGM gambling for communities.

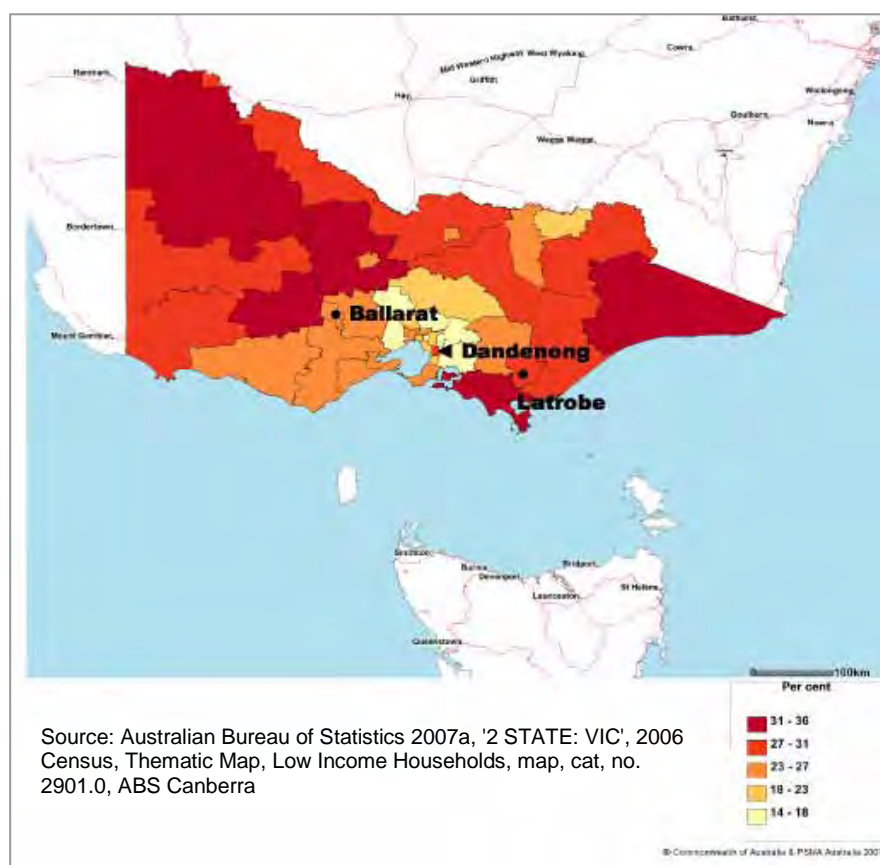
Study regions

The City of Ballarat, City of Greater Dandenong and City of Latrobe are the regions investigated in this study. These regions were selected on the basis of social diversity, high concentration of a variety of EGM venues and accessibility to a general sample population of key informant interview and focus group participants. The regions are of low socio-economic standing where high rates of unemployment, low incomes and low skilled work characterise a relatively significant percentage of the population. The effects of gambling revenue to increase economic activity in deprived areas and the opportunity cost of gambling in such areas are central themes in this study and are good indicators of EGM gambling impacts. The three regions have provided the research with valuable insights into these themes. While it would be beneficial to convene the study in additional regions, due to time constraints and

accessibility issues this was not a viable research strategy. Nevertheless, the selection of these regions allowed for rich and informative data. The three regions, due to their overall low socio-economic background, lack resilience to the harmful effects of EGM gambling activities in the community. This aspect was investigated in this stage of the research.

Although all three regions are of low-socio-economic standing and have a high concentration of venues delivering EGMs, they each show significant variations in terms of demographics and EGM gambling activity which distinguish them apart in terms of how electronic gambling has impacted the region. Map 1 shows the three regions selected in the study —City of Ballarat, Greater City of Dandenong and City of Latrobe — and their location within Victoria. Ballarat and Latrobe are on the periphery of the Metropolitan area, while Dandenong lies within it, being an outer suburb of Melbourne. However, Dandenong is designated as its own local area.

Map 1. Victoria: households with a weekly income of less than \$500 as a percentage of all households



The three selected case study regions have individual characteristics that make them important centres in the State of Victoria. Of all households in Ballarat, 23-27% of people have a gross weekly income of less than \$500. According to data from the 2006 Census (ABS, 2006) the median weekly household income in Ballarat is \$839. Ballarat is the largest regional city in Victoria. Dandenong, the second largest commercial centre of Victoria, is located in the south of Melbourne and has a fairly high percentage of low income households with 27-31% of all households averaging a gross weekly income of less than \$500. The median weekly household income in Dandenong is \$770 (ABS, 2006). Latrobe's income distribution is similar to Dandenong with 27-31% of all households earning less than \$500 gross per week, whilst the median weekly household income in Latrobe is \$784. Table 25 is a summary of incomes below \$500/week.

Table 25. Percentage of people earning incomes less than \$500/week

Local Government Area (LGA)	% of people earning < \$500/week
City of Ballarat	23-27%
City of Greater Dandenong	27-31%
City of Latrobe	27-31%

Map 1 also indicates that the most disadvantaged communities are in regional and rural Victoria, where 31-36% of all households have a combined gross income of \$500 or less. These communities were not included in this study as there was a lower concentration of EGMs and venues. The more affluent LGAs in Victoria are clustered around the CBD, with the Greater City of Dandenong being an exception.

Regional demographics

Demographic statistics have been gathered for each region to generate a community profile. Tables 26-28 depict data gathered from the 2007 and 2006 census dates. Figures for each region, Victoria and Australia are included to compare statistics between each region, and also each of the regions to state and national data. Statistics included are, gender and age; cultural background; and labour force, occupation and income.

Table 26. Gender and age

	Greater City of Dandenong	% of Total persons in Dandenong	City of Ballarat	% of total persons in Ballarat	City of Latrobe	% of total persons in Latrobe	% of total persons in Victoria	% of Total persons in Australia
Person characteristics								
Total persons	125,520		85,197		69,329		4,932,422	19,855,288
Male	62,812	50.00%	40,914	48%	33,872	48.90%	49.10%	49.40%
Female	62,708	50.00%	44,283	52%	35,457	51.10%	50.90%	50.60%
Age								
0-4	7,829	6.20%	5,348	6.30%	4,298	6.20%	6.20%	6.30%
5-14	15,968	12.70%	11,537	13.50%	10,111	14.60%	13.10%	13.50%
15-24	17,794	14.20%	13,370	15.70%	9,782	14.10%	13.70%	13.60%
25-54	52,598	41.90%	33,381	39.20%	27,561	39.80%	42.50%	42.20%
55-64	13,971	11.10%	8,943	10.50%	7,812	11.30%	10.80%	11.00%
65 years and over	17,361	13.87%	12,617	14.80%	9,763	14.10%	13.70%	13.30%
Median age of persons	36	-	36		37		37	37

Source: [Australian Bureau of Statistics 2006 Census QuickStats \(LGA\)](#)

All three regions are characterised by ageing populations. In Ballarat the number of people over 65 is expected to increase (City of Ballarat, 2009a). Also comparable to state and national rates, Dandenong has an ageing population which is also forecast to increase significantly within the next 20 years. Finally, Latrobe is also characterised by an ageing population which has partially been due to a large portion of the younger workforce leaving Latrobe due to privatisation of several power plants in the region.

Table 27. Cultural background

	Greater City of Dandenong	% of total persons in Dandenong	City of Ballarat	% of total persons in Ballarat	City of Latrobe	% of total persons in Latrobe	% of total persons in Victoria	% of Total persons in Australia
Selected characteristics								
Australian citizen	99,333	79.10%	78,061	91.60%	62,451	90.10%	86.30%	86.10%
Indigenous	488	0.40%	850	1%	869	1.30%	0.60%	2.30%
Persons born overseas	64,584	51.50%	6,648	7.80%	9,159	13.20%	23.80%	22.20%

Source: [Australian Bureau of Statistics 2006 Census QuickStats \(LGA\)](#)

A majority of Ballarat residents are Australian citizens with a relatively low percentage of people born overseas. The statistics also indicate that there are very low numbers of Indigenous Australians in all regions, with Dandenong having the lowest proportion of Indigenous people in the study. Dandenong figures denote a strong multicultural characteristic, with over half the population born overseas. The City of Greater Dandenong is the most culturally diverse region in Australia with 56% of residents born overseas from over 150 different birthplaces (City of Greater Dandenong, 2009). Building on the percentages of persons born overseas indicated in Table 27, the different ethnic backgrounds that characterise a large portion of this population are Vietnamese and Cambodian. In relation to state and national figures, Ballarat and Latrobe have relatively low levels of persons born overseas.

Table 28. Labour Force, Occupation and Income

	Greater City of Dandenong	% of total persons in Dandenong	City of Ballarat	% of total persons in Ballarat	City of Latrobe	% of total persons in Latrobe	% of total persons in Victoria	% of Total persons in Australia
Labour force (15yrs+)								
Total labour force (incl. employed and unemployed)	52,964		40,100		30,908		2,404,608	9,607,987
Employed full-time	31,949	60.30%	22,746	56.70%	17,199	55.60%	60.10%	60.70%
Employed part-time	12,424	23.50%	12,418	31.00%	9,142	29.60%	28.40%	27.90%
Employed away from work	1,482	2.80%	1,516	3.80%	1,208	3.90%	3.40%	3.50%
Employed hours not stated	2,105	4%	856	2.10%	764	2.50%	2.70%	2.60%
Unemployed	5,004	9.40%	2,564	6.40%	2,595	8.40%	5.40%	5.20%
Not in the labour force	40,879	-	24,425		20,758		1,330,368	5,271,116
Occupation								
Labourers	8,723	18.20%	4,255	11.30%	3,552	12.50%	9.90%	10.50%
Technicians and trades workers	7,678	16.00%	5,802	15.50%	5,464	19.30%	14.00%	14.40%
Machinery operators and drivers	7,092	14.80%	2,345	6.20%	2,346	8.30%	6.60%	6.60%
Clerical and administrative workers	6,538	13.60%	5,285	14.10%	3,950	14.00%	14.80%	15.00%

	Greater City of Dandenong	% of total persons in Dandenong	City of Ballarat	% of total persons in Ballarat	City of Latrobe	% of total persons in Latrobe	% of total persons in Victoria	% of Total persons in Australia
Professionals	5,284	11.00%	7,291	19.40%	4,023	14.20%	20.80%	19.80%
Sales workers	4,500	9.40%	4,274	11.40%	3,176	11.20%	10.10%	9.80%
Community and personal service workers	3,363	7.00%	3,630	9.70%	2,570	9.10%	8.40%	8.80%
Managers	3,263	6.80%	4,085	10.90%	2,732	9.60%	13.50%	13.20%
Income \$/weekly								
Median individual	342		404		376		456	466
Median household	770		839		784		1,022	1,027
Median family	918		1,071		1,047		1,170	1,171

Source: [Australian Bureau of Statistics 2006 Census QuickStats \(LGA\)](#)

Of the total labour force, the unemployment rate for each region is well above both Victorian and Australian figures. Dandenong in particular records a very high unemployment rate and the bulk of workers remain in low-skilled employment with low median weekly incomes. Community and personal service workers in Dandenong represent a low percentage of the population for such a disadvantaged region. Ballarat on the other hand, despite having a lower unemployment rate than the other two regions and a higher skilled and professional workforce, has a relatively high percentage of community workers compared to state and Australian figures. Latrobe also has a high percentage of unemployment, which is above Australian and Victorian percentages. Median incomes in Latrobe and Dandenong are significantly lower in comparison to state and national medians. Similarly, Ballarat has lower median income levels, though not much below state and national incomes. Latrobe and Dandenong have similar occupation and income measures, with Latrobe holding a slightly higher position. Ballarat, although a disadvantaged community, appears to be of higher socio-economic standing than the other regions.

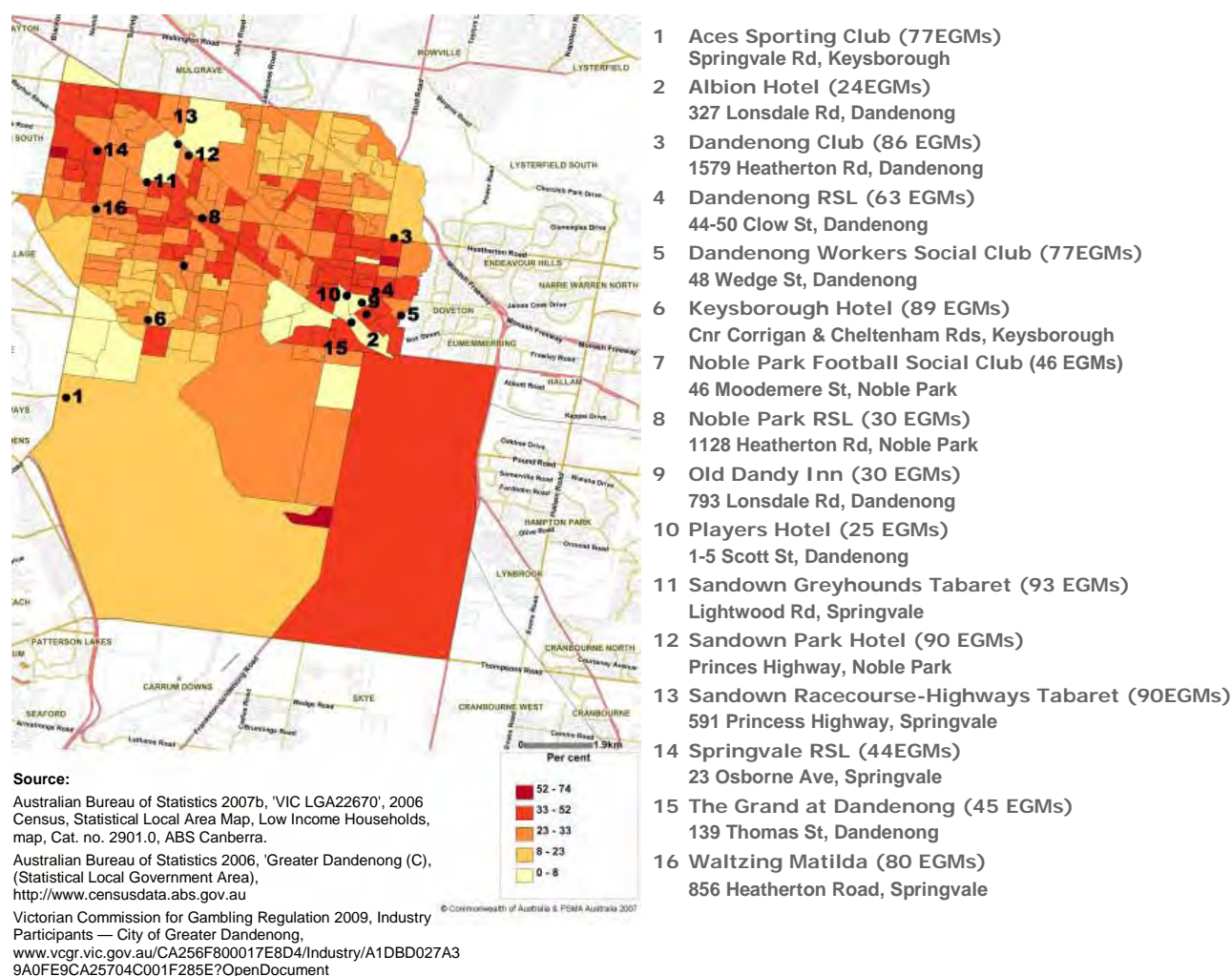
Along with demographic statistics, geographic data maps have been included to closely analyse and visualise the regions in terms of understanding the level of low income households and the location/concentration of EGM venues. The statistical evidence in this section is generated by the ABS in 2006. Various shades of red indicate the proportion of low income households as a percentage of all households with a gross weekly income of less than \$500. These figures are based on place of usual residence in 2006. All gaming expenditure and EGM venue related data is sourced from the VCGR (2007a).

Dandenong

The City of Greater Dandenong is located south east of Melbourne's CBD and is Victoria's second largest retail and commercial centre with a population of 125,520. During the 1960's Dandenong's industrial boom attracted large businesses to the area such as General Motors, Holden and Heinz. This rapid industrial growth and development also attracted many workers to the region, particularly migrants.

Dandenong has retained its regional status comprising over 7,000 businesses and being at the centre of an extensive transport network. Its key industries are metal manufacturing, food processing and distribution. Dandenong is also Victoria's most ethnically diverse region. Dandenong's residents are from 150 nations and only 44% of the population were born in Australia (City of Greater Dandenong, 2009). Map 2 depicts the regional map of Dandenong and EGM locations in the LGA.

Map 2. City of Greater Dandenong: mapping of all EGM venues and their location in the municipality and mapping of households with a gross weekly income of less than \$500 as a percentage of all households



The main localities in the City of Greater Dandenong are Noble Park, Dandenong and Springvale. These are also the areas where most EGMs are located. Overall Dandenong has a total of 16 venues out of which there are ten licensed clubs and six hotels. The 1,078 EGMs in the region accumulate a total net EGM gambling revenue of \$110 million in 2006/07, which amounts to \$1,103 per adult (VCGR, 2007a). This is a significant amount considering Dandenong is the second lowest socio-economic area in Victoria with a median individual income of only \$342 per week.

There are various types of venues in Dandenong: hotels/pubs, Return Services Leagues (RSLs), sporting and social clubs. Accordingly, the number of EGMs per venue depends on the size and type of the venue. Smaller, community-focussed clubs tend to have fewer gaming machines, while the larger clubs and hotels have higher numbers of EGMs. The number of EGMs per venue range from 24 to 93.

Most venues are located in central and populated areas. The different shading of the map indicates the degree of disadvantage; most EGMs are situated in areas where about one third of households have a gross weekly income of less than \$500. Lighter shading does not particularly translate into a higher socio-economic area as some areas are industrial or unoccupied land. For example, venue 1 on the map is situated amongst an industrial estate, venue 13 is located behind a racecourse which takes up a large amount of land, and venues 9, 10 and 15 are alongside shops and commercial enterprises.

The actual suburb of Dandenong alone has seven venues (2, 3, 4, 5, 9, 10, 15), which are clustered around the busy main street, yet all border onto areas where 33-52% of households live on an income of less than \$500. Those seven venues (three hotels and four clubs) operate a total of 350 EGMs in a radius of roughly 3km. Situated close to residential areas, access to EGMs is easy with various venue types close by. This is important given that, as highlighted earlier, involved gamblers tend to live closer to venues and most people use EGMs that are within a 2.5km radius of their home (Livingstone, 2005).

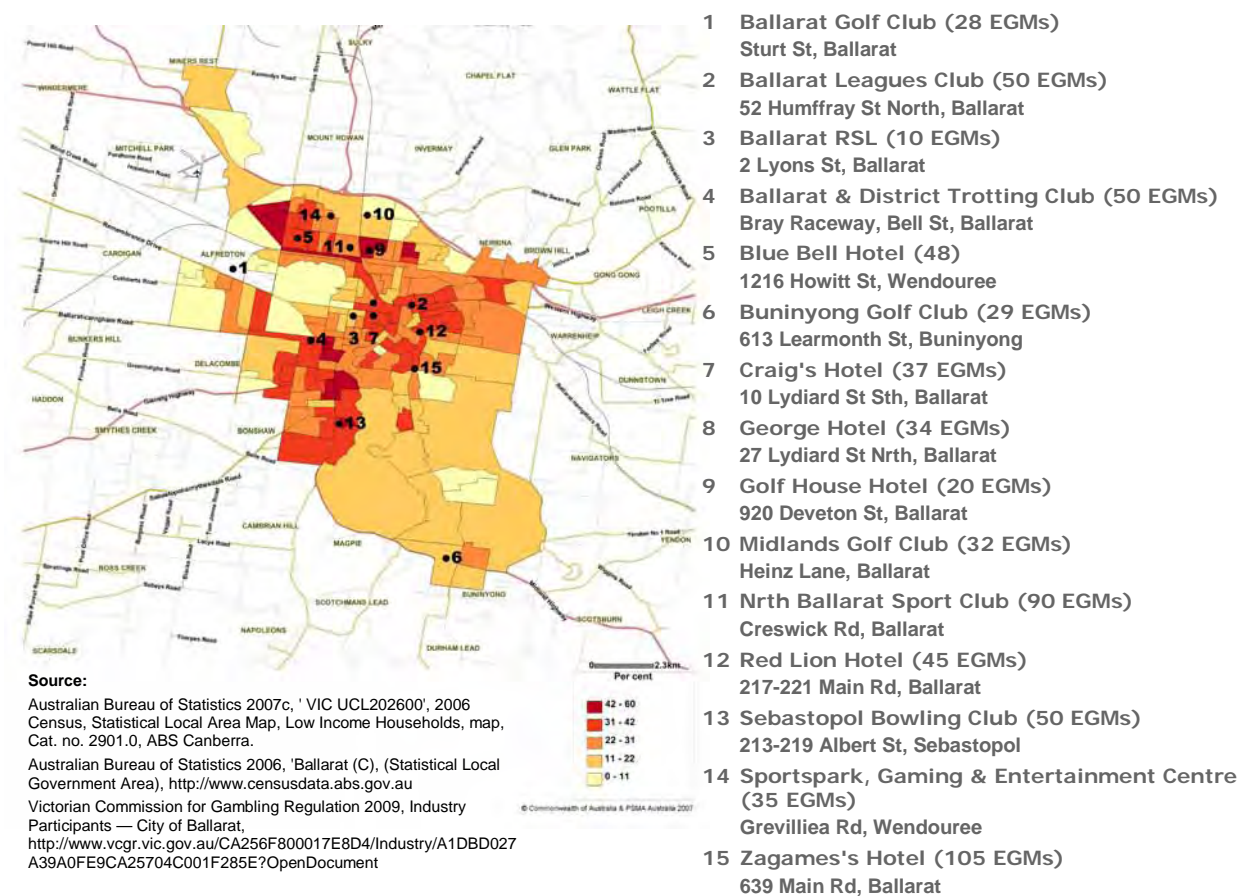
As such, Dandenong's high concentration of venues allows for relatively high accessibility to EGMs with venues only 2-3km apart and located close to residential areas. Beside the actual suburb of Dandenong, one other locality — Springvale — has a high concentration of EGMs. Springvale is highly multicultural with a large Vietnamese population. Springvale reflects Dandenong's high ethnic diversity in its cultural, commercial and social structure. It is in this part of the LGA where most EGMs are located and accessibility is easy, as venues are located close to main roads and residential areas. Dandenong's four largest venues (11, 12, 13 and 16) are clustered in a radius of about 2-3km operating a total of 353 EGMs. Out of those four venues, two are hotels (12 and 16), each with 80 and 90 EGMs respectively, and the two remaining venues are Tabarets (classed as clubs) which operate 93 and 90 EGMs. Besides those four large gaming venues, Springvale also hosts one RSL which operates an additional 44 EGMs in the area. All venues are located in, or bordering areas, where 33-52% of households have a gross income of less than \$500. The average EGM expenditure per machine in Greater Dandenong is \$102,080 in 2007. It can be argued therefore that EGM expenditure is high in this part of the LGA where most EGMs are located.

Lighter shaded areas or areas where residents have a higher weekly income have fewer gaming venues and fewer EGMs. It is important to consider, however, that most of southern Greater Dandenong is unoccupied land and industrial estate; the north side of the region being residential and heavily populated. Consequently, EGMs in Greater Dandenong are located in residential, low income and highly populated areas, easily accessed by most residents within a 2-3km radius from their home.

Ballarat

The City of Ballarat is one of Australia's largest inland cities with a population of 85,197. It is Victoria's third largest city and one of Victoria's major regional centres due to its historical significance. The city is located 80km west of Melbourne along major freight, tourist and transport routes. Ballarat has moved away from its traditional focus on mineral and agricultural industries to manufacturing, tourism, health, education and community services, strengthening Ballarat's role as a regional service provider (City of Ballarat, 2009a). Map 3 is a regional map of Ballarat and EGM locations in the LGA.

Map 3. City of Ballarat: mapping of all EGM venues and their location in the municipality and mapping of households with a gross weekly income of less than \$500 as a percentage of all households



There are 15 licensed gaming venues in the City of Ballarat, of which ten are clubs and five are hotels. Together they operated a total of 663 EGMs in 2006/07. In the same year, Ballarat's total net EGM gambling expenditure was \$52 million (VCGR, 2007a).

Ballarat has a strong club culture with several sporting clubs in town, as well as one RSL and several hotels. Most of the venues are centrally located within the city — only two are situated in the neighbouring suburbs of Sebastopol and Buninyong. Sebastopol is Ballarat's lowest socio-economic area and it is home to a bowling club operating 50 EGMs. Buninyong is Ballarat's highest socio-economic suburb and is home to one club which is in the process of selling off its gaming machines due to lack of demand.

Overall, out of fifteen venues, two are located in an area where 42-60% of households have a gross weekly income of less than \$500; eight are located in areas where 31-42% of households have a gross weekly income of less than \$500, and three are located in areas where 11-22% of households have a gross income of less than \$500 (ABS, 2006).

Whilst there is an average of 44 EGMs per venue, some clubs have as few as 10 EGMs whilst others operate 105. Most EGM venues are located around the CBD, with only four venues situated in the city centre of Ballarat itself (two hotels and two clubs). Although the remaining venues are close by, they spread out marginally across Ballarat's north, east and south. The two hotels are centrally located in Ballarat's historical CBD in walking distance to all commercial and cultural amenities. Combined, the hotels operate 71 EGMs and are situated in an area where 31-42% of residents have a gross household income of less than \$500/week.

With the majority of venues in Ballarat being situated amongst lower socio-economic areas (where at least one third of residents have a gross household income of less than \$500 per week) the impact of EGM gambling may be significant in those communities. Residents of Ballarat earn a median individual income of \$404/week and a median household income of \$839/week (ABS, 2006). Most people tend to use gaming venues within a 2.5km radius of their home (Livingstone, 2005). Whilst some venues are located in residential areas (e.g. venues 14, 5, 4, 3, 13 and 12) others are located in less populated areas (e.g. venues 10, 11, 6 and 15). Consequently the latter are not as easy to access, for example it may require transportation to reach the gaming venue. Although this is the case, venues 11 and 15 have the largest number of EGMs. Venue 15 also lies on the main road to Ballarat's major tourist attraction, Sovereign Hill.

The three venues with the third highest number of EGMs (50 per venue) are venues 2, 4 and 13. Venue 13 is located in Ballarat's lowest socio-economic area in the suburb of Sebastopol. Its central location, directly on the main street alongside shops and other central amenities, provides the venue with high visibility and easy accessibility. Venues 2 and 4 are situated in areas where 31-42% of households have a gross weekly income of less than \$500.

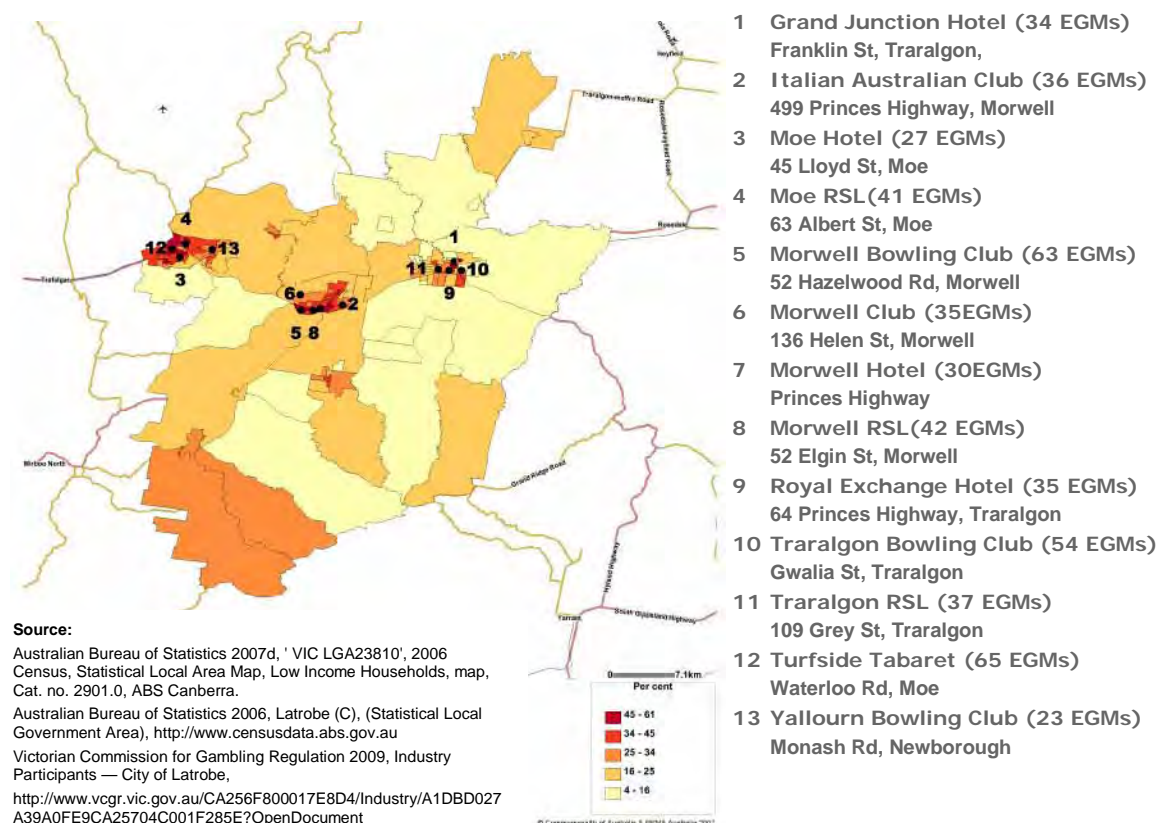
Most venues in Ballarat are therefore located in low socio-economic areas. The few venues that are centrally concentrated in the CBD have fewer gaming machines than venues that are spread around the outer regions of Ballarat. The smaller gaming venues are clubs who have

a strong sporting focus and are located closer to residential areas of Ballarat, thus providing easy access to venues. The larger venues on the other hand operate 90-105 EGMs and tend to be located away from populated parts of the city, acting as 'destination venues.'

Latrobe

Latrobe City is located 135 km east of Melbourne. With a population of 69,329, it is one of Victoria's largest regional cities. Located in eastern Victoria, Latrobe City is the principal service centre for the Gippsland region. Major industries include timber processing, paper manufacturing, agriculture, and the provision of major services to the region. Latrobe is also home to important government and private organisations. The region is rich in resources such as brown coal with electricity generated from coal mined in the area representing 85% of all electricity generated in the State of Victoria. The city has four major areas being Morwell, Traralgon, Moe/Newborough and Churchill (Latrobe City, 2009). Map 4 is a regional map of Latrobe and EGM locations in the LGA.

Map 4. City of Latrobe: mapping of all EGM venues and their location in the municipality and mapping of households with a gross weekly income of less than \$500 as a percentage of all households



In contrast to Ballarat and Dandenong, Latrobe City is located the furthest from Melbourne in regional Gippsland. Being a regional centre, Latrobe's four major townships are approximately 10-20km apart, therefore Latrobe's 13 gaming venues are spread out within the LGA. There are a total of four gaming licensed hotels, eight sporting and social clubs, and one RSL in the region. Most gaming venues are located within Moe/Newborough, Morwell and Traralgon.

Moe/Newborough and Morwell have the highest concentration of low income households, with Traralgon being the more affluent locality out of the four. The colour coding of the map indicates that both in Moe/ Newborough and Morwell, on average 34-45% of households have a gross weekly income of less than \$500, which is a significant proportion of the total population. The distribution of low income households seems to be less in Traralgon. The gaming venues in the LGA accumulated a total gaming revenue of \$45 million in the year 2006/07, which is \$650 per annum/per adult and thus ranks Latrobe City amongst the highest EGM spenders per adult in regional Victoria.

Moe/Newborough, Morwell and Traralgon have a town centre with shops, cafés, restaurants and cultural and social outlets. All town centres feature historic buildings and venues tend to be clustered around the centre of town, within walking distance of all other major amenities.

For Moe/Newborough, only venue 13 is located out of the town centre. It is also the venue with the smallest number of EGMs in the LGA (23). The three other venues are centrally located and contain significant numbers of EGMs. These three venues are also situated in very low socio economic areas of town, where 45-61% of residents have a gross weekly household income of less than \$500. Venue 12 is located on a racecourse, and thus does not require patron membership to use the facilities. At the same time it is the largest gaming venue in Latrobe City operating 65 EGMs. The three venues in Moe/Newborough are located within a 1km radius from each other, operating more than 100 EGMs. Venues are surrounded by residential areas, leaving Moe's residents in walking distance or a short drive.

Similar to Moe, Morwell's town centre is comprised of a main street with shops, art galleries, the court house and the city council building. Venues 5 and 8 are the biggest venues in terms of number of EGMs in Morwell and are located off the main street in a residential area operating a combined 100 EGMs. Easy access to the venues is provided by their close location to both town centre and residential areas. Both venues not only feature a high concentration of Morwell's EGMs but they are also located in the town's lowest income area, where 45-61% of households have a weekly income of less than \$500.

Venue 6 is located in a residential area, where 25-34% of households have a gross weekly income of less than \$500. The club is in walking distance to Morwell's train station and town centre. The remaining two venues are very visibly located on the main highway, again close to the town centre and areas where over one third of households have a gross weekly income of less than \$500.

Although Traralgon is to a lesser extent characterised by low incomes than the previous two townships, its venues are similarly located in the most disadvantaged parts. All venues are clustered around the centre of town within a 1-2km km radius from each other. Traralgon's biggest club in terms of EGM numbers (54) is located off the main highway in a residential area, making it not as visible and accessible as the two hotels in town which are centrally located along the main street.

Overall, Latrobe City comprises of four major commercial and residential centres — Moe/Newborough, Morwell, Churchill and Traralgon — and has a spread of gaming venues across three of the regions. The town centres comprise of hotels along the main street

creating easy access and high visibility. The clubs are mostly located away from the main streets, yet are close to all amenities as well as residential areas. While they are still easy to access and are located only a few kilometres apart from each other, some transport may be required for residents who do not live in town to access the venues.

Similar to Dandenong, the racecourse operates the largest venue with the highest number of EGMs in the region. Whilst most clubs have diverse business functions, some have established themselves as strong gaming venues, with a specific business focus on EGM gambling. Within this and the other two regions, venues providing access to EGMs in the community have particular restrictions on this form of entertainment.

Current gaming environment in the regions

Each region has a relatively high spend on EGM gambling and as indicated Maps 1-4 and there is a high concentration of venues which channel this expenditure. Table 29 depicts figures for spend on EGM gambling in each region.

Table 29. EGM expenditure 01/07/06-30/06/07 (all figures as at 30 June 2007)

	City of Ballarat	City of greater Dandenong	City of Latrobe	Victoria
2007 population projection	89,962	126,372	70,505	5,129,445
2007 population projection 18+	68,210	99,802	53,197	3,979,244
Venue no.	15	16	12	522
Clubs/hotels	10/5	10/6	9/3	
EGM no.	663	1,078	602	27,279
Total net expenditure	\$52,308,605.70	\$110,041,820.95	\$45,869,563.00	\$2,543,175,356.33
Population per venue	5,997	7,898	5,423	9,827
Population per venue 18+	4,547	6,238	4,092	7,623
Net expenditure per person	\$581	\$871	\$651	\$495
Net EGM expenditure per person	\$767	\$1,103	\$862	\$639
EGM per 1000	7.37	8.53	8.54	5.32
EGM per 1000 18+	9.72	10.8	11.32	6.86
EGM expenditure per EGM*	\$78,897	\$102,080	\$76,195	\$93,228

*EGM expenditure per EGM was not published on the VCGR website and has been calculated.

Source: Victoria Commission for gambling regulation 2007a

<http://www.vcgr.vic.gov.au/CA256F800017E8D4/Statistics/B15AC5519E2BA6C3CA25702D00171E7F?Open>

EGM expenditure refers to the total gaming turnover less winnings, thus it can also be referred to as players' losses or gaming revenue. Yearly figures are calculated and released by the VCGR, and matched against the total population of a LGA, hence the average gaming loss per person can be calculated. The total number of EGMs and venues also allows for calculation of EGMs per 1000 adults, and the assessment of total EGM revenue per EGM.

While these figures are confined to one particular LGA, they do not allow for meaningful interpretation unless compared to average state figures or other LGAs.

EGM's were first introduced in Victoria in 1992/93 and since then EGM expenditure has significantly increased from just over \$250 million in 1992/93 to over \$2.5 billion in 2006/07 (Victorian Commission for Gambling Regulation 2009a,b) Dandenong has the second highest average loss per adult in Victoria, and Latrobe has the highest ranking amongst regional LGAs. According to Doughney (2004), Dandenong, which is one of Melbourne's lowest socio-economic areas, has an EGM gambling expenditure that is five times higher than EGM expenditure in Melbourne's highest socio-economic areas. Latrobe and Ballarat count as two of Victoria's lowest socio-economic regional areas. Accordingly there is a correlation between the socio-economic status of an area, the number of EGMs per adult and the average loss per person.

Consequently, already vulnerable communities where every dollar counts are more greatly affected by EGM losses than more affluent communities. Therefore, to establish a clear indication of community impacts of average EGM losses per adult per LGA, they need to be compared to average income per adult in the particular LGA. Furthermore, in discussing EGM expenditure figures it is important to note that only approximately 40% of adults use EGMs in any given year, therefore according to a common rule used by researchers, 80% of losses come from 20% of heavy users (Doughney, 2004). As a result, average EGM gambling expenditure per person is not a figure that should be relied on for interpretation, as the average losses per regular player or heavy player would be much higher.

This analysis of EGM expenditure provides a statistical foundation for understanding gaming in communities. It makes way for understanding expenditure flows per the population to indicate how much individuals and communities spend on EGM gambling. Gaming expenditure, coupled with gaming machine concentration data provides a foundation for the qualitative data to build on in developing an understanding of EGM gambling and related issues in communities. The uneven effects of EGMs in communities have been acknowledged through a policy of 'regional caps' on numbers of machines.

Regional caps

Regional caps limit certain areas on the number of EGMs that can be available for gaming. The Victorian Minister for Gaming determines the regions to be capped and sets limits on the number of EGMs that are allowed. Such regional caps are designed to protect vulnerable communities from problem gambling. Criteria for the selection are LGAs that are highly disadvantaged — having a significant number of machines and above average gaming expenditures. Currently 20 Victorian regions are capped, including the City of Ballarat, City of Greater Dandenong and City of Latrobe.

Regional caps were first introduced in 2001. Their aim is to protect those communities that are most vulnerable to the harmful effects of gambling. In order to determine whether a community is vulnerable to gambling three indicators were established:

1. the number of EGMs in the LGA, in other words the accessibility individuals have to EGMs;
2. the average annual loss per adult in the LGA; and
3. the LGA's Socio-Economic Indexes for Areas (SEIFA) ranking, which indicates the LGA's socio-economic status.

Thus, low socio-economic communities with high EGM accessibility and high EGM expenditure are perceived to be more vulnerable to the effects of EGM gambling and thus seen to require increased measurements of protection. The first five regions that were capped in 2001 and which indicated the highest level of vulnerability to the harm of gambling, were City of Maribyrnong, City of Greater Dandenong, City of Darebin, Bass Cast Shire and City of Latrobe (Office of Gaming and Racing, 2005).

Regional caps limit certain areas on the number of EGMs that can be available for gaming. The Minister determines the regions to be capped and sets limits on the number of EGMs that are allowed. A capped region is not permitted to have more than 10 EGMs for every thousand adults. The government supports the capping of regions as part of their ongoing harm minimisation strategies; the intention being that by reducing the number of machines available, exposure to EGMs will subsequently be less and therefore the number of people developing a detrimental gambling habit will also be reduced.

Following the introduction of the first five caps, however, the stakeholder industry (pubs and clubs alike) questioned the effectiveness of caps in combating problem gambling. Additionally, venues have reported that the reduction in EGMs has not had a negative impact on EGM gambling revenue in their venue. Although community stakeholders have been supportive of the regional cap, they also argue that it is not the number of EGMs that is affecting problem gambling; rather it is the location of EGMs. Thus the cap is not seen to impact sufficiently on the accessibility issues of EGMs. The Victorian Council of Social Services claims that reducing the number of EGMs does not reduce problem gambling unless there is a significant reduction of machines by at least 50% (Office of Gaming and Racing, 2005). However, it has not been argued that caps are a sole minimisation strategy.

An assessment of the first round of caps concluded that a reduction in EGMs alone was not enough to demonstrate a significant impact on the distribution of EGMs and their accessibility (Office of Gaming and Racing, 2005). It can be argued that the first round of caps has failed as a harm minimisation strategy in protecting vulnerable communities.

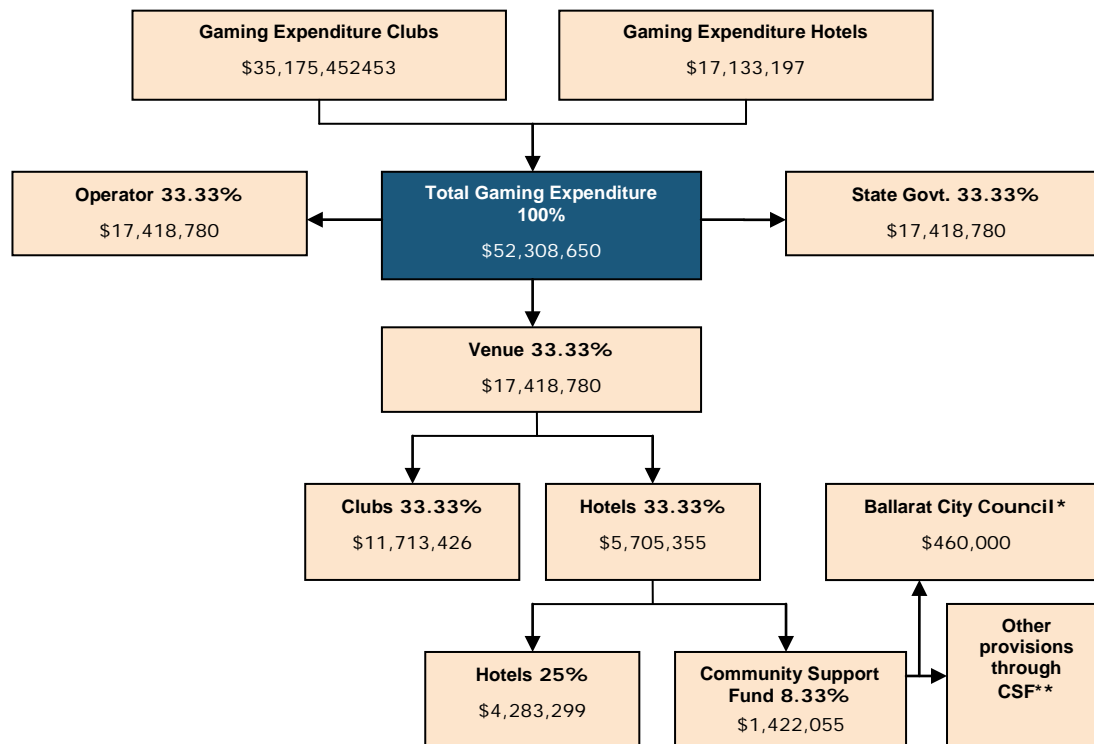
In October 2006 the Victorian Government released that an additional 14 regions would be capped, including Ballarat. The cap remains at ten EGMs per 1000 adults, unless the region has fewer than ten EGMs per thousand adults, in which case they are being capped at their current level. The capped number of machines may change if there is an increase in population. The VCGR, who manages the removal of EGMs, determines exact time frames, though all machines must be moved within one year. New venues and existing venues who then want to increase the number of EGMs need to seek permission from the local council. By 2010 the maximum density of gaming machines will be set at ten per one thousand adults

across all Victorian LGA's, which means that all excess EGMs will be removed (Department of Justice, 2006).

Each region has a significantly high spend on EGM gambling and a high concentration of machines and venues that provide access to machines. A high level of revenue is generated from gaming for venues, gaming machine operators and state government. Communities also receive a portion of these funds. Below is a discussion and depiction of the way EGM gambling revenue flows amongst gaming venues, gaming machine operators, state government and the community.

Gaming revenue structure and funds dedicated to the community

Gaming in the three regions occurs in a mixture of clubs, hotels/pubs and RSLs. Many of these venues use EGMs as a primary composition of their business mix. EGMs are managed by the operators Tabcorp and Tattersall's, who allow venues to run their machines. As stated earlier, of EGM revenue, 33.33% is received by each party: the venue, the operator and government. Clubs must indicate in a CBS that at least 8.33% of their gaming revenue is spent in the community, whilst a further 8.33% is deducted from hotels/pubs for the CSF. Ultimately revenue flows between several constituents which are the operator, the venue, government and the community (in CSF). Figures 1-3 (see over) show the flow of gaming revenue between constituents and the total dollars that flow into the CSF for each of the three study regions.

Figure 1. Gaming expenditure — Ballarat

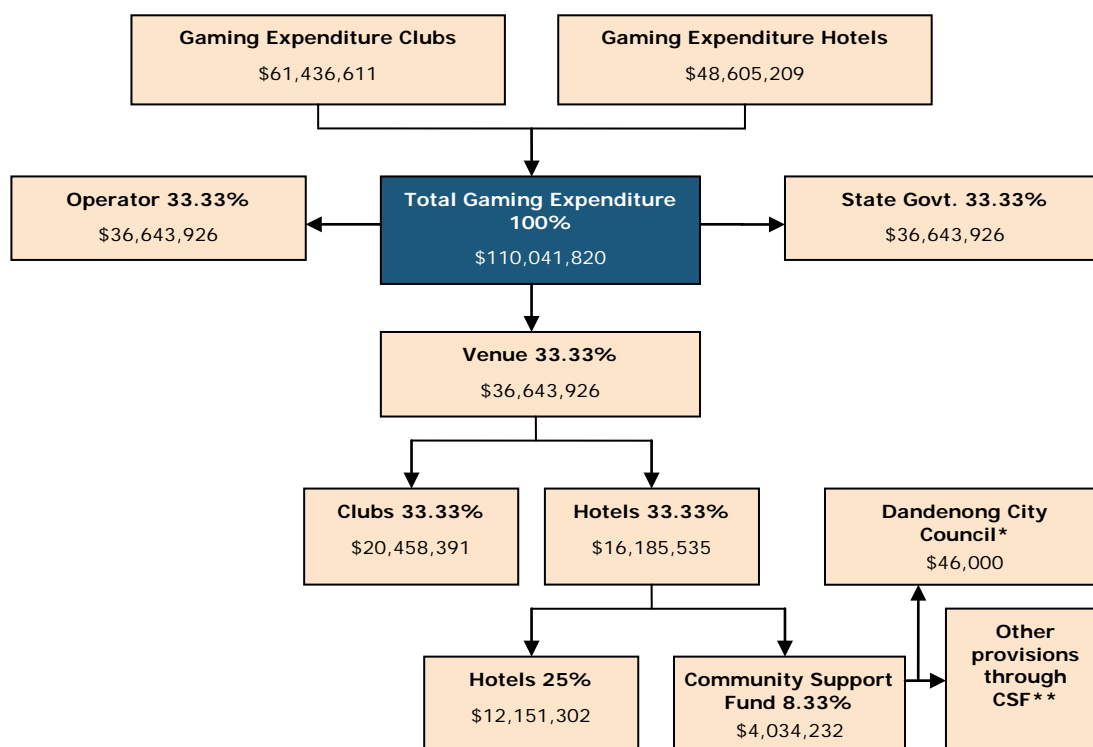
*Ballarat City Council received 460,000 for the Lake Blitz Community Building (Department for Victorian Communities, 2006/07).

**The remainder of funds through the CSF are applied in the following activities in Victoria: problem gambling (the first call on the fund); treatment of drug issues; financial counselling and support for families in crisis; youth programs; community advancement; sport and recreation; arts; tourism; advancement of the community as determined by the minister; costs associated with administering the CSF (Department for Victorian Communities, 2006/07). Furthermore, the report indicates that \$45 million per financial year is provided for the government's drug strategy and also one day's revenue is provided to the Victorian Veterans' Fund on 1 September each year.

Source: (VCGR, 2007a)

[http://www.vcgr.vic.gov.au/CA256F800017E8D4/WebObj/95555E76248A18C7CA2570D50007A37B/\\$File/cbs2003-4_summary.pdf](http://www.vcgr.vic.gov.au/CA256F800017E8D4/WebObj/95555E76248A18C7CA2570D50007A37B/$File/cbs2003-4_summary.pdf)

<http://www.vcgr.vic.gov.au/CA256F800017E8D4/Statistics/B15AC5519E2BA6C3CA25702D00171E7F?Open>.

Figure 2. Gaming expenditure — Dandenong

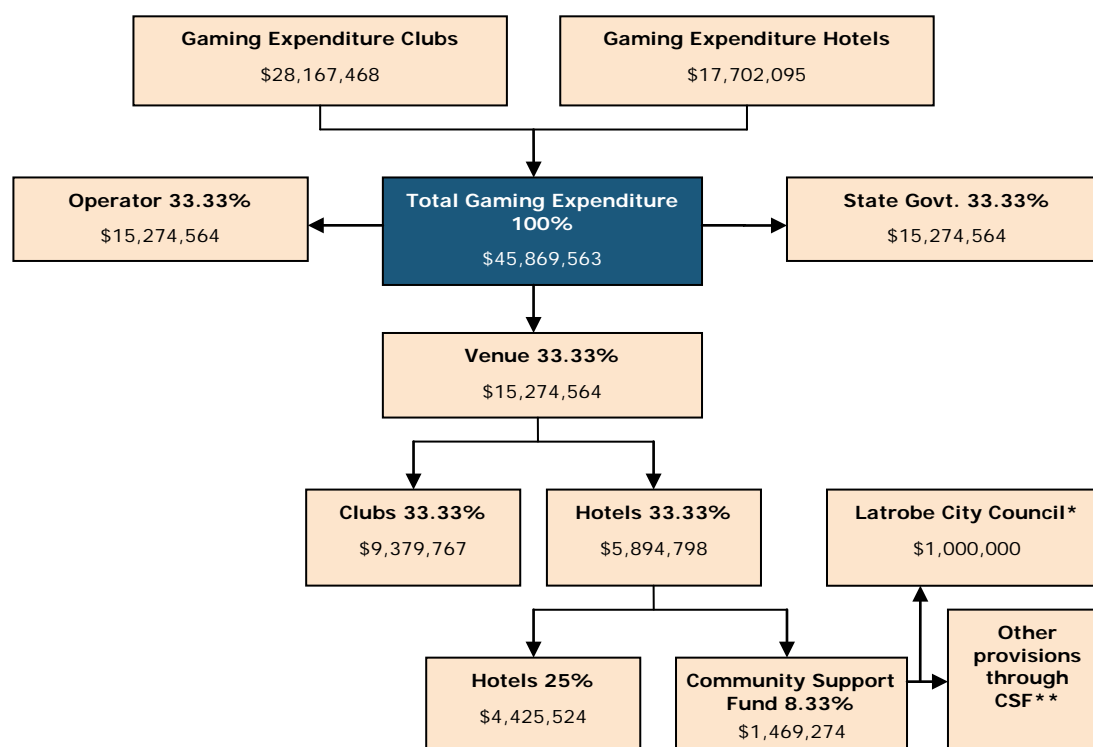
* Dandenong City Council received \$46,000 for The Castle Technical and Operational Fit Out (Department for Victorian Communities, 2006/07).

**The remainder of funds through the CSF are applied in the following activities in Victoria: problem gambling (the first call on the fund); treatment of drug issues; financial counselling and support for families in crisis; youth programs; community advancement; sport and recreation; arts; tourism; advancement of the community as determined by the minister; costs associated with administering the CSF (Department for Victorian Communities, 2006/07). Furthermore, the report indicates that \$45 million per financial year is provided for the government's drug strategy and also one day's revenue is provided to the Victorian Veterans' Fund on 1 September each year.

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[http://www.vcgr.vic.gov.au/CA256F800017E8D4/WebObj/95555E76248A18C7CA2570D50007A37B/\\$File/cbs2003-4_summary.pdf](http://www.vcgr.vic.gov.au/CA256F800017E8D4/WebObj/95555E76248A18C7CA2570D50007A37B/$File/cbs2003-4_summary.pdf)

<http://www.vcgr.vic.gov.au/CA256F800017E8D4/Statistics/B15AC5519E2BA6C3CA25702D00171E7F?Open>.

Figure 3. Gaming expenditure — Latrobe

* Latrobe City Council received \$1,000,000 for the Churchill and District Hub (CDH) (Department for Victorian Communities, 2006/07).

**The remainder of funds through the CSF are applied in the following activities in Victoria: problem gambling (the first call on the fund); treatment of drug issues; financial counselling and support for families in crisis; youth programs; community advancement; sport and recreation; arts; tourism; advancement of the community as determined by the minister; costs associated with administering the CSF (Department for Victorian Communities, 2006/07). Furthermore, the report indicates that \$45 million per financial year is provided for the government's drug strategy and also one day's revenue is provided to the Victorian Veterans' Fund on 1 September each year.

Source: (VCGR, 2007a)

[http://www.vcgr.vic.gov.au/CA256F800017E8D4/WebObj/95555E76248A18C7CA2570D50007A37B/\\$File/cbs2003-4_summary.pdf](http://www.vcgr.vic.gov.au/CA256F800017E8D4/WebObj/95555E76248A18C7CA2570D50007A37B/$File/cbs2003-4_summary.pdf)

<http://www.vcgr.vic.gov.au/CA256F800017E8D4/Statistics/B15AC5519E2BA6C3CA25702D00171E7F?Open>.

In all three LGAs, Ballarat, Dandenong and Latrobe, the figures for total gaming expenditure are calculated using all operating EGMs in the region. The total gaming expenditure per LGA is calculated by adding up player losses or gaming revenue from all EGMs in the area in pubs and clubs. For example, Ballarat's total gaming expenditure of \$52 million is comprised of \$35 million from clubs and \$17 million from hotels.

Tattersall's and Tabcorp are the two EGM gambling operators that are licensed to operate gaming machines until 2012. Whilst EGM operators are not permitted to operate a venue, they place their machines in approved gaming venues that are operated by a licensed venue which either holds a pub, club or racing club license. The maximum permissible number of EGMs per venue is 105 and there is a 50/50 split of all EGMs between pubs and clubs.

The current tax structure for net EGM gambling revenue is set at one third or 33.33%, meaning that one third of the net gaming revenue is obtained by the EGM operator, Tattersall's or Tabcorp, one third goes to the government, and clubs retain the remaining third. Hotels however, have to pay an additional contribution of 8.33% to the CSF which is

used to fund community programs amongst other programs. While clubs retain 33.33% of their total gaming revenue, hotels retain 25%. Clubs do not have to pay the additional tax as they are believed to be providing a community benefit by being community clubs. In order to track their spending on community purpose, clubs are required to submit an annual CBS, where they have to demonstrate that 8.33% of gaming revenue contributes to community benefit.

EGM operating hotels in Ballarat have paid a combined \$1.4 million into the CSF during the financial year of 2006-07. In Dandenong the figure is higher at \$4 million a year. However, both municipalities have seen little of this revenue flowing back into the community. The Ballarat City Council received a total of \$460,000 in the same year for community purpose and the Dandenong Council received \$46,000 in total during the year 2006-07¹. The City of Latrobe has seen the biggest share out of the CSF (\$1 million) though local hotels contributed a total amount of \$1.47 million.

Consequently, the amount of monies leaving the community is not reflected in the distribution of monies returning to the community through the CSF. While they form part of the service delivery regime for addressing gambling-related problems, access to problem gambling treatment services such as telephone counselling and on-line services have not been factored in as part of this study. The CSF is to fund community gambling services and be directed to other community projects. However, relative to what flows into the CSF, it appears that there is little being returned to local governments for this purpose. This poses a significant issue for planning for expenditure on community development activities and services, and points to considerable leakage of gambling revenue out of the community. These comments relate to Dandenong, Latrobe and Ballarat specifically, for the purpose of this report, and it is unclear whether the conclusions can be generalised to other areas.

As well as the CSF which aims to provide community benefits from gaming revenue generated by hotels, there are other community benefits from gaming revenue generated through clubs. The state requires that clubs indicate, via the CBS form, that 8.33% of their third of gaming revenue is directly put towards the community. The form (see Appendix C) asks for an indication of community benefit under seven categories which are employment expenses, gifts of funds, sponsorship, gifts of goods, voluntary services, volunteer expenses, subsidised activities and fixed assets. The following tables and figures outline the different types of community benefit and the amount of money dedicated to these, by the clubs in each region.

¹ Information on CSF allocations was drawn from the Department for Victorian Communities, 2006/07. Contributions to community projects vary significantly from year to year and it is acknowledged that for the year 2007/08 the amount of funds directed to these regions are different, but for the purpose of consistency with gaming expenditure figures, 2006/07 CSF figures have been highlighted).

Community benefits across the three study regions

The City of Ballarat hosts ten licensed clubs that facilitate EGM gambling. All clubs are required to submit a CBS and list their annual community contributions. Ballarat's clubs operate 479 EGMs from a total of 663 in the LGA. They accumulate a total of \$35 million gaming revenue and claim to contribute 19.96% of that back to the community, which equals \$7 million. The distribution of EGMs in venues is not equal. Some clubs operate between 10-30 EGMs while others generate revenue from around 100 EGMs. The two largest venues operate a combination of 195 EGMs providing almost one third of Ballarat's community contributions.

Employment expenses are the greatest area of expenditure for all clubs, with 66.47% of the total community benefit being claimed for employment, followed by 13.89% for fixed assets and 6.72% for direct and indirect costs. Only 0.48% of claimed community benefits relate to sponsorships, 4.94%, to gifts of funds, 0.01% to gifts of goods, 4.05% to voluntary services, 0.04% to volunteer expenses and 3.41% to subsidised activities (see Table 30).

Table 30. Community benefits in Ballarat 2006/07

	No of EGMs	Employment expenses \$	Gifts of funds \$	Sponsorship \$	Gifts of goods \$	Voluntary services \$	Volunteer expenses \$	Subsidised activities \$	Fixed assets \$	Direct and indirect costs \$	Total \$
Ballarat Golf Club	28	216,055	0	0	0	20,215	0	12,950	50,335	24,512	324,067
Ballarat Leagues Club	50	434,940	2,871	26,466	0	0	0	17,900	123,870	69,298	675,345
Buninyong Golf Club	29	272,090	4,384	4,183	0	33,273	0	965	0	366	315,261
Midlands Golf Club	32	218,422	104	0	0	26,000	0	0	60,428	10,127	315,081
Ballarat RSL	10	23,237	0	0	0	79,680	0	0	0	9,900	112,817
Sebastopol Bowling Club	50	505,023	3,080	0	579	99,000	2,644	20,448	122,045	11,387	764,206
Sports Park Gaming and Entertainment Centre	35	335,017	34,215	1,696	0	0	0	0	77,934	32,639	481,501

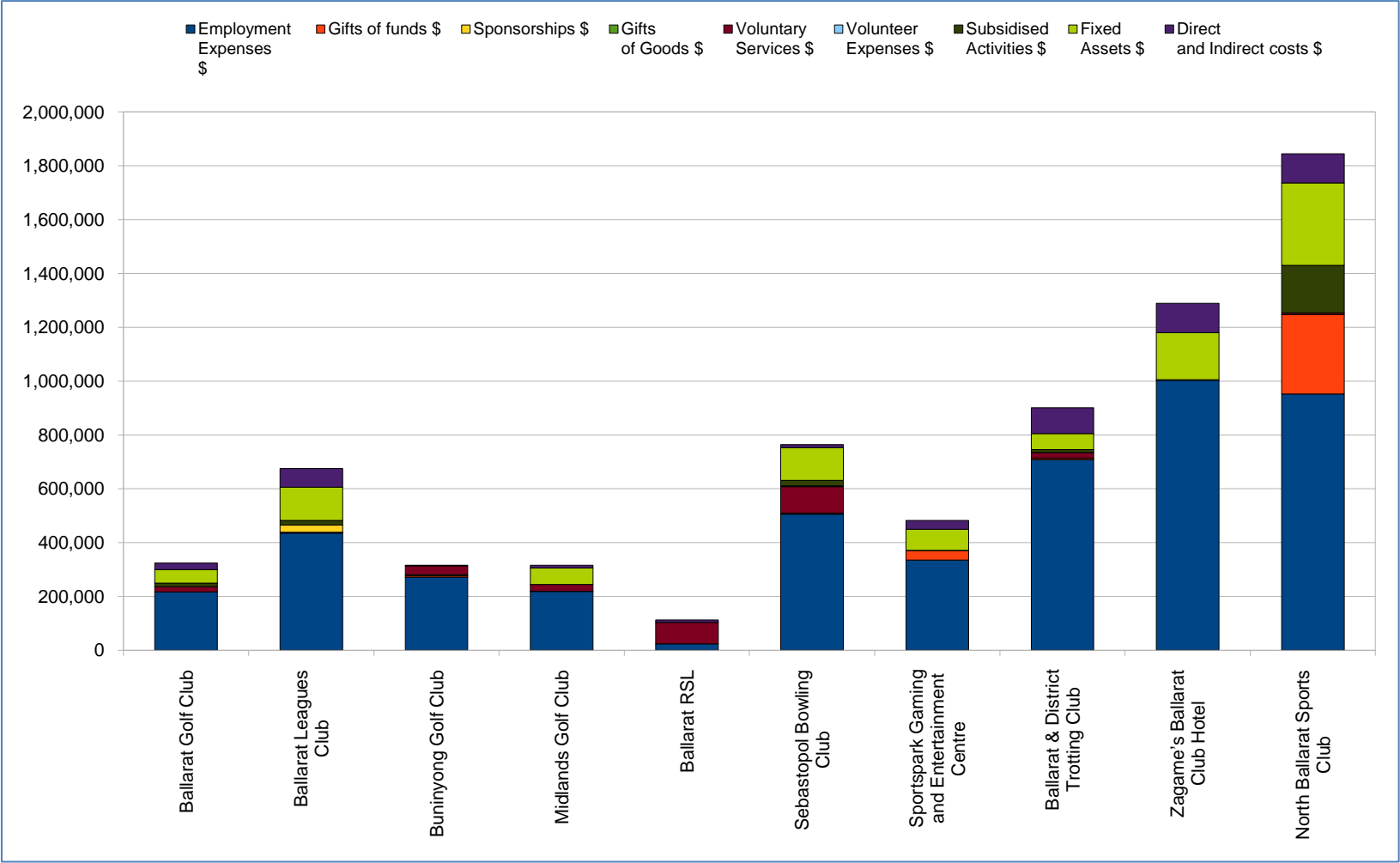
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	No of EGMs	Employment expenses \$	Gifts of funds \$	Sponsorship \$	Gifts of goods \$	Voluntary services \$	Volunteer expenses \$	Subsidised activities \$	Fixed assets \$	Direct and indirect costs \$	Total \$
Ballarat & District Trotting Club	50	707,990	4,865	1,298	0	20,120	357	10,332	59,855	96,007	900,824
Zagame's Ballarat Club Hotel	105	1,002,690	2,455	0	0	0	0	0	174,654	108,535	1,288,334
North Ballarat Sports Club	90	951,770	294,976	0	0	6,000	0	176,684	306,257	108,918	1,844,605
Total \$	479 EGMs	4,667,234	346,950	33,643	579	284,288	3,001	239,279	975,378	471,689	7,022,041
% of total community benefit		66.47%	4.94%	0.48%	0.01%	4.05%	0.04%	3.41%	13.89%	6.72%	100.00%
Total Net Gaming Revenue (NGR) \$											\$35,175,453
% of NGR claimed for community purpose										19.96%	

Source: VCGR (2007b) <http://www.vcgr.vic.gov.au/CA256F650009C886/wCBSbyLGA?OpenView&RestrictToCategory=cbs2007&Count=900&Year=2007>

The following figure provides a graphical view of the composition of community benefit for Ballarat.

Figure 4. Relative club community benefit expenditure in Ballarat



Similar to Ballarat, Dandenong hosts ten licensed sporting, social, RSL and racing clubs. A total of 651 EGMs are located in clubs and they generated gaming revenue of \$61 million in 2006/07. In the same year clubs claimed to have returned 25.79% or \$15.8 to the community via contributions for community purpose. In Dandenong all venues have a high concentration of EGMs, averaging 65 EGMs per venue, with half the venues operating more than 70 EGMs. Annual community contributions vary between \$600,000 and \$4 million.

Employment expenses accumulate the largest share of claimed benefits (47.84%), followed by fixed assets (28.4%) and direct and indirect costs (7.34%). Voluntary services amount to 6.58% of total community benefit, whilst gifts of funds amount to 5.16%, sponsorships to 1.62%, subsidised activities to 2.92% and volunteer expenses to 0.07% (see Table 31).

Table 31. Community benefits in Dandenong 2006/07

	No of EGMs	Employment expenses \$	Gifts of funds \$	Sponsorship \$	Gifts of goods \$	Voluntary services \$	Volunteer expenses \$	Subsidised activities \$	Fixed assets \$	Direct and indirect costs \$	Total \$
Aces Sporting Club	77	630,261	0	222,475	0	0	0	0	12,737	444,566	1,310,039
Dandenong Club	86	1,178,411	13,726	3,830	1,478	213,943	0	122,125	1,006,638	63,866	2,604,017
Dandenong RSL	63	728,286	3,884	8,027	9,774	143,125	6,787	177,181	603,618	174,699	1,855,381
Dandenong Workers Social Club	77	659,326	921	0	0	91,880	4,625	20,220	70,408	78,986	926,367
Noble Park Football Social Club	46	314,524	149,996	508	440	448,640	0	75,300	57,893	29,598	1,076,899
Noble Part RSL	30	624,832	3,274	393	0	121,500	0	9,522	143,184	0	902,705
Sandown Greyhounds Tabaret	93	672,335	600,000	0	0	0	0	0	277,654	104,130	1,654,119
Sandown Racecourse Tabaret	90	1,695,946	25,445	460	0	0	0	51,732	2,143,940	203,467	4,120,990
Springvale RSL Club	44	539,542	19,956	20,600	0	23,400	0	6,200	137,215	52,108	799,021
The Grand at Dandenong	45	534,556	0	0	0	0	0	0	45,747	11,929	592,232

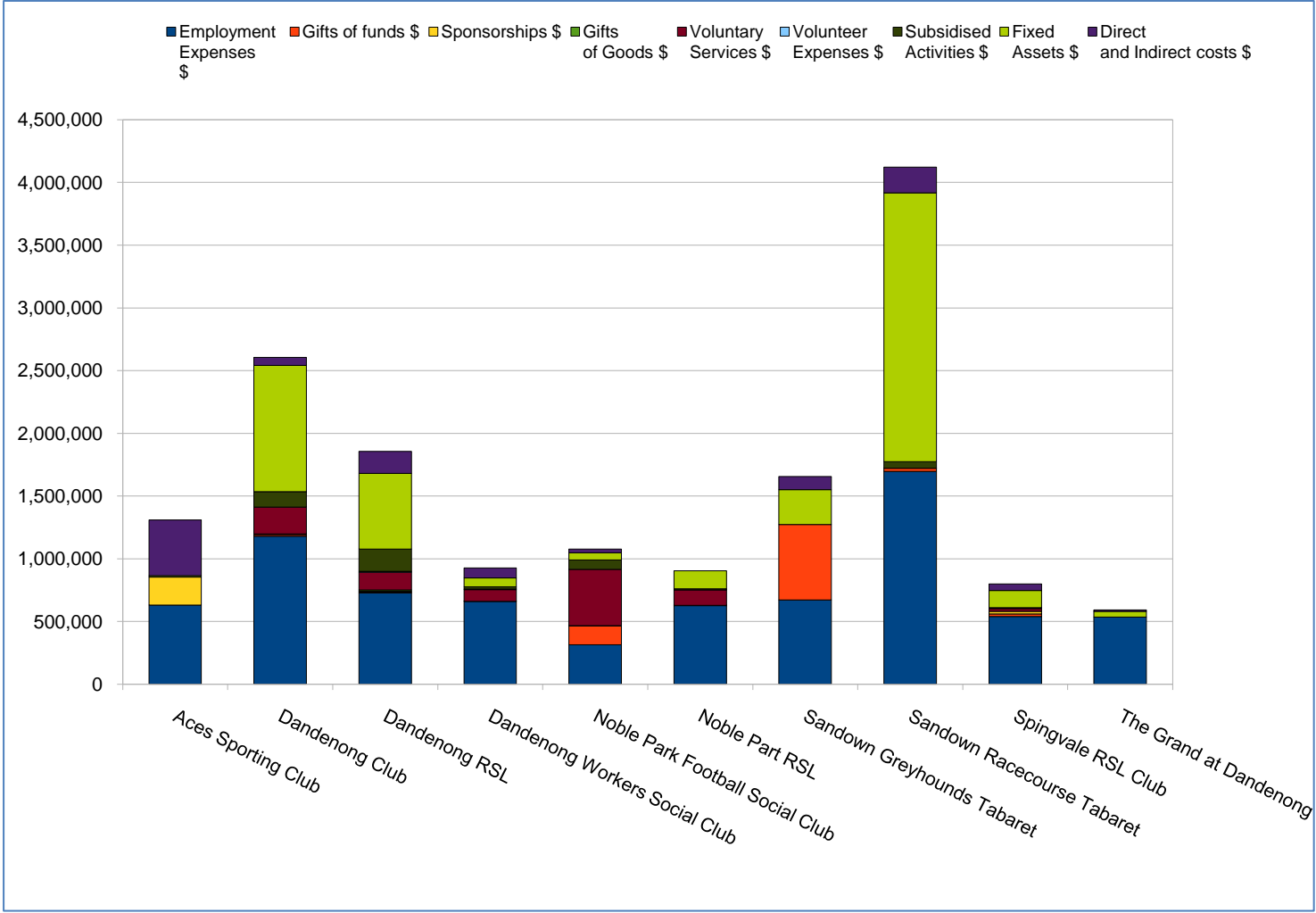
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	No of EGMs	Employment expenses \$	Gifts of funds \$	Sponsorship \$	Gifts of goods \$	Voluntary services \$	Volunteer expenses \$	Subsidised activities \$	Fixed assets \$	Direct and indirect costs \$	Total \$
Total \$	651 EGMs	7,578,019	817,202	256,293	11,692	1,042,488	11,412	462,280	4,499,034	1,163,349	15,841,769
% of total community benefit		47.84%	5.16%	1.62%	0.07%	6.58%	0.07%	2.92%	28.40%	7.34%	100.00%
Total Net Gaming Revenue (NGR) \$											61,436,611
% of NGR claimed for community purpose											25.79%

Source: VCGR (2007b) <http://www.vcgr.vic.gov.au/CA256F650009C886/wCBSbyLGA?OpenView&RestrictToCategory=cbs2007&Count=900&Year=2007>

The following figure provides a graphical view of the composition of community benefit for Dandenong.

Figure 5. Relative club community benefit expenditure in Dandenong



There are nine clubs located in the City of Latrobe with a total of 396 EGMs. Those nine venues generated gaming revenue of \$28 million in 2006/07. The Latrobe region hosts a range of clubs including sporting, social, racing and RSL's. Whilst the two larger venues have just over 60 EGMs, the average number of machines per venue varies from 23 to 54. Local clubs claimed almost \$6 million in community benefit, which is 21.26% of the total net gaming revenue (NGR).

Similar to the other regions, employment expenses account for the largest share of community contributions, adding up to a total of \$4 million, which is 67.93% of the total community benefit provided by the clubs. Fixed assets (12.13%), direct and indirect costs (7.95%) and employment expenses are the major contributions and add up to 88% of all community benefit. Voluntary services (7.11%), subsidised activities (2.5%), gifts of funds (0.75%), sponsorships (0.63%), gifts of goods (0.34%) and volunteer expenses to account for the remaining 12% of community benefit provided by the clubs (see Table 32).

Table 32. Community benefits figures in Latrobe 2006/07

	No of EGMs	Employment expenses \$	Gifts of funds \$	Sponsorships \$	Gifts of goods \$	Voluntary services \$	Volunteer expenses \$	Subsidised activities \$	Fixed assets \$	Direct and indirect costs \$	Total \$
Italian Australian Club	36	412,831	0	16,813	3,556	10,165	0	6,150	82,926	42,204	574,645
Moe RSL	41	489,526	10,809	856	12,329	122,355	13,956	76,442	110,358	92,908	929,539
Morwell Bowling Club	63	683,369	9,633	0	0	17,000	999	14,981	33,482	42,149	801,613
Morwell Club	35	496,497	3,200	200	0	19,626	4,731	11,798	32,056	53,193	621,301
Morwell RSL	42	444,685	3,328	7,622	2,272	160,855	14,641	5,790	98,569	68,581	806,343
Traralgon Bowls Club	54	545,603	15,831	3,626	646	83,085	0	13,541	193,218	60,941	916,491
Traralgon RSL	37	123,395	709	0	1,720	6,990	2,160	18,630	67,837	20,722	242,163
Turfside Tabaret	65	683,728	0	6,327	0	0	0	0	49,346	52,531	791,932
Yallourn Bowling Club	23	187,454	1,224	2,386	0	5,400	3,600	2,100	58,314	42,515	302,993
Total \$	396 EGMs	4,067,088	44,734	37,830	20,523	425,476	40,087	149,432	726,106	475,744	5,987,020

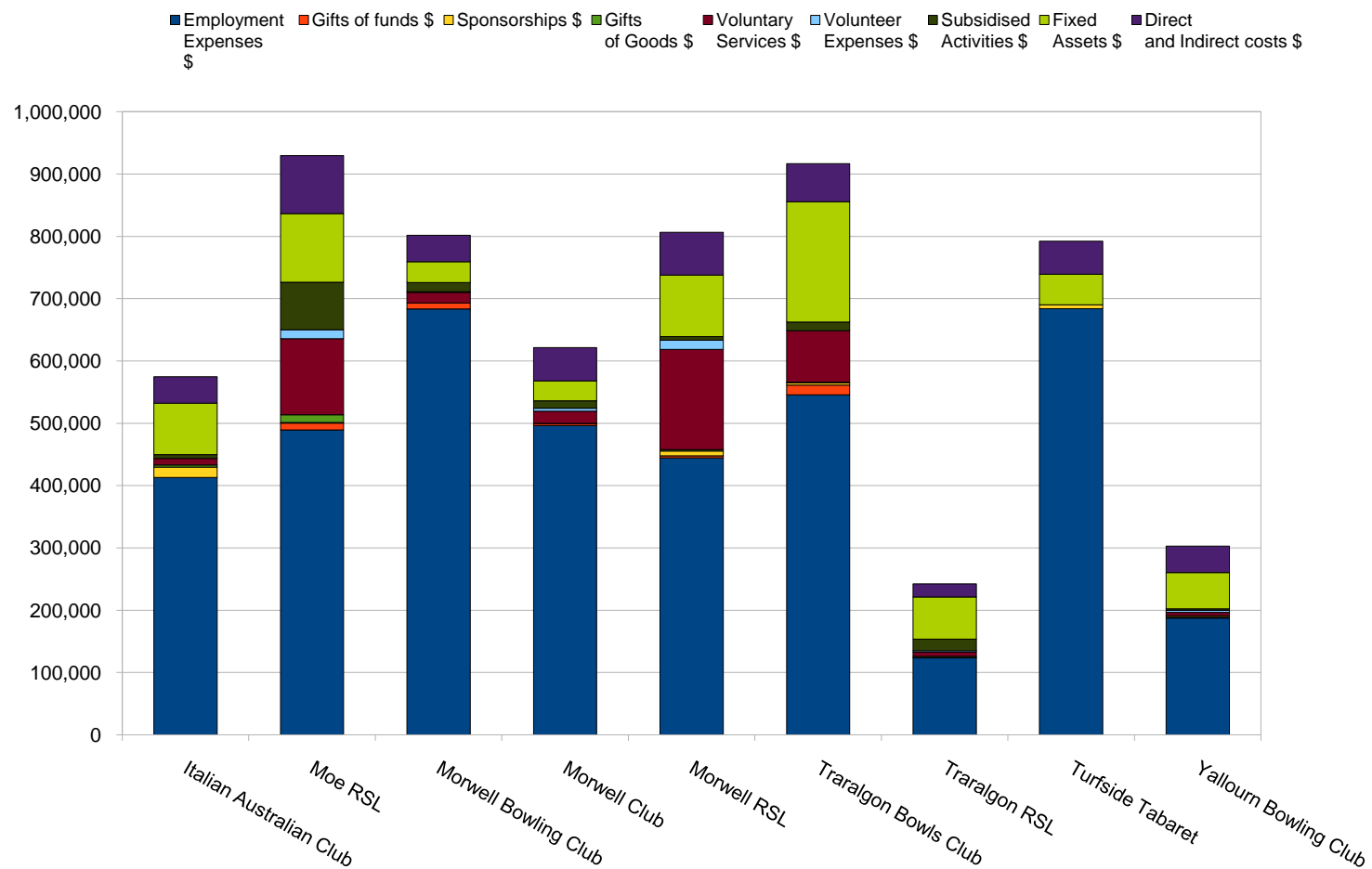
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	No of EGMs	Employment expenses \$	Gifts of funds \$	Sponsorships \$	Gifts of goods \$	Voluntary services \$	Volunteer expenses \$	Subsidised activities \$	Fixed assets \$	Direct and indirect costs \$	Total \$
% of total community benefit		67.93%	0.75%	0.63%	0.34%	7.11%	0.67%	2.50%	12.13%	7.95%	100.00%
Total Net Gaming Revenue (NGR) \$											\$28,167,468
% of NGR claimed for community purpose											21.26%

Source: VCGR (2007b) <http://www.vcgr.vic.gov.au/CA256F650009C886/wCBSbyLGA?OpenView&RestrictToCategory=cbs2007&Count=900&Year=2007>

The following figure provides a graphical view of the composition of community benefit for Latrobe.

Figure 6. Relative club community benefit expenditure in Latrobe



EGM gambling revenue is realised in the community through the CSF for hotels and the CBS through clubs. As identified in Figures 1-3, relatively little money that leaves each community through EGM gambling is returned via the CSF. Rather, it is through a central accrual system where funds are dispersed from and on a state level. The allocation mechanism is through yearly bids for funds based on identified one-off projects. Through the CBS, clubs indicate that at least 8.33% of their gaming revenue is directed to community benefits. These community benefits are specifically defined areas where clubs must categorise their contributions.

Stage 3: Regional analysis conclusions

Stage 3 analysis has provided a picture of the three regions and the gaming environment in each. It builds on the 'big picture' of the general gaming environment for Victoria set out in Stages 1 and 2 of the research. As described above, in terms of demographics and EGM gambling expenditure, concentration of gaming venues and revenue structure, these regions are identified as low socio-economic areas. The data shows that EGM gambling is generating a high level of income for a range of community support activities. However, while there is a large amount of revenue generated through EGM gambling, it is apparent that communities are not accessing the funds and resources to a quantity proportionate to their level of EGM gambling expenditure. The next section sets out the findings on EGM gambling impacts in the regions, highlighting the community benefit and community harm as a result of EGM gambling in the community.

STAGE 3 (PART B) — REGIONAL CASES: PERCEIVED EFFECTS OF EGMs

In addition to analysing regional demographics and the current gaming environment, Stage 3 of the research draws on qualitative techniques to more directly examine the impacts on communities, in particular to understand harm and benefit resulting from gaming machine play in specific disadvantaged regions. Interviews and focus groups were designed to uncover perceived effects of EGMs on the wider community and to discern potential impact on social capital. From this investigation, the degree of resilience of different communities to the impacts of EGMs is determined. Interview and focus group questions were derived primarily from gambling and community development literature. Additionally, this section examines the impacts of the demand of EGMs in the selected regions, and analyses if and how these communities mediate the impacts of EGM gambling. This section of the report provides details of the pilot study, presents the findings of the case study regions and finally, analyses these findings discussing the implications of the results.

Pilot study

A pilot study to test the case study design was administered in the first case study region of Ballarat. The pilot study highlighted several changes that needed to be made to the original set of questions and the overall case study design, primarily in terms of question design and case region selection. Adjustments to interview and focus group questions included a stronger emphasis on harm and benefit and the inclusion of more localised issues such as proposed legislative change. Based on these amendments a revised set of questions were developed for interviews (see Appendix D), and another for the focus groups (see Appendix E). The case study design was revised to ensure selection of low socio-economic regions, with a high concentration of gaming venues (in particular community clubs) and relatively high spend on EGM gambling.

Case studies

Following the pilot study, two further regions were selected, each having a high concentration of EGM venues. These three regions are amongst the lowest income areas in Victoria and whilst they hold these characteristics in common, are three distinct regions as previously outlined. Interviews and focus groups were undertaken to gain respondent's perceptions of their experiences, understandings and insights of EGMs in their community. A total of 25 semi-structured interviews and two focus groups were undertaken, with a total of 39 participants involved. Within the three regions, club owners/managers, community service representatives and other community representatives were sourced for interviews and focus groups. Table 33 shows the type of participant and setting where data was collected.

Table 33. Data collection sources

		Clubs	Community Service Representatives	Community Representatives
Region 1	10 interviews	×		
15 participants	1 focus group		×	×
Region 2	9 interviews	×	×	×
10 participants				
Region 3	6 interviews	×		
14 participants	1 focus group		×	

The respondent set was comprised of a diverse range of citizens representing an array of different community interests. Venue managers were interviewed in particular to assess the nature of clubs in Victoria and their community contributions, hence the community benefits of EGMs. Qualitative techniques were applied to assess community and stakeholder perceptions of EGM gambling. Interviews and focus groups with community groups and individuals have provided information about the effects EGMs have on the wider community and how they impact on social capital. Where possible, focus groups with community members were undertaken to utilise group dynamics issues exchange about the impact of EGM gambling. Although the research team sought to conduct focus groups in each region, there was a preference by some participants to take part in an interview. Accordingly, separate interviews were conducted to meet this requirement.

Although data was analysed on a case-by-case basis, it will be reported on an aggregate level with data presented in an integrated format as similar themes were apparent in each region. Rather than using a cross-case comparison, the aim of this stage of the research was to examine and outline the community impacts of EGM gambling in communities.

Case study findings

The three case studies provide rich sources of information to expand the findings from the quantitative analyses. The regional mapping demonstrated that even within disadvantaged regions, EGMs are clustered in low socio-economic areas. From the review of other research, findings suggest that those who are poorer and who reside in poorer areas spend disproportionately more on EGM gambling activities (Abbot & Cramer, 1993). Thus the potential for community harm is sharpest in disadvantaged areas. However, it is also recognised that EGM gambling provides revenues that may bolster these local economies. As a result, weighing up of the community harm and community benefit is thematic throughout a range of research. This stage of the research focussed on developing a better understanding

of community harm and community benefit from the viewpoints of professional, community members with expertise in managing social and community services, and club managers. These different views give a fuller picture of the various elements of community impacts of EGM gambling.

The dual issues of community harm and community benefit present as two contrasting positions in the ongoing debate and deliberations on EGM gambling, and in particular, on electronic gaming. Governments are seeking a way forward that simultaneously captures and builds on the social and economic benefits of EGM gambling activity whilst reducing the level of harm that can be directed to individuals and the broader community. The disproportionate concentration of EGMs in lower socio-economic areas and the related spend of those people on lower incomes, has been found to produce both harm and benefit. The challenge is how to balance out and ameliorate harmful effects at community levels whilst leveraging benefits to build community capital and opportunities. Accordingly, these two elements — harm and benefit — present as the initial focus of the case study findings in order to draw out, illuminate and identify a way forward to achieve balances in these areas.

The qualitative data gathering process also distilled several other key issues:

- perceptions of 'leakage' of community funds
- clarity of 'benefit' in the CBSs
- differential membership bases
- uncertainty of changing legislation.

The following discussion elaborates on the findings for each of these key themes.

Perceptions of community harm

As this research looks beyond the individual problem gambler to the greater impacts of EGM gambling in the wider community, it should be noted that there is a consensus amongst many participants in this study that it has been difficult to establish direct and causal links between EGMs and negative impacts in the community. Nevertheless, community service organisations are faced with the problems of gambling on a day-to-day basis and are able to indicate particular instances where gambling has presented as a burden to the community. However, since they do not keep database records it has been difficult to accurately establish the impacts of EGM gambling. The complexity of EGM gambling and its impact on other issues is explained:

“In terms of other services, the data is not there, welfare services and health services are generally under a lot of pressure anyway and it is very hard to disentangle how much is to do with gambling and how much is not to do with it” (Interview, 13).

Although causal links have been hard to track between EGM gambling and community problems, there remains a strong and persistent view of a negative impact on communities. In the low socio-economic communities studied, it was found that there was significant concern

around the perceived detriment to the general community as a result of EGM gambling. Moreover, the community itself also expresses their concerns over the matter through the media, e.g. local newspapers:

“As a regional city, we have regional TV which focuses on our town, a very active newspaper, we have a number of radio stations, so whenever the net losses, expenditure are relevant, it is invariably front page news. That does have quite an important role with our community members” (Focus Group, 1).

Although it has been difficult to ‘pin point’ (Focus group, 1) the effects of EGM gambling, this study has identified several issues around the perceived detrimental impacts of EGM gambling in the community.

Loss of wages and income

One of the biggest issues that disadvantaged communities consider they are facing is the loss of wages and money to gambling — money and wages that would otherwise be spent on other consumables in the geographic region. One respondent highlights this issue:

“Some people in consultations they talk about what could be done, when you’ve got a big problem and not much can be done about it, you focus on the little things you can fix, but the loss of local expenditure is a very large problem looming on the horizon and if people who are lobbying the government about this issue and are concerned about it, dwelled excessively with what should we do with the community benefit, what should we do with the eight cents in every dollar lost, we fuss too much over that, which almost starts to distract you from the rest of the money that is lost forever from that community” (Interview, 12).

Some participants in the study indicated that the ‘official’ figures show problem gamblers to represent a low percentage of the overall population. However, the community respondents’ view is that the cash figures of spend on EGM gambling, particularly in some of the lowest socio-economic areas in Victoria, is a problem for the community as a whole. With high spend on EGM gambling, it was thought to be an activity detracting from other businesses in the community:

“Absolutely, when you look at the total spend across the region of about \$54 million on gaming machines, I don’t think people were better savers of their money, I think that was being spent within the local economy, shopping, other forms of recreation, going to the pictures, other opportunities, so I think there is a significant amount of that \$54 million which has not gone into retail” (Interview, 3).

The high spend on EGM gambling was also expressed as detracting from social opportunities in the community:

“Perhaps many of the people who are regular gamblers, might be people in the older age group that don’t get into sporting activities, but might enjoy theatre or a whole range of other activities, and we are constantly seeing councillors being asked, and perhaps hesitating to putting money into doing projects, like doing up theatres, but if

all that money was coming back in, it could really create a whole range of activity or projects that would add more vibrancy in the centre of town, because it is a fairly sedate place of a weekend” (Focus Group, 1).

In line with the loss of opportunities in community, interviewees responded that either there has been a change in the character of businesses, or that other sectors have experienced reduced activity. Retailers have reported a lack of growth over the last years, and in some areas pawn shops have emerged and are thriving. Further, there has been a reported loss of the live entertainment industry which is considered a large cost to the availability of recreation options in the community:

“If you listen to some of the comments around Victoria about the club scene and the music scene, a lot of that has been eroded away particularly in Melbourne and also in country areas, there is not the music” (Interview, 6).

It was considered some policy initiatives around EGM gambling are confusing, One community member commented:

“It would be hard to see where there might be negative effects from gambling and other things, but we have made it clear to the state government that at the same time have been supporting the new gaming venue and poker machines, that they have got a conflict of interest there, because they are trying to boost local expenditure and business and putting a lot of money into development to do that, then they shouldn’t be supporting development to increase the take that goes into the machines, because it’s going to jeopardise their local economic development program” (Interview, 12).

Furthermore, the focus group respondents reported that contrary to initial perceptions, it was suggested that EGMs would draw people into the area to use the facilities and this would ‘trickle down’ into other areas in the city and boost local business. However, focus groups perceived that no real evidence of the proposed increase in tourism and economic growth has been experienced. That is, while flow on effects from EGM gambling was acknowledged as being a desirable outcome, respondents indicated that there has been no evidence of this happening, but rather it was suggested that EGM gambling is substituting other business activity. One focus group respondent noted this disconnect:

“It is interesting when we get applications for or the transfer of machines within the area, the applicant invariably uses the additional transfer of the machines to have a significant positive impact on the tourism aspect, and that these machines play that positive role in drawing people in to utilise the facilities. We have challenged that on every occasion, as we don’t see the two as particularly linked” (Focus group, 1).

Community members contended that there has not been an increase in tourism from EGM gambling. In the literature, Alexander and Paterline (2005) highlight that EGMs need to invite non-local money to experience advantages and that outflow of money occurs when the gamblers are locals. In the case study groups, respondents contradicted the ‘trickle down’ effect generated through tourism, and confidently state that EGM gambling occurs mostly amongst local residents and the that it is the local residents who are attracted to EGM

gambling venues that offer a plethora of activities, including cheap meals and entertainment. Consequently, there is a concentration of local community expenditure in gaming venues, and often it was suggested that this detracts from other community businesses and activities.

The findings from focus groups and interviews highlighted some major issues around community harm that are considered to present as large problems in the community. Concerns of community respondents are reflected in the literature where Moore (1994) and Borg et al. (1993) ask what would have otherwise happened to the money that is spent on EGM gambling. These concerns centre on the opportunity loss of other forms of community engagement, the change in character and composition of businesses, and the loss of local expenditure in areas besides EGM gambling. However, as well as the more prominent and predictable impacts, there are some other specific individual and community concerns that have emerged from EGM gambling in the community such as access to EGM gambling, crime, and the need for community services. The following sets out the findings on these additional issues raised in the focus groups and community interviews.

Access to gaming

Expanded accessibility to gambling has become a feature of many countries including Australia (Productivity Commission, 1999). For respondents this increased level of accessibility to gambling, particularly through the provision of more venues and extended opening hours has been perceived as a significant concern for the community. As one respondent succinctly noted:

"[for most people] there is a venue within 5-10kms of their home or work. I've got one even at the corner from my house, and there is one across the street here from where I work, so ... they are everywhere" (Interview, 6).

A key concern of extended accessibility is that people who may have been able to moderate their gambling activity by distance are now more directly exposed to a wider opportunity base.

"The majority of the community had concerns around gambling or the access to the number of machines. When you go out to do community education, certainly that is one issue that people come up with. Before Victoria was in the situation where they had to go over the border, they would have their gambling spree a couple of times a year, but the problem with the access, is that it is within walking distance ... I think that from that, the number of problem gamblers has increased as a result" (Focus Group, 1).

Problem gambling as a consequence of increased accessibility to EGMs was noted as an issue within the interviews and focus groups:

"That is what industry does; it promotes gambling as an entertainment, as a recreation. What other form of recreation can you sit down and spend \$12,000 in an hour, where you don't have a cooling off period, the money goes in and it is gone" (Interview, 6).

On this issue, community members also indicated that they are aware of current research which has indicated that the more a person is exposed to a machine the more likely they will develop a gambling problem. For many respondents this knowledge, coupled with their awareness of a higher concentration of venues in lower socio-economic areas, caused a high level of concern. One respondent highlighted the 'drawing' ability of EGMs:

"We've got seven poker machine venues including hotels, within a 5km radius, but we've got three main clubs. So seven is a lot to have in a 5km radius, you couldn't get any more competitive in Australia than it is here, as far as poker machines are concerned, this is the nucleus where it all happens" (Interview, 14).

The abundance of gaming venues has also raised concerns over the intentions of the gaming industry.

"The other thing which is an issue, which comes first, is that the communities in Victoria where we have the greatest levels of disadvantage are the areas that have the highest number of poker machines. Now my understanding is that the operators know that they can make money in areas of great disadvantage, so they put their venues and machines there" (Interview, 12).

Thus for some, there was a perception that gaming machine operators were 'targeting' disadvantaged communities as reliable vehicles of income. This concern from community members is consistent with work by Livingstone (2005) and Marshall (1999), who highlighted in their studies of EGM gambling in Victoria, that EGMs are located in areas with lower socio-economic status. Often the community is already suffering socio-economic disadvantages and community members state that poker machines exacerbate these issues. As Marshall and Baker (2001, 2002, 2007) indicate, 'involved gambling' is closely related to the proximity of venues and their opening hours, highlighting the concern around access to EGM gambling.

Respondents also blamed the increased accessibility to machines as a main factor in the increased level of EGM gambling spends in their communities. More specifically, community representatives stated that the high levels of EGM gambling spend exacerbated the poverty already experienced in disadvantaged communities. That is, they argued that a large proportion of the money 'lost' to the machines was consequently not distributed to local stores and services. This leakage of EGM gambling spend out of the local region was presented as an additional pressure on already struggling communities. As previously noted, an attempt has been made through regional caps to ameliorate issues of high access, however more insight is needed to determine impacts.

Community members expressed the opinion that people finance their gambling activities by reducing expenditure on retail items or on other forms of entertainment. A flow-on from this is that the jobs created by gambling venues may then be offset by job losses in other industries as they lose business. In effect, it was considered that rather than stimulating the economy at the local level, gambling may have a neutral or even negative impact.

A less prominent issue identified within a focus group session centred on the potential for some people to become socially isolated through extended engagement with gaming machines *"rather than interacting with people"* (Focus Group, 2). While not specifically

related, this finding may help to explain the lower level of volunteering which was found in the quantitative data to accompany increased access and lower income and inactivity.

Although crime has been linked to the extended accessibility of gaming centres, it generated enough commentary to be addressed as a separate harm factor.

Crime

Crime and its perceived relationship to EGM gambling activity and gaming venues was a frequently raised issue within the focus groups and interviews. However, the establishment of a clear causal relationship between problem gambling and criminal behaviour is difficult. Despite the lack of conclusive evidence, the perceived link between crime and gambling persists and was a frequently mentioned concern by respondents. Further, some community sector respondents identified white collar crime as an emergent problem and made an explicit link between this and gambling, offering an explanation that gamblers embezzle money from employers with intention to pay it back, but rather continue getting deeper into debt and taking more cash from the workplace. For some respondents, the resulting incarceration of the offender was perceived as a cost to the broader community both in terms of the actual cost of incarceration and the collateral costs associated with supporting family dependents. One respondent commented:

“[crime] impacts on local businesses where the money has been taken from them. There have been a few high profile ones in the media here over the years. So it impacts on the businesses, but it also impacts on the broader community in terms of people being incarcerated, which comes as a cost to the wider community” (Interview 6).

While not as prevalent, community members also revealed that they were aware of loan sharks in gaming venues. It was claimed that this has become a popular underground business which has induced further illegal activity in the community. These two forms of crime and their interrelationship are summarised in the following statement:

“There is a strong association particularly with white collar crime. There is some data from services indicating that it is happening, but again the data is not solid and the Department of Justice is looking at the whole issue. The big thing there is that acknowledged criminal activity is about one third of the group. Petty fraud, deception that kind of thing. Up to two thirds of clients have committed some home crime, access to money one way or another, particularly for some communities, involvement with loan sharks becomes very popular” (Interview, 13).

Despite the lack of official causality between problem gambling and criminal activity, respondents ‘on the ground’ are reporting clear links between the two and as a result are arguing there is an consequential widening of the net of people who are coming into the attention of the criminal system. Expanding the ‘net’ of criminal activity contributes to a greater level of personal social and economic hardship, which in turn is transferred to the broader community.

Finally, some respondents have recounted instances where personal violence has been linked to gaming venues. One club owner described an incident where a security guard was shot on site, although it was unclear if the offence was directly related to the gaming venue or was an opportunistic crime. Drawing from this and other incidents, it was hypothesised by the respondent and community respondents that gaming venues, particularly smaller venues, are an easy target. SACES (2005) drew a similar conclusion noting that robbery at gaming venues was an 'opportunistic' rather than gambling-related offence. The quantitative data generated in Stage 1 may provide an alternative explanation: that the nature of the environment (social deprivation, higher tourism and drug taking) may be the stimulant for criminal activity.

While it has been difficult to make a direct link between crimes and EGM gambling, the levels of crime uncovered through interviews and focus groups, indicate that there is evidence of harmful events. These events not only impact upon the parties involved in the crime, but flow through to affect others in the community, such as employers, employees, venue patrons and can become a burden for the broader community. However, while the perceived relationship between increased access, spend and problem gambling, including criminal activity is a persistent theme and a potentially significant problem, it is likely that other factors (venue size and drug misuse) also combine to create problem hot spots.

Pressure on community services

The literature on problem gambling is extensive and sets out a wide array of potential areas of adverse personal, familial, social and economic harm. Further, such problems do not generally manifest individually and often have cross-over effects to other elements of a person's life and family. This effect compounds the problems and makes intervention more difficult. Community service worker respondents stated that when dealing with problem gambling clients they were often confronted with an array of secondary issues that also needed to be treated, including health, housing and income relief. Addressing these 'intractable problems' requires a comprehensive suite of interventions. Services stated that while there are sufficient funds to carry out basic intervention there is always the need for more (Interview, 13; Focus Group, 2). It was suggested that the current funding status quo with respect to basic service provision would be challenged if previously reluctant clients were to seek assistance (Focus Group 2).

Some focus group respondents identified the need for a more integrated approach to the provision of services and support to problem gamblers. Such a 'partnership' approach was noted to be a requirement of the new round of service funding. The view here was that such integration would both engender a more comprehensive, seamless and therefore effective service model as well as reduce duplication and overlap.

With a new term of funding, services are looking for closer working relationships with other agencies. The push for partnerships is a consequence of demand for gamblers' help services, and moreover to provide a more complete service structure that will have better results for the client.

While the move toward a more integrated and partnership-based model of service delivery is relevant and critical, as Keast, Brown and Mandel (2007) and others (see for example, Leutz, 1999) have noted, integration takes time to work and generally costs before it delivers. Moreover, as the report by the SACES (2005) has identified, it is likely that a more integrated approach will reveal more clients with gambling issues. An increased client base without additional funding will surely erode any spare capacity (such as that identified earlier) and undermine the ability of community agencies to effectively work to support problem gambling clients and build community resilience against gambling via education and community strengthening programs.

The need to provide additional, specialised preventative services such as gambling support and education programs were also identified by some respondents as an additional impost on an already stretched service sector. An amplified preventative approach through increased community education and support workers was presented as a way to build community resilience to gambling. However, as the following statement indicates, existing resources or funding arrangements are limited and may not always stretch to include community strengthening initiatives:

“There is not enough money for a community resilience program. We have insufficient funds and resources” (Focus Group, 2).

In this context the service providers indicate that they are trying to “move beyond band-aid responses to gambling to address the real and underlying issues” (Focus Group, 2). In another example, community educators said that they hold workshops with groups of residents, around prevention and social connection. While this is seen as a positive outcome, they believe that it needs to be made more widely available to limit community harm as a result of EGM gambling. The following statement expresses this:

“We’ve got the largest catchment; we’ve got less than three positions to work across the whole catchment to do the preventative work, so it really depends on what you can do with it. Now it is not badly resourced, but there is so much that could be done if you had more resources in that particular area” (Interview, 13).

The overwhelming view of community service workers is that EGM gambling, left unmonitored, presents as an additional potential social problem. Addressing EGM gambling and related problems in an ineffective manner can impose a strain on already stretched social services and community agencies. Collectively, this set of harm factors line up on the debit side of the gaming ledger. However as the following section demonstrates, there are positive effects from EGMs.

Perceptions of community benefit

The introduction of EGMs has allowed clubs not only to remain viable but to provide a range of services to members and the community. Revenue raised through EGM gambling has been able to fund an extended range of activities that also had a range of beneficial outcomes reported in the three case study regions. EGM gambling is a social activity within communities and EGM gambling revenue has been a useful and successful mechanism to fund core

community activities. Although community representatives discuss many of the harmful effects of EGM gambling, they realise that clubs facilitate important community programs with the aid of EGM gambling revenue. Through interviews, club managers were highly vocal about the benefits they provide to the community, mostly made possible through EGM gambling. Some of the benefits that clubs provide include subsidised meals, low/no cost function rooms, sports, sponsorship, fundraisers and the comfort of a venue in which people feel a sense of belonging. It is also an industry that employs a significant portion of local people.

Through the interviews and focus groups, it was apparent that EGM gambling can enable positive impacts when utilised responsibly.

The following section reports on some of the beneficial community outcomes that are perceived to be generated from EGM gambling.

Social connectivity

Social connectivity is an important element for healthy and happy communities. Social connectivity in essence refers to the level of connection that people have to their community or involvement in community life. One of the most important positive impacts of EGM gambling identified from the qualitative data was the role that clubs played in providing the sense of belonging or connection for some members. One club manager described clubs as “*a life away from home*” (Interview, 21). Club managers observe that often there are particular groups of patrons that will come in during the same times each week. Clubs facilitate many activities for members to be involved in including sporting activities, mothers’ groups, and EGM gambling is also a form of social interaction in these venues. In this way, as respondents indicated, many clubs act as a community hub — linking and connecting citizens to a range of people and activities. This is a particularly vital process for those people who are socially isolated, including the elderly.

It was stated that older people represent the majority of members in small community clubs and attend venues as a social activity. Often there are not many opportunities for the elderly to engage with one another and clubs manage to achieve this successfully. Bus services to transport elderly members to club venues and other outings were noted as popular and valuable services provided by the clubs. One respondent expanded on the benefit of this service

“My mother-in-law is very elderly now but she goes on bus trips with the Italians. She is a member of every Italian club and any time there is a trip on, she’s on the bus, you know. The fact that they can afford buses, the fact she does it for next to nothing, she goes for a couple of dollars a trip” (Interview, 18).

Services that encourage social interaction amongst the elderly were seen by respondents as valuable club contributions to their communities. Some club respondents indicated that they prioritised this type of interaction in the community believing that this is core to their role in the community. One club manager highlights the importance of the social aspect for the elderly:

“The club gives the people in the community something to live for. Every day of the week, our members have got planned what they are going to do and that strongly revolves around the club and so they would come here to play bingo on Mondays at 9.30am and they would come back here to see their friends at 7 o’clock on a Monday night, Tuesday they would come and sit in the poker room machine and we have what is called Ladies Day, where we have entertainers there and we give them cups of tea and bits of cake, so Tuesday they know they’ve got to be here, and they start rolling in at 10.30am to sit there and wait, because they’ve got nothing else to do, this gives them a sense of life” (Interview, 14).

Respondents acknowledged that without the resources from EGM gambling, these community connecting services would not be possible. Clubs have come to rely heavily on EGM gambling revenue to support all other aspects of business. There are several services and activities that clubs provide and encourage through the support of EGM gambling revenue that re-enforce the role of community clubs as community hubs, that is, a social outlet for patrons and in general a place where people can participate in the community. These include subsidised meals, low cost/no cost function rooms, sports/sponsorship, fundraisers and community support and volunteer involvement. Table 34 provides a summary of the identified benefits of clubs to both members and the wider community.

Table 34: Club community services

Club services	Description
Subsidised meals	<ul style="list-style-type: none"> Most community clubs heavily subsidise their menus for low/no income patrons, offering three course meals at prices that most of the time cannot be found elsewhere. Meals often as cheap as \$5. Many patrons are pensioners or are living on welfare, so meals need to be within their price range. Often clubs will have a tiered price structure, for seniors, members and non-members. Community clubs usually make a loss in the bistro.
Low cost/no cost function rooms	<ul style="list-style-type: none"> Most clubs have a no cost function room for members. Non-members can hire function rooms for low prices, or become a member to take advantage of a no cost function room. Function rooms are free for any community groups and schools who want to hold fundraisers e.g. charity groups have free access to function rooms regularly. Members hold trivia nights in function rooms at no cost.
Fundraisers and community support	<ul style="list-style-type: none"> Yearly clubs host various fundraisers for charity groups. Some clubs continuously give gifts and donations to charity groups, schools and other groups. Active in supporting many different community groups including sporting schools, charity and even Neighbourhood Watch.
Volunteering	<ul style="list-style-type: none"> As well as a manager, clubs operate under the decisions of a voluntary committee, made up of members. Members as volunteers also play an important role in the organisation, operation and maintenance of clubs. Clubs see volunteering as an important way of gaining community participation. Volunteering is fundamental to generating a sense of community in clubs. Clubs reimburse volunteers for any expenses. Clubs formally celebrate the efforts of volunteers.

Subsidised meals

Low cost meals are central to the service that clubs provide for their members and also the wider community. They provide people on low incomes and welfare support with healthy/low cost food. Club respondents noted that they do not make a profit from this business function but rather offer the service as a mechanism to attract people to their club and to gain membership. The provision of low cost meals was also considered to have socialising benefits as well as meeting a need in the community for quality, low cost meals. The elderly were identified as key beneficiaries of this service.

“At the same time, our best deal is our \$8.50 meals three days a week, so it provides, especially for the seniors, a large portion. From the bistro we don’t make any money, it is more about getting people in and helping them out” (Interview, 2).

Subsidised meals are a central operation characteristic of clubs and are offered as a benefit to the community rather than the club itself.

Subsidised function rooms

In addition to low cost meals, the provision of free or subsidised function rooms was identified as a community service provided by clubs. The arrangement is explained:

“We have a function room out the back ... where people like the Lions Club, and Oncology Support Group, various little local charity groups use that room at no cost to have their meetings and all that sort of stuff. We don’t charge for the function rooms if people want to come and have a function they can, they just pay for their drinks as they go at bar prices” (Interview, 9).

It was reported that community groups use club function rooms, which they would not otherwise have access to. The clubs provide access to the function rooms to community groups at no cost. Furthermore, club function rooms are available for hire at a low cost to facilitate community events such as school graduations and personal events such as birthdays, weddings and christenings. All clubs report on high use of function rooms and this is another central operational characteristic for these venues.

Sports sponsorship

Another service that clubs offer to the community is sponsorship and support for sports in the community. Some community clubs are sporting clubs and support for their particular sport and team players is a key element of their operations. Clubs also provide support and sponsor players of other sporting groups outside of their club. One respondent commented on this:

“We support local sporting clubs, so we support the Senior and Junior Football Clubs, the Cricket Club, the Netball Club, the Tennis Club and the Cricket Umpire’s Association; we also sponsored a PRBA under 18 boys and girls” (Interview, 11).

Sport is central to these three regions and clubs play a large role in ensuring its success.

Community fundraising and support for community groups

Facilitating large community fundraising events and supporting small community groups is another area where community clubs play an active role. Often the fundraisers that clubs facilitate have a long association with a community and are specific to a particular club. One club manager emphasises the historical aspect of fundraising:

“We have a charity arm of the committee, it has been going since, 1985, and it was initiated to raise funds mainly for institutions and schools, and for less fortunate children in our society, so for disabled children. They hold fundraisers, and last year they raised about \$12,000 which they gave to stepping stones at Monash, they give it to local organisations” (Interview, 15).

Many club managers believe that their input makes way for successful fundraisers which have repeatedly been a key activity of their club. Clubs assist local community groups and also some clubs are structured to provide personalised support. A club manager comments on an activity a club runs for individuals in the community:

“We have a welfare committee as well, so it is a community that goes and visits injured members, it goes and visits them in hospital. It actually goes around and helps them around the house when they come out of hospital with home care and things like that” (Interview, 15).

Thus, it can be seen that clubs have demonstrated a capacity to reach beyond recreational and social contributions, to provide ‘real’ and personalised assistance to members of their immediate membership community as well as to a wider population group.

Volunteering

Finally, volunteering has long been associated with the functions of clubs. Clubs heavily rely on their volunteers for smooth operations. As small community clubs are run by members, it was noted that there is a need to help out voluntarily where they can to maintain and develop their club. This involvement creates a sense of ownership amongst members. In return clubs provide support for their volunteers and reimburse any costs associated with their volunteering role.

Recognising the social contributions of clubs

Discussed above are the main five operational characteristics of clubs which provide services to the community within the club and beyond to the external community. While they provide services to members such as subsidised meals, low/no cost function rooms and support for the sport they are involved in, they also provide benefits of the external community in the form of gifts, donations and personalised services, which are not sourced from anywhere else. Often clubs invest in their speciality whether it be holding a particular fundraiser or supporting a particular community group. All of these activities have built on social connectivity in the community.

Prior to the introduction of EGMs, clubs did not have as active a community role as they now do. One respondent elaborates on the lack of club culture pre-EGMs:

“Well we really didn’t have a club culture before then. Clubs were reliant on government assistance and volunteers completely. They had a liquor licence purely to supplement their entertainment really, not any concept of raising funds from it” (Interview, 18).

EGMs have given clubs the ability to be self-sufficient and more professional. Community clubs mentioned that often, clubs were completely reliant on one or a few energetic volunteers and because of this lost a sense of continuity. With the introduction of EGMs, clubs have come to operate in an entirely different way and they rely on EGM revenue as their primary source of capital. Without EGM gambling revenue there would not be the ability, to the extent that there currently is, to look after not only their clientele but also the community and maintain the current level of community support and involvement. Club managers have identified clubs as social hubs in the community, providing members and other community members with subsidised meals; offer low/no cost services such as function rooms and community events such as fundraisers; are a major player in community sports; and harbour a chance for community involvement through volunteering opportunities.

It was suggested by respondents that these basic contributions to community life and engagement are sometimes overlooked or undervalued. Moreover, it was stressed that it was difficult for clubs to capture and claim these ‘benefits’ in their benefit statements to government. That is, the provision of a socialising space was an additional benefit which accounts for most of a club’s practice that is not captured through the CBS. While the community realises these services and social support are offered by clubs, their significance to community benefit is not realised. It was argued that clubs were the generators of a considerable portion of the social connectivity in communities and this is made possible through EGM gambling revenue. In order to communicate their full role in the community, it was suggested that a new structure of CBS is required to capture the qualities of this role.

The above has demonstrated that EGM gambling, especially through the club venues, is helping to provide a space for socialisation and connectivity for many community citizens, especially those such as the elderly who are more easily disengaged. Electronic entertainment can privatise leisure time and limit involvement in groups and social capital building activities (Putnam, 2000). In the mixing of social services and support alongside EGM gambling activities, people are less prone to the potential isolating aspects of EGMs. This connectivity and the associated interaction enables people to link to each other and strengthen the social fabric of a community (Field, 2003). It has been widely argued that communities with a good stock of such social capital are more likely to have the capacity to work together to resolve collective problems (Putnam, 2000) and, in doing so, build community resilience against potential harms, including those generated by excessive gambling.

Employment

Employment has been widely touted as a potential positive benefit of EGM gambling. Respondents confirmed this view, particularly in relation to the increased employment opportunities within clubs. To a lesser degree a wider community employment contribution was discerned. Specifically, respondents noted that the gaming industry is a key industry employing a large group of people in the three regions. In terms of employment in clubs, it was emphasised that prior to the introduction of EGMs, clubs were organised purely by volunteers. Although volunteering was identified by club managers as a positive aspect of club operation, it was stressed that the size and scope of modern club venues requires a higher degree of organisation and professionalism. Club respondents also considered that a more professional approach was necessary to build a 'club culture', something that had not been achieved pre-EGMs. The overall position of respondents then was that employment in clubs helped to not only professionally manage and administer the venue, but also to build a culture that engendered a sense of involvement and allowed for the proper organisation of community activities.

A more detailed insight into the direct and indirect employment opportunities of EGM gambling was provided by respondents. The direct employment was explained by the requirement of gaming laws to have two trained gaming staff rostered at all times. Indirect employment gains were explained by higher level of professionalism required of clubs thus the need for managers to oversee and coordinate the club operations and functions. A secondary impact of the expanded club operating environment was the need for bar staff and bistro staff including qualified chefs. The potential for a career path to evolve within the gaming and/or hospitality industry was also identified in which staff in positions with lower level skills have the opportunity to gain managerial skills and build a career in hospitality.

"There is that normal progression through hospitality into management and as well as that for club employees there is also the recreational course there is the whole stream, career development in providing or coordinating and developing the sporting side and the general um, philanthropic side that clubs involve themselves in and the concept of corporate governance which is different in a club where you have the same, so the managers that come through a club, understand the philanthropic, structural, social and the hospitality side that clubs have" (Interview, 18).

In this way, it can be seen that clubs provide an opportunity for employees to not only develop a hospitality career but also to be involved with the community in their role. This latter function adds to the level of social capital available in this community and helps to build deeper community strength and resilience.

Furthermore, the gaming industry was acknowledged as providing a key source of employment during the economic downturn of the late 1990s. This aspect was considered by respondents as a significant contribution to small communities, particularly those with few other employment offerings.

“I think in the mid-90’s a way of getting people back into work was to get them into the hospitality industry in Victoria. It then allowed people to restart careers so some clubs have said to us that they have been active in employing mothers returning to work and actually being able to fit in” (Focus Group, 1).

The employment generating function of EGM gambling appears to have carried to the present time, with respondents indicating that the gaming industry continues to keep people in work. In this way there is a positive perception of the gaming industry as a generator of employment, or as stated by one interviewee, a “primary employer for local residents” (Interview, 18). With the exception of hospitality, however, respondents were unable to specify any direct relationship between the gaming industry and a wider program of employment within the community.

Contribution of clubs to community

The activities that clubs enable and the level of participation from residents, is deemed a vital part of the community.

“Just being a club is a community asset, just providing that facility and making it work, the volunteer board don’t get any director’s fees but give an opportunity for people in society to stay important, vital, so they have a job without having to be in the workforce, so just running the bowls on a Sunday afternoon, being on the Board, being on the House Committee, all those things are really important for a club and community to stay connected and be healthy, those types of opportunities for people who don’t operate in the economic side of it is very important” (Interview, 18).

At times, club managers have struggled to quantify their contributions to the community under the CBS. Many of the community benefits from clubs are not quantifiable and therefore do not match the demands of the statement form. When asked about reflection of community benefit in the CBS, one club manager responded:

“You can’t. It is impossible. We need the politicians to come out to our clubs and see what we provide, they would be amazed if they came out here of a Tuesday afternoon and just stood here and looked and saw what people did, or if they came here every Friday or if they came here of a Saturday night” (Interview, 14).

This response is a consistent view amongst many small clubs. Clubs have presented as venues which can genuinely use EGM gambling revenue to generate beneficial outcomes for their communities. In doing so clubs can alleviate some of the harmful effects of EGM gambling by utilising gaming revenue for a genuine benefit in the community. They gear gaming revenue to benefit their immediate and greater community through subsidies on services to members, the provision of funds to external community members, a social altruistic atmosphere, encouragement of participation through volunteering and facilitation of core community and charity events. As contributions are required to be indicated in dollar figures on the CBS, less tangible activities, such as community participation, sense of belonging and well being of members are often overlooked and are the most important contributions of clubs to the community.

Some clubs describe themselves as community hubs and their main activities gain high community involvement. The community benefits of clubs and the way they are identified in the CBS will be discussed in the analysis of the findings, as an important way of identifying and extending community benefit. Without EGM gambling revenue, these important community activities would not be as successful as they are, and in some cases would not exist. While there are examples in shortcomings in community benefits on behalf of clubs, many small clubs are genuinely struggling to represent their community role through the current system.

Attitudes towards hotels and clubs

Many smaller clubs and community members believe that other venue types (e.g. hotels) have “little real community benefit” (Interviews 8, 15, 18, and 22).

“What do they put back into the community? They have always been a hotel. Just pushing the clubs wheelbarrow I suppose, it is tough when you are here, and your sole purpose is for the body that you are there for. For us it is basketball, at the trotting club it is trots, for football clubs, it is football and it is hard to say righto we are up against these big guys, when we are putting money back into the community” (Interview, 15).

Smaller community clubs are most concerned with providing for the community from the revenue they make and this has made it difficult for them to compete amongst hotels and other clubs who do not return as much to the community. On the Community Benefit Statements, one club that had very little social capital creation activity acknowledged: “...we don’t do enough” (Interview, 16).

It was argued that clubs have to be more transparent in their decisions and benefits to the community, unlike hotels. One small club manager comments on this:

“With clubs you really have to strategise with decisions, making sure they coincide with the committee and also to see which groups it will impact and weigh up the costs and benefits. There’s a lot of mediation” (Interview, 22).

Clubs are operated through a committee of members thus there is a strong incentive to secure community-orientated results. Under this community-centric approach all decisions are subject to careful review. Hotels on the other hand, were identified to make decisions focussed primarily on business benefits.

As an example of the differential levels of capacity it was claimed that often hotels are supplied with more popular and better quality machines. Overall, there is strong criticism by smaller community clubs towards the nature of profit-oriented venues that have little or no social capital generation activities.

Stage 3: Case study conclusions

To summarise, the findings have highlighted some key themes centred on perceptions of community harm and benefit.

Overall, the findings have afforded an acknowledgment that EGM gambling provides both benefit and burden to communities. Further, there appears to be an acceptance that since EGM gambling activity is now an embedded part of community life, it is important to develop stronger mechanisms to keep the balance more firmly toward producing community benefit. Clubs were presented as having a genuine positive impact in the community, and this has been achieved through gearing EGM gambling revenue for community purpose. It was found that clubs deliver many services to the community in the form of funding to particular community groups, the services they have available to members and the wider community, ultimately playing the role of a community hub.

The role of clubs as generators of social support and connectivity was presented as an overlooked or undervalued force to help mitigate against the harmful effects of EGM gambling. The ensuing social capital was seen as a way to strengthen the community and build resilience to enable it to respond effectively to problems, including excessive gaming and its consequences.

The next section of the report returns to the qualitative data, extending the analysis to distil the elements which could contribute to a more balanced EGM gambling model.

STAGE 4 — NEW FRAMEWORKS FOR UNDERSTANDING AND BALANCING COMMUNITY HARM/BENEFIT

The qualitative findings of the study indicated that conventional approaches to considering community harm and community benefit did not adequately describe the complex relations that resulted from supporting EGMs in venues within the community. While some results of the study confirmed the widely held view that communities, particularly disadvantaged communities, may become vulnerable to the harmful effects of EGM gambling, there was clear evidence of community benefit accruing to those communities that were able to derive financial resources and social capital from EGM gambling. Thus, at the same time, it was found that electronic gambling activity delivers a range of benefits given the right circumstances. Indeed, the results revealed that some community features can be applied to enhance the positive facets and limit the negative aspects of EGM gambling. In particular, social capital building functions were found to be critical elements in protecting against the harmful effects of EGM gambling misuse. This section of the report undertakes a deeper analysis of the qualitative data to distil those protective aspects and offers a range of possible vehicles that can be used by gaming venue administrators and policy makers to ensure that community harm is minimised and community benefit is maximised.

Financial capital and social capital

Wynne and Schaffer (2003) indicate that EGM gambling has generated substantial revenue for governments and communities. Stage 3 determined that EGM gambling and gaming-related activities contribute to the amount of income directed to a community in terms of both revenue generated by venues as well as CSF directed to communities. These funds therefore, are broadly defined here as financial capital since they are used primarily to facilitate the operation of gaming venues as viable, ongoing businesses. In doing so, the venues also contribute to the local employment base and through their purchases of consumable goods, hiring of other services, and supporting local businesses add to the overall economic basis of the community. Further, the CSF monies can be argued to provide capital to support community initiatives.

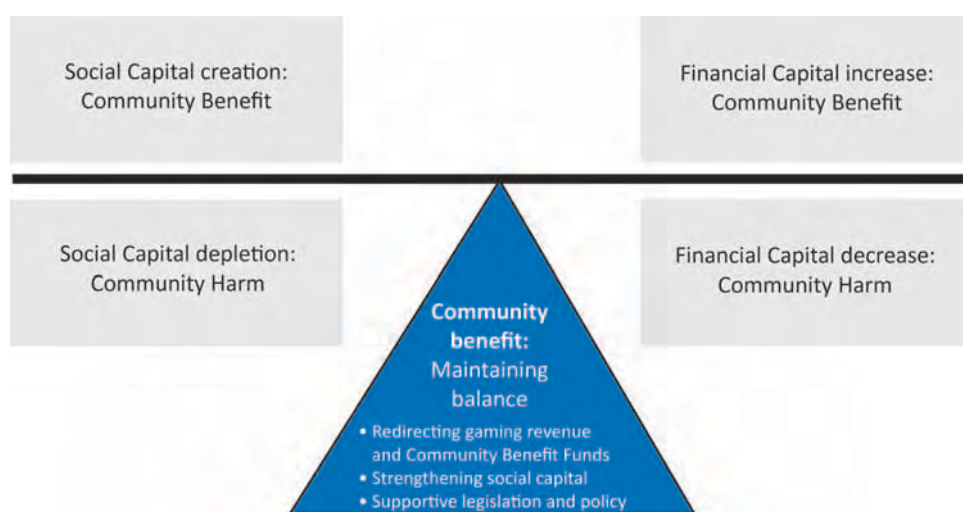
Alongside these positive financial gains from EGM gambling, there are possible ‘knock-on’ effects such as problem gambling behaviour, gaming-related crime, ‘cannibalisation’ of other local businesses (as illustrated in the Stage 2 input-output example and in Stage 3) and the increased demand for services to deal with gambling-related problems. It has been found in other research studies (see for example Jenner-Lloyd, 1996) that these factors can seriously undermine any financial benefit that can be directed to a community from EGM gambling activity.

In addition to the financial capital directed into a community by EGM gambling, however, it has also been found that gaming can also provide a socialising function, helping isolated citizens to fill a recreational void. In particular, it has been suggested that clubs fulfil a

'community hubs' function that exposes gamblers to a wider array of activities such as participation in social events and offers an opportunity to make connections with like-minded people. Additionally, revenue generated from gambling is directed beyond EGM-related activities to provide support and programs to the wider community by way of sponsorship, donations and other support services. Further, volunteering activity encouraged within the clubs can 'spill-over' to the broader community helping to strengthen capacity and connectivity. These connections serve as conduits for the flow of information, encourage participation, build local cohesion and help communities to advance by working together. These aspects are all elements of what Putnam (2000) describes as social capital that serves to aid communities to thrive and develop. Importantly, high social capital areas are contended to be better able to build resilience against community risk factors including EGM gambling misuse. Conversely, consistent with other studies, it has been stressed that gambling, when it is subject to only light regulatory and policy processes, can also contribute to social isolation and the destruction of social capital in the community (Griswold & Nichols, 2006; Siegel & Anders, 1999). A poor sense of social connectedness as a result of over-engagement with EGMs and replacing live entertainment for EGMs, were all cited as down-sides of EGM gambling and key contributors to a perceived breakdown of support networks and broader social malaise. Other Victorian studies have also made a link between growth in EGM gambling activities and adverse changes in community structure and functioning (Australian Institute of Gambling Research (AIGR), 2001: 43).

Figure 4 sets out the array of forces working for and against EGM gambling as a social benefit. On one side are the social capital benefits — with the top quadrant representing the form of community benefit and the bottom quadrant the types of harm that can be derived from EGM gambling. On the opposite side, financial capital benefits are depicted — with the top quadrant highlighting the positive flow of funds to a community, while the bottom quadrant sets out the possible losses. The challenge for gaming administrators and policy developers is to ensure that the positive outcomes of EGM gambling override the negative. A set of insulating or protective mechanisms which facilitate community capacity and resilience building provide a fulcrum to ensure the equilibrium, between social and financial capital and the harms and benefits of EGM gambling, remain.

Figure 7. Forces working for and against EGM gambling as a social benefit



The next section of this stage of the report discusses these protective or insulating factors and the implications they have for communities and decision makers. Drawing from this information, an expanded framework will be developed to guide future EGM gambling considerations.

Building community resilience

The development of community resilience to electronic gambling was recognised in focus groups and interviews and supported by quantitative analysis as integral to the wellbeing of communities. Defined broadly, resilience refers to the capacity of citizens (individuals, groups and communities) to successfully cope with and respond to significant adversity (Kulig, 2000). The identification and development of protective factors can enhance the level of resilience embedded within a community, and in doing so, acts to immunise against some of the risks generated by gaming (Mangham et al., 1995). Social capital building and maintenance has been identified as an important immunising factor against the harms of EGM gambling and central to the development of a functional level of individual and community resilience. In this study, respondents identified two key supplies of resources for social capital and community building: the clubs that provide a community service or 'community hub' function and government sponsored or supported processes and programs. In utilising these resources of social capital and community building, communities that are disadvantaged by EGM gambling activity, can be sheltered from the negative impacts of EGM gambling and develop resilience.

Role of community-centric clubs in building community resilience

The gaming industry in Victoria is located within a variety of venues. Each of these venues has different operational characteristics and service orientations and therefore differs in terms of the level to which they are embedded within their communities. The research findings revealed that community clubs, especially those that are strongly embedded within their community and undertake a community hub function, produce more benefits to the community than some other types of venue. It has become apparent from the results of this study that clubs that are strongly engaged with their community can act as mediating institutions which can alleviate some of the negative impacts of gambling. These clubs are considered to be part of the community and utilise EGM gambling revenue to provide better services to their members and also the broader community through offering subsidised services, community activities, gifts and sponsorships and a chance for the individuals to be involved in the community through volunteering. They are a vital part of the social fabric in these communities and have reached this status through the security that EGM gambling revenue has provided.

It is proposed that such community-based clubs utilise EGM revenue to better service their members and actively assist the community in the form of donations and other forms of support. Such clubs have been described in interviews as 'the community' and were identified as 'facilitating a range of community activities and engaging community residents'. Many of

these clubs have a long history and often members have a strong sense of belonging to the venue's community. These clubs are not-for-profit and have come to rely on EGM gambling revenue to improve their facilities and activities and extend their participation in the community.

It has become apparent that as well as creating economic benefits in deprived areas (Jinker-Lloyd, 1996), EGM gambling conducted through the clubs can provide social benefits, adding to social capital creation and disbursement. The mechanisms clubs use to facilitate social capital include subsidised meals, low cost/no cost function rooms, sports and sponsorship, fundraisers and support for community groups as well as the opportunity for people to volunteer, all of which generate interactions of trust and reciprocity between people. These functions create an environment of social support, not only for the elderly as stated by McNeily and Burke (2000) and Bilt et al. (2004), but also for families, mothers and other community members. In many ways the smaller clubs, with their emphasis on philanthropic functions, are seen to act as 'community hubs' linking people to each other and to the broader society. These clubs also give donations to other community groups and provide unique services to the community, acting as a decentralised funding system. Many club managers believe that without their philanthropy there would be an increased pressure on government to deliver similar services and support.

Building social capital through the provision of social events and supporting community building initiatives, the volunteering that is a feature of club operation is considered to be a powerful 'protective factor' for individuals and the community. Even where voluntary work tipped over to paid work there was considered to be a pro-social culture that crossed over to the broader society which could be leveraged for community building.

Consequently, the role of community-centric clubs is influential in building community resilience. It was often stated in the research study that the services and activities that clubs provide are some of the few opportunities that individuals in the community have to engage with one another or their broader community. Also through their activities and services, clubs provide financial benefits to the community in unique ways and it has been claimed by study respondents that such financial benefits would not otherwise be sourced. In this way, clubs assist their community in dealing with social and economic development issues and building resilience. Moreover, the involvement on a community level that clubs facilitate through volunteering has created a sense of purpose for many individuals and this level of engagement is vital in building social capital and developing resilient communities.

Clubs with low social capital

It was perceived by interview and focus group respondents that other venues spend a large portion of their EGM gambling revenue on upgrading facilities, and therefore can be considered essentially venue-centric in their operation and orientation. These clubs do not operate as grass roots/not-for-profit clubs and thus do not have the same community focus. As highlighted in an analysis of the CBSs of such venues, benefits are mostly claimed in the form of employment wages and maintenance of the facilities. One of the key issues is that

these clubs do not contribute the 8.33% to the CSF as hotels do, which creates a gap in benefits directed to the community.

With respect to social capital and community building, findings from the study indicated that clubs lay on a continuum between community-centric and venue-centric practices. In summary, community-centric clubs are those that who play a strong role in the community and are a not-for-profit enterprise. Venue-centric clubs are those that operate on a for-profit basis, and have shown little positive social capital raising contribution in the community. Most of the clubs interviewed in the case study represent small community clubs and can be categorised as community-centric clubs. Further research is needed to understand the operation and management and community contribution of these clubs, especially the role of volunteering.

This study has generated a classification of venues and their impact in the community. This study has found that the role of community-centric clubs is pivotal in enabling community engagement and hence in building community resilience. Some respondents in the study revealed that one of the major issues community-centric clubs face is that they are not effectively categorised with regards to their community role. Moreover, this is partially due to their inability to reflect their strong community focus on the CBS.

Community Benefit Statement (CBS)

The CBS was analysed to understand the community benefit of clubs. Clubs must submit CBSs of their contributions to community purposes (a situation that has recently changed for hotels which no longer have to submit such documents). The main point of this process is to ensure that club venues make a contribution to their communities, an amount at least equivalent to the 8.33% of additional tax that is levied on the hotels. Activities that can be defined as community purposes include employment expenses of staff employed by venue operators in both gaming and non-gaming areas (in proportion to the revenue generated by gaming as a percentage of total revenue for the hotel or club), as well as gifts and sponsorships, subsidised meals, and (non-gaming-related) fixed assets, and proportions of heating, power and other (non-gaming-related) costs, including signage and insurance. Livingstone's (2005) analysis suggests that by excluding 'normal business costs' from the figures, very few clubs would be able to meet the measurement of community benefit of 8.33%. The case findings within this study confirm Livingstone's suggestion, in that the structure and design of the CBS form is focussed primarily on accounting for club costs and is inadequate for capturing the totality of community benefits generated by clubs. However, this does not signify that clubs, in particular community-centric clubs, have no or little community benefit. Rather, these clubs are not able to identify their real qualitative values to the community through current reporting mechanisms.

The data indicated the community contribution of clubs through the CBS form, which were displayed earlier in the report (Tables 30-32 and Figures 4-6), clubs with low social capital leave the most categories empty, as their major contributions are claimed as employment, fixed assets and direct and indirect costs. It appears that few contributions are made for gifts, voluntary services and subsidised activities. This is the situation in all three case study

regions. There have been two key sets of views expressed of the CBS process. First, community members do not accept that claims on the statement are actually reflective of a genuine community benefit. Second, many community clubs consider that the current system impedes a true reflection of their contribution to the community. Though seemingly opposing at first glance, the two views inherently mirror the same concern. As indicated in the literature, Livingstone (2005) indicates that without accounting for business costs, clubs would not be able to meet an 8.33% value of community benefit. However, it is contended from the findings of this research, that this outcome is the result of an undervaluing of community benefit and an inability to adequately reflect the benefit in the CBS. The current demands of the statement are, however, specifically focussed precisely as a reflection of business costs and financially measurable benefits. This study has determined that the CBS form does not facilitate a reflection of many of the other community benefits that community centric clubs often cannot quantify. Such benefits encompass their role in the community (often that of a community hub) and this intangible benefit has been difficult to identify through dollar values. There has been, therefore, angst amongst community clubs around their struggle to prove their benefits to the community.

The role of government in building community resilience

Governments have acknowledged the potentially harmful effects of gaming machines and as a consequence have initiated an array of government-sponsored and supported programs and processes. These programs and processes enable community building and resilience through pro-social programs that provide practical social support as well as facilitate social capital building. It has been argued elsewhere (Kulig, 2000) that social capital can be leveraged to build up the level of resilience available to a community. Sustained community action depends on the participation and skills of local people. Therefore, essential elements of resilience include social support, communication, community building initiatives and participation (Cottrell, 1976). The ability of a community to influence the extent and direction of capital re-investment has been presented as a further element of resiliency (Community Resilience Project Team, 1999). In Victoria such community building and community resilience activity has been funded by the CSF, which redirects revenue received from gaming machines to community initiatives. The monies garnered from the CSF are directed to an array of community support services including problem gambling prevention and intervention, community education programs, gaming research and more broadly to programs aimed at community development and advancement. It is important however, that these activities foster social connectedness in communities and essentially contribute to 'maintaining a healthy and vibrant civil society' (Onyx & Leonard, 2000: 113).

Redirecting gaming revenue in the community

The CSF was frequently identified by respondent groups as a mechanism which, if adjusted, could bring in additional social and financial capital to local communities, especially those disadvantaged by EGM gambling activities. The perception is that the CSF uses revenues drawn from disadvantaged areas but disproportionately allocates it to other areas that do not contribute EGM gambling revenues. That is, it is contended the CSF allocation is not an

accurate reflection of EGM gambling revenue collected in each community. To rectify this perceived inequality, respondents argued for a more equitable redistribution of funds to those communities from which the bulk of the gaming tax had been drawn. This strategy was presented as an effective way to both limit the disadvantage, through community strengthening and resilience programs funded by the CSF.

The respondents also perceived the 'leakage' of CSF monies from their community and allocated to larger state-wide initiatives, some of which they felt incurred little benefit back in their communities. This result is consistent with the research of Marshall (1998), who illustrated that explicit gambling benefits were realised more at the macro level rather than the local level, due to the tax structure. Poulin (2006) argues that wealth that is lost from communities cannot be recovered. The community respondents expressed a similar concern. Indeed, consistent with Rephann et al., (1997), the findings contended that although gambling can create economic benefits in disadvantaged regions, if gambling revenue trickles out of the local economy, then the benefits are limited. Similarly, Aasved and Laundergan (1993) show when EGM gambling is undertaken by local residents the outflow of funds is a concern. This sense of leakage was a consistent issue for the three case study regions. These vulnerable communities indicate seepage of gambling funds from their local areas and dispersed to other regions is considered a problem.

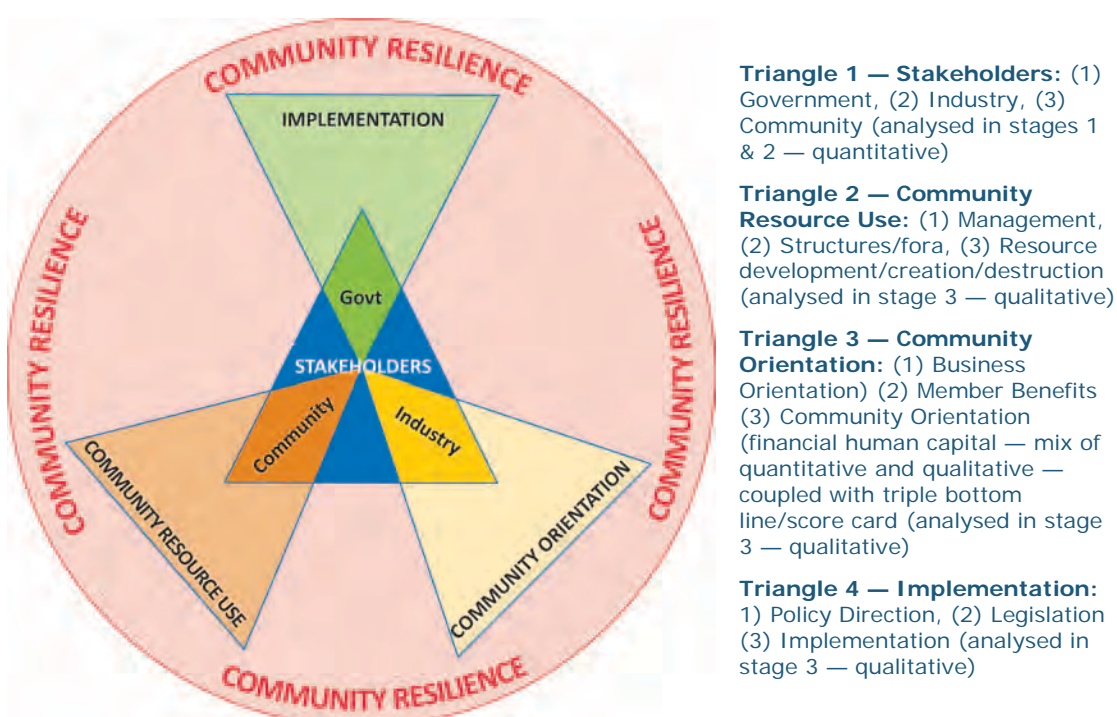
Consistent with the results of this study, Doughney (2001) also finds that the location of EGMs are not only more concentrated in low-socio-economic communities, but also that there is a higher concentration of EGMs in lower socio-economic municipalities within the community. The differential gains between wealthy and poor communities with respect to the CSF were also noted. It was highlighted through focus groups that participants considered rich areas with well-educated people are in a better position to apply for grants than those in poor areas, who have less education, less time and less ability to fill in the requisite forms to get the money. The system of application for community grants has also been described by community members as complex. The perception of respondents, which is reinforced by the local area maps in Stage 3, was that rich localities housed few (or no) EGMs yet were awarded more grants from the gaming funds than poorer communities, who both contribute more through gaming spend and have greater need. Davidson (2003: 11) noted that the poorer socio-economic areas of Victoria, including Dandenong, tend to have poker machine densities three to four times that of higher socio-economic LGAs. This finding has resonance with the Queensland study conducted by Brown, et al. in 2003.

Stage 4: Conclusion

Stage 4 has highlighted a number of factors that can determine the type and level of impact of EGM gambling on a community. Together these aspects demonstrate that EGM gambling and its interaction with the community is highly complex and must be understood and conceptualised beyond the relatively simple input/output evaluation models that have been previously employed. The addition of a social element to the EGM gambling impact equation was highlighted by the Productivity Commission (1999). Accordingly, social and economic impact assessments became a legal requirement for applicants seeking new or extended permits/licences in many Australian states. While the inclusion of the social aspect of gambling is an important step forward, as this study demonstrates, a much more extensive set of social indicators is required to inform the application and evaluation processes.

However, the study has also revealed that there is a wider array of factors involved which must be taken into consideration in order to secure an EGM gambling environment that generates positive outcomes while protecting from harm. Moreover, these factors interact with each other to produce an operating environment which is both multifaceted and evolving. Community resilience, facilitated by social capital and community building presents as a critical and stabilising element for a sustained and balanced gambling industry. Capturing the complexities and subtleties of the interaction of gambling within a community therefore requires a dynamic framework that moves beyond static input/output and economic/social assessments. The findings and analysis of this study have distilled four dimensions (stakeholders, community resources, industry capital creation and government) which work together to provide an extended model to evaluate gambling endeavours as well as a more comprehensive platform to inform policy decisions.

Figure 8. Extended model to evaluate gambling



This refined and extended framework creates a more complete framework for analysis, in that it adds more variables to consider and highlights the need to evaluate by taking financial and non-financial issues into account. The incorporation of the more conventional triple bottom line and balanced scorecard assessment criteria to the framework serves to promote a balance between the 'satisfying' rather than 'maximising' behaviours by government, industry and community given the expected longevity of EGM within the Victorian arena.

The demographics and gambling data for each region examined in this study show that there is a relatively significant spend on EGM gambling within the investigated communities. The introduction of EGM gambling has raised issues of the community benefit and community harm that may accrue to those regions that use electronic gambling. From the review of previous research, it is evident that there is a need to understand particular communities and the way gambling works in each community. The current study has established that the need for mechanisms that facilitate the enhancement of the social and financial capital that can be gained from EGM gambling, whilst simultaneously minimising the social capital lost. The analytical framework outlined above, highlights both the key stakeholders (government, industry and community) and also the key issues required for a more complete analysis.

OVERALL CONCLUSIONS

The study has covered a wide-ranging investigation into issues of access to EGMs in communities. Prior research has focussed mainly on harm minimisation strategies for individuals. However, this study has extended the investigation into community-level effects of electronic gambling, started in an earlier study by Brown et al. (2003) and in studies by Livingstone (2005) and SACES (2005). In order to develop a comprehensive understanding of the issues of access, the study has adopted a multi-level, multi-method approach. It has collected and examined state-wide data on gambling policy issues, demographics, and player attributes along with data on tourism, crime, and drug problems to build a picture of the relationship between EGM gambling and the community indicators of harm and benefit. It also used this state-wide investigation to identify three Victorian regions that are considered disadvantaged, to examine more closely the issues of access to EGMs from the point of view of those who are involved in the industry, either as club managers or those professionals who have expertise and experience in dealing with EGM gambling at the community level. Following from these empirically oriented chapters, this final section integrates the research findings to respond to the three research questions posed at the beginning of this study. The first question relates the relationship between location, venues and demand issues.

What impact does the size of physical locations (venues at which gambling activities occur); the range of activities offered (services); and their operational characteristics have on demand?

Clubs operate as mediating institutions that leverage EGM revenue for community benefit and thus it is argued, are facilitators of social capital in the community. Besides delivering access to EGMs, clubs have philanthropic operational characteristics which have been highlighted in the qualitative data. From Stage 1 it was found that spend on EGM gambling increases when the size of a venue and number of EGMs increase. Smaller community clubs that have placed less focus on EGM gambling than with low social capital and hotels also contain fewer gaming machines and are much smaller in terms of venue size.

Stage 1 also highlighted that EGM players spend more on machines in larger EGM venues.

How do small, more geographically-spread venues impact on gambling behaviour/access when compared with larger, more concentrated venues (geographical locations, demographics)?

The proliferation of gaming venues was a concern in communities, with strong evidence indicating concentration of EGM venues in disadvantaged regions and those areas of lower socio-economic status within disadvantaged regions. Smaller EGM venues exist in communities with higher volunteering activity (social capital measure). This means that smaller venues may be linked with less of a negative impact of EGMs. Overall, therefore, factors which appear to be related to the impacts of EGM gambling in communities are the level of economic deprivation (lower incomes and inactivity) and also the scale of volunteering activity. The regional community studies show that there is a mixture of both larger venues and smaller venues concentrated in local areas.

Overall, the quantitative and qualitative data suggest that attention therefore needs to be given to both venue typology, but also other operational characteristics (besides the operation of EGMs in the venue) of the venue.

Why are some communities more resilient than others in terms of being affected by gambling if their comparative access is similar?

Social capital has been shown, by a large number of studies, to extend collective well-being in a variety of different and complex ways. The quality and quantity of social capital in a community plays a crucial role in the ability of its members to solve their problems, and act for the future; thus helping to build a level of resilience to community issues, including the harmful effects of gambling. Volunteering, whilst a proxy measure for social capital (Griswold & Nichols, 2006), has emerged as a key potential mitigation factor of the harmful impacts of EGM gambling. The study has highlighted that areas with more volunteering activity have smaller EGM venues. In addition, if there are large numbers of EGMs in communities then spend on EGMs is higher, however, where there are high levels of volunteering activity, spend on EGM gambling reduces. Initiatives that encourage volunteering and more generally participation in group activities and community life have been found to contribute to the stock of social capital evident in a local area. This social capital provides a platform from which groups work together to identify and respond to community issues, either directly through service provision or local leadership. A greater emphasis on preventative measures such as community education programs and community building activities also helps to promote and grow resilience. Kulig and Hanson (1996) note that the quality of such interventions can enhance or undermine the level and sustainability of resilience. The study found that community resilience is affected by a dynamic mix of stakeholder actions in terms of community resource use by communities, implementation of policy by government and community orientation by industry (see Figure 8). These different approaches can provide an extended evaluation framework for understanding community harm and benefit emanating from EGM activity.

Figure 8. (Repeated) Extended model to evaluate gambling



The study determined that when local residents are the main ones spending on EGM gambling, there is a negative effect on communities especially in terms of net outflow of resources (Aasved & Laundergan, 1993). Another community resilience factor, therefore, is the need to attract outside money to EGM gambling through tourism, cultural attractors and other forms of social or economic activities. This would be coupled with community involvement in capital re-investment decision making to round out the resilience spectrum.

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APPENDICES

Appendix A: Correlation results

Appendix B: EGM Revenue Raising Input Related Community Impacts and Resilience factors

Appendix C: Community Benefit Statement (CBS)

Appendix D: Interview questions

Appendix E: Focus group questions

Appendix A — Correlation Results

EGM Access Environment Results

Supply Results: Government Policy

(1) EGMs per adult are correlated with the following potentially causative factors in strong and significant ways:

- (+) Visitors from outside Australia (0.293*)
- (+) Unemployment Rate (0.62**)
- (-) Median Individual Income (-0.385**)
- (+) Inactivity (0.36**)

These correlations are suggestive of positive links with tourism activity, but also a positive link with the rate of inactivity, and negative links with unemployment and income.

Supply Results: Industry Policy

(2) EGMs per venue are correlated with the following in strong and significant ways:-

- (-) Age (0.587**)
- (-) Inactivity (-0.261*)
- (-) Volunteers as % of Persons (0.715**)

Interestingly, and unlike EGMs per adult, EGMs per venue are not correlated with income, unemployment, or overseas visitors. Instead there are negative correlations with the interrelated factors of age, economic inactivity and, particularly, volunteering. This possibly suggests that volunteering activity and organisation has a negative impact on industry policy in terms of EGM venue size, if volunteering was seen as presenting an alternative activity to EGM gaming. It could also mean, however, that EGM activity has massive negative effect on volunteering- i.e. they are substitutes for each other).

Supply Results: Government and Industry Policy together

(3) EGMs per venue per 1000 adults are correlated with the following in strong and significant ways:

- (+) Visitors from outside Australia (0.30**)
- (+) Unemployment Rate (0.393**)
- (-) Disposable weekly household Income (accounting for housing repayments= a combined income and wealth variable) (-0.249*)
- (-) Median Age of Persons (-0.255*)
- (-) Volunteers as % of Persons (-0.244*)

This is a set of correlation results where EGMs per venue, allowing for the population in which the venues sit (thus a combined measure of EGM concentration) is positively linked to tourism, but also the

unemployment rate, as well as negatively related to income, and the related factors of age and volunteering. Interestingly, inactivity is no longer strongly correlated.

Demand-Related Outcome Results:

(4) Net EGM Spend per adult is correlated with the following in strong and significant ways :

- (+) EGMs per venue (0.597**)
- (+) EGMs per adult (0.824**)
- (+) Visitors from outside Australia (0.293*)
- (+) Cash-related crime (0.312**)
- (+) Unemployment Rate (0.663**)
- (-)Median Income (-0.221*)
- (-) Median Age (-0.444**)
- (-) Volunteers as % of Persons (-0.629**)

EGM spend per adult is positively linked, unsurprisingly with both venue size and numbers of EGMs per adult (concentration measures), as well as tourism, but also with crime and unemployment, and negatively with both income and volunteering. This suggests an obviously strong, but not perfect link with EGM concentration measures, and the associated measures of tourism and crime, and age and volunteering, as well as more widely discussed unemployment and age factors.

(5) Net expenditure per EGM machine is correlated with the following in strong and significant ways :

- (+) EGMs per venue (0.736**)
- (+) Unemployment Rate (0.256*)
- (-) Inactivity (-0.214*)
- (-) Median Age of persons (-0.579**)
- (-)Volunteers as % of Persons (-0.826**)

EGM spend per machine is positively related to EGM venue size, but not with EGMs per adult (the other measure of concentration), which indicates the lack of a scale effect from number of machines per se, whilst simultaneously indicating that how those that do exist are concentrated (i.e. venue size) is potentially of importance. In addition, however, there is also a positive correlation with unemployment, and negative correlations with the interrelated variables of economic inactivity, age, and particularly volunteering. This again lends support to the view of volunteering as a potentially strong substitute to EGM activity (though again there is also the potential the volunteering is strongly negatively affected by EGM activity).

(6) Net expenditure per EGM machine per Adult is correlated with the following in strong and significant ways:

- (+) EGMs per venue per adult (0.366**)
- (+) Unemployment Rate (0.534**)

(+) Inactivity (0.408**)

(-) Disposable weekly household Income (accounting for housing repayments= a combined income and wealth variable) (-0.559**)

This is a set of correlation results where the spend per machine is adjusted for population size (the larger the population, *ceteris paribus*, the lower the value of the “dependent variable”), which effectively reduces the relationships described above to those between expenditure per machine and absolute EGMs per venue, unemployment number, inactivity number and overall weekly income in an area. This indicates a positive relationship with venue size, but also with unemployment and inactivity, and importantly, a negative relationship with disposable income, and no relationship at all with volunteering (to be expected given the absence of a relationship with EGMs per adult in correlation set (1). This suggests that the concentration effect of venue size positively affects spend per EGM, as does numbers of unemployed and inactive and a lack of disposable income.

In terms of demand-related outcomes, This compares with Brown et al. (2003), which used the Household survey and, for EGM and related machines (POK), found that expenditures are positively associated with the number of usual residents (NUR) (population size and households deriving a greater proportion of their income from investments and superannuation (INV) (rich and retired) and negatively associated with a high proportion of dependents (DEP) (young singles and couples and retired), pension and government benefit income sources (PEN) (retired and unemployed), a relatively lower level of socioeconomic disadvantage (SOC) (wages, unemployment) and those households living in Western Australia (WA). Clearly our study is less nuanced in its examination of age-related factors and income sources, but is able to examine socio-economic disadvantage related factors, as well as alternative activities in more detail, such as volunteering.

Appendix B — EGM Revenue Raising Input Related Community Impacts and Resilience factors: Correlations of Potential Effects from EGM Gambling Results

Economic Based Resilience factors

- (1) Community Benefit per person (i.e. resources generated from EGMs used on employment, sponsorships, etc) is correlated with the following in strong and significant ways:

- (+) EGM spend per adult (0.865**)
- (+) EGMs per 1000 (0.904**)
- (+) Expenditure per EGM (0.23*)
- (+) EGMs per venue (0.309*)

The amount of community benefit itself can be seen as a resilience factor, generating as it does, resources for use in the community itself. The correlations have deliberately been limited to those factors with a theoretically direct effect on community benefit resources (which are directly though not perfectly linked to EGM revenues), rather than those with an indirect role. Unsurprisingly, and supporting stage 1, a strong link exists between (community benefit) resources generated from EGMs, and EGM concentration (measured per venue and per adult) and also spend (per EGM and per adult). Spend per adult is the most directly applicable variable theoretically, the strong showing of EGMs per 1000 possibly also suggesting that there is a perceived greater need to show community benefit flows where there is a greater concentration of EGMs in a locality (the same possibly explaining the greater correlation between venue size and benefit as opposed to spend per EGM and benefit). An alternative viewpoint, of course is that the way in which community benefit has been measured up until now in the statements favours a greater reporting of community benefit from larger venues.

- (2) Voluntary- Related Community Benefit per 1000 of adult population (i.e. resources generated from EGMs used on sponsorships, etc) is correlated with the following in strong and significant ways:

- (+) Community benefit per person (as the Resource Generating variable) (0.486**)
- (+) Problem gambling spend (0.354**)
- (+) Unemployment rate (0.29*)
- (+) Economic inactivity rate (0.449**)
- (-) ABN registration (-0.288*)
- (-) Median income (-0.455)
- (+) Age (0.295**)

Voluntary-related community benefit can also be seen as a resilience factor, and indeed one more specific than overall community benefit, because it is linked with activities specifically related to the volunteering activity (from community-benefit statements). This set of correlations indicates that a far from perfect correlation exists with overall community benefit (from which the resources for voluntary-related benefit is derived). There does appear to be some strong correlations with low socio-economic

status measures, for example, problem gambling, unemployment, inactivity, income, entrepreneurship and age. Interestingly, however, it is not correlated with volunteering itself (possibly because of the strong negative correlation between volunteering and EGM activity).

- (3) Voluntary-Related Community Benefit per 1000 of adult population as a proportion of overall Community benefit per person is correlated with the following in strong and significant ways:-

(+) Problem gambling spend (0.358**)

(+) Cash related crime (-0.244*)

(-) Disposable income (-0.264*)

(+) Volunteering (0.242*)

Examining voluntary-related community benefit as a proportion of overall benefit, allows us to further focus on which areas of possible expenditure and/or policy lobbying may be of importance. This reveals issues of gambling spend, disposable income and importantly, volunteering, to be correlated, as is crime, but in a way opposite to the way one might expect.

Culturally Based Resilience Factors

Tourism

- (4) Overseas Visitors (as a proportion of the total population) is correlated with the following in strong and significant ways:

(+) EGMs per 1000 (0.297*)

(-) Median age (-0.356**)

(+) ABN per 1000 (0.813**)

(-) Median Income (-0.356**)

Tourism can also be seen as a resilience factor because tourist income spent in EGMs can be seen as an input or injection into the local economy from outside (with consequential knock-on effects in terms of community support funds generated). These correlations suggest a possible link between tourism and EGM concentration policy in terms of absolute numbers per head of population. The fact that no strong relationship exists between venue size and tourism, and the relatively stronger correlations with “vibrancy of place” variables (age and enterprises) suggests, however, that if a causal relationship does exist that it is not a strong one and tourism is instead tied in with broader place variables.

Volunteering

- (5) Volunteering (Social Capital) is correlated with the following in strong and significant ways:

(-) Spend per egm (-0.826**)

(-) EGM spend per adult (-0.629**)

(-) EGMs per venue (-0.7115**)

(-) cash-related crime (-0.284**)

- (-) Unemployment (-0.396**)
- (-) Disposable Income (-0.331**)
- (-) (ABN registration (-0.24*))
- (+) Median age (0.726**)
- (+) Inactivity (0.256*)

As highlighted earlier, volunteering is a potentially key resilience factor, to the extent that it provides an alternative to EGM gaming, and may also provide strong social capital effects that may also mitigate against gaming activity. As can be seen, volunteering may be negatively impacted upon by EGM gaming in terms of both spend and venue affects (though as already stated a 2-way theoretical relationship may exist). It can also be seen that volunteering is negatively related to crime and unemployment, disposable income, and entrepreneurship but positively affected by economic inactivity and age. This suggests that volunteering is disproportionately for older and non-workforce citizens, but also represents an alternative to gaming, enterprise-based uses of time, and possibly employment-search activities.

Social Based Resilience effects

(6) Problem Gambling spending per person is correlated with the following in strong and significant ways:

- (-) exp per EGM (-0.546**)
- (-) EGM expenditure per adult (-0.343**)
- (-) EGMs per venue (-0.541**)
- (-) Unemployment Rate (-0.229*)
- (+) Economic Inactivity (0.231)
- (+) Age (0.537**)
- (+) Volunteering (0.635**)

Spending by government on problem gambling can be seen as a resilience factor in terms of directly providing funds which counteract one of the most direct problems caused by gambling, namely problem gambling. The negative correlations with gaming expenditure, venue size, etc. are counter-intuitive if we treat the spend as directly linked with problem gambling itself (i.e. we would expect greater expenditures on EGM as having a direct positive relationship on problem gambling and thus its spend. The fact that this is not the case, and indeed that volunteering and age are positively affected, suggests that there may be a focus on older age problem gambling and possibly lobbying effects (i.e. those able to lobby most have greater amounts spent on them).

Crime

(7) Cash related crime is correlated with the following in strong and significant ways:

- (+) EGM spend per adult (0.312**)
- (+) EGM per 1000 adults (0.252*)

- (+) drug possession (0.827**)
- (-) median age (-0.48**)
- (+) Visitors from outside Australia (0.826**)
- (+) Unemployment (0.218*)
- (-) Economic Inactivity (-0.35**)
- (+)ABN per 1000 (0.783**)
- (-) Volunteering (-0.284*)
- (+) Income (0.514**)

Crime can be seen as an anti-resilience factor because of its effects on community cohesion etc. This set of correlations suggests that cash-related crime is “positively” correlated with both EGM access and spend (potentially for reasons of gaming activity drawing in more criminal activity, though again there is a 2-way relationship possible), but more associated with drug use (a potentially strong motive for crime) and tourism and ABN numbers (both potential victim-groups for cash-based crime opportunity), as well and associated with unemployment (motive), and negatively with volunteering (a potential alternative to crime).

Drugs

(8) Drug possession is correlated with the following in strong and significant ways:

- (+) EGM spend per adult (0.348**)
- (+) EGMs per 1000 (0.39**)
- (+) Crime (0.827**)
- (+) Visitors from outside Australia (0.792**)
- (+) Unemployment (0.354**)
- (+) ABN per 1000 (0.644**)
- (+) Median Income (0.286*)
- (-) Median age (-0.42**)

Drug use can also be seen as an anti-resilience factor, again reducing community cohesion. Drug possession is correlated with EGM access and spend variables (the potential causal link being that increased spend and access to EGMs triggers drug taking behaviour- though the relationship could also be that drug taking behaviour also triggers gaming behaviour). There is a greater link, however, with crime (again there being a 2-way potential relationship in that increased crime may increase the resources for drug taking, but also, as per the previous set of correlations, increased drug-taking may fuel cash-based crime) tourism and ABN per), as well as unemployment, income (potentially counter-intuitively) and age.

Examining, finally, a measures of “problems from gambling”, in the correlations below, we look at problems from gambling in terms of EGM spend as a proportion of income.

(9) Problems from Gambling: EGM spend as a proportion of income is correlated with the following in strong and significant ways:

(+) EGM concentration per venue per 1000 adults (0.495**)

(-) Age (-0.2777*)

(+) Economic Inactivity (0.403**)

(+) Unemployment (0.779**)

(-) Volunteering (-0.537**)

(-) Disposable household income (-0.352**)

(+) Drug Use (0.214*)

In terms of resilience to the effects of EGM activity on obtaining community resources, therefore, greater access to EGM machines can also be seen as a negative. The equation clearly shows that expenditure on EGMs as a proportion of income is positively correlated with increased EGM concentration, as well as other negative resilience factors such as unemployment, inactivity and drug use, also being negatively correlated with disposable income (highlighting again the potentially regressive nature of gambling), age and volunteering, again raising the possibility that volunteering provides an alternative to gaming activity and is thus key as a resilience factor.

Appendix C — Community Benefit Statement (CBS)



Victorian Commission
for Gambling Regulation

COMMUNITY BENEFIT STATEMENT

This form must be submitted to the Victorian Commission for Gambling Regulation by 30 September following the financial year to which it applies.

Name of approved venue

Address of approved venue.....

Venue operator

Licence number

Financial year ended 30 June

Instructions

Detailed notes on filling out this form are provided in the Notes and Frequently Asked Questions document.

You should enter details of contributions for community benefit made in the last financial year. The contribution must come from your venue's share of gaming revenue earned in the last financial year.

Please note that the audit report of the independent auditor **must** be attached to the Community Benefit Statement.

For venue operators submitting electronically: Venue operators are to fill out the drop-down boxes in the table below.

For venue operators submitting a paper form: Venue operators are to fill out the schedules at the back of this form and insert the totals from each category in the table below. If there is not enough space in one or more of the schedules, venue operators must submit additional pages. Employment expenses should be entered directly into the table.

Contributions from venue operator's gaming revenue:

Category	Amount of gaming revenue applied in applicable year
1. Employment expenses of all staff met from gaming revenue. (refer to pages 3 -4 in the Notes and Frequently Asked Questions document)	
2. Gifts of funds from gaming revenue, as detailed in the schedule for Category 2. (refer to pages 4 -5 in the Notes and Frequently Asked Questions document)	
3. Sponsorships from gaming revenue, as detailed in the schedule for Category 3. (refer to page 5 in the Notes and Frequently Asked Questions document)	
4. Gifts of goods to the community, paid for from gaming revenue, as detailed in the schedule for Category 4. (refer to page 5 in the Notes and Frequently Asked Questions document)	
5. Voluntary services provided to the community, as detailed in the schedule for Category 5. (refer to page 5 in the Notes and Frequently Asked Questions document)	
6. Expenses claims paid or reimbursed to volunteers, as detailed in the schedule for Category 6. (refer to page 6 in the Notes and Frequently Asked Questions document)	
7. Activities subsidised using gaming revenue, where the venue provides a commercial service to members of the community at less than commercial rates, as detailed in the schedule for Category 7. (refer to page 6 in the Notes and Frequently Asked Questions document)	
8. Fixed assets provided for community purposes from gaming revenue, other than fixed assets used for gaming purposes, as detailed in the schedule for Category 8. (refer to pages 6 -8 in the Notes and Frequently Asked Questions document)	
9. Direct and indirect costs associated with the provision of community services, as detailed in the schedule for Category 9. (refer to pages 8 -9 in the Notes and Frequently Asked Questions document)	
TOTAL	

<p>I, [insert name of person signing for and on behalf of the venue operator] certify that:</p> <p>(a) the percentage (if any) of gaming revenue applied by the venue operator in the financial year to community purposes; and</p> <p>(b) the value of any non-financial contribution to community purposes (for example, voluntary work) by or on behalf of the venue operator in the financial year, expressed as a percentage of the venue operator's gaming revenue in the financial year; and</p> <p>(c) any amount payable by a gaming operator in the financial year under a declaration made by the Commission under section 3.6.8(2) of the <i>Gambling Regulation Act 2003</i> in respect of the venue operator, expressed as a percentage of the venue operator's gaming revenue in the financial year— is [tick one of the following]</p> <table border="1"><tr><td>Less than</td><td></td></tr><tr><td>Equal to</td><td></td></tr><tr><td>Greater than</td><td></td></tr></table> <p>the required community benefit contribution within the meaning given by section 3.6.2 of the <i>Gambling Regulation Act 2003</i>.</p> <p>..... for and on behalf of the venue operator (position/title of signatory)</p> <p>I,[insert name of person signing for and on behalf of the venue operator] confirm that this Community Benefit Statement of[insert name of venue operator], in relation to the approved venue[insert name of venue] has been audited by.....[insert name of auditor] of[insert name of auditor's firm]. An independent auditor's statement dated[insert date on statement] has been received and states, that, in the auditor's opinion, this Community Benefit Statement, in relation to[insert name of venue] presents fairly, in accordance with applicable Accounting Standards in Australia, and, consistent with the auditor's understanding of sections 3.6.9(2)(a) and (b) of the <i>Gambling Regulation Act 2003</i> (the Act), the 's [insert name of venue operator] compliance with the Act, in relation to[insert name of venue], for the financial year ended 30 June</p>	Less than		Equal to		Greater than		<table border="1"><tr><th colspan="2">COMMUNITY BENEFIT STATEMENT - SCHEDULES</th></tr><tr><th colspan="2">Category 2: Gifts of funds venue operator's share of gaming revenue</th></tr><tr><th>Category of community purpose: (list each amount against its appropriate category)</th><th>Amount</th></tr><tr><td>Art</td><td></td></tr><tr><td>Culture</td><td></td></tr><tr><td>Science</td><td></td></tr><tr><td>Religion</td><td></td></tr><tr><td>Educational</td><td></td></tr><tr><td>Charity</td><td></td></tr><tr><td>Sport</td><td></td></tr><tr><td>Recreation</td><td></td></tr><tr><td>TOTAL</td><td></td></tr></table>	COMMUNITY BENEFIT STATEMENT - SCHEDULES		Category 2: Gifts of funds venue operator's share of gaming revenue		Category of community purpose: (list each amount against its appropriate category)	Amount	Art		Culture		Science		Religion		Educational		Charity		Sport		Recreation		TOTAL	
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COMMUNITY BENEFIT STATEMENT - SCHEDULES	
Category 3: Sponsorships from venue operator's share of gaming	
Category of community purpose: <i>(list each amount against its appropriate category)</i>	Amount
Art	
Culture	
Science	
Religion	
Educational	
Charity	
Sport	
Recreation	
TOTAL	

COMMUNITY BENEFIT STATEMENT - SCHEDULES	
Category 4: Gifts of goods by the venue to the community paid by the venue operator from its share of gaming revenue	
Category of community purpose: <i>(list each amount against its appropriate category)</i>	Amount
Art	
Culture	
Science	
Religion	
Educational	
Charity	
Sport	
Recreation	
TOTAL	

COMMUNITY BENEFIT STATEMENT - SCHEDULES	
Category 5: Voluntary services provided to the community	
Category of community purpose: (list each amount against its appropriate category)	Amount
Art	
Culture	
Science	
Religion	
Educational	
Charity	
Sport	
Recreation	
TOTAL	

COMMUNITY BENEFIT STATEMENT - SCHEDULES	
Category 6: Expenses claims paid or reimbursed to volunteers	
Category of community purpose: (list each amount against its appropriate category)	Amount
Art	
Culture	
Science	
Religion	
Educational	
Charity	
Sport	
Recreation	
TOTAL	

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Category 9: Direct and indirect costs met from the venue operator's share of gaming revenue associated with the provision of community services. Provide details of each of the direct and indirect costs	
Description of direct and indirect costs	Amount
Art	
Culture	
Science	
Religion	
Educational	
Charity	
Sport	
Recreation	
TOTAL	

Important note: This is a replica of an original CBS form, created for the purposes of this report.

Appendix D — Interview questions

Queensland University of Technology
School of Management
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Professor Kerry Brown
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Phone: 040 773 1939

Socio-Economic Impacts of Access to EGMs in Victoria: Effects on Demand and Communities

September 2008

Interview Questions: Clubs

The introduction of Electronic Gaming Machine (EGM) gambling has presented communities with various impacts. Community benefits can be seen through subsidised activities, support for volunteers, gifts to the community and various other contributions as a result of EGM revenue. We are looking to understand the contribution of the EGMs to enabling better community support. We are also looking to identify, where community benefits can be improved to provide resilience against any potential harmful effects of gaming in the community.

An evaluation project has commenced with researchers from QUT undertaking a study of the *Socio-Economic impacts of access to EGMs in Victoria: Effects on Demand and Communities*. This research study and analysis will provide insight into the implications of gaming in Victorian communities. The project team are looking to develop a full picture about the community impact of electronic gaming machines.

These questions have been ethically approved under QUT guidelines. Your participation in interviews is completely voluntary and all comments and responses are anonymous and will be treated confidentially.

Q1. Can you give some background and insight into the history of the club?

When was it started? _____

What are the aims and objectives of the club? _____

Q2a. When were EGMs introduced to the club? _____

Q2b. How have they changed your club's operations? _____

Have you had any upgrades to building or facilities? _____

Who are your typical clientele? _____

Has your clientele changed since the introduction of EGMs? _____

How has management changed? _____

Q3. What effect has the introduction of EGMs had on employment in your club?

Has it created and does it continue to create employment? _____

Who do you typically employ? _____

Are they part-time, casual, permanent? _____

What type of training have they undergone? _____

Q4. How do you manage EGM revenue to provide benefits to your members?

Do you run a bus service? _____

Do you provide a child care service and if so, how does the service operate? _____

Do you provide low cost meals? _____

Do you provide low cost or no cost meeting rooms for community groups? _____

Any other services? _____

Q5. What percentage of total revenue do EGM operations account for? _____

To what extent does EGM revenue support other business activities? _____

Q6. What role does your club play in the community? _____

Do you see the club as a community hub? _____

Q7. What benefits is the club able to provide from gaming revenue, to the wider community? *E.g. sponsorship, gifts to the community, support of volunteers, subsidised activities and services to the community.*

Do you facilitate community fundraisers? _____

Q8. Do you think your Community Benefit Statement is an accurate reflection of your contributions to the community provided through EGM revenue?

Q9a. What do you think are some of the negative impacts that EGMs can have on some individuals? _____

Q9b. How can these issues be overcome? _____

What harm minimisation strategies do you have in place? _____

Would you like to see any improvements to those strategies? _____

Q10. To the best of your knowledge, how will 2012 changes impact your club?

How do you think this will filter into the community? _____

Q11. How would a decrease in the number of machines effect the viability of your club?

Q12. Are there any other comments that you would like to make in relation to the impact of EGMs on this community? _____

Thank you for your time in participating in this study. A summary of your responses will be forwarded to you in due course. If you have any questions please contact Professor Kerry Brown, School of Management, QUT.

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Tel: 040 773 1939

Appendix E — Focus group questions

Queensland University of Technology
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Socio-Economic Impacts of Access to EGMs in Victoria: Effects on Demand and Communities

September 2008

Focus group questions

Electronic Gaming Machine (EGM) gambling has impacted on different communities in various ways, both positive and negative. Community benefits can be seen through subsidised activities, support for volunteers, gifts to the community and various other contributions as a result of EGM revenue. There are also perceived harms of the introduction of electronic gaming to the community. The harmful impacts of gambling may begin with individual problem gamblers however these individuals' problems and the associated issues related to problem gambling or relative ease of access to gaming machines may then escalate to affect the community.

An evaluation of the project has commenced with researchers from QUT undertaking a study of the *Socio-Economic impacts of access to EGMs in Victoria: Effects on Demand and Communities*. This research project and analysis will provide insight into the implications of gaming in Victorian communities, in particular assessing the community benefits and the harmful effects to the community. The project team are looking to develop a full picture about the community impact of electronic gaming machines.

These questions have been ethically approved under QUT guidelines. Your participation in interviews is completely voluntary and all comments and responses are anonymous and will be treated confidentially.

Q1a. What do you think have been the impacts of EGMs?

Q1b. What issues are the community dealing with?

- Has there been a noticeable rise in crime. Particularly has there been a rise in crime in the vicinity of the venues and what's the difference between hotels and clubs?
- Has there been a difference in rates of drink driving and alcohol consumption due to other clubs extending opening hours to compete?
- Has there been an increase in debt, loss of housing/homelessness and how does this affect the community?
- Are you aware of the effects of pension provisions on gaming and is there any evidence of people spending their pensions and then requiring assistance from welfare agencies/other community support?

Q2a. What are some individual cases of the impacts of gaming?

Q2b. How do you see the effects of these cases filtering into and impacting the community?

Q3. What do you see is your role in the factors impacting on the community?

Q3b. What issues are being addressed?

- Has there or is there a need for increased welfare service funding?

Q4. What are any community benefits of having EGMs in clubs? In pubs?

- Do you believe that clubs provide benefits to the community?

Q5. How do small more geographically-spread venues impact on gambling behaviour/access when compared with larger, more concentrated venues?

- What do you think would be the impact if there is a re-distribution of machines to larger more popular venues?

Q6. Are you aware of any harm minimisation strategies in place for problem gamblers in clubs in the area?

- What are they?
- How effective do you believe they are?
- Do you believe that having ATMs at a particular distance from EGM venues would be effective?

Q7. Has the composition and the character of businesses in the area changed with the provision of EGM gaming?

- Has it affected other businesses? (*E.g. increase in pawn shop, smaller shops gone out of business, lack of interest in other forms of entertainment.*)
- In what other areas would money be spent if it wasn't spent in gaming?

Q8. Both clubs and government spend revenue from gaming into the community. How do you perceive this revenue is spent?

- Is it adequate?
- Where does most of the community benefit lie and does there need to be investment in different areas?
- What can be improved in the Community Benefit Statement and the CSF?

Q9. Is there anything else that anyone would like to comment on?

Thank you for your time in participating in this study. A summary of your responses will be forwarded to you in due course. If you have any questions please contact Professor Kerry Brown, School of Management, QUT.

Email: ka.brown@qut.edu.au

Tel: 040 773 1939