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Discussion of the current arrangements for community benefit statements by Victorian club gambling venues.

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# Reduction of maximum bets

The Productivity Commission (2010) recommended in its most recent report that maximum bets on Electronic Gambling Machines in clubs and hotels be reduced to one dollar per spin or wager, a decline from $10 in some Australasian jurisdictions. Some jurisdictions (including Victoria) have reduced bets to $5 or, in New Zealand, to $2.50 per spin. No Australasian jurisdiction has yet introduced a one-dollar maximum bet.

The evidence for this intervention is largely circumstantial, but the Productivity Commission’s case for the measure was clear and logical. Overall, our conclusion is that there is a reasonable evidence base to suggest that reduction in maximum bets is likely to be an effective harm minimisation measure. Nonetheless, the formal evidence for this is relatively limited.

Data from the UK Gambling Commission indicate that high denomination slot machines (particularly Fixed Odds Betting Terminals, or FOBTs) are associated with a very disproportionate share of total gambling revenue. In 2010-11, such devices (B2 category machines, with maximum bets up to £100 per wager) accounted for 64.7 percent of revenue (averaging £40,500 per machine p.a.), but a much smaller 23.7 percent of total machines. In contrast Type C and D machines, with maximum bets of no more than £1, accounted for 65.5 percent of machines and 12 percent of revenue (averaging between £2,000 and £3,000 per machine p.a.) (UK Gambling Commission 2011). FOBTs have been the subject of significant reform efforts in the UK, given their very high bet limits and association with gambling problems [(Campaign for Fairer Gambling 2014).](http://fairergambling.org/)

In 2001, the NSW gambling operators group commissioned a study to test the effectiveness of a range of harm minimisation measures put forward by the NSW gambling regulator (Blaszczynski et al. 2001). This study involved the use of specially modified EGMs. The authors tested modifications including bet reduction to one dollar, reduction in spin rate (the speed at which wagers may be placed), and the denomination of notes accepted by the EGMs. They concluded that the bet reduction measure appeared to be effective in reducing the time and money spent by problem gamblers, and did not inconvenience non-problem gamblers (Blaszczynski et al. 2001). Other measures were evaluated as ineffective.

The Productivity Commission noted that problem gamblers report betting more than 50 percent of the time at levels above one dollar, and that non-problem gamblers do so about 10 percent of the time (Productivity Commission 2010). Thus it appears probable that bet reduction would, as Blaszczynski et al. (2001) found, be unlikely to disrupt the enjoyment of non-problem gamblers, while assisting problem gamblers to reduce their expenditure.

In 2010 the Parliament of Tasmania conducted an investigation into the likely impact of one-dollar maximum EGM bets on revenue for gambling operators and the Tasmanian government tax base (House of Assembly Select Committee 2010). Data obtained from the gambling industry for the purposes of this inquiry revealed that 82-85 percent of gamblers bet at or below one dollar per spin, with an average of 64 cents, and that most gamblers selected a minimum bet with maximum lines as found in previous studies (Dixon et al. 2010; Livingstone et al. 2008; Productivity Commission 2010). Around 37 percent of revenue was derived from bets above one dollar per spin. The decline in revenue in Tasmania should a one dollar maximum bet be introduced was estimated at 20 percent, noting that not all the revenue derived from those betting at more than one dollar per spin would, in fact, be lost (House of Assembly Select Committee 2010).

In Victoria, a reduction in bet sizes in 2009-10 from a maximum of $10 to $5 per wager was associated with a reduction in real EGM expenditure of 5.7 percent between 2008-09 and 2009-10 (VCGLR 2014; ABS 2014). However, no evaluation of this measure was published, so it is unclear whether this was a direct effect of the reduction of the maximum bet. However, this reduction represents the third largest annual decline in EGM expenditure in Victoria after those occurring following the introduction of smoking bans (11.7% in 2009-10) and the removal of ATMs (9.3% in 2009-10).

Based on the available evidence, it appears that a reduction of maximum bets to one dollar would have little effect on so-called ‘recreational’ gamblers, and would have a positive effect for ‘problem’ gamblers, who consistently bet at levels above one dollar. The decline in revenue associated with this measure is in the range of 20%, according to available evidence. However, the cost of the measure, if phased in over time, is likely to be negligible. This reform was not the subject of any industry indignation and was implemented over a two year period without apparent difficulty.

# Discussion of the current arrangements for community benefit statements by Victorian club gambling venues

## Introduction and background

Victorian gambling venues are subject to a progressive tax regime, with hotels at every level paying an additional 8.33% EGM tax. This amount is intended to be committed to the Community Benefit Fund, from which government provides funding for community activities and capital works, including gambling research funding and gambling counselling and problem gambling support services.

Club gambling venues however are not required to pay this 8.33% tax if they provide an annual statement listing the contributions they have made to the benefit of the community. These reports are published annually on the website of the [Victorian Commission for Gambling and Liquor Regulation](http://www.vcglr.vic.gov.au/home/gambling/gaming+venue+operators/community+benefit+statements/) (VCGLR).

## Categories of allowable expenditure for CBS reports, and 2013-14 expenditure by category

The categories of expenditure available for clubs to claim as community benefit expenditure are prescribed by a Ministerial Order. The order currently in force was issued by [Minister O’Brien in June 2012](http://assets.justice.vic.gov.au/vcglr/resources/5878b1a9-e905-4cc9-bce4-3f11da0e53e9/ministerialorder_cbs_2012.pdf).

The order sets out three categories of benefit which may be claimed. These are:

Category A – philanthropic and charitable purposes, including education, sporting purposes, and cultural or artistic activities, etc;

Category B – capital expenditure, operating costs and plant and equipment;

Category C – provision of responsible gambling measures and activities not required by law, cost of preparation of CBS reports, and reimbursement of volunteer expenses.

In 2013-14, [Victorian clubs claimed a total of $273.7 million](file:///C:/Users/charlesl/My%20documents/Research/MAV%20EGM%20reform/Draft%20report/2013-2014-combined-cbs-27oct2014.pdf) as community benefits. Of this, the breakdown by category was as follows:

Category A: $63.7 million (23%)

Category B: $209.4 million (76.5%)

Category C: $536,659 (0.2%)

Further scrutiny of these financial details indicates that operating costs, category B(e), which includes wages, rent, electricity and rates (for example) accounted for $194.6 million, or over 71% of total CBS claims.

In category A, sub-category (b), which relates to the cost of providing and maintaining sporting facilities, amounted to $25.7 million, or 40% of category A claims. It is relevant to note that amounts claimed under this category include the cost of maintaining stadiums operated by AFL and other major sporting clubs. Donations, gifts and sponsorships, sub-category A(a) amounted to a total of $18.5 million, 29% of Category A claims or 6.8% of claims made overall.

## Discussion

It is arguable that most reasonable members of the public would regard community purposes as clearly captured by ‘donations, gifts or sponsorships’, or perhaps by maintenance of sporting facilities. However it is equally arguable that the normal operating costs of a business would not be seen by most reasonable people as constituting a distinct community benefit.

The Productivity Commission considered this issue in its 2010 report and suggested that, overall, the concessions granted to clubs in recognition of their community purposes probably exceed the benefits provided, particularly when considering that clubs, as mutual organisations, do not pay corporate taxes.

One straightforward method to address the apparent over-loading of operating costs into CBS returns would be to limit claimable expenditures to categories A and C, and remove business costs from the allowable categories.

These totaled $64.2 million in 2013-14, equivalent to 7.6% of clubs’ total net gambling revenue (i.e., EGM user losses) of $845.7 million in 2013-14. An additional expenditure on community benefits in categories A and C of $6.7 million would achieve the 8.33% target. This is a little more than 10% of existing expenditures in these categories, but represents a modest increase in terms of gambling revenue accrued by clubs operating EGMs.

Such a change would provide benefits to public confidence in the CBS system, stimulate clubs to engage more with local community activities, and come at no cost to government revenue. Further, as these matters are prescribed by Ministerial Order, no legislation need be introduced to the Parliament to give them effect.

# Discussion of the likely effects of further local caps on EGM numbers on gambling harm and the prevalence of problem gambling.

In Victoria, real net gaming revenue derived from EGMs has declined since its peak in 2001-02.

Table 1 sets out data demonstrating this decline. These data were obtained as follows: net gaming machine revenue (NGR) and EGM data from the [Victorian Commission for Gambling and Liquor Regulation](http://www.vcglr.vic.gov.au/home/resources/data+and+research/data/) (‘VCGLR’); Consumer Price Index (CPI) data from the [Australian Bureau of Statistics](http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/6401.0Sep%202014?OpenDocument) (ABS5204); and population estimates from the [Victorian Department of Planning and Community](http://www.dtpli.vic.gov.au/data-and-research/population/census-2011/victoria-in-future-2014) development. These data were for the period 2001-02 to 2011-12.

CPI indices (Melbourne CPI) were applied to the NGR to calculate real NGR, real NGR per EGM and real NGR per adult.

Real EGM NGR in Victoria has declined from its high point in 2001-02, the single largest such decline occurring between 2001-02 and 2002-03. This decline is generally (and almost certainly, correctly)(PC 2010 p.8) attributed to the introduction of certain prohibitions on smoking in Victorian hotels and clubs in 2002. It is also clear that EGM NGR/adult declined over the period in question

However the pattern of decline is not consistent. It should be noted that real EGM NGR recovered in the mid-2000s, oscillated between decline and growth in the late 2000s, and declined again between 2008-09 and 2009-10, after which more moderate declines have continued. This decline in the year to 2009-10 can reasonably be attributed to economic conditions, noting in particular the effect of the Global Financial Crisis. In the year to June 2009 household final consumption expenditure declined in real terms by 0.7%, a measure of the impact the GFC had on consumption generally (ABS 5204). Household savings also declined significantly in 2007-08 and 2009-10 (ABS 5204).

**Table 1: Real EGM NGR, NGR/EGM and NGR/adult, Victoria, 2001-02 – 2011-12 (2008-09 $)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Year | Real NGR (2008-09 = 100) | Real NGR/EGM | Real NGR/adult | Annual change - real NGR | Annual change - real NGR/adult |
| 2001-02 | $3,108,466,063 | $113,448 | $845 | - | - |
| 2002-03 | $2,745,734,914 | $100,724 | $738 | -11.7% | -12.6% |
| 2003-04 | $2,635,939,839 | $97,152 | $691 | -4.0% | -6.4% |
| 2004-05 | $2,692,777,446 | $99,277 | $696 | 2.2% | 0.7% |
| 2005-06 | $2,709,422,775 | $99,806 | $686 | 0.6% | -1.3% |
| 2006-07 | $2,708,854,532 | $99,302 | $660 | 0.0% | -3.9% |
| 2007-08 | $2,693,889,837 | $100,530 | $658 | -0.6% | -0.3% |
| 2008-09 | $2,707,278,436 | $101,124 | $649 | 0.5% | -1.4% |
| 2009-10 | $2,551,919,716 | $95,642 | $600 | -5.7% | -7.5% |
| 2010-11 | $2,527,689,393 | $94,380 | $585 | -0.9% | -2.6% |
| 2011-12 | $2,479,737,732 | $92,672 | $565 | -1.9% | -3.3% |

Sources: VCGLR, ABS

The overall decline may be attributed to:

* the effects of harm minimisation measures including:
  + the introduction of regional caps on EGM numbers in areas judged to be vulnerable,
  + reduced EGM maximum bets,
  + reduced EGM load up,
  + restrictions on ATM withdrawals within venues,
  + smoking prohibitions;
* shifts in consumer behaviour associated with economic uncertainty;
* a decline in the relative density of EGMs because of significant population growth; and,
* perhaps most importantly, a substantial decline in the proportion of the population using EGMs (see Dept of Justice 2008).

Between 2003 and 2008 in Victoria, EGM gambling participation declined from 33.5% of the adult population to 21.5% (CGR 2004, Dept of Justice 2009).

Over this period, and on the basis of the same studies, the problem gambling prevalence rate declined from 1.12% to 0.7% of the adult population. Of this group, the 2003 study reported that 94.3% used EGMs and the 2008 study reported that 91.04% used EGMs. The adult population problem gambling prevalence rate for EGM users was therefore 1.06% and 0.64% respectively. However, if applied to the population actually using EGMs at all (which had declined markedly over this period) the problem gambling prevalence rate had stayed remarkably consistent, at 3.2% in 2003 and 3.0% in 2008.

In other words, the proportion of problem gamblers amongst those who actually use EGMs has stayed about the same, and given the margins of error associated with the above prevalence and participation estimates, does not represent a significant difference.

This is similar to the effect of a decline in smoking rates, for example. Although smoking rates have declined significantly, amongst those who continue to smoke the prevalence of disease is unaltered. Across the overall population, all other things being equal, the prevalence of disease will decline, but amongst those who continue to use the product, the level of disease will be unabated.

Thus, in the case of Victoria, the average NGR per actual EGM user increased in real terms (2008-9 values) from $2,062 in 2003 to $3,017 in 2008. The average NGR per problem gambler can be estimated at $26,155 in 2003 and at $40,719 in 2008. Overall, these estimates are consistent with the Productivity Commission’s discussion of these issues (PC 2010: 2.21-2.22).

At Appendix B of the Productivity Commission’s 2010 report, player loyalty data for a large NSW club for the period September 2008 to February 2009 are analysed to assess expenditure by EGM user segment. These data were provided to the Productivity Commission by Clubs Australia. The two highest spending groups by loyalty club spending segment, representing 0.1% and 0.5% of loyalty club members, are reported to spend $86,020 and $28,719 p.a. respectively, which amounts to 42.6% of NGR. The average expenditure for these two groups was thus $38,270 p.a. (PC 2010: p.B.23) (note: the present author calculated average expenditure for segments 1 and 2 using a weighted means method).

This indicates that those using EGMs are spending considerably more on average than was the case in earlier years, and that those with gambling problems using EGMs are likely to be spending substantially more in real terms than was the case in the earlier part of the decade. There has therefore been some significant change in Victoria in terms of the proportion of the population who use EGMs but amongst the user group the rate of problem gambling appears to have held constant and the level of harm appears to have intensified, on the basis that significant increased real expenditure is a proxy for increased levels of harm.

Recent Victorian evidence also demonstrates that the density of EGMs (a key measure of EGM accessibility and availability) is associated both with increased levels of expenditure and rates of problem and at-risk gambling.

The Victorian gambling prevalence survey (Dept of Justice 2008) reports distinct rates of problem and moderate risk gambling prevalence depending on the band of EGM expenditure characteristic of LGAs. Thus, low expenditure LGAs have problem gambling rates of 0.05% on average; moderate and high expenditure LGAs have much higher rates, at 0.83 and 0.80 respectively. Similarly, moderate risk prevalence is, from low to high band LGAs, 1.51%, 2.25% and 2.62%.

Table 2 summarises data for these bands of EGM expenditure.

**Table 2: EGM and population data by EGM expenditure band, Victoria, 2008-09**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| EGM band | EGM N | Adult pop | NGR - 2008-09 | NGR/EGM | EGM/ 1,000 adults | PG rate | Mod risk rate | CPGI 3+ rate | NGR/ Adult |
| High | 18,845 | 2,492,899 | 1,966,166,122 | $104,334 | 7.6 | 0.80% | 2.62% | 3.42% | $789 |
| Med | 5,691 | 1,058,273 | 551,223,611 | $96,859 | 5.4 | 0.83% | 2.25% | 3.08% | $521 |
| Low | 2,236 | 745,851 | 189,888,703 | $84,923 | 3.0 | 0.05% | 1.51% | 1.56% | $255 |

Sources: VCGLR, ABS, Dept of Justice 2008

These data should be interpreted with care because of the limited number of data points and disparities in population, etc. However, there is a clear relationship between the CPGI 3+ rate (i.e., the total of problem and moderate risk gambler categories) and NGR per EGM, EGMs per 1,000 adults, and NGR per adult.

Similarly, data for metropolitan regions demonstrates robust relationships between the CPGI 3+ rate and EGMs per 1,000 adults, NGR per adult, and NGR per EGM (see table 3).

**Table 3: EGM and population data by metro region, Victoria, 2008-09**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Region** | **EGM (N)** | **Adult pop.** | **NGR - 2008-09** | **NGR/ EGM** | **EGM/ 1000 adults** | **PG rate** | **Mod risk rate** | **CPGI 3+ rate** | **NGR/ adult** |
| EM | 4,448 | 815,494 | 461,833,234 | $103,829 | 5.5 | 0.25% | 1.79% | 2.04% | $566 |
| NWM | 8,819 | 1,331,872 | 992,610,996 | $112,554 | 6.6 | 1.18% | 2.66% | 3.84% | $745 |
| SM | 6,134 | 1,035,983 | 664,071,092 | $108,261 | 5.9 | 0.78% | 2.64% | 3.42% | $641 |

Sources: VCGLR, ABS, Dept of Justice 2008

The recent draft report of the Victorian Competition and Efficiency Commission also examined the above relationships and supported these conclusions (VCEC 2012: 123-124).

Thus, the data summarized in tables 2 and 3 above provide strong indications of a relatively robust relationship between EGM density, the prevalence of moderate risk and problem gambling, and the level of per capita EGM expenditure. Across Victoria at large cell sizes (defined by bands of expenditure) and at the large cell (metro) regional level, a relatively higher rate of gambling problems is associated with both higher EGM density and higher per capita EGM expenditure.

An interesting body of work, notably by Abbott and his colleagues, has argued that populations adapt to new gambling opportunities and that over time problem gambling rates will decline as this adaptation gathers pace. In summary, this hypothesis argues that populations adapt to gambling exposure, leading to declining prevalence of gambling problems. The Productivity Commission explored this hypothesis in its 2010 report, notably at section 14 (see further below). This hypothesis has been relied upon from time to time by some of those who support the expansion of gambling opportunities.

Abbott certainly did propose this hypothesis for some time but in 2009 was co-author of a paper which explored both the adaptation hypothesis and the link between accessibility to gambling machines and the prevalence of problem gambling. This article (Storer, Abbott & Stubbs 2009) undertook a meta-analysis of a large number of prevalence studies in Australia and New Zealand from 1991, and concluded that:

Strong statistically meaningful relationships were found for an increase in prevalence with increasing per capita density of EGMs, consistent with the access hypothesis and supported by no evidence of plateauing of prevalence with increasing density of EGMs. A decrease in prevalence over time with availability held constant is also evident, partially consistent with adaptation (Storer Abbott & Stubbs 2009: 225)

The article further concludes that

… there is strong support from the present findings for the access thesis, with strong statistically meaningful relationships between an increase in problem gambling prevalence and increasing per capita density of EGMs, at an average increase of 0.8 problem gamblers for each new EGM. Further, there is no evidence of plateauing of prevalence with increasing density of EGMs, one of the predictions of the adaptation thesis (Storer Abbott & Stubbs 2009: 241).

And that

The finding of a decrease in prevalence of problem gamblers, at a rate of 0.09% per annum with EGM density held constant is partially consistent with the adaptation thesis. It suggests that measures related to public education and other community and individually based preventative or treatment programs may be effective in reducing harm over time (Storer Abbott & Stubbs 2009: 241).

Thus, the effect of adaptation is very modest compared to the effect of access to additional poker machines. Additionally, the Productivity Commission’s 2010 report highlights the role of accessibility in gambling harms and notes the likelihood of a ‘threshold’ effect – whereby beyond a certain point additional poker machines have a declining impact on the level of problem gambling (PC 2010: 14.1). These conclusions are consistent with the analysis of Victorian data referred to above.

A study of gambling accessibility from a marketing perspective also supports this conclusion. In the course of assessing the extent to which a marketing model known as NBD would be likely to predict patterns of consumption of gambling products, the authors concluded that:

The findings suggest the importance of managing market penetration to control gambling and problem gambling incidences. In this environment, increasing the opportunity to gamble (i.e., greater exposure through more intensive distribution) would result in more individuals picking up the habit of gambling and so potentially increase the incidence rate of problem gambling. As such, the extensive distribution of gambling products through the Internet or through establishments other than casinos (i.e., bars and clubs) may have resulted in greater problem gambling. Similarly, decreasing the opportunity to gamble through more selective distribution may be effective in reducing gambling consumption and, more importantly, problem gambling. (Lam & Mizerski 2009: 273-4)

In other words, problem gambling is predicted by gambling intensity and this is related to the availability of gambling products.

Rintoul et al (2013) addressed the relationship between socio-economic disadvantage and gambling expenditure in metropolitan Melbourne. This identified a strong relationship between EGM losses and disadvantage, but also noted the significant contribution of EGM density to this gradient.

The ecological study we undertook (Rintoul et al 2013), examined the relationship between socioeconomic disadvantage (measured by the Australian Bureau of Statistics SEIFA index of relative socio-economic disadvantage), and EGM losses at the suburban level across metropolitan Melbourne. It developed a predictive spatial model of gambling vulnerability.

The findings reveal that there is a graded and increasing level of loss as disadvantage increases across SEIFA quintiles. The highest mean annual EGM losses of $849 per adult (95% CI $AU749–963) occurred in areas classified in IRSD Quintile 1, the most disadvantaged areas; in the least disadvantaged areas, mean annual losses were $298 per adult (CI $260 –$342). The density of poker machines (measured as poker machines per 1,000 adults) confounded the relationship between losses and relative disadvantage. In our model, 40% of the apparent effect of disadvantage was explained by the density of EGMs.

Thus, the vulnerability surface reflected socioeconomic patterns across Melbourne, showing areas of greater disadvantage in the middle and outer north and west and outer south-east with particularly high levels of EGM vulnerability.

The lacuna of prevalence data for small areas makes it difficult to demonstrate beyond doubt that EGM-derived harm is concentrated in areas of disadvantage, although the weight of available evidence strongly suggests that this is indeed the case. We note that the analysis of 2008 prevalence data referred to above, in combination with the findings of Rintoul et al (2013) indicates the very strong likelihood that socio-economic vulnerability is indeed a predictor of problem gambling. More importantly perhaps, it is also very likely that the combination of socio-economic disadvantage and high densities of EGMs predicts significant harmful effects from EGM gambling, as well as but distinct from problem gambling prevalence.

The relationship between disadvantage and high expenditure on EGMs is of course relatively well established, including by the Productivity Commission (1999). What is significant is that in the Rintoul et al (2013) model close to half of the additional expenditure in high expenditure areas is attributable to the additional density of EGMs. Disadvantage predicts high EGM expenditure (and higher rates of gambling problems, based on the 2008 data analysed above) but so too does high EGM density.

The Productivity Commission generally accepted the above conclusions in its 2010 and 1999 reports but suggested that above a certain EGM density, plateauing of problem gambling prevalence is likely to occur (PC 2010: 14.1). Although this may be the case at the macro level, it should also be noted that at local level the Productivity Commission also suggested (2010: 14.18-20) that local input into decision-making is warranted and should be better supported, and that local effects may best be understood locally.

In our opinion this is particularly so in relation to assessment of the cumulative effect of increasing numbers of EGMs. For example, the density of EGMs in the City of Maribyrnong is currently 7.13 per 1,000 adults (VCGLR 2013). Although this is relatively high by Victorian standards (19% above the Victorian average) it is low compared to say, NSW, which has 19.0 EGMs per 1,000 adults (NSW OLGR 2010-11). The likelihood of plateauing of problem gambling has to be viewed in this context – that is, there is some considerable way to go before the density of EGMs reaches levels where plateauing of problem or at-risk gambling, or the creation of harm, is likely to occur.

It should also be noted that although EGM density in Maribyrnong is 19% above the Victorian average, EGM expenditure per adult is 51.5% above the Victorian average - $602 for Victoria, $912 for Maribyrnong (VCGLR 2013). Thus, a relatively modest increase in the availability of EGMs is in Maribyrnong accompanied by a very significant increase in the amount of money spent on them on a per capita basis.

Based on some examination of VCGLR decisions we believe it is not uncommon for applicants seeking approval to operate EGMs to argue to the effect that because there are relatively few EGMs in a local area, it is not harmful to locate more in that area – particularly where the maximum density of EGMs in capped areas has not been reached. In the present case, a significant argument in broad terms appears to be that because there are already a large number of EGMs in Maribyrnong, a few more will make little difference.

In fact, the available evidence suggests that a few more will make a significant difference and that difference will be materially detrimental to the social and economic wellbeing of the City of Maribyrnong, and in particular to Braybrook and surrounding areas.

While we accept that a complex array of factors contributes to the creation of gambling problems and gambling induced harms, it is my considered opinion that it represents good public health and public policy practice, and in any event is of paramount importance, to control those factors which clearly and materially contribute to the formation of gambling harms, given that many other factors are not amenable to such control. The level and extent of EGM accessibility within a local area is one such factor, which can be controlled, and indeed the relevant legislation and policy appears to agree with this proposition.

Local government is in a good position to assess the limits of EGM accessibility, consistent with available evidence. At some point, it is reasonable to conclude that there already exist ample opportunities to pursue EGM gambling and that in the interests of public wellbeing, amenity and the avoidance of foreseeable harms, further opportunities should be foreclosed. This might be thought of as an assessment of the point where ‘the straw breaks the camel’s back’.

Recent work by Markham et al (2014) and an article in the online journal [The Conversation by Markham et al](http://theconversation.com/size-really-does-matter-big-pokie-venues-are-the-most-dangerous-16350) indicate good evidence that high expenditure gambling venues are loci for high levels of harm, and that big pokie venues (measured by the numbers of EGMs) are also strongly related to high levels of harmful gambling.

On the basis of the evidence in this section, we suggest that there is a good case to be made for a freeze or falling cap on EGMs in areas of disadvantage. In fact, it may well be appropriate for local governments to argue that a significant decline in EGMs in areas of disadvantage would be an effective harm minimisation measure.

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