

# **Literature Review:**

**Darebin Electronic Gaming Machine Policy 2023-2027**

EGM games typically signal delivery of rewards with a combination of melodies and sounds, visual displays—such as lights and colourful images—and, in some cases, messages indicating a “successful” outcome.  
Source: Australian Gambling Research Centre, 2017

### Perceived benefits of EGMs

In Victoria, club venue operators are required to submit an annual community benefit statement (CBS) to the Victorian Gambling and Casino Control Commission (VGCCC).<sup>1</sup> The CBS verifies whether the club has contributed at least 8.33 percent of their net gaming machine revenue back to the community. This contribution can be in form of:

- *Direct Community Benefits* –such as donations, gifts and sponsorships,
- *Indirect Community Benefits* – such as capital expenditure
- *Miscellaneous* – such as costs for providing responsible Gambling measures not required by law, as well as the reimbursement of expenses incurred by volunteers\

A study analysing 559 community benefits statements lodged in 2005/2006 in Victoria showed that 97.3% of the funds were reinvested into the operations and capital works of the clubs themselves, and only 2.6% were actual funds, gifts or sponsorship provided to the community.<sup>2</sup> The study also found that no funds (0%) were provide for responsible gambling measures and activities, excluding those measures required by law. The study demonstrated that claims made for the community benefits is a form of “*legitimising the harm caused by EGMs by dressing up the normal expenses of business as providing unusual benefits to local communities.*” (p.9). The author concluded that “*current community benefit statements appear to be incapable of demonstrating the value of the community benefit generated by EGM venues in a manner which would be reasonable acceptable to the broad community*” (p.9).

Recent studies have documented a range of industry tactics and practices used by the EGM industry to normalise gambling and make it appealing to the community and soften the perception of risks associated with EGMs venues. This includes promoting EGMs venues as ‘family-friendly’ spaces<sup>3</sup>,

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<sup>1</sup> Victorian Gambling and Casino Control Commission (VGCCC). 2022. Community Benefit Statements. Accessed 7 December 2022. Available <https://www.vgccc.vic.gov.au/gambling/gaming-venue-operator/understand-your-gaming-licence/your-obligations/community-benefit>

<sup>2</sup> Livingstone, C. 2007. Understanding the community benefit of electronic gaming machines: an interim analysis of Victorian EGM Community Benefit Statements. Monash University. Accessed 7 December 2022. Available <https://www.pc.gov.au/inquiries/completed/gambling-2010/submissions/sub134-attachment2.pdf>

<sup>3</sup> Bestman A, Thomas S, Randle M, Pitt H, Daube M, Pettigrew S. 2016. Shaping pathways to gambling consumption? An analysis of the promotion of gambling and non-gambling activities from gambling venues. *Addict Res Theory*, 24(2):152-62

improving the design of EGMs to ensure users spend more time and money on machines<sup>4</sup> and using donations to influence public policy.<sup>5</sup>

## Harm from EGMS

Gambling harm include financial losses, suicide, depression, relationship breakdown, lowered work productivity, job loss, bankruptcy and crime

The Alliance for Gambling Reforms (the Alliance)<sup>6</sup> estimated 2,968 Adults in Darebin experienced severe EGM Gambling-related problems in 2017. Recent studies have linked EGM to significant health and social issues such as depression<sup>7</sup>, family violence<sup>8</sup> and criminal activities.<sup>9</sup> The Productivity Commission<sup>10</sup> also reported many harms associated with gambling such as financial losses, bankruptcy, lowered work productivity, job loss and suicide. According to the Commission, gambling-related harm is not limited to the person poker machine user; the harm extends to family members, friends and employers. The Commission also noted that harm may be severe and ongoing or may arise from excessive single occasion, and its consequences may persist over time.

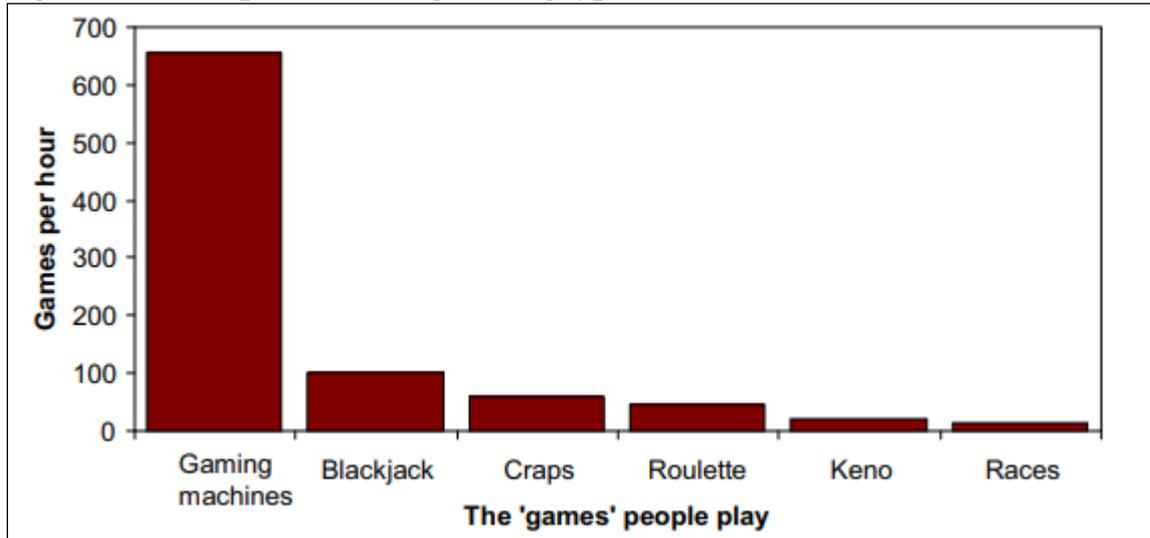
- ✦ Most gambling harm arise from pokies.
- ✦ The risks of gambling harm increase significantly with the frequency of playing EGMs.
- ✦ Pokies account for around 75–80 per cent of ‘people harmed by gambling’ and are found to pose significant problems for pokie-machine users in general.
- ✦ Pokies are widely accessible throughout the community.
- ✦ Regular pokie machine users (those using pokies at least once a week) are estimated to spend on average around \$7000–8000 per annum, a sizeable share of household incomes, and a key source of harm.
- ✦ There are vulnerabilities, extending beyond ‘people harmed by pokie machines’, arising from widespread misunderstandings about how the machines actually work. For instance, the evidence shows that many people believe they can recover losses by continuing to use the machine (‘chasing losses’), and that machines run ‘hot’ or ‘cold’ (with over 50 per cent of pokie machine users believing this).
- ✦ Prices of playing gaming machines are poorly disclosed, while the fact that receipts are not issued accentuates the tendency for pokie machine users to underestimate their spending.
- ✦ The conditioning effects of random and intermittent payouts, combined with the capacity for rapid repetition of games — some hundreds per hour — can encourage sustained gambling (Figure 3 below)

Source: Productive Commission, 2010

<https://bmcpublichealth.biomedcentral.com/articles/10.1186/s12889-016-2747-0>

<sup>10</sup> Productivity Commission 2010, Gambling, Report no. 50, Canberra. Accessed 18 November 2022. Available <https://www.pc.gov.au/inquiries/completed/gambling-2010/report>

**Figure 1: Games per hour and gambling type**

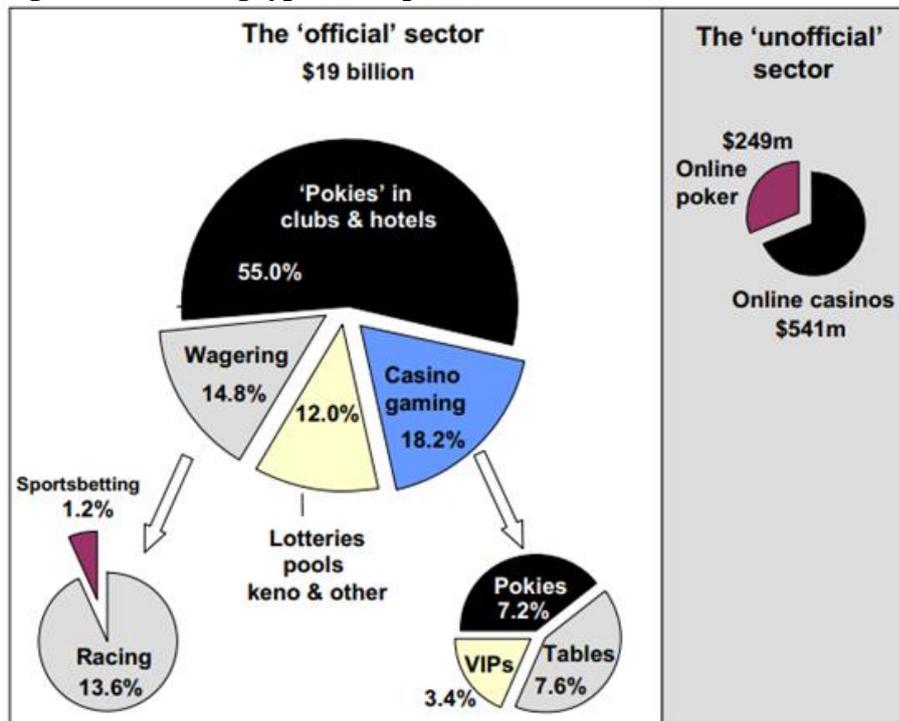


Source: Production Commission, 2010

**Money lost to EGMs**

Electronic gaming machines contribute to the highest losses of money compared to other forms of gambling in Australia (see Figure 2 below).

**Figure 2: Gambling type and expenditure**



Source: Productive Commission<sup>11</sup>

<sup>11</sup> Productivity Commission 2010, Gambling, Report no. 50, Canberra. Accessed 18 November 2022. Available <https://www.pc.gov.au/inquiries/completed/gambling-2010/report>

In the 2019 financial year, gaming machines accounted for the highest per capita expenditure on gambling in Australia, at 649.23 Australian dollars per capita. By comparison, the next highest spending was on casinos where per capita spending amounted to under 250 Australian dollars.<sup>12</sup>

### **Venues with EGMs in Darebin**

In September 2017 the Victorian Minister for Consumer Affairs, Gaming and Liquor imposed a regional cap of 769 EGMs on the municipality. On 30 June 2021, there were 743 pokie machines in 12 venues in the city of Darebin, which is 97% of the legal limit.<sup>13</sup> Figure 3 and Figure 4 show spatial distribution of EGMs venues and spatial representation of principles respectively.

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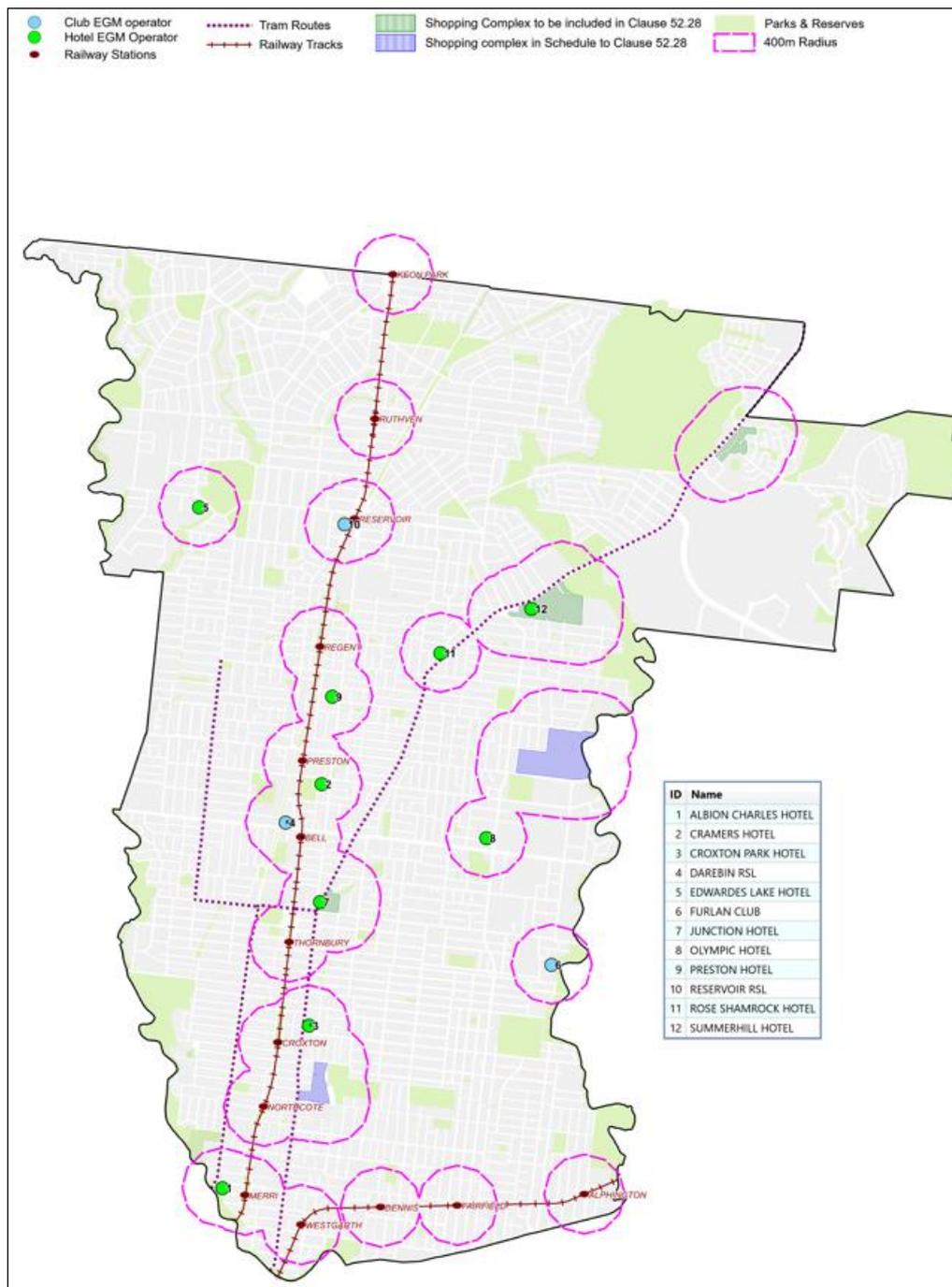
<sup>12</sup> Statista Research Department. 2022. Per capita gaming expenditure Australia FY 2019 by type. Accessed 25 July 2022. Available <https://www.statista.com/statistics/935357/australia-per-capita-gaming-expenditure-by-type/>

<sup>13</sup> The City of Darebin has a regional cap of 769 poker machine entitlements.

**Figure 3: Spatial distribution of EGMs venues in Darebin**



**Figure 4: Spatial representation of principles**



Compared with all local governments area in Victoria, Darebin ranked the 10th highest community experiencing loss of money to pokie machines.<sup>14</sup> Table 3 below shows the loss of money by venue.

<sup>14</sup> Victoria Responsible Gambling Foundation. 2021. Pokies across Victoria. Accessed 19 December 2022. Available <https://responsiblegambling.vic.gov.au/resources/gambling-victoria/pokies-across-victoria/darebin/>

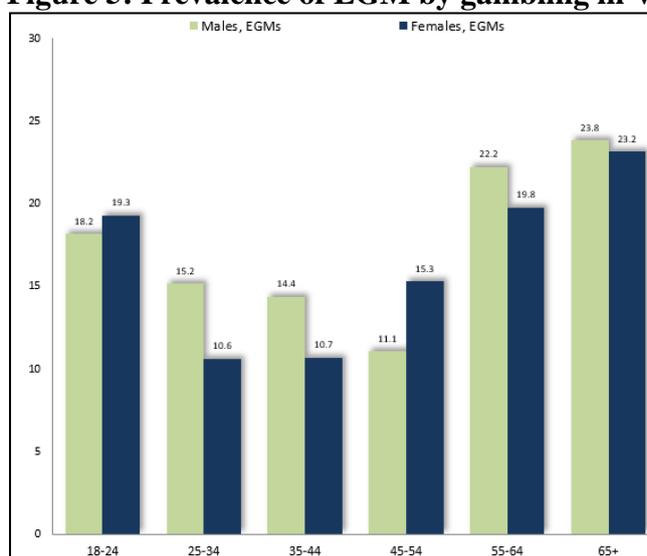
**Table 3: Loss of money by venue**

Venue Name	# EGMs	Loss of money (\$)			
		2018/2019	2019/2020	2020/2021	2021/2022
<b>Albion Charles Hotel</b>	50	5,619,528.22	3,868,270.32	3,478,010.82	4,142,632.79
<b>Cramers Hotel</b>	79	10,009,546.93	7,230,246.32	5,853,625.25	7,734,281.03
<b>Croxton Park Hotel</b>	54	5,173,156.60	3,842,207.28	3,395,921.73	3,919,381.10
<b>Darebin RSL</b>	65	4,705,966.24	3,546,284.86	2,275,731.04	3,207,856.80
<b>Edwardes Lake Hotel</b>	100	13,251,226.21	9,050,770.61	7,135,589.76	11,202,585.90
<b>Furlan Club</b>	30	682,342.40	403,627.42	141,473.72	338,165.42
<b>Junction Hotel</b>	46	6,158,222.61	4,337,936.65	3,049,883.78	3,510,937.39
<b>Olympic Hotel</b>	80	1,0435,325.79	7,375,182.60	5,040,447.15	7,356,596.30
<b>Preston Hotel</b>	40	4,456,562.38	2,835,838.75	2,584,598.62	3,739,157.74
<b>Reservoir RSL</b>	68	465,581.52	2962675.19	2,260,208.91	2,996,675.97
<b>Rose Shamrock &amp; Thistle Hotel</b>	44	5,192,479.89	3,492,566.89	2,687,538.18	3,311,662.94
<b>Summerhill Hotel</b>	88	11,426,171.30	7,996,689.22	8,897,904.60	12,056,267.77

Source: Victoria Gambling and Casino Control Commission.<sup>15</sup>

Research shows that majority of pokie machines users are aged 55 years and over with no significant differences between men and women (Figure 5).

**Figure 5: Prevalence of EGM by gambling in Victoria by gender and age, 2014**



Source: Alliance for Gambling Reform<sup>16</sup>

<sup>15</sup> Victoria Gambling and Casino Control Commission. 2022. Gambling expenditure by local area. Accessed 9 November 2022. Available <https://www.vgcc.com.au/resources/information-and-data/expenditure-data>

<sup>16</sup> Alliance for Gambling Reform. 2022. Gambling data. Accessed 19 December 2022. Available <https://www.agr.org.au/gambling-data> (adapted from 'Study of Gambling and Health in Victoria, Australia', Hare, S., 2015. Victorian Responsible Gambling Foundation and Victorian Department of Justice and Regulation).

## Targeting disadvantaged neighbourhoods

Research indicates a positive relationship between socioeconomic disadvantage and EGM density and losses,<sup>17</sup> and that harms associated with EGMs are significantly linked to social inequality.<sup>18</sup> A recent study showed that unemployed individuals and those with lower incomes and living in rental accommodation are more likely to experience harm from EGMs.<sup>19</sup> In addition, EGMs are disproportionately concentrated in low socioeconomic areas.<sup>20</sup> This is a deliberate strategy of the gambling industry to target disadvantaged neighbourhoods and the most vulnerable community members in our municipality (see Figure 6).

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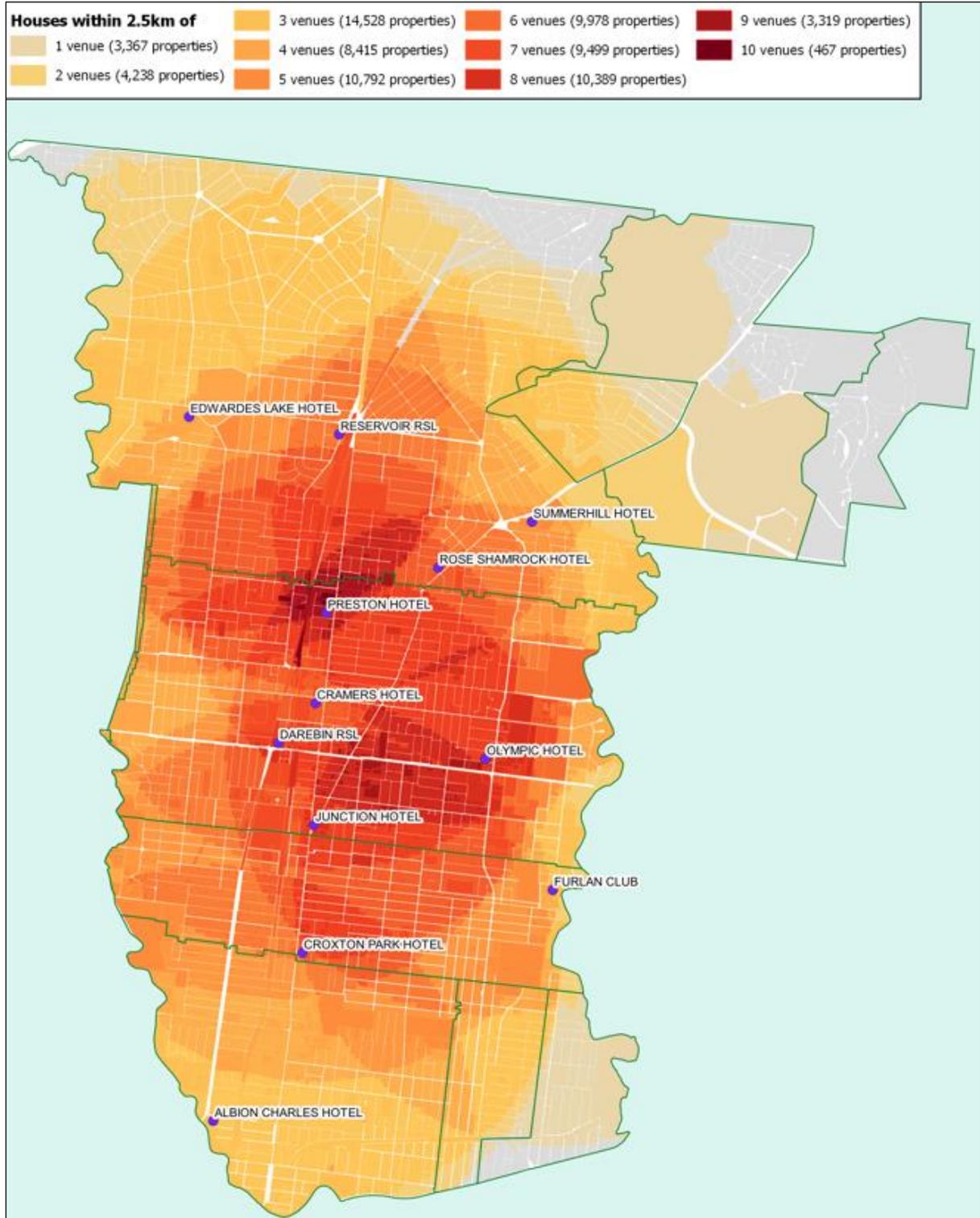
<sup>17</sup> Rintoul, A, Livingstone, C & Mellor, A. 2013. 'Modelling vulnerability to gambling related harm: How disadvantage predicts gambling losses', *Addiction Research and Theory*, 21 (4): 329-338

<sup>18</sup> Marko S, Thomas SL, Pitt H, Daube M. 2020. The development and implementation of electronic gambling machine policy: A qualitative study of local government policy makers. *Aust N Z J Public Health*, 44(5):369–75.

<sup>19</sup> Armstrong A. & Carroll M. 2017. *Gambling Activity in Australia*. Accessed 19 December 2022. Available <https://aifs.gov.au/research/research-reports/gambling-activity-australia>

<sup>20</sup> Livingstone C, Adams P. 2011. Harm promotion: Observations on the symbiosis between government and private industries in Australasia for the development of highly accessible gambling markets. *Addiction*. 106(1):3- 8; South Australian Centre for Economic Studies. 2005. *Study of the Impact of Caps on Electronic Gaming Machines – Final Report*. Accessed 19 December 2022. Available <https://catalogue.nla.gov.au/Record/3698495>

**Figure 6: Heat map of housing distribution within 2.5km of an EGM venue, 2013**



Studies show that accessibility of EGMs is linked to increased participation in gambling.<sup>21</sup> Therefore, efforts to minimise harm from pokies at an individual and community level must be combined with policy reforms to restrict and reduce the number of available machines.<sup>22</sup>

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<sup>21</sup> South Australian Centre for Economic Studies.2005. Study of the Impact of Caps on Electronic Gaming Machines – Final Report. Melbourne (AUST): Victorian Department of Justice Office of Gaming and Racing; Young M, Markham F, Doran B. 2012. Placing bets: Gambling venues and the distribution of harm. *Aust Geogr.* 43(4):425-44

<sup>22</sup> Marko S, Thomas SL, Pitt H, Daube M. 2020. The development and implementation of electronic gambling machine policy: A qualitative study of local government policy makers. *Aust N Z J Public Health*, 44(5):369–75.