



Gambling in Kingston
Research on gambling losses and harm
Prepared August 2021

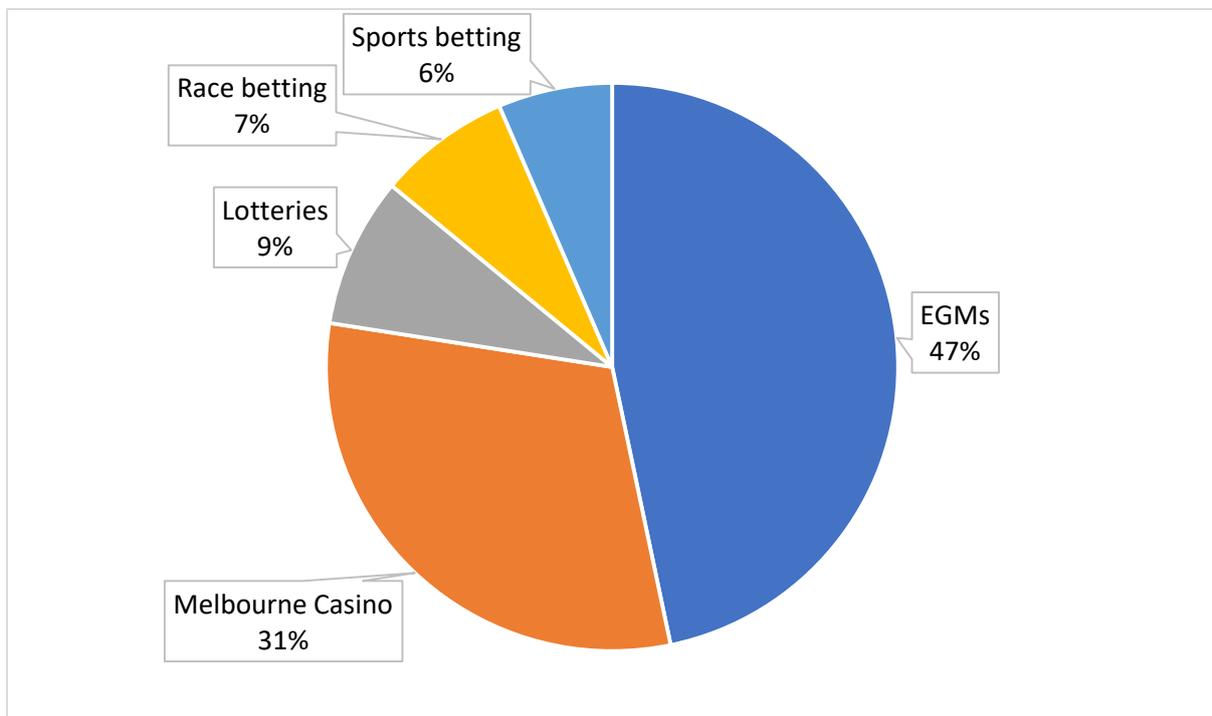
THE GAMBLING INDUSTRY

The gambling industry is made up of many forms including, EGMs or 'pokies', casino games, race betting, sports betting and lotteries.

In Victoria in 2017-18 losses on all forms of gambling amounted to \$5.81 billion. EGMs accounted for almost half (47%) and the Melbourne Casino accounted for 31% of this amount¹.

It is important to be aware of the distinction between 'turnover' which is the 'amount wagered before any winnings are paid out or losses incurred'². Whereas, 'losses' or 'expenditure' is the total amount lost by the player. The following data refers only to losses.

Figure 1: Overall losses by gambling product in Victoria 2017/18



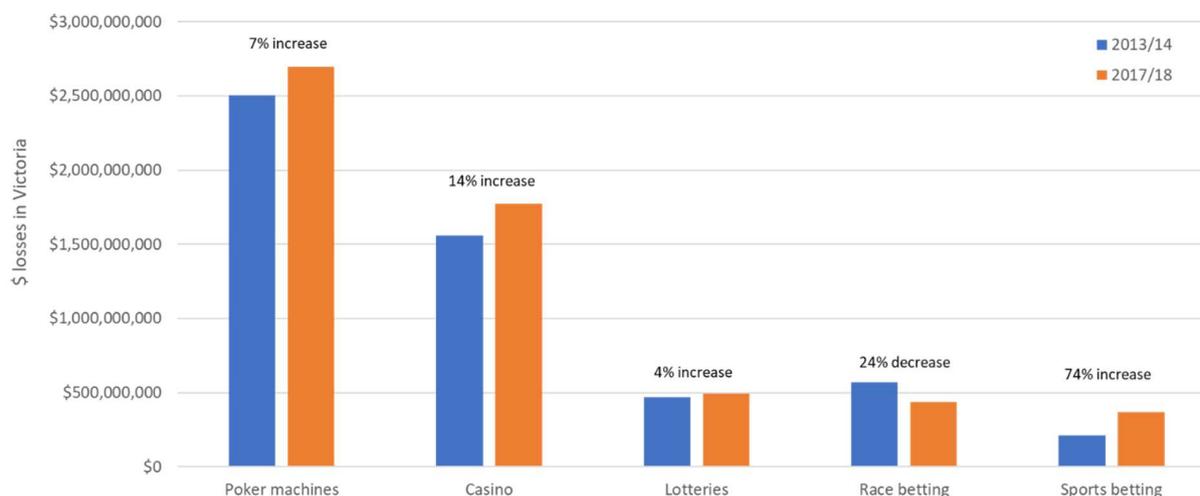
Source: Victorian Responsible Gambling Foundation, 2019, *Expenditure on gambling in Victoria and Australia*, <https://responsiblegambling.vic.gov.au/resources/gambling-victoria/expenditure-on-gambling-victoria-and-australia>

¹ Victorian Responsible Gambling Foundation, 2019, *Expenditure on gambling in Victoria and Australia*, <https://responsiblegambling.vic.gov.au/resources/gambling-victoria/expenditure-on-gambling-victoria-and-australia>

² Victorian Responsible Gambling Foundation, 2020, *Glossary*, <https://responsiblegambling.vic.gov.au/resources/glossary/#/>

A review into the recent trends in losses by gambling product from 2013/14 to 2017/18 reveals that EGMs continue to result in higher losses than other gambling products (\$2.69 billion)¹.

Figure 2: 2013/14 to 2017/18 gambling losses in Victoria by gambling product



Source: Victorian Responsible Gambling Foundation, 2019, *Expenditure on gambling in Victoria and Australia*, <https://responsiblegambling.vic.gov.au/resources/gambling-victoria/expenditure-on-gambling-victoria-and-australia>

Sports betting had the largest increase in losses from 2013/14 to 2017/18 by 74 per cent in Victoria. Sports betting losses are still low compared to other gambling products, but continue to increase significantly each year¹.

Note: The figures for Victoria only show player losses recorded at Victorian TABs or with bookmakers licenced in this state. Bets placed with online bookmakers licenced outside Victoria are not recorded as Victorian losses. Therefore, the actual losses are likely to be higher.

Between 2013/14 to 2017/18 race betting losses fell by 24 per cent in Victoria. It is likely Victorians are increasingly using online bookmakers licensed outside Victoria instead of Victorian TABs for race betting¹.

Lotto losses have increased between 2013/14 to 2017/18, rising by 4 per cent in Victoria¹.

Casino losses (table games and pokies) increased significantly between 2013/14 to 2017/18, rising by 14 per cent in Victoria¹

¹ Victorian Responsible Gambling Foundation, 2021, *Expenditure on gambling in Victoria and Australia*, <https://responsiblegambling.vic.gov.au/resources/gambling-victoria/expenditure-on-gambling-victoria-and-australia>

Tax revenue from gambling

Gambling provides a source of significant tax revenue for governments. In 2019/20 the Victorian Government received \$1.71 billion in gambling taxes levied mainly on private lotteries, EGMs, casino operations and racing. This accounted for 7 per cent of total tax revenue to the Victorian Government for 2019/20³.

Part of the Victorian Government's revenue (8.33 per cent) derived from EGMs located in hotels is distributed through the Community Support Fund (CSF). In 2018/19 the CSF received \$147.7 million and was distributed to various Victorian Government departments for investment in programs and projects in the community.

It is important to note that the tax revenue collected is not invested proportionally to the communities from which the revenue was generated but to an overall pool for the Victorian Government to allocate.

Legislation outlines CSF funding is to be allocated to projects with a focus on gambling harm; drug education, treatment and rehabilitation; financial counselling for families; youth programs; sport and recreation; and arts and tourism⁴.

Community benefit statements

Clubs with EGMs receive a tax-free rate on revenue. However, they are required to spend 8.33 per cent of the income gained from gaming machines for community purposes and are to declare how they have spent this income in a Community Benefit Statement (CBS)⁵.

The Ministerial Order published 22 June 2012 defines a community purpose or activity and what can be claimed as a benefit in the CBS. Clubs are required to show how they contribute directly to their local communities and share the benefit of lower taxation on their gaming revenue. There are three class items: A, B and C.

Class A items include gifts, donations and sponsorships for activities such as:

- services to help the aged
- housing help for the disadvantaged
- health services, and
- efforts to relieve poverty.

³ State Revenue Office, 2021, *State Taxation Revenue*, <https://www.dtf.vic.gov.au/state-financial-data-sets/state-taxation-revenue>

⁴ State Revenue Office, 2021, *Community Support Fund financial overview 2018-19*, <https://www.dtf.vic.gov.au/community-support-fund/community-support-fund-financial-overview-2018-19>

⁵ Victorian Commission for Gambling and Liquor Regulation, 2021, *Community benefit statements*, <https://www.vcglr.vic.gov.au/gambling/gaming-venue-operator/understand-your-gaming-licence/your-obligations/community-benefit>

Class B items are expenses, such as capital expenditure, financing, retained earnings and employment costs.

Class C items are miscellaneous activities including the reimbursement of expenses incurred by volunteers.

The extent of actual community benefit has been debated following a recent analysis of community benefit statements between 2012–2015 which found that gambling tax deductions overwhelmingly (82%) went to operational expenses including wages, venue maintenance, capital costs and utilities. Contributions to charitable and philanthropic purposes represented 4.5% of all community benefit claims (1.5% of club net gambling revenue)⁶.

⁶ Francis, L & Livingstone, C, 2019, *Gambling's community contributions: does the community benefit?*, *Addiction Research & Theory*, DOI: 10.1080/16066359.2019.1663834

ELECTRONIC GAMING MACHINES

This policy has a key focus on EGMs because of the role appointed to Council via planning legislation and the entitlement for Council to make submissions to the VCGLR regarding EGM applications. Data on gambling losses specifically in Kingston is limited to EGMs only, with losses on other forms of gambling only recorded at the state or national level.

As at 30 June 2020 the City of Kingston had 16 licensed gaming venues operating within its municipal boundaries with 902 EGMs in use. In 2020/21 losses from EGMs totaled \$62.1 million. Comparing this to all Victorian metropolitan government areas (31 Councils), Kingston ranks the:

- second highest for number of licensed venues,
- sixth highest for number of EGMs and,
- ninth highest for player losses⁷.

The density of the number of EGMs per 1,000 adults is used to compare EGMs across areas. Kingston currently rates fifth highest in Victorian metropolitan government areas with a density of 6.84 gaming machines in use per 1,000 adults⁸. This is significantly higher compared to the averages of 4.68 for Metropolitan Melbourne and 5.02 for Victoria.

Table 1: Population density and EGM losses in Kingston compared to Victoria and Metropolitan Melbourne 2019/20

Area	No. Venues	No. EGMs in Use	Net Losses	Adult Population (2020)	Adults per venue (2020)	Net EGM losses per adult	EGMs per 1000 adults (density)
City of Kingston	16	902	\$62,080,320.77	131,857	8,241	\$470.82	6.84
Melbourne Metro	305	18,643	\$1,539,368,869	4,004,165	13,043	\$384.44	4.68
Victoria	488	26,321	\$1,988,194,957	5,265,715	10,746	\$377.57	5.02

Source: Victorian Commission for Gambling and Liquor Regulation, 2021, *Population density and gaming expenditure*, <https://www.vcglr.vic.gov.au/resources/data-and-research/gambling-data/population-density-and-gaming-expenditure>

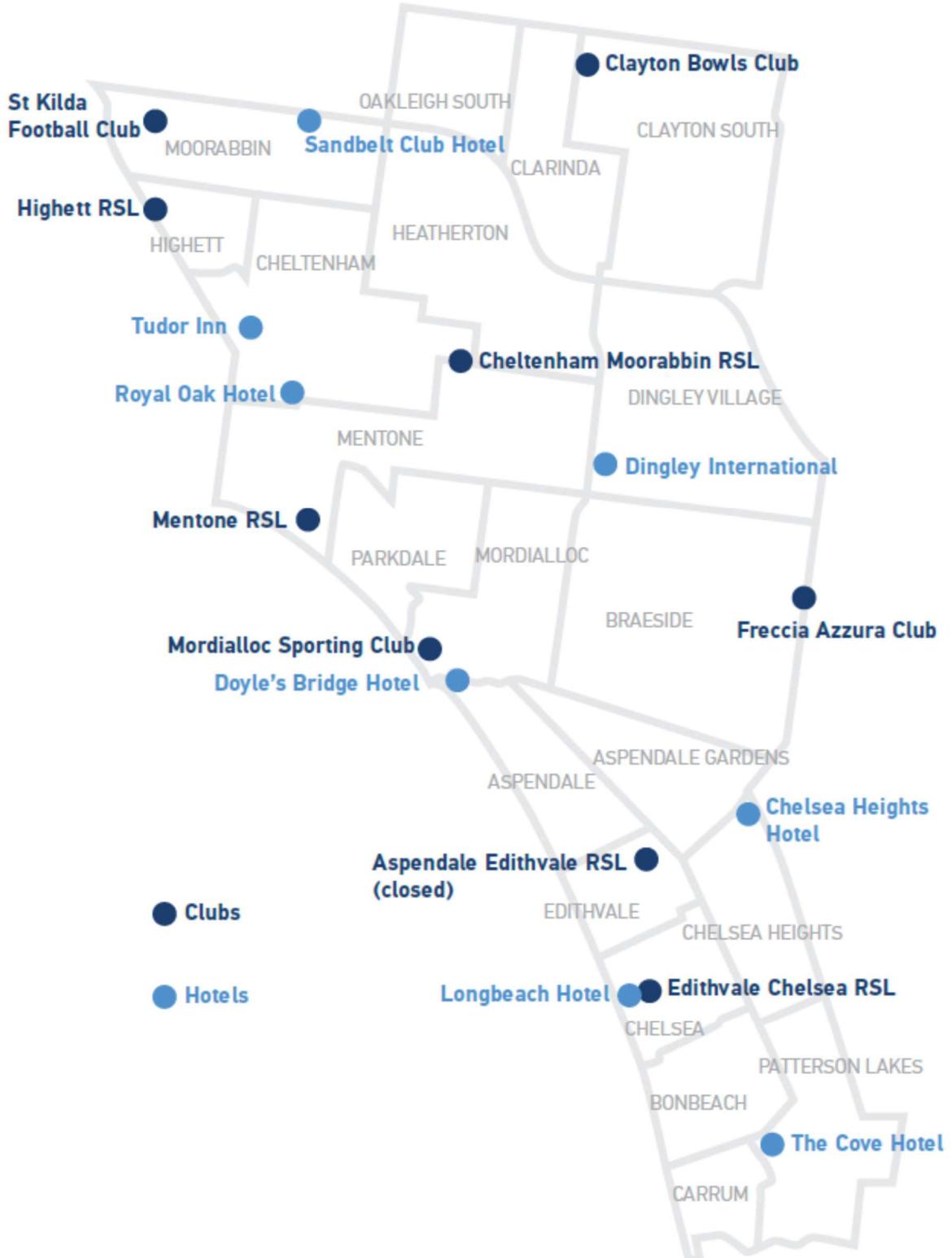
⁷ Victorian Commission for Gambling and Liquor Regulation, 2021, *Gaming expenditure by local area*, <https://www.vcglr.vic.gov.au/resources/data-and-research/gambling-data/gaming-expenditure-local-area>

⁸ Victorian Commission for Gambling and Liquor Regulation, 2021, *Population density and gaming expenditure*, <https://www.vcglr.vic.gov.au/resources/data-and-research/gambling-data/population-density-and-gaming-expenditure>

Gaming venues

There are 16 gaming venues spread throughout the City of Kingston with an equal number of licensed clubs (8) and hotels (8).

Figure 3: Gaming venues located in Kingston



The below table displays the most recent data on losses from EGMs in Kingston, detailing total losses by venue and average losses per machine by each venue. The highest total losses for 2020/21 were recorded at the Dingley International Hotel which also recorded the highest average loss per machine in the same period.

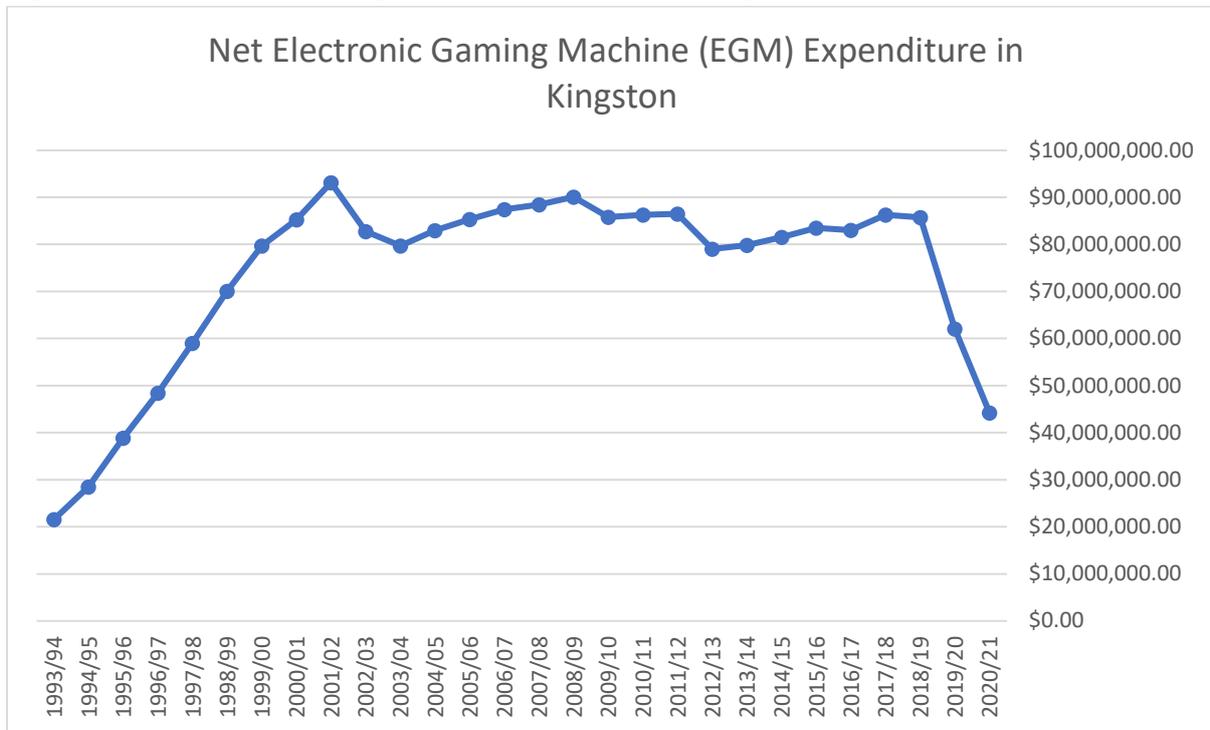
Table 2: EGM losses by venue in Kingston 2020/21

Name of venue	Address	Club/Hotel	Number of EGMs	Losses 2020/2021	Average losses per machine
Dingley International Hotel	334 Boundary Road, Dingley	Hotel	90	\$7,770,581.64	\$86,339.80
Sandbelt Club Hotel	630-646 South Road Moorabbin	Hotel	82	\$6,169,619.81	\$75,239.27
Royal Oak Hotel	1375 Nepean Highway Cheltenham	Hotel	91	\$4,783,295.24	\$52,563.68
The Cove Hotel	The Marina, McLeod Road Patterson Lakes	Hotel	53	\$4,472,683.27	\$84,390.25
Tudor Inn Hotel	1281 Nepean Highway Cheltenham	Hotel	47	\$3,346,051.30	\$71,192.58
Chelsea Heights Hotel	1 Wells Road, Chelsea Heights	Hotel	40	\$2,977,054.61	\$74,426.37
Mordialloc Sporting Club	528 Main Street, Mordialloc	Club	82	\$2,427,701.09	\$29,606.11
Long Beach Hotel	380 Nepean Highway, Chelsea	Hotel	49	\$2,414,111.33	\$49,267.58
Edithvale-Chelsea RSL	4 Thames Promenade, Chelsea	Club	80	\$2,394,902.55	\$29,936.28
The Bridge Hotel	1 Nepean Highway, Mordialloc	Hotel	50	\$1,597,230.67	\$31,944.61
Clayton Bowls Club	Springs Road, Clayton South	Club	29	\$1,307,850.81	\$45,098.30
St Kilda Football Social Club	32-64 Linton Street, Moorabbin	Club	83	\$1,240,903.57	\$14,950.65
Cheltenham Moorabbin RSL	289 Centre Dandenong Road Cheltenham	Club	41	\$1,181,419.46	\$28,815.11
Highbett Returned & Services Club	1 Station Street, Highbett	Club	41	\$1,030,869.76	\$25,143.16
Freccia Azzurra Club	784-796 Springvale Road Keysborough	Club	30	\$802,123.09	\$26,737.44
Mentone RSL	9 Palermo Street, Mentone	Club	25	\$277,627.41	\$11,105.10
Total			913	\$44,194,025.61	

Source: Victorian Commission for Gambling and Liquor Regulation, 2021, *Gaming expenditure by venue*, <https://www.vcglr.vic.gov.au/resources/data-and-research/gambling-data/gaming-expenditure-venue>

The below graph shows the annual losses from EGMs in Kingston since they were first introduced to the area. Losses peaked at over \$93million in 2001/02 and have remained consistently between \$79-90million per year ever since until 2019/20 and 2020/21 when venues were closed due to COVID-19 enforced restrictions.

Figure 4: Net Electronic Gaming Machine (EGM) Losses in Kingston



Source: Victorian Commission for Gambling and Liquor Regulation, 2021, *Gaming expenditure by local area*, <https://www.vcglr.vic.gov.au/resources/data-and-research/gambling-data/gaming-expenditure-local-area>

GAMBLING HARM

Gambling-related harm can be defined as “any initial or exacerbated adverse consequence due to an engagement with gambling that leads to a decrement to the health or wellbeing of an individual, family unit, community or population”⁹.

A study by Hare (2015) found that 70.1 per cent of Victorians gamble, most of whom (82.2 per cent) show no signs of harm from their gambling. This means that 17.8 per cent (approx. 550,000) Victorians who gamble may experience harm from their gambling¹⁰.

In addition, it was found that 2.8 per cent of people who were surveyed experienced harm as a result of someone else's gambling in the preceding 12 months¹⁰. When applied to the Victorian adult population, this is around 122,500 people. It is important to note that this number excludes children, who may also be affected by gambling harm¹⁰.

⁹ Browne, M, Langham, E, Rawat, V, Greer, N, Li, E, Rose, J, Rockloff, M, Donaldson, P, Thorne, H, Goodwin, B, Bryden, G & Best, T, 2016, *Assessing gambling-related harm in Victoria: a public health perspective*, Victorian Responsible Gambling Foundation, Melbourne, <https://responsiblegambling.vic.gov.au/resources/gambling-victoria/gambling-harm-victoria>

¹⁰ Hare, S, 2015, *Study of gambling and health in Victoria: findings from the Victorian Prevalence Study 2014*, Victorian Responsible Gambling Foundation and Victorian Department of Justice and Regulation, Melbourne, <https://responsiblegambling.vic.gov.au/resources/gambling-victoria/gambling-harm-victoria/>

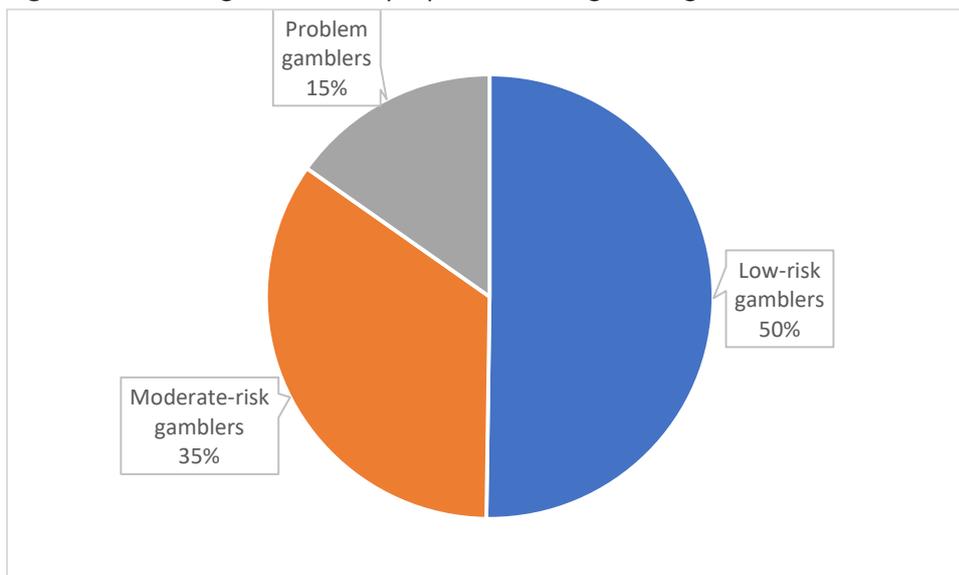
Levels of gambling harm

A further study⁹ by Browne et al. (2016) classifies gambling harm across three levels:

- Low-risk gambling, which is characterised by the experience of a low level of problems with few or no identified negative consequences.
- Moderate-risk gambling, which is characterised by the experience of a moderate level of problems from gambling, with some negative consequences, like spending more than one can afford, losing track of time or feeling guilty about one's gambling.
- Problem gambling, which is characterised by difficulties in limiting money and/or time on gambling, which leads to adverse consequences for the person gambling and often others in the community.

The Browne et al, study⁹ found that of all the gambling harm experienced, 15 per cent is a result of problem gambling, 35 per cent is from moderate-risk gambling and 50 per cent from low-risk gambling. Although harm from problem gambling is more severe at an individual level, harm from low-risk and moderate-risk gambling has a greater impact on the community because the number of people affected is much greater. These findings reinforce that harm from gambling is not limited to people who experience problem gambling.

Figure 5: Gambling harm levels proportion of all gambling harm



⁹ Browne, M, Langham, E, Rawat, V, Greer, N, Li, E, Rose, J, Rockloff, M, Donaldson, P, Thorne, H, Goodwin, B, Bryden, G & Best, T, 2016, *Assessing gambling-related harm in Victoria: a public health perspective*, Victorian Responsible Gambling Foundation, Melbourne, <https://responsiblegambling.vic.gov.au/resources/gambling-victoria/gambling-harm-victoria>

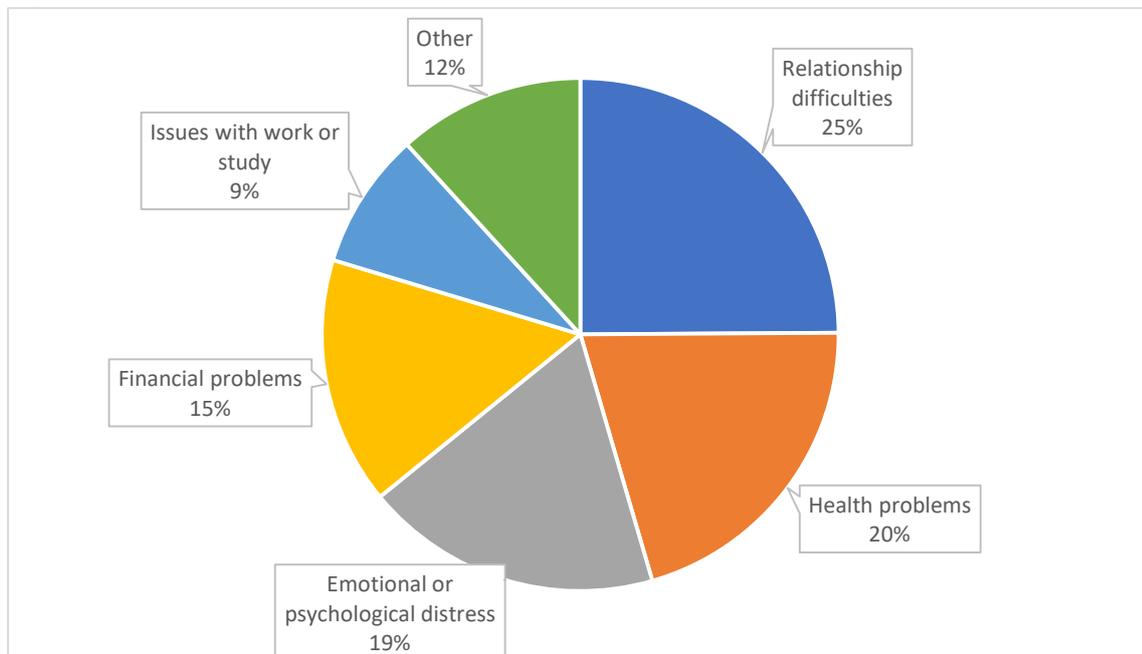
Types of gambling harm

Browne et al⁹ classifies harm from gambling into seven broad types:

- relationship difficulties
- health problems
- emotional or psychological distress
- financial problems
- issues with work or study
- cultural problems
- criminal activity.

Examining the share of harm by the seven types of harm, relationships harm constituted a quarter of total harm. Harms to health added up to around 20 per cent and emotional or psychological harms accounted for around 18 per cent of total harm⁹.

Figure 7: Distribution by dimensions of harm



⁹ Browne, M, Greer, N, Armstrong, T, Doran, C, Kinchin, I, Langham, E & Rockloff, M, 2017, *The social cost of gambling to Victoria*, Victorian Responsible Gambling Foundation, Melbourne, <https://responsiblegambling.vic.gov.au/resources/gambling-victoria/gambling-harm-victoria/>

Gambling harm impacts

A 2017 study by Goodwin et. al.¹¹ further investigated the extent of gambling harm to others. The researchers asked people affected by someone else's gambling how many others, including children, they believed had also been affected by that person's gambling. The report reveals that more than a million people in Victoria are potentially harmed by someone else's gambling:

- Problem gambling can affect up to 6 others – more than 209,000 Victorians.
- Moderate-risk gambling can affect up to 3 others – almost 392,000 Victorians.
- Low-risk gambling can affect up to 1 other – more than 590,500 Victorians.

Another study by Browne et. al. (2017)⁹ found the total cost of gambling to the Victorian community in 2014–2015 was \$7 billion. This study broadened the calculation to include all gambling severity levels: low-risk, moderate-risk and problem gambling. The research categorised the types and costs of gambling harm as follows:

- \$2.2 billion – family and relationship problems
- \$1.6 billion – emotional and psychological issues, including distress, depression, suicide and violence
- \$1.3 billion – financial losses through, for example, excessive spending on gambling, bankruptcy and illegal offshore gambling
- \$1.1 billion – costs to the Victorian government, such as research, regulation, and professional support services, including mental health and homelessness services
- \$600 million – lost productivity and other work-related costs
- \$100 million – costs of crime, including to businesses and the justice system.

People who gamble, their families and their social networks bore 75 per cent of the total cost of gambling on the community⁹.

¹¹ Goodwin, B, Browne, M, Rockloff M & Rose, J, 2017, *A typical problem gambler affects six others*, International Gambling Studies, 17:2, 276-289, DOI: 10.1080/14459795.2017.1331252. Retrieved 27 March 2020 via <https://responsiblegambling.vic.gov.au/resources/gambling-victoria/gambling-harm-victoria/>

⁹ Browne, M, Greer, N, Armstrong, T, Doran, C, Kinchin, I, Langham, E & Rockloff, M, 2017, *The social cost of gambling to Victoria*, Victorian Responsible Gambling Foundation, Melbourne, <https://responsiblegambling.vic.gov.au/resources/gambling-victoria/gambling-harm-victoria/>