Report of the First Year of the Study into the Social and Economic Impact of the Introduction of Gaming Machines to Queensland Clubs and Hotels

A Report Prepared by the Australian Institute for Gambling Research, University of Western Sydney, and the Labour and Industry Research Unit, University of Queensland, for the Queensland Department of Families, Youth and Community Care

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EXECUTIVE SUMMARY

Background

The *Gaming Machine Act 1991* allowed, for the first time, the operation of gaming machines in Queensland clubs and hotels. The first machines commenced operation in clubs in February 1992 and in hotels in April of the same year. This study was commissioned by the Minister for Family Services and Aboriginal and Islander Affairs in April 1993. Its central aim is to provide a means to assess the positive and negative aspects of the introduction of machine gaming to Queensland clubs and hotels, and thus to inform policy formulation.

Aims of the Study

The specific aims of this study, as formulated by the Department of Family Services and Aboriginal and Islander Affairs, are as follows:

- to identify and assess the impact of gaming machines on Queensland, having regard to direct implications on the lifestyle and income of users of gaming machines and their families, wider socio-economic factors, community perceptions in regard to gaming machines, and the indirect implications for the broader community; and
- to evaluate/review the Break Even resource centres established for problem gamblers and their families, over a three year period.

In pursuing these general aims, the project team has investigated the following specific issues during the first year of the study:

- the magnitude and regional distribution of the industry;
- the impact of the introduction of machine gaming on clubs and hotels;
- the economic costs and benefits at the level of the state;
- the effects of machine gaming on employment;
- the characteristics of players and the potential for machine gaming to be associated with economic hardship;
- community attitudes to gaming machines; and
- the nature of problem gambling and responses to it, with particular reference to the Break Even network of services.

While more research will be required in subsequent years of the project, a number of significant findings have been made.

Key Findings

Magnitude of the Industry

As of 30 April 1994, there were just over 15 000 machines in Queensland, located at 1 000 sites. The majority are in clubs.

Machines are concentrated in the south-eastern corner of the state, although there are significant numbers outside this area.

Between January 1993 and February 1994, between $140 million and $195 million was played on machines per month. Currently, nearly $1 million is lost by players in Queensland every day.

Impact on Clubs and Hotels

As of July 1993, licensed clubs reported $60 million worth of building projects or facility improvements completed or in progress, and a further $165 million worth planned, as a direct result of the introduction of gaming machines. Club membership appears to have increased notably since the introduction of machines, with more families, women and older people having joined.

The impact on the hotel industry has been much less dramatic, with limited development of facilities, and concerns expressed within the industry that some hoteliers will be unable to compete with clubs. Comparisons with the New South Wales industry suggests considerable potential for growth. Based on current population levels, Queensland has the potential for an industry level of 36 000 machines and a turnover of $7.4 billion.

Employment

The overall quantity of jobs directly attributable to the introduction of machine gaming is relatively modest, probably amounting to a gross increase of approximately 2 000 in clubs and hotels and an equivalent number in ancillary employment between 1992 and 1994.

There has been a significant regional impact on employment growth with 39.5% of jobs created in the Brisbane metropolitan area, 14.8% in the Gold Coast and Sunshine Coast areas and 45.7% in the remainder of Queensland.

In general, clubs and hotels are major providers of employment for the younger age groups but this is overwhelmingly part-time employment for young women. Almost 80% of part-time employees are women who are significantly under-represented among full-time workers and in managerial jobs. Part-time employment accounts for about 65% of the newly created jobs in clubs and hotels with the great majority of persons employed on a casual basis. The fact that many workers are employed as casuals tends to add to the volatility of the labour market as this category of employment is very easily displaced with minor downward fluctuations in economic circumstances.

Economic Impact on Queensland

State government revenues have benefited from the introduction of machine gaming, with additional taxation revenue exceeding any loss of revenue from a decline in other forms of gambling and any additional costs incurred by the state in administering the machines.

A preliminary cost–benefit analysis indicates that Queensland gains an additional $4.50 in Gross State Product for every dollar spent in providing gaming machines in the state.

Characteristics of Players

Forty per cent of the adult population of Brisbane had played a poker machine in the twelve months to May 1994.

Men are more likely to have played machines than women, those under 25 years of age are more likely to have played than those who are older, and people in paid employment are more likely to play than the unemployed, pensioners or those engaged in home duties.

Most players report that they play infrequently and spend small amounts of money. Only 10% of players play monthly or more often, 80% spend $20 or less per session and only 6% spend over $40 per session.

Playing and Economic Hardship

A significant proportion of players estimated that their money for poker machine playing came from their household budgets (25%) or from savings (16%) while only 6% claimed that the money was diverted from another form of gambling, suggesting an association between machine playing and economic difficulties.

Nonetheless, within the Brisbane population, players were no more likely to experience economic hardship than were non-players, and there were no apparent links between frequent playing and economic difficulties.

Community Attitudes

Within the Brisbane population, attitudes to gaming machines were generally favourable, with nearly 50% of respondents from a random sample agreeing that machines had benefited the community.

At the same time, there was strong support for regulation of the industry, with 95% agreeing that machines should be carefully monitored and controlled.

Problem Players

In the first 12 months of operation, 663 clients attended Break Even centres for addiction and financial counselling.

Twenty per cent of problem gamblers were women. Almost 70% of women problem gamblers said that poker machines were their preferred form of gambling, and on average they spent $323 and 13 hours per week on machines.

Over 60% of male problem gamblers preferred betting, and spent on average $724 and 16 hours per week.

Forty five per cent of male problem gamblers had either lost working time or been sacked as a result of their gambling. Thirty-one per cent of men and 22% of women problem gamblers had been involved in the theft or misappropriation of money or other illegal activity which was gambling-related. The average debt for problem gamblers was $4 000 for women and $33 000 for men.

Policy Considerations

Not all of the findings have direct implications for policy. However, many of them do, and the key implications are briefly set out below.

The findings provide general support for the government's decision to introduce machine gaming to clubs and hotels. This is in terms of the lack of obvious negative implications within the general population, favourable community attitudes, the benefits to the club and hotel industries and the net economic benefit accruing to the state.

However, the magnitude of the problems experienced by the small proportion of the population which accounts for the majority of expenditure, and community support for control and monitoring of the industry, suggest that the government must maintain a strong role in regulating the industry and in addressing the potential for problem gambling on machines.

In particular, the existing Break Even service addresses a clear need for assistance to problem players and their families. The findings suggest the need for the consolidation and expansion of this service, as well as attention to education and other measures aimed at early intervention and/or prevention of problem machine playing.