THE IMPACT OF THE EXPANSION OF GAMING ON THE TOURISM, ENTERTAINMENT AND LEISURE INDUSTRIES

Project Report

March 2000

- Prepared for -

Victorian Casino and Gaming Authority
Level 5/35 Spring Street
Melbourne Victoria 3000

- Prepared by -

The Australian Institute for Gambling Research (UWS Macarthur)
in conjunction with
School of Leisure, Sport and Tourism (UTS)
and
Department of Hospitality, Tourism and Leisure (RMIT)

The Impact of the Expansion of Gaming
on the Tourism, Entertainment and Leisure Industries

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Address all enquiries to:

Victorian Casino and Gaming Authority
Level 5/35 Spring Street
Melbourne Victoria 3000

Telephone: 61 3 9651 3333
Fax: 61 3 9651 3777

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EXECUTIVE SUMMARY

Australian demographic trends and entertainment and leisure

- Demographic changes are an important influence on the way gaming affects other tourism, leisure and entertainment activities. The ageing of Australia's population, and the degree to which this population segment is publicly and/or privately funded, will impact directly on Australia's social and economic characteristics over the next fifty years. Developments that occur in the tourism and leisure and entertainment sectors which provide facilities that cater to the primary needs of older people, for example ease of access, comfort and security, are likely to be taken up by this group of consumers.

- The effects of demographic change in Victoria suggest that some of the fastest growing activities include those activities in which older people engage, including short domestic holiday trips and playing EGMs in clubs and hotels. These trends imply steady underlying growth in demand from ageing Victorians for the products and services of a wide range of leisure providers, including gaming.

- The population has steadily become more culturally diverse, with the recent major trend being the migration to Australia of larger numbers of individuals and families from the Asian region. In relation to the expansion of gaming, many Asian cultures have long histories of socially acceptable gambling practices integrated into the wider social fabric. Asian region immigration is likely to have an impact on the expansion of gaming and the take up of gaming centred settings for entertainment and leisure.

- Overall, forms of leisure that are attractive to a wide range of diverse social and cultural groups are likely to be most successful and hence become more predominant.

- High levels of urbanisation, in Australian and in Victoria, create particular modes of inner-city and suburban lifestyles centred around the home and places of employment. The importance of sites of leisure and entertainment that mediate between home and work, such as shopping centres, clubs, cinema complexes and sporting facilities, has grown. The introduction of EGMs into a large group of these leisure and entertainment sites, namely hotels and clubs, has ensured their integration into the entertainment and leisure patterns of a large proportion of the population.

- Unlike many other forms of entertainment and leisure, the start time and duration of play of EGMs is primarily decided by the player. This has enabled EGMs to fit into a wider variety of contemporary urban lifestyles, and hence, to attract a large proportion of entertainment and leisure spending.

- The relative affluence of Australians has generated demand for additional leisure facilities and for novel and exciting forms of entertainment. Expanded levels of household disposable income have intersected with demographic factors.

- However, the shaping of demand by socio-demographic factors needs to be considered in relation to the shaping of supply by economic interests.

- Entertainment and leisure is facilitated by commercial organisations that arrange for facilities and services to be provided, when and where people will use them, and promote their facilities heavily through advertising, marketing and investment. Thus changes in leisure patterns are driven by expansion and alteration in supply and market stimulation as well as by a growth in demand.

- Attempts to extend the range of sites where EGMs may be installed, particularly into suburban shopping centres, illustrates both commercial motivation (supply) and the efficacy of EGMs as entertainment and leisure devices in a variety of settings (demand).

Casino development and tourism, entertainment and leisure

- In Australia and other countries, casino development has been the form of gambling most closely associated with efforts to increase tourism and with a wide range of leisure and entertainment activities.

- Casino gambling may serve several functions along a continuum of economic development, including that of a *tourist sector*, an *import substitution* activity, or a *local service*. The effects of these functions on the local economy range from being primarily *expansionary* to primarily *redistributive*.

- The extent and types of impacts associated with casino development are dependent, to a large degree, on the local/tourist market mix (both target and actual).

- The composition of the market mix appears to be influenced by two major factors: the location (e.g. urban, destination-resort or border) and type of casino development (e.g. stand alone casino *or* casino entertainment complex).

- Casino development which attempts to attract a greater proportion of out of town visitors is more likely to have a positive impact on existing forms of entertainment than one which focuses more on local patrons. However, new tourists attracted by casinos are less likely to attend other local entertainment activities than tourists attracted by other factors.

- An approach to casino development that targets a relatively high level of tourist patrons in its market mix is less likely to have a detrimental impact on other forms of entertainment and leisure.

Growth in gambling activity

- In Australia, gambling expenditure nationally has risen continually during the past five years, as has the percentage of household disposable income devoted to gambling.

- In Victoria, both gambling expenditure and the percentage of household disposable income devoted to gambling has grown more quickly than the national trend.

- Victorian expenditure on gambling as a percentage of household disposable income first reached a level in excess of the national average in 1994-95 and has remained in excess of the national average in each of the three subsequent years.
- Gaming now occupies a prominent place in the leisure activities of many Victorians, and a key place in the commercial and public economy of Victoria. It affects both the economic and cultural spheres of life. Traditional patterns of leisure have been challenged and will continue to be so, as gaming opportunities become further diversified and made even more accessible.

- Gaming is but one of the activities that make up contemporary Australian leisure, but trends in Victoria suggest that it is of growing significance in terms of time, activity, the economy and social life.

- The sudden acceleration in Victorian expenditures on gambling has been concentrated on new forms of gaming (Crown Casino and EGMs in clubs and hotels). Traditional gambling has declined marginally over the same period.

- Crown Casino recorded by far the highest levels of total gambling expenditure of all Australian casinos for each of the three years since 1995-96.

- Victorian EGM expenditure rose rapidly to approximately $1.423 billion (at 1989-90$ prices) in 1997-98, second only in value to New South Wales of the other states and territories. This compared to just over $235 million in 1992-93.

EGM and casino gambling participants and entertainment and leisure preferences

- EGM gamblers in Victoria place a high value on the social aspect of EGM gambling activity. Social motivations are reported as the most important to EGM gamblers and have increased over the last two years. In contrast, the motivation of winning has declined markedly during the same period, probably reflecting in part the passing of the ‘novelty’ phase of the expansion of gaming.

- Victorian EGM gamblers are most likely to combine EGM play with a social activity such as dining or drinks. Live entertainment has declined as an ancillary activity. However, the proportion of those who say they attend a venue only to gamble has increased.

- Hotels remained the most visited gaming venue overall and the venue individuals visited most often between 1996-1998. However attendance at hotels by EGM gamblers has declined steadily.

- Clubs are the second most popular gaming venue and have maintained or slightly increased their level of visitation by EGM gamblers. This may be a reflection of the more stable membership base of club attendance, compared to the more transient patronage of hotels.

- Crown Casino experienced a substantial decline in popularity as an EGM venue in 1998, after a strong increase in 1997 following the opening of the permanent facility. This decline probably reflects the passing of the 'novelty' phase of the operation of the permanent Crown Casino complex.

- Casino gamblers in Victoria place a high value on the social aspect of casino gambling activity. Social motivations are the most important to casino gamblers and have increased over the last two years. In contrast, the motivation of winning has declined markedly during the same period, probably reflecting a reduction in the novelty of gaming.

- Casino gamblers are motivated also by the buzz/atmosphere of the casino venue. This motivation has remained fairly constant over the past two years.

Changing venues and new gamblers

- The high level of participation in gaming has led to gaming providers (hotels, clubs and casinos) achieving expanded revenues, which has in turn led to re-investment in infrastructure and facilities. This has enabled the development of new types of venues, characterised by their size, range of facilities and changed relationship with their social and economic context.

- Venues that provide machine gaming are also in the process of social transformation, with changes in their clientele, services and their roles within their host community.

- The change in the facilities offered by clubs and hotels appeals to a wider range of patrons than did the more traditional pub and club atmosphere. Women, older persons and people from a greater variety of cultural backgrounds now appear to patronise club and hotel venues more frequently.

Tourism and gambling activity

- Tourism activity within Victoria has undergone a significant resurgence since 1992.

- The total number of visitors to Victoria has increased markedly during this period.

- Of tourists who visit Crown Casino, international visitors, whilst constituting a small percentage of total volume of casino visitors, are likely to contribute a disproportionately large percentage of casino revenue.

- In the category of entertainment and gambling expenditure, a distinct split occurs between visitors from a handful of source countries who report spending a sizeable amount, (Indonesia, Malaysia and Thailand and to a lesser extent China and Hong Kong), and the rest.

- Visitors from Japan, New Zealand, the United Kingdom and Other European countries including Germany, which provide the greatest numbers of international visitors to Australia, report very low levels of expenditure on entertainment and gambling.

- International visitors whose main purpose of visit is to have a holiday (approximately 58.7 per cent of total international visitors), spend an average amount on entertainment and gambling. Business visitors (approximately 10.1 per cent of total international visitors) and those visiting friends and relatives (approximately 18.9 per cent of total international visitors) spend less. All other international visitors (approximately 12 per cent of total international visitors), who do not visit for these three major purposes, spend considerably more on entertainment and gambling.

- Interstate trips to Victoria have risen steadily across the decade, more quickly since 1993. Victoria has managed to increase its market share of total interstate travel by approximately two per cent during this period. Victoria moved from being a net tourist trip exporter in 1992/93 to being a net importer by 1996/97.

- The intrastate component of the tourism market is where Victoria has performed best. The rate of increase in the number of intrastate trips, particularly in the period since 1992, has been faster than in New South Wales or Queensland. NSW did not benefit as much as Queensland from the upsurge in interstate trips by Victorians during that period, a fact that may be attributable to the reduction in trips to the gaming clubs along the border, at least to some extent. There appears to have been a re-orientation of many intrastate trips toward Melbourne, due in some part to the establishment of the Crown Casino complex.

- Overall, it is likely that the complicated pattern of domestic travel exhibited by Victorians was affected by the expansion of gaming in late 1992. However, it is not possible to demonstrate this conclusively, nor to estimate accurately the extent to which gaming may have influenced the overall tourism sector. However, it is likely that other contributory factors were of far greater significance than the expansion of gaming in the benefits to the tourism market arising during this period.

The impact of the establishment of the Crown Casino complex on tourism entertainment and leisure

- The Crown Casino complex appears to have had a combination of expansionary and redistributive impacts on tourism, entertainment and leisure.

- The expansionary impacts have come in the form of new international and interstate visitors attracted to Victoria. However, it is not clear that the Casino complex in isolation is responsible for this expansion in tourist visitors, or to what extent.

- Comparisons between the market mix of the temporary casino and the permanent Crown Casino complex suggest an improved market mix. Tourist visitors as a proportion of total visitors appear to have increased in comparison to local visitors. This suggests expansionary impacts in international and interstate export earnings.

- The Crown Casino complex appears to have improved the Melbourne Region's competitiveness in the intrastate tourist market.

- Crown Casino appears to have contributed strongly to a reduction in cross-border leakage of gaming revenues, particularly to the New South Wales Murray border clubs.

- A small number of other accommodation providers in Melbourne City appear to have accrued a small benefit in turnover since the advent of the Crown Casino complex.

- The Crown Casino complex has had a strongly redistributive effect on local entertainment and leisure expenditures. This entertainment downturn has had a negative impact on all Melbourne city areas aside from the Crown complex. This may be due in part to the 'novelty' effect of the Crown complex.

- Hospitality services, which are integrated into tourism, entertainment and leisure, appear to have improved levels of quality and professionalism following the lead of both the Crown complex and the Southbank restaurants.

The impact of the introduction of EGMs to clubs and hotels on tourism, entertainment and leisure

- The research suggests there is no appreciable relationship between the introduction of EGMs to hotels and clubs and international and interstate tourism, apart from border destinations.

- The introduction of EGMs to clubs and hotels in Victoria has contributed to changed patterns of intrastate tourism. In particular, the introduction of EGMs to clubs and hotels appears to have contributed moderately to a re-orientation of day tripper tourists, toward Melbourne and to a lesser extent toward Victorian regional centres and away from New South Wales and South Australia.

- The introduction of EGMs to clubs and hotels in Victoria appears to have contributed moderately to a reduction in cross-border leakage of gaming revenues, particularly from the New South Wales Murray border clubs.

- The introduction of EGMs has had a strong impact on variety and quality entertainment and leisure facilities, particularly those provided by gaming clubs and hotels.

- The relationship between these upgraded gaming venues and their social and community contexts also appears to have changed. In particular, new segments of the population of gamblers appear to have emerged. These include females and older people/retirees. As well, gaming venues appear to have attracted patronage from a broader spectrum of cultural backgrounds than 'traditional' pubs or clubs. These changes in entertainment and leisure preferences appear likely to have come at the expense of home-based, often passive, forms of entertainment and leisure.

- These new groups of gamblers appear to be spending more time 'out', resulting in increased demand for other leisure preferences, particularly dining and socialising.

- However, the development of newer more broadly inclusive gaming venues, appears to have come at the expense of other market segments, notably young people aged between 18-24. This age group prefers venues without EGMs, which cater to alternative entertainment and leisure preferences such as live music or other live performances. This group appears to actively seek EGM-free venues for socialising and other leisure activities.

- The introduction of EGMs to clubs and hotels also appears to have increased more innovative uses of general hotel licences, particularly in non-gaming venues in urban or regional centre settings, eg. bistros or café-style licensed premises.

- On the other hand, the redistributive effect of the transfer of entertainment and leisure expenditures from non-gaming to gaming venues appears to have had a strong negative impact on many non-gaming clubs and hotels. The current legislative and commercial arrangements regarding the allocation of gaming resources to clubs and hotels, also appear to have had a negative impact on some gaming venues.

Stakeholder views

- The stakeholder interviews conducted for this study revealed a wide diversity of opinions about, and perspectives on, the relationships between the expansion of gaming and tourism, entertainment and leisure.

- The gaming operators and a clear majority of club and hotel venue stakeholders that are gaming providers tended to be strongly positive about the impacts of the expansion of gaming on tourism, leisure and entertainment.

- A minority number of club and hotel venue stakeholders that are gaming providers were negative about the impact of the expansion of gaming on entertainment and leisure. In all such cases, negative sentiment stemmed from interrelated issues regarding management decisions, commercial strategies and management contracts with gaming operators.

- Club and hotel venue stakeholders, and their representatives, who are not gaming providers, tended to be mildly positive about the overall impacts of the expansion of gaming on tourism, entertainment and leisure, but strongly negative about the differential nature of the allocation and distribution of gaming resources.

- Tourism operators were, overall, neutral about the impact of the expansion of gaming on their industry, although they clearly acknowledged a reorientation of intrastate travel away from border sites and to Melbourne. They were mildly positive about the impact of the Crown Casino Complex on the promotion of Melbourne as a destination, although they believed that this was embedded as part of a broader improvement in the city's appeal and marketability.

- Musicians and live performers were, overall, strongly negative about the impact of the expansion of gaming on entertainment and leisure, believing that the introduction of EGMs to hotels and clubs had reduced opportunities for live performance. However, increased opportunities for certain types of performers in clubs that are gaming providers and have upgraded their facilities in recent times were acknowledged.

- In general, there was strong agreement by interviewees in all regions that the introduction of EGMs to hotels and clubs had changed the leisure and recreation expenditure patterns of significant socio-demographic sectors of the Victorian community.

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ACKNOWLEDGMENTS

This report has been a joint effort between three research organisations, the Australian Institute for Gambling Research (AIGR) at the University of Western Sydney Macarthur, the School of Leisure, Sport and Tourism at the University of Technology Sydney (UTS) and the Department of Hospitality, Tourism and Leisure at the Royal Melbourne Institute of Technology (RMIT) University.

The primary investigators were Jan McMillen from the AIGR, Rob Lynch from UTS and David Foster from RMIT University. Richard Woolley was project coordinator, research assistance was provided by Anne de Bruijn (RMIT), Peter Haxton (UTS) and Richard Woolley (AIGR).

Without the time, information and cooperation of individuals and organisations associated with tourism, entertainment, leisure and gaming in Victoria this report could not have been completed.

SECTION 1: INTRODUCTION

The primary objective of this report is to examine the impact of the expansion of gaming on the tourism, entertainment and leisure industries. The report focuses on two major elements of the expansion of gaming in Victoria. The first was the introduction of electronic gaming machines (EGMs) into hotels and clubs in July 1992, following the passing of the *Gaming Machine Control Act* by the Victorian Government in 1991. The second was the opening of the Crown Casino, which commenced operations in temporary premises in 1994, before moving to its permanent site in May 1997. The analysis is thus focussed on the period from 1990 to 1999.

1.1 TERMS OF REFERENCE

As set out in the Project Brief, the project was to examine and report on the research objectives:

1. a review of historical tourism, entertainment and leisure trade turnover, population and household disposable income figures from all Australian jurisdictions since 1990, highlighting in each jurisdiction changes in the gambling environment (ie the introduction of electronic gaming machines and casinos in the jurisdiction);

2. an analysis of all relevant factors, and in particular the introduction of electronic gaming machines and casinos, which may have had an effect on tourism, entertainment and leisure trade turnover figures in Australia with emphasis on Victoria;

3. a review of expenditure by adult Victorians from their discretionary disposable income, before and after the introduction of gambling, and comparative trends in other States;

4. identification of the trends in tourism, entertainment and leisure purchases made by adult Victorians and interstate and international visitors, in the various forms of tourism, entertainment and leisure pursuits, in particular the subsequent consequences on:
    - the impact on tourism in Victoria specifically:
        - the change in the number of international visitors and their expenditure and behaviour patterns;
        - the changes in the net interstate visitation numbers and subsequent changes in expenditure and behaviour; and
        - the effect on intrastate travel as a consequence of the distribution of available gaming outlets and subsequent changes in expenditure and behaviour;
    - the impact on the entertainment industry, including the changes in employment and performing opportunities for musicians and other entertainers; and

- the extent and nature of changes in the leisure patterns of Victorians and consider those segments of the population whose range of leisure opportunities and quality of experience has been positively impacted by the expansion of gaming and those for whom the impact has been negative.

5. the construction of a profile of the current nature of tourism, entertainment and leisure activity turnover in Victoria and identification of major changes since the introduction of electronic gaming machines and the opening of the casino;

6. from available information, an overview of the international experience on the effect of gambling on tourism, entertainment and leisure industries;

7. the identification of issues which arise from the findings of the research undertaken.

1.2 Reporting on the Research Objectives

The early sections of the report address the Terms of Reference (TOR) by building a picture of the tourism, entertainment and leisure sectors and the gambling industry from the aggregate data available. Subsequent sections report on the data collected from stakeholders in the tourism, entertainment and leisure sectors. Broadly speaking, the analysis contained in the report seeks to integrate the aggregate data with the relatively qualitative material to highlight correlations and, where possible, assess impacts.

In this first section attention is paid to the background to the study; that is the introduction of EGMs to hotels and clubs and the establishment of Melbourne's casino. Some introductory comments on the relationship between this expansion of gaming and the tourism, entertainment and leisure industries are offered. The primary data sources utilised are then outlined, including the key stakeholders to be consulted. Then follows a description of the methodology used to address each research objective, wherein the limitations of the study are outlined.

The second section outlines the international experience of the relationship between the expansion of gaming and tourism, entertainment and leisure patterns, as contained in the published literature. Issues for analysis arising from this international literature are specified.

The third section assesses the impact of the expansion of gaming on figures for gambling turnover and for casino expenditure. These include comparative state and territory turnovers and casino expenditures. The trend in the percentage of household disposable income that is outlayed on gambling activity in each Australian jurisdiction is also highlighted.

The fourth section reviews baseline data on population, tourism, entertainment and leisure, utilising a variety of indicators including turnover, expenditure, trips and time-use. Much of this material is aggregate national data, however the focus in this section is shifted to the Victorian state level wherever possible. Throughout this section, attention is also paid to the implications arising from the data that appear significant in the context of the expansion of gaming. Indicators of gambling activity are reviewed where available.

The fifth section looks at the Victorian tourism sector and the patterns of international, interstate and intrastate movements according to key tourism indicators. Changes in the tourism indicators for Victoria since 1992 are reviewed in the context of the expansion of gaming.

The sixth section offers a qualitative assessment of the impact of the expansion of gaming on tourism, entertainment and leisure derived from interviews with key stakeholders. This chapter includes a regional focus on the City of Ballarat and the border town of Echuca. In particular, this section aims to clarify possible impacts of the expansion of gaming on tourism emerging from the previous section. In addition, features of the expanded gaming market not visible through analysis of the secondary data are drawn out.

The seventh section contains an assessment of the costs and benefits of the expansion of gaming upon tourism and upon the entertainment and leisure patterns of segments of the Victorian population. This assessment is based upon analysis of the aggregate trends identified and the data collected in the research process, as well as utilising specific Victorian gaming-related findings arising from the Victorian Casino and Gaming Authority (VCGA) Research Program. This concluding section also identifies issues arising from these findings.

1.3 BACKGROUND TO THE RESEARCH

1.3.1 Key terms and concepts

Definitions of key terms and concepts, relating to gambling and its impact on the tourist, leisure and entertainment industries, which are used throughout this Report are provided below.

Cannibalisation effect: A term used to describe a perceived fear within other *more traditional* sectors of the tourism, leisure and entertainment industries, such as restaurants and fixed attractions, that a casino-gaming facility and its supporting structures will *eat* at their profit margins.

Consumer surplus: Is a term used in economics to refer to the difference between what a consumer pays for any particular quantity of a product and the maximum amount which he or she would be prepared to pay rather than do without it.[1]

Casino tourist: A traveller whose primary purpose for travel is to engage in casino gambling. Compared to other tourist groups in the US context, casino resort vacation takers are generally older, married, less well educated, and have lower household income, with approximately one

[1] Productivity Commission 1999 *Australia's Gambling Industries: Inquiry Report – Volume 1*, Canberra, Commonwealth of Australia, p.5.9-10.

quarter being retired. Furthermore, they are less likely to participate in a diverse range of activities whilst on vacation.[2]

Demand side of gambling: Who is most interested in utilising the services offered by gambling establishments/casinos and what particular services are they most interested in.

Displacement effect: The reduction in demand in other economic activities that occurs when casino gambling is introduced into the local economy.

Economic development: When the economic prosperity of a location (local/regional/state) is influenced in a positive manner – primarily through job creation, induced investment activities and new tax revenues.[3]

Entertainment: Those activities providing amusement for a person or audience.

Expansionary effect: When funds originating from outside the community are greater than any redistribution or displacement experienced. A general economic development rule of thumb suggests that two-thirds of demand must be non-local for an expansionary effect to be experienced within the local economy.[4]

Gambling as export sector: When a gambling sector can demonstrate the ability to attract demand from outside the local economy.[5]

Gambling as a tourist sector: Gambling can be said to function as a tourist sector when gambling services are exported and non-local demand is serviced.

Import substitution: Gambling can be said to function as an *import substitution* activity, by serving local demand that would have flowed out of the local economy had gambling not existed (i.e. it can prevent local people from leaving the local economy in order to gamble). Gambling as an *import substitution* activity can have both expansionary and redistributive impacts on the local economy.

Instrument of economic development: When a casino or gambling enterprise helps facilitate job creation, induced investment activities and new tax revenues.

Leisure: Includes pursuits undertaken in a person's free time, other than those fulfilling personal needs such as sleeping, grooming and eating (when not socialising).[6]

Producer surplus: For a producer surplus, it is necessary that higher prices be required to bring forth larger quantities of a product or service from suppliers. The producer surplus is the difference between the price at which smaller quantities would have been supplied at (a lower price), and the actual price (higher) that higher quantities are produced at.[7]

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[2] Morrison, A.M., Yang, C-H., O'Leary, J.T. & Nadkarni, N. 1996 'Comparative Profiles of Travellers on Cruises and Land-based Resort Vacations', *The Journal of Tourism Studies*, Vol. 7, No. 2, p.15-27.

[3] Eadington, W.R. 1995 'The emergence of casino gamin as a major factor in tourism markets: policy issues and considerations', in R. Butler & D. Pearce (eds.) *Changes in Tourism: People, Places and Processes*, London, Routledge, p.159-186.

[4] Przybylski, M., Felsenstein, D., Freeman, D. & Littlepage, L. 1998 'Does gambling complement the tourist industry? Some empirical evidence of import substitution and demand displacement', *Tourism Economics*, Vol. 4, No. 3, p.213-231.

[5] Felsenstein, D., & Freeman, D. 1998 'Simulating the Impacts of Gambling in a Tourist Location: Some Evidence from Israel', *Journal of Travel Research*, Vol.37, November 1998, p.145-155; Przybylski, M., Felsenstein, D., Freeman, D. & Littlepage, L. 1998 'Does gambling complement the tourist industry? Some empirical evidence of import substitution and demand displacement', *Tourism Economics*, V.4 No.3, p.213-231.

[6] Australian Bureau of Statistics 1988 *Time Use Pilot Survey, Sydney May-June 1987*, Catalogue No. 4111.1, Sydney, ABS.

[7] Productivity Commission 1999 *Australia's Gambling Industries: Inquiry Report – Volume 1*, Canberra, Commonwealth of Australia:5.35.

Redistribution effect: When a gambling sector serves purely local demand, funds that would have been spent elsewhere within the community are instead spent on gambling within the community.

Sources of demand: Are generally regarded as being either local (from within the community) *or* non-local (tourist) in origin.

Supply side of gambling: Gambling opportunities offered to potential patrons, both local and non-local. Focus is generally on the physical attributes and marketing strategies of the gambling establishment/casino and its environment.

Tourism: Travel undertaken for any reason (business, pleasure or visiting friends and relatives), which involves a stay away from home for one or more nights and requires a journey of at least forty kilometres.[8]

1.3.2 Research into the social and economic impacts of gambling in Victoria

Public acceptance of extended opportunities to undertake gambling activities in a variety of venues in Victoria has led to high rates of participation rates in gambling. This perceived acceptance of the expansion of gambling is supported by evidence that most people believe gambling is an acceptable activity and that this attitude was shared by the majority of people in their communities.[9] However, there is also emerging evidence that patterns of gambling behaviour are stabilising and that overall participation rates may have peaked. In addition there is a public perception that social problems caused by the expansion of gambling are serious and worsening. In terms of economic impacts of gambling, it continues to be a strongly held public opinion that the expansion of gaming creates employment opportunities. This belief was counterbalanced to some extent by concerns about the diversion of household expenditure from more essential purchases and the belief that gambling is too widely accessible in Victoria.[10]

An important aspect of public perceptions of the economic benefits of gaming in Victoria is the belief that gaming assists the state government in "balancing the books".[11] The link between levels of gambling participation and expenditure and government revenue is a strong one.

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[8] Bureau of Tourism Research 1997a *Domestic Tourism Monitor 1995/96*, Canberra, Bureau of Tourism Research.
[9] Arthur Andersen 1997 *Summary of Findings 1996-97 Research Program*, VCGA, Melbourne, p.70.
[10] Roy Morgan Research 1999 *Sixth Survey of Community Gambling Patterns & Perceptions*, VCGA, Melbourne.
[11] Arthur Andersen 1997 *Summary of Findings 1996-97 Research Program*, VCGA, Melbourne, p.70.

Table 1.1 Real per capita gaming expenditure and government revenue from gaming, Victoria and Australia

Year ending 30 June	1990	1991	1992	1993	1994	1995	1996	1997
Real per capita gaming exp. ($/hd) Victoria	154.92	159.19	169.25	232.70	371.38	536.08	633.49	680.70
Real per capita gaming exp. ($/hd) Australia	285.05	313.03	326.37	378.61	442.03	524.92	598.97	613.52
Govt revenue from gaming ($m) Victoria	285.108	311.546	322.426	401.722	561.926	763.578	929.300	1036.12
Govt revenue from gaming ($m) Australia	1199.08	1307.88	1390.10	1540.93	1854.77	2237.66	2611.53	2809.16

Source: Tasmanian Gaming Commission 1999 *Australian Gambling Statistics 1972/73-1997/98*.

A simple comparison of the trend in real per capita gaming expenditure (Table 1.1) between Victoria and the nation overall shows that prior to the financial year 1994-95 Victorian households spent considerably less on gaming than the nation as a whole. However after 1994-95 Victorians attain a level of per capita gaming expenditure in excess of the national figure, with an increasing acceleration of the state level of expenditure in comparison to the national level.

Table 1.2 Annual nominal increase in government revenue from gaming (%)

	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97
Victoria	9.3	3.5	24.9	39.8	35.8	21.7	11.5
Australia	9.0	6.3	10.9	20.4	20.6	16.7	7.6

Source: Tasmanian Gaming Commission 1999 *Australian Gambling Statistics 1972/73-1997/98*.

There is a rapid increase evident in the Victorian government's annual revenue derived from gaming over the decade of the 1990s. This expansion in state government revenue was most rapid across the period 1993-96, following the introduction of EGMs to clubs and hotels in 1992 and the opening of the temporary casino in June 1994.

Overall, in the years since 1990-91, real gaming expenditure per head in Victoria has increased by approximately 30% per annum, whilst government revenue derived from gaming has increased by almost 25% per annum.[12]

In this context of expansion of gambling in Victoria the VCGA has commissioned social and economic impact assessment studies focussing on various sectors of the Victorian community and economy. Many of the studies completed as part of this program provide the secondary data and analysis that informed this study and subsequently this report.

[12] Melbourne Institute of Applied Economic and Social Research (MIAESR), Deakin Human Services Australia & National Institute of Economic and Industry Research (NIEIR) 1997 *Impact of Gaming Venues on Inner City Municipalities*, VCGA, Melbourne, p.10.

1.3.3 The introduction of EGMs to hotels and clubs in Victoria

One aim of the *Gaming Machine Control Act* 1991 was to 'establish a system for the regulation, supervision and control of gaming machines' in Victoria. Minister's directions issued on 8 April 1992 and 18 September 1992 under Section 12 of the Act required that TAB (now TABCORP) and Tattersall's (the Trustees of the Estate and Will of the Late George Adams) each operate 50% of electronic gaming machines in the state. Of the initial 20,000 gaming machines, 15,000 were to be divided evenly between hotels and clubs. The installation of the machines was further controlled so that 80% were placed in metropolitan areas and 20% in rural areas. Further Directions, issued on 8 September 1993 reinstated the 50/50 split between clubs and hotels for *all* gaming machines.

The current directions under the Gaming Machine Control Act 1991 have maintained the major features of the initial arrangements: [13]

- the gaming operators, TABCORP and Tattersall's are each permitted to operate 50% of the gaming machines available for all venues outside the Melbourne Casino;
- the proportion of gaming machines available, for all venues outside the Melbourne Casino, to be placed in hotels is 50% and to be placed in clubs is 50%;
- the proportion of all gaming machines available, for all venues outside the Melbourne Casino, to be located outside the Melbourne Statistical Division is not less than 20%;
- effective venue limit is 105 machines;
- the maximum number of gaming machines permitted in Victoria, outside the Melbourne Casino, is 27,500.[14]

The provisions of the *Gaming Machine Control Act* 1991 determine the structure of EGM industry. In part 3 of the *Act* industry participants are defined in three categories:

- Manufacturers – those entities who can manufacture and supply electronic gaming machines for use in Victoria (s.17);
- Gaming Operators – those entities which can supply and install electronic gaming machines in gaming venues (s.14); and
- Gaming venues – hotels and clubs where gaming occurs on electronic gaming machines (s.13).

As at 30 June 1998 there were 21 manufacturers and suppliers of gaming machines and restricted components recognised by the Victorian Casino and Gaming Authority. Of these: seven were based in Victoria; six were based in NSW; five were based in the United States; and one each in Canada, England and Germany.

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[13] A copy of the most recent Ministerial Directions, issued on 4 April 1997 under the *Gaming Machine Control Act* 1991, is contained at Appendix A. A chronology of changes to the Ministerial Directions is also contained at Appendix A.

[14] Compliance with Ministerial Directions is contained in the VCGA Annual Report. At the time of writing, according to the VCGA Baseline Database Project (BDP), Tabcorp operated 13,454 EGMs and Tattersall's 13,511; 7,398 of EGMs were operating outside the Melbourne Statistical Division and 19,567 within this area; 13,735 EGMs were operating in hotels and 13,230 in clubs.

Under the current legislation, the holders of the two gaming operator licences in Victoria, are effectively granted exclusivity until 2012.

- Tattersall's is required to pay an annual Gambling Licence Fee of 30% of net profit with a minimum of $35.0 million. Tabcorp is required to pay an upfront license fee.

- Tabcorp are partners with the Victorian Racing Club (VRC) in a Joint Venture Business, which conducts wagering, gaming, approved betting competitions and Club Keno in Victoria. The VRC receives a 25 per cent profit share from the Joint Venture, which amounted to $32.0 million in 1997 and $41.4 million in 1998. The Joint Venture income to the VRC grew rapidly in the period 1995-1998, whilst other elements of racing industry funding remained relatively static. The fastest growing revenue stream of the Joint Venture Business was in non-wagering business.[15]

A total of 560 Victorian clubs and hotels were licensed gaming venues as at 30 June 1999. The progressive implementation of gaming machines into clubs and hotels is shown in Table 1.3 below.

Table 1.3 Introduction of EGMs to Victoria (N)

At end:	Sept 92	June 93	June 94	June 95	June 96	June 97	June 98	June 99
Venues	59	251	365	468	521	554	559	560
LGAs*	27	52	60	68	67	68	68	68
EGMs	3 929	13 661	17 537	21 268	23 478	25 962	26 965	27289

* Local Government Authority; Source: VCGA 1999 Baseline database project.

The most rapid period of expansion was the initial 18 months following the introduction of EGMs, when approximately half of the current total of EGMs came into operation. A breakdown of the introduction of EGMs to Victoria by type of venue and by region is shown at Table 1.4 below. The proportion of clubs and hotels in Victoria that provide gambling services has increased from 26% to 38% in the period June 30 1995 to June 30 1998.[16]

[15] Racing Victoria 1999 'Victorian Racing Industry Performance', Advice to VRC, VATC, MVRC and VCRC Committee and Senior Staff, Melbourne, Racing Victoria.
[16] Australian Bureau of Statistics 1999a *Gambling Industries*, Cat.8647.0, p.5.

Table 1.4 Introduction of EGMs to Victorian gaming venues: type and region

Type of venue/ region	Sept 92	June 93	June 94	June 95	June 96	June 97	June 98	June 99
CLUBS								
Metro	21	87	127	148	159	170	172	174
Country	15	41	77	106	119	125	127	128
HOTELS								
Metro	15	91	120	149	167	181	181	179
Country	8	32	41	65	76	78	77	79
TOTAL	**59**	**251**	**365**	**468**	**521**	**554**	**557**	**560**

Source: VCGA 1999 Baseline database project.

As Table 1.4 indicates the number of gaming venues reached its current level in 1996-97. During the period June 1997 to June 1999 an extra 1,372 machines have commenced operating (Table 1.3). This reflects modifications to premises in order to provide suitable gaming venues as required under section 12 of the *Gaming Machine Control Act* 1991. The spread of hotel gaming venues according to gaming operator is relatively even. However, Tattersall's are a much stronger presence in metropolitan clubs, whilst Tabcorp are the predominant gaming operator in country clubs.

Table 1.5 Gaming machines and venues, Victoria as at June 30 1999; by gaming operator

	TABCORP						**TATTERSALL'S**						
	Hotels			**Clubs**			**Hotels**			**Clubs**			
	Metro	country	total	metro	country	total	metro	country	total	metro	country	total	
Venues	94	43	137	70	78	148	85	36	121	104	50	154	560
EGMs	5612	1225	6837	3856	3009	6865	5521	1298	6819	4787	1981	6768	27289
Avge EGMs/ Venue	59.7	28.5	49.9	55.1	38.6	46.4	65.0	36.1	56.4	46.0	39.6	43.9	48.7

Source: VCGA 1999 Baseline database project.

The average number of EGMs per venue is highest in metropolitan hotel gaming venues where Tattersall's are the gaming operator. Metropolitan hotels and clubs where Tabcorp is the gaming operator are also in excess of the overall average number of machines per gaming venue of 48.7. Tabcorp and Tattersall's operate similar numbers of EGMs in the hotel sector. However, Tabcorp operates 931 fewer EGMs than Tattersall's in metropolitan clubs, but 1,028 more EGMs than Tattersall's in country clubs.

Table 1.6 (below) illustrates the introduction of EGMs to Victorian clubs and hotels, in terms of gaming provider numbers, in relation to other states.

Table 1.6 Businesses with EGMs, by states and territories[17]

	Pubs, taverns and bars		Clubs	
State/Territory	30 June 1995 (No.)	30 June 1998 (No.)	30 June 1995 (No.)	30 June 1998 (No.)
Victoria	136	231	157	197
New South Wales	1 222	1 435	1 320	1 397
Queensland	302	315	520	589
South Australia	182	380	43	93
Western Australia	-	-	-	-
Tasmania	-	51	-	22
Northern Territory	11	9	28	25
ACT	6	4	54	51
Australia	**1 853**	**2 424**	**2 123**	**2 374**

Source: ABS 1999 Unpublished data.

The growth in EGM turnover and expenditure in Victoria has been rapid and sustained, although the rate of growth has flattened gradually as the size of the market expands.

Table 1.7 EGM turnover and expenditure ($ millions); Victoria 1990/91-1997/98

Year	**90-91**	**91-92**	**92-93**	**93-94**	**94-95**	**95-96**	**96-97**	**97-98**
EGM turnover	61.2	273.3	2715.4	7 230.1	10 090.5	13 367.2	15 894.0	18 097.8
EGM expenditure	8.9	32.5	255.2	679.7	908.1	1 246.3	1 455.8	1 711.3

Note: EGMs operated in a small number of TAB tabaret facilities prior to their legalisation for use in hotels and clubs. Source: Tasmanian Gaming Commission 1999 *Australian Gambling Statistics 1972/73-1997/98*.

[17] Excludes businesses which ceased operating during the year. The 1997-98 data are compiled on the basis of state of location, whereas the 1994-95 data for pubs, taverns and bars are compiled on the basis of state of head office. The ABS statistical unit for the data in the table was the management unit. The management unit is the highest-level accounting unit within a business or organisation for which accounts are maintained. In nearly all cases it coincides with the legal entity owning the business. In the case of large diversified businesses a division or line of business is recognised where separate and comprehensive accounts are compiled for it.

Data on EGM turnover and expenditure is not available at the state and territory level according to gaming venue type. A precise picture of the proportion of EGM revenues accruing to clubs and hotels therefore cannot be drawn. However, a distribution of EGM net takings and changes in this division is available at the national level.[18]

Table 1.8 Net takings from EGMs by gambling venue type; Australia

Venue type	1994-95 $m	1994-95 %	1997-98 $m	1997-98 %	% Change
Clubs	2 621.0	66.3	3 595.0	56.2	37.2
Pubs, taverns & bars	990.3	25.0	2 105.7	32.9	112.6
Casinos	343.6	8.7	700.1	10.9	103.8
Total	**3 954.9**	**100.0**	**6 400.8**	**100.0**	**61.8**

Source: Australian Bureau of Statistics 1999 *Gambling Industries*, Cat.8647.0.

At the national level, net takings from EGMs increased 62% over the three years to June 30 1998, to a total $6,400.8 million.

Also, at the national level, shares of total EGM takings showed a marked change. Both casinos and pubs, taverns and bars more than doubled their takings from poker machines over the three year period increasing their share of the net takings from EGMs. In the case of pubs, taverns and bars (hotels) the increase in the share of EGM takings was substantial - almost eight percent. The club sector increased its net takings by just over one-third, whilst their share of the EGM take declined by approximately ten percent from 66% to 56%. At the national level hotels appear to be increasing their share of the EGM market at the expense of clubs.

In Victoria, an important figure for monitoring the expansion of EGM gaming is the level of commissions from gambling. The major component of gambling commissions in Victoria, which more than doubled from $224.9 million to $460.2 million in the three years to June 1998, is payment made by gaming operators to gaming venues for providing venues for EGMs. These commissions are required under section 136(3) of the *Gaming Machine Control Act* 1991. The amounts to be paid as commissions are calculated as a percentage of total daily net cash balances and specified in *Gaming Machine Control (Returns by Gaming Operators) Regulations* 1997. Under current regulations the state government, licensed gambling operators and club gaming venues receive 33.33 percent of total daily net cash balances. Hotel gaming venues receive 25 percent of total daily net cash balances, with 8.33 percent being paid directly to the government Community Support Fund.[19]

[18] The ABS (1999a:12) defines net takings from gambling as takings less payouts to players.

[19] Under section 107A of the *Gaming Machine Control Act* 1991, on 14 November 1997, the Authority delegated to a committee of the Chairman and two other members its functions under Section 136A of the Act, (to declare the different amounts payable by a gaming operator to a venue operator and to the Authority) (VCGA 1998 *Annual Report 1997-98*, VCGA, Melbourne, p.77).

1.3.4 The establishment of Crown Casino in Melbourne

The establishment of Victoria's casino, following the passing of the *Casino Control Act* 1991, was part, along with the ACT and NSW, of the third wave of casino development in Australia.[20] Casinos had, by this juncture, been operating in Australia since 1972 when Wrest Point opened in Hobart. The rationale behind the establishment of Victoria's casino, (and those of the third wave in general), was composed of several factors:

- the perception that casinos constituted an important asset in the competition for international tourism earnings;
- the decline of the industrial sector meant governments were looking for opportunities to expand service, hospitality and tourism industries;
- the state government faced an acute fiscal problem.[21]

The Melbourne casino operated from temporary premises in 1994, prior to the opening of the permanent Crown Casino complex in May 1997.

Since its inception the Melbourne casino has been licensed as a gaming operator under Section 32 of the *Gaming Machine Control Act* 1991 to obtain, install, service and operate EGMs. The mix of EGMs and table games permitted in the casino is prescribed under Part Five of the *Casino Control Act* 1991. The number of EGMs operating at the casino is included in the maximum limit of 45,000 EGMs permitted under S24 2(b) *Casino Management Agreement Act* 1993 for twelve years from 19 November 1993.

Table 1.9 Features of the temporary Melbourne casino

Opened 30 June 1994	1300 EGMs and 130 table games permitted 1200 EGMs and 125 table games operating
Table games provided	Blackjack, roulette baccarat, two-up, dice, craps, big wheel, mini dice, sic-bo, pai gow and Carribean stud poker
Gaming floor	Approximately 8000 square metres, spread over two floors
Other gambling facilities	National Sportsbook, TAB
Other facilities	Five restaurants, six bars, car parking for 2400 cars
Visitation	VCGA estimates an average of 18,000-20,000 people per day, with peak days reaching approximately 30,000 people
Closed 8 May 1997 at 4am	1300 EGMs and 200 table games permitted 1300 EGMs and 195 table games operating

Source: VCGA 1999 Unpublished data; Hames Sharley 1997a.

Whereas the temporary casino can be evaluated primarily as a gambling venue, clearly the permanent Crown Casino complex needs to be evaluated with more sensitivity to the different forms of entertainment and leisure it provides. From the perspective of international tourism, for example, the complex may be best regarded as an integrated package. However, for

[20] McMillen, J. 1993 *Risky Business: The Political Economy of Australian Casino Development*, unpublished Phd thesis, University of Queensland, Brisbane.
[21] Australian Institute for Gambling Research 1999 *Gaming: Comparative History and Analysis*, VCGA, Melbourne.

segments of local patronage, patterns of exclusive or combinatory usage of some or all of the available entertainment and leisure facilities may exist.

Table 1.10 Features of the permanent Crown Casino complex in Melbourne

Opened 8 May1997	2500 EGMs and 350 table games permitted 2263 EGMs and 293 table games operating
Table games provided	Blackjack, roulette baccarat, two-up, dice, craps, big wheel, mini dice, sic-bo, pai gow, Carribean stud poker, heads and tails, dice track and poker.
Other games provided	Keno
Gaming floors*	Main floor: 241 tables; 2240 EGMs Las Vegas Room: 39 tables; 237 EGMs; Poker Pit featuring eleven different versions of poker. Mahogany Room (high limit gaming area): 48 tables and 23EGMs
Other gambling facilities	National Sportsbook, TAB
Other facilities	35 restaurants located in the Casino Complex in its entirety 17 bars located in the Casino Complex in its entirety 14 Village cinemas with a seating capacity of 2500 34 retail outlets The Palladium: a ballroom, conference centre and indoor concert venue Crown Showroom: auditorium with seating capacity of 900 The Odeon: cabaret and nightclub The Mercury Lounge: live music venue Heat: discotheque 5 Star Hotel: 500 guest rooms
Current	2500 EGMs and 350 table games permitted 2500 EGMs and 335 table games operating*

* Composition of gaming floors as at 18/08/99. ** Maximum number of tables on operation on any given day during twelve months to 30 June 1999. Source: VCGA 1999 unpublished data; Hames Sharley 1997a.

Expenditure and turnover generated by gambling activity at the temporary and permanent casino facilities can be illustrated in aggregate terms. Turnover for the first full year of the permanent complex was more than three times that for the first full year of the temporary facility. Expenditure for the first full year of the permanent complex was more than double that for the first full year of the temporary facility.

Table 1.11 Casino gambling turnover and expenditure ($ millions); Victoria 1994/95-1997/98

Year	94-95	95-96	96-97	97-98
Casino turnover	2 926.130	3 991.848	6 534.036	10 571.165
Casino expenditure	357.847	490.900	578.966	742.292
Notes: Includes Table game, EGM and keno systems gambling activity. Source: Tasmanian Gaming Commission 1999 *Australian Gambling Statistics 1972/73-1997/98.*				

Turnover at the temporary casino increased by approximately 36% in the second year of operation, whilst expenditure increased by approximately 37%. The first full year of operation of the permanent complex was impacted negatively by externalities, particularly the economic downturn in Asia. Growth rates between the first and second year of operations of the Crown Casino complex will to an extent reflect economic recovery or continued recession in the region.

Net takings (expenditure) data is not available at a state level for the various components of casino gambling – table games, EGMs and keno. The proportion of casino gambling expenditures according to form of gambling activity is available at the national level.

Table 1.12 Net takings from casino gambling, by type of gambling; Australia 1994/95-1997/98

Casino gambling type	1994/95		1997/98		Change
	$m	%	$m	%	%
Table games	1 012.7	73.3	1 431.6	66.1	41.4
EGMs	343.6	24.9	700.1	32.3	103.8
Keno	25.5	1.8	33.4	1.6	31.0
Total	**1 381.8**	**100.0**	**2 165.1**	**100.0**	**56.7**
Source: ABS Gambling Industries, Cat.8647.0.					

As the above figures indicate, the net takings from casino gambling grew strongly over the three years to June 30 1998, particularly through a rapid expansion in expenditure on casino EGMs. Table games continued to be the primary source of casino net takings, although as a share of overall casino takings table games actually declined by 7.2% to 66.1%, whilst EGM increased by 7.4% to 32.3% of total casino net takings.

1.4 INTRODUCTORY COMMENTS ON THE RELATIONSHIP BETWEEN THE EXPANSION OF GAMING AND TOURISM, ENTERTAINMENT AND LEISURE

Analysing the relationship between the expansion of gaming and tourism, entertainment and leisure appears initially to be an attempt to do two or even three separate sets of analyses concurrently within the one study. At one level this study does attempt to profile separately the impact of the expansion of gaming on tourism, on entertainment and on leisure. However, the distinctions between these domains are not clear-cut. Some examples:

- expenditure on gaming in Victoria includes expenditure by international and interstate tourists and expenditures by Victorians outside their local area;
- tourist preferences and expenditure patterns influences the range of entertainment and leisure options available to local residents;
- changes in local entertainment preferences and expenditure patterns alter the quality of the tourist experience;
- changes in expenditure on gaming by Victorians may influence the types of tourism undertaken by Victorians and the demand for other sorts of entertainment and leisure.

Clearly, direct economic activity in one of these domains often generates indirect economic impacts in other closely related spheres of activity. Also, changes in one variable may influence other variables in both positive and negative ways. For example:

- increased gaming expenditure by Victorians in one centre may have a negative effect on domestic tourism trips taken to other regions, but a positive effect on the quality of hotel and club accommodation facilities which attract domestic tourists to that centre.

Inevitably it is a matter of judgement about which types of impacts can be best gauged by research and what is the best methodology for discerning them. As outlined above, the introduction of EGMs to hotels and clubs and the establishment of Melbourne's Crown Casino has had a direct and substantial impact upon expenditure on gaming. This impact has been described in a variety of VCGA commissioned research reports. With this research in mind, a matrix was drawn up to illustrate the potential direct impact relationships between the expansion of gaming and tourism, entertainment and leisure.

These relationships are categorised into two types:

- relationships between the *expansion of gaming*, defined as the implementation of EGMs in hotels and clubs and the establishment of the Melbourne casino, and tourism, entertainment and leisure in Victoria; and
- relationships between the *increased gambling expenditure*, on EGMs in hotels and clubs and on casino gaming, and tourism, entertainment and leisure in Victoria.

Table 1.13 Anticipated direct impacts of the expansion of gaming on tourism, entertainment and leisure

Type of relationship	Variable	Tourism, entertainment & leisure impact
Expansion of gaming	Establishment of casino complex	Patron demand – international, interstate and intrastate tourists, local patronage
		Destination enhancement – extended product range, enhanced general image, parity with regional competition
		Promotions – major role in destination promotion has flow on effects for smaller enterprises
		Conventions marketing – demonstrates suitability and sophistication of destination
		Major events/shows – demonstrates suitability and sophistication of destination, contributes sponsorship
		Additional entertainment & leisure options
	Introduction of EGMs to clubs and hotels	Patron demand – primarily intrastate tourists and local patronage
		Additional entertainment & leisure option
		Destination enhancement – extended product range, parity with regional competition
Increased gambling expenditure	Crown Casino	Expanded international tourism expenditure
		Displaced interstate/intrastate tourism, entertainment and leisure expenditure
		Displaced local entertainment and leisure expenditure
		Community sponsorships and donations
	EGMs in clubs and hotels	Community Support Fund (hotels) expenditures on Youth, Arts, Tourism and Sport & Recreation
		Improved club and hotel facilities
		Displaced tourism, entertainment & leisure expenditure
		Community sponsorships and donations

1.5 METHODOLOGY

1.5.1 Introduction

The project task we had to address, to review the impact of the expansion of gaming upon tourism, entertainment and leisure, is a large and complex one. It could be argued that three separate studies might be more appropriate to adequately address the impacts pertaining to each of these areas. Certainly tourism, entertainment and leisure are three diverse and complex sectors of social and economic life. However, on a different level the close interrelationships between these sectors and likely overlap of the impact of the expansion of gaming on these sectors makes their grouping together in one study a logical strategy. However, the fact of the sprawling (and untidy) nature of the research object was critical in determining our approach to the study. In general, the research task was approached as one of mapping the field, in which the complex of relationships existing between the establishment of the Melbourne casino and the introduction of EGMs to clubs and hotels in Victoria and tourism, entertainment and leisure first needed to be drawn out.

1.5.2 Levels of analysis

The broad scope of the project impacted upon the unit of analysis for the primary data collection. The micro level unit of analysis was cast at the level of representatives of key stakeholder organisations or enterprises. In the stakeholder sample, representatives spoke for gaming venue businesses, commercial associations, unions, community organisations and peak industry bodies. This sample corresponds to the community level of analysis in Table 1.13 below. No primary data was collected from the level of individuals or households – the consumers of tourism, entertainment and leisure products and services. Rather the patterns of consumption of these products and services were analysed from pre-existing secondary data.

Discussion of the impacts of the expansion of gaming on tourism, entertainment and leisure was, where appropriate, organised according to four levels of analysis. These levels of analysis were derived by the Social and Economic Research Centre (SERC), University of Queensland for use as a framework for evaluating the social impacts of gambling.[22]

[22] The draft SERC framework for evaluating the social impacts of gambling was prepared as part of the VCGA Research Program 1998-99 and is forthcoming. The levels of analysis defined in Table 1.13 were distributed as part of a SERC discussion paper in November 1999. These definitions may have been modified subsequent to the publication of this Report.

Table 1.14 Levels of analysis for the evaluating the social impact of gambling

Level of analysis	Definition
Individual & family	The person who undertakes gaming activity and experiences its benefits and costs. The expression "family" includes those in the individual's household or close relations or friends who will be affected by the outcomes of the individual's gaming activities.
Communities	All residents in a relevant geographical area. Social groups, which would include sporting clubs; service clubs; church and other voluntary groups including ethnic associations. While some of these might be parties in commercial transactions the predominant characteristic will be mutuality of interest. Social networks, will concern self-defined groups which form because of the common experience of frequenting places where gaming occurs.
Regions	A region is taken to be predominantly economically based and the level at which private and government services are provided. There is a social dimension as well, for example where there is a delivery of human services. Regions are most likely to be defined initially by a spatial dimension, that will often encompass the activities of a local authority.
State	The impacts at the level of the state government, for example as regulator and provider of some support services. Also the beneficiary of revenue from licences, taxation etc.

1.5.3 Secondary data

The first resource for secondary data has been material from VCGA Research Program with its specific gambling focus. Particularly useful have been the following published research reports:

- *The Impact of the Expansion in Gaming on the Victorian Retail Sector*[23] (March 1997);
- *Impact of Gaming Venues on Inner City Municipalities*[24] (December 1997);
- *Social and Economic effects of Electronic Gaming Machines on Non-metropolitan Communities*[25] (December 1997);
- *Impact of Electronic Gaming Machines on Small Rural Communities*[26] (December 1997); and
- *Sixth Survey of Community Gambling Patterns and Perceptions*[27] (April 1999).

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[23] National Institute for Economic and Industry Research (NIEIR) & Spiller Gibbins Swan P/L 1997 *The impact of the expansion in gaming on the Victorian retail sector*, VCGA, Melbourne.
[24] Melbourne Institute of Applied Economic and Social Research (MIAESR), Deakin Human Services Australia & NIEIR 1997 *Impact of Gaming Venues on Inner City Municipalities*, VCGA, Melbourne.
[25] Deakin Human Services Australia & MIAESR 1997 *Social and Economic Effects of Electronic Gaming Machines on Non-Metropolitan Communities*, VCGA, Melbourne.
[26] Hames Sharley 1997 *Impact of Electronic Gaming Machines on Small Rural Communities*, VCGA, Melbourne.
[27] Roy Morgan Research 1999 *Sixth Survey of Community Gambling Patterns & Perceptions*, VCGA, Melbourne.

The study of the impact of expansion of gaming on the retail sector provided a model for some aspects for this study, as the project brief was very similarly designed. The *Retail Sector* report also provided some important statistical data on household consumption spending that proved useful for this report. Many common themes and issues are explored in this report as in the *Retail Sector* and other VCGA commissioned reports.

We also utilised interim findings of two concurrent VCGA research projects:

- *The Economic Impact of Gaming* (forthcoming 2000); and
- *Club and Hotel Industry Gaming Impact Study* (released 1999).

The *Review of Electronic Gaming Machines in Victoria* (1994), which arose from a review commissioned by the Victorian Minister for Gaming in 1993, proved a useful source document.[28]

Data relating to the spatial distribution of EGMs in Victoria was drawn from the VCGA Baseline Database Project (BDP).

Other secondary data sets utilised have provided patterns relating to tourism, entertainment and leisure behaviour in terms of:

- gambling expenditure;
- time use; and
- international, interstate and intrastate tourist movements, lengths of stay and expenditure.

Various socio-demographic data sets developed by the Australian Bureau of Statistics were utilised in preparing overviews of population and recreation.

A literature review of published papers provided background themes and perspectives and helped frame the primary research. Local sources of data relevant to the project were also identified and examined.

1.5.4 Primary data collection

Primary data collection focussed on a process of consultation and interviewing:

- Consultations were held with key regional bodies, industry groups and individuals;
- Interviews with key stakeholders in the tourism, entertainment and leisure sectors;
- Interviews with proprietors and managers of gaming and non-gaming hotel and club venues, and observation of venues.

In addition a targeted survey was undertaken:

- Mail-out questionnaire to country tourist promoters and operators.

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[28] Schilling, M., Dunkin, R & MacLeod, J. 1994 *Review of Electronic Gaming Machines in Victoria*, Volume 1, Melbourne, State Government of Victoria, [*Schilling Report*].

1.6 METHODOLOGICAL CONSIDERATIONS

Regardless of the methodology chosen there are certain limitations to what can be said about the impact of the expansion of gaming on tourism, entertainment and leisure. The main issues relate to the kind of assessment of actual impacts we are able to make, the applicability of findings of targeted research to other regions, the difficulty of defining and measuring some aspects of the research object and the impact of externalities.

1.6.1 Snapshot or trend analysis

At the time of writing, almost seven years had elapsed since the introduction of EGMs to hotels and clubs in Victoria and the casino has been operating in one form or another for five years. However, this tourism study is not a replication of an earlier study,[29] which would have enabled comparison of today's impressions of tourism, entertainment and leisure patterns in Victoria with those prior to, or shortly following, the expansion of gaming. Rather the study is a snapshot of current impressions and a broad summary of perceived cumulative impacts, coupled with trend analysis of available quantitative data.

In terms of aggregate indicators, trends can be plotted and compared. Downturns in one sector can be mapped against upturns in another. However, despite the availability of data which enables the comparison of, for example, time-use patterns with gambling expenditure patterns, these comparisons are of limited use in assigning causality. In other words, the seeming contiguity of trends in sets of time-series data does not address the question of whether one of these trends caused, or even had an impact, upon the other.

The validity of attempting to quantify any assumed causal link is similarly flawed in a methodological sense. The best models of interpretation of secondary data do not enable us to say that a particular change in a indicator of aggregate behaviour confirms a direct effect in terms of actual behaviour. What such secondary analysis enables is the establishment of correlations, ie. an indication of the relative likelihood of interdependence between variables. Correlations, however strongly indicated by the secondary data, do not and cannot assign causality. Without primary data gathered across a reasonable time period, using a like methodology, this study cannot claim to have uncovered valid causal links between the expansion of gaming and tourism, entertainment and leisure.

These limitations are not meant to play down the significance of the study findings however. We can, and do, indicate reliable correlations from secondary data across the timeframe of the research. In addition, we can discern predominate and current themes, impressions and concerns arising from primary qualitative interview data gathered in the field. These two aspects provide the methodological basis for the project findings.

1.6.2 Regional social and economic impact analysis

Social and economic impacts flowing from a particular phenomenon will vary between regions. This is because of the variation in the pre-conditions between different regions prior

[29] Although to some extent comparison can be made with findings contained in the *Schilling Report* (1994).

to the introduction of a new factor, such the siting of EGMs in hotels and clubs, and often in the data available to monitor such a factor. Given matching and complete data sets, input-output economic analysis can account for regional differences to some extent by the use of region-specific multipliers. Regression analysis further assists in making such analyses comparable.

However, whilst comparisons between regions which have been analysed using similar and sensitive techniques are useful, caution needs to be exercised in generalising findings derived in one region to impacts in another. In this study we undertook primary research in the City of Ballarat and in the border town of Echuca. The specificities of these two locations and their social and economic characteristics mean that the findings are to a certain degree limited in their broader application. This is not to say that such findings should not to be applied to other regional locations at all, rather that care must be exercised in doing so and this qualification always borne in mind.

1.6.3 On measuring tourism

One of the major limitations in carrying out the objectives of the research relates to the problems associated with measuring the economic turnover of tourism. In terms of Australia's national economic data collections, tourism is not specified as an industry or sector within the national economic accounting structure, as it does not satisfy Australian Bureau of Statistics' (ABS) definition of an industry as a group of business producing a like product. Rather tourism expenditure is included as a part of those industries that supply the products and services which travellers consume. Tourism suffers in this respect from not being viewed as a generator of economic activity but rather as a measure of flow of funds between sectors. This underplays tourism's contribution to the generation of income and employment in Australia.[30]

Tourism is thus valued in a roundabout way at the national level. However, there is a non-uniformity of demand for tourist attributes, which vary widely from place to place. There is therefore little information that can be drawn from this data in terms of the value of tourism to specific regions or locations within the country. The ABS is currently developing a detailed data set on the economic aspects of tourism, called the Australian Tourism Satellite Account (ATSA). The ATSA will be closely related to the national accounts and will measure valued added, capital expenditure and employment resulting from tourism demand. This will enable tourism to be compared more readily with recognised 'industries'.

The Bureau of Tourism Research (BTR) has estimated that tourism contributed $36 billion, or 7.4 percent, to Australia's gross domestic product in 1995-96, generating employment for 8.4 percent of the country's workforce.[31] The ABS is developing 'satellite' accounts which will endeavour to measure what proportion of economic activity credited to recognised industry sectors is actually generated by tourism. These accounts will help to establish tourism as an accounting object that is more neatly circumscribed and monitored in the future. However, the problem of assessing regional turnover and employment impacts generated by tourism will remain.

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[30] The discussion in this sub-section is drawn directly from Bureau of Tourism Research (BTR) 1999 *Valuing Tourism: Methods and Techniques*, Commonwealth of Australia, Canberra (BTR Occasional Paper Number 28).
[31] Bureau of Tourism Research 1999, p.2.

The methodology of this project was thus hampered by the imprecise nature of tourism as a research object. We needed to look for other sources of data and indicators of tourism performance as an alternative to industry turnover figures. Alternative sources of data were provided by the Domestic Tourism Monitor (DTM), the National Visitor Survey (NVS) and the International Visitor Survey (IVS).[32] The alternative indicators of tourism demand utilised were figures capturing numbers of trips, length and purpose of stay and visitor expenditures. Even so, this data has a state and territory focus and is of little value in regional or local analysis. As the BTR points out, these surveys are of a very small proportion of travellers and are predominantly estimates of tourist activity rather than figures of actual impacts.[33]

1.6.4 Externalities and the performance of economic sectors

Externalities are events which occur outside the frame of the relationships being examined, for example between the expansion of gaming and tourism, but which influence activity in one or both of these areas. Tourism is a highly competitive industry with a high sensitivity to price. Therefore changes in economic conditions in another country or region are likely to impact directly on the demand for inbound tourism to Australia. Such a change in demand for Australia's tourist attributes will be reflected in aggregate trend data. If this trend data is read in conjunction with data relating to the expansion of gaming, a correlation between gambling expenditure and tourist activity may be inferred. However, the appearance of this correlation may to some degree result from the impact of the externality.

In the course of this research we endeavoured to include as a factor in our analysis major externalities which may have impacted on any imputed relationship between the expansion of gaming and tourism, entertainment and leisure. The extent to which we are able to do this is limited in two respects. First, the economic and social impacts of externalities and the actual 'event' are not always contiguous in time. The external event may not be translated into discernible impacts in the area being examined without an ensuing 'lag' period. Second, where the impact of an externality is assumed, it remains extremely difficult to disentangle changes in indicators or performance which are related to externalities from other changes internal to the sector in question.

1.6.5 Summary

The limitations discussed above are not intended to reduce the seriousness with which the findings of the research are treated. Rather they are described to alert readers to factors that needed to be considered in undertaking the project, but also in understanding the project results. By utilising a multi-faceted methodology and by viewing the research object from a number of different perspectives, we believe we have conducted research into this complex area of social and economic activity that produces a strong analysis.

[32] The Domestic Tourism Monitor (DTM) was replaced by the National Visitor Survey (NVS) in January 1998.
[33] Bureau of Tourism Research 1999, p.9.

SECTION 2: OVERVIEW OF THE INTERNATIONAL AND INTERSTATE EXPERIENCE

2.1 INTRODUCTION: GAMING AND THE TOURISM, ENTERTAINMENT AND LEISURE INDUSTRIES

Much has been asserted about the relationship between gambling and the kindred industries of tourism, leisure and entertainment. Indeed in the Australian context, every casino development which has occurred, since the 'first wave' developments in Tasmania and the Northern Territory in the 1970s, have utilised the argument of economic growth via tourism as a key lobbying point in favour of casino development.[34] Similarly, benefits accruing to the leisure and entertainment industries have been asserted as arising from non-casino gambling activities such as horse racing and gaming machines in clubs and hotels. These assertions remain relatively unquestioned in the public realm and the purpose of this chapter is to review and assess the findings and conclusions of a body of international research focussed on the relationship between gambling on the one hand, and tourism, leisure and entertainment on the other.

Historically, casinos have been closely associated with tourism, most notably in glamorous tourist destination resorts such as Monte Carlo, the French Riviera, Baden Baden and Las Vegas.[35] A number of jurisdictions have introduced casinos specifically to take advantage of their prohibition in neighbouring jurisdictions, including several Nevada cities (Las Vegas, Reno, Lake Tahoe, Laughlin, Jackpot and Wendover), as well as casinos on the Swiss side of borders of with France, Italy, Austria and Germany. Macau casinos cater for residents of Hong Kong and China.

Primarily driven by economic considerations, these border casinos can result in what Eadington calls a 'domino effect' of legalisation to counter the drain of expenditure to neighbouring jurisdictions.[36] In similar vein, McMillen has linked the expansion of Australian casinos in the 1980s and 1990s to responses by industry and state governments to the apparent

[34] Lynch, R., Veal, T., & Toms, M. 1996 'Tourism and the Local Patronage Base of Urban Casinos in Sydney and Australia', in B. Tolchard (ed.), *Towards 2000: The Future of Gambling,* Seventh National Conference of the National Association for Gambling Studies, Adelaide, National Association for Gambling Studies, pp.139-150.

[35] Eadington, W.R. 1999 'The spread of casinos and their role in tourism development', in R. Butler & D. Pearce (eds) *Contemporary Issues in Tourism Development*, London, Routledge.

[36] Eadington, W.R. 1995 'The emergence of casino gaming as a major factor in tourism markets: policy issues and considerations' in R. Butler & D. Pearce (eds) *Change in Tourism: People, Places and Processes*, London, Routledge, p.159-186.

success of early casinos in Tasmania and Northern Territory in attracting tourist dollars.[37] In recent years, many casinos have been introduced for the explicit purpose of revitalising a declining tourism industry or acting as a catalyst to generate substantial tourist development. The ability of a region, state or nation to use casinos as a major catalyst for tourism development is dependent on a wide range of characteristics and considerations.[38] The critical economic issue is the extent to which the introduction of a casino generates additional tourist visits and expenditures that would not have occurred otherwise, i.e. the casino attracts export earnings, rather than displaced spending from other local leisure and gambling activities.

However, although tourism has been a common rationale for casino development, not all casinos have been established solely to cater for a tourist market. In some cases, other more general objectives such as job creation and local/regional economic growth also have been important factors in casino development.

In many parts of the world, casinos and gaming machines have also come to be seen as a normal part of the entertainment and leisure industries.[39] Gaming is suggested as a form of entertainment to be enjoyed by a wide range of social groups, in convenient and attractive locations and a safe, non-threatening environment. For example, since 1956 NSW community clubs have provided local residents with the opportunity to play gaming machines and socialise in pleasant surroundings, enjoy cheap meals and live entertainment and pursue other leisure alternatives.[40]

A second way that gaming is seen as a form of leisure and entertainment is by being part of a leisure complex. Casinos are often deliberately situated in existing urban entertainment districts to make them more attractive and accessible. A more recent development has been the integration of casino gaming into large leisure precincts offering a comprehensive range of attractions for all ages and income groups - hotels, restaurants, quality retail outlets and shopping malls, cinemas, theme-based entertainment areas for children, promenade cafés. First developed in Las Vegas casinos such as Caesar's Palace, MGM Grand and Mirage, this approach has been adopted in casinos in South Africa (Sun City), New Zealand (Auckland's Sky City Casino) and Australia (Sydney's Star City, Melbourne's Crown Casino Complex). Some large NSW clubs (e.g. Penrith Panthers, Twin Towns) also have expanded into large leisure complexes including sports fields. The integration of gaming into broader leisure activities of individuals, influences not only where people choose to spend their recreation time but also affects the profitability of alternative leisure and entertainment options.

This chapter is structured around the literature pertaining to the USA, Canada, the United Kingdom, New Zealand, Australia and Victoria. Each section presents an outline of the

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[37] McMillen, J. 1993 *Risky Business: The Political Economy of Australian Casino Development*, unpublished PhD thesis, University of Queensland; McMillen, J. 1996 'Urban casinos as agents of development: case studies from Australia', in William R. Eadington and Judy A. Cornelius (eds) *Gambling and Public Policy. International Perspectives*. Reno: Institute for the Study of Gambling and Commercial Gaming, University of Nevada, p.87-122.

[38] McMillen, J. 1995 'Social impacts of casinos: the Australian experience', in J. O'Connor (ed.) *High Stakes in the Nineties*, Perth, Curtin University, p.23-39; McMillen, J. 1991 `Casinos and tourism: what's the big attraction?' in Peter Carroll (et al.) *Tourism in Australia.* Sydney: Harcourt Brace Jovanovich, p. 153-72.

[39] Christiansen, E.M. & Brinkerhof, J. 1997 'The relationship between gaming and entertainment', in W.R. Eadington & J. Cornelius (eds) *Gambling: Public Policies and Social Sciences*, Reno, Nevada, Institute for the Study of Gambling and Commercial Gaming, p.11-48; Schilling, M. 1994 *Review of electronic gaming machines in Victoria*, Vol.1, Melbourne, State Government of Victoria, [*Schilling Report*].

[40] Australian Institute for Gambling Research 1999 *Australian Gambling: Comparative History and Analysis*, Melbourne, Victorian Casino and Gaming Authority, p.162-70.

structure of the gambling industry in the jurisdiction and then assesses the issues relevant to the jurisdiction.

2.2 THE USA CONTEXT

2.2.1 Structure of the gambling industry in the USA

This section reviews the development and structure of gaming in the United States to highlight impacts on tourism, leisure and entertainment and to identify relevant issues for Victoria.

Although casino gambling remained prohibited in most countries of the world, by the 1960s large mass-market casinos operated in Nevada and the Caribbean. Because of a deserved reputation that linked casinos to criminal activity or influence and the widespread belief that gambling inflicted damage on peoples' lives, casinos and machine gambling were prohibited in other states. By definition, therefore, most of Nevada casino clientele were tourists. Only those who could afford to travel to a 'destination resort' casino had the opportunity to gamble. Even so, casino gambling in Nevada prospered and grew rapidly, particularly in the 1970s after new regulations cleansed the industry of criminal elements and attracted investment by large respectable corporations.[41] Casino gambling and tourism became the major industries in Nevada, resulting in the nation's highest levels of personal income and the lowest rates of taxation.

The Nevada experience was not lost on other jurisdictions. In the 1970s, Atlantic City legalised casino development in a bid to revitalise the declining tourism industry and stimulate urban redevelopment.[42] Formerly a popular tourist resort, Atlantic City had lost its tourist and convention trade and deteriorated into urban decay, high unemployment and crime. However, Atlantic City casinos did not fulfil the tourism or employment objectives that accompanied their establishment.

The rapid spread of commercial casinos throughout the USA began in the mid-1980s and continued until the early 1990s with small casinos legalised in mining towns in South Dakota and Colorado, and restricted riverboat casinos authorised in Iowa, Illinois, Mississippi, Louisiana, Missouri and Indiana.[43]

Indian tribal casinos were legalised in nearly 20 states during the 1990s, primarily through favourable court interpretations of the federal *Indian Gaming Regulation Act* 1988 and through negotiated compacts with individual states. Although most Indian casinos are located on rural Indian reservation land some distance from large urban concentrations, some are

[41] Munting, R. 1996 *An Economic and Social History of gambling in Britain and the US*A, Manchester, Manchester University Press, p.144-151.
[42] Lehne, R. 1986 *Casino Policy*, New Brunswick, Rutgers University Press; Sternlieb, G & Hughes, J.W. 1983 *The Atlantic City Gamble*, Cambridge Mass, Harvard University Press.
[43] Meyer-Arendt, K.J. & Hartmann, R. 1998 *Casino Gambling in America: Origins, Trends and Impacts*, New York, Cognizant Communication Corporation.

positioned close to city centres. All attract tourists and by 1997 Indian casinos were generating revenues of nearly $6 billion per year.[44]

Casinos have been proposed in several states to counter the effects of particular local economic conditions. For example, in Chicago (Illinois) casinos were proposed as an attraction designed to ease the city's oversupply of hotels. In other states casinos were proposed to replace lost jobs in the steel industry (Gary, Indiana), automobile manufacturing (Detroit, Michigan), farm machinery production (Iowa) and fishing industries (Bedford, Massachusetts).

There has also been a trend to urban casinos in the USA. Michigan legalised three urban casinos in 1995 in an attempt to halt the drain of US dollars from Detroit to the Canadian casino across Lake Michigan in Windsor, Ontario. Casinos also have been located in or close to major cities (Kansas City, New Orleans, Cincinnati, Memphis, Minneapolis), although some have experienced financial difficulties.[45]

Most of these new generation American casinos are different in character than the destination resort casinos of Nevada and Atlantic City. The majority of visitors come from within a 200 kilometre radius and are predominantly 'day-trippers' rather than tourists. Most of them concentrate their spending on gambling, rather than on a wider variety of tourism activities. Consequently the social and economic impacts of the casinos are markedly different and less pronounced than if they had been tourism oriented casinos in the style of Nevada and Atlantic City.[46]

The impacts of other popular forms of US gaming (bingo, video lottery terminals [VLTs]) on leisure and tourism remain relatively unexplored. VLTs resemble electronic arcade games, with the fastest growing and highest revenue being produced by electronic versions of blackjack, poker and keno.[47] Several states (South Dakota, Oregon, Louisiana, Montana, West Virginia, Rhode Island, South Carolina) legalised VLTs during the late 1980s and 1990s, typically permitting their installation in bars and racetracks, and sometimes in restaurants, truck stops and convenience stores. However, although they are more popular and accessible than casino gaming machines, VLTs have been argued to produce more negative social impacts and political opposition than casinos.[48] During the late 1990s, controversy has been associated with the spread of gaming machines across several North American jurisdictions, including Victoria and Alberta in Canada.

The following sections examine four recent studies that have explored in more detail: the relationship between US gaming and tourism, entertainment and the broader economy.

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[44] Lew, A. & Van Otten, G. 1998 *Tourism and Gaming on American Indian Lands*, New York, Cognizant Communication Corporation.
[45] The monopoly New Orleans casino closed within five months of opening; at least one Missouri casino also has closed.
[46] Goodman, R. 1995 *The Luck Business. The Devastating Consequences and Broken Promises of America's Gambling Explosion*, New York, The Free Press.
[47] Goodman, R. 1995.
[48] Eadington, W.R. 1998 'Contributions of casino style gambling to local economies', *Annals of the American Academy of Political and Social Sciences*, March, p.53-65; Goodman, R. 1995 *The Luck Business. The Devastating Consequences and Broken Promises of America's Gambling Explosion*, New York, The Free Press, pp.121-134.

2.2.2 Casino gambling and tourism: The case of Indiana

A 1998 study assessed the perception that gambling is intuitively part of the tourism package in the context of actual casino development in the state of Indiana.[49] This study included an examination of the sources of demand for gambling, the extent to which these are tourist sources and the question of gambling-generated demand displacing existing tourist demand. Following is a review of the major findings.

Patterns of casino patronage in Indiana were examined using data on the origin of casino patrons. This process allowed the extent to which casino demand is 'local' to be plotted geographically, and more specifically, the extent to which casino patrons are tourists, based upon the criterion of distance travelled, to be determined. The results indicated that for both major casino markets in Indiana (Northwestern and Southern), the intensity of patronage declines quickly with the distance covered, with the areas averaging one or more trips per adult per year being predominantly within 50 miles (80 kilometres) of a casino. Using the criteria of distance travelled by patrons it was argued that it is difficult to classify the market for casino gambling, in either case, as being a tourist market.[50]

However, it is noted that the definition of local, used to define tourist demand, can be based on concepts other than distance. For example, a breakdown of casino patronage by distance and state of origin (particularly Northwestern casinos) highlighted that while most patrons travel less than sixty miles, the great majority come from out of state. This fact is not particularly surprising with all currently operating and proposed casino sites in Indiana within fifteen miles of the state border. It is contended that border locations are consistent with import substitution demand rather than true tourist demand.[51] In addition, using the economic development rule of thumb, only the northwest Indiana casinos can be considered close to having an expansionary effect on the economy - and then only if Illinois residents are considered non-local, regardless of how close they actually live. However, it is noted that displacement issues must be evaluated before economic gains can be judged.[52]

Whilst it is acknowledged that the data are less than perfect, some tentative conclusions are drawn regarding displacement in Indiana.[53] The first type of displacement was that concerning other forms of gambling. Of those forms considered, only gambling for charitable purposes (such as church-sponsored bingo) displayed any indication of being negatively effected. In considering displacement of other local demand, there was some evidence to suggest that when casino companies also operate restaurants and hotels, other local firms in these industries may be hurt. Furthermore, in the state of Indiana as a whole, limited evidence exists that casino gaming may have displaced demand and expenditure away from some traditional tourist activities, such as historic, sightseeing and evening entertainment. Finally, with revenue at the closest Illinois casino dropping by more than 20 per cent in the year after the first casino was opened in Northwestern Indiana, there would appear to have been a displacement of export demand by local residents. That is, the northwestern Indiana casinos

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[49] Przybylski, M., Felsenstein, D., Freeman, D. & Littlepage, L. 1998 'Does gambling complement the tourist industry? Some empirical evidence of import substitution and demand displacement', *Tourism Economics*, V.4 No.3, p.213-231.
[50] Przybylski, M. et al. 1998, p.219.
[51] Przybylski, M. et al. 1998, p.220.
[52] Przybylski, M. et al. 1998, p.221.
[53] Przybylski, M. et al. 1998, p.221.

seem to have recaptured some of Indiana residents' demand for gambling from the Illinois casinos.

In conclusion it is argued that, while casinos may provide jobs and generate tax revenue which contributes to government expenditure, there is little evidence that riverboat casinos, such as those in Indiana and Illinois, create opportunities for other local businesses. As such, it is suggested that public scepticism concerning gambling as a source of economic development continues to grow.[54]

2.2.3 Gambling, leisure and entertainment: The case of Texas

In undertaking an assessment of the overall market for future casino development in Houston, Texas including the likely fiscal, economic and socio-economic impacts of such developments, the Gaming & Economic Development Institute (GEDI) paid specific attention to potential impacts on the entertainment industry.[55] The argument is advanced that the development of four casinos in Harris County (a *local* or *major market response* to casino development) would represent a powerful and competitive form of new entertainment in the Houston economy. Indeed, as a result of local patronage, it was suggested that the casinos would influence patterns of discretionary spending, with existing forms of entertainment (cinemas, theatres, festivals etc.), suffering potentially adverse effects.[56]

The GEDI report argues that evidence from previous studies of casino development, suggesting that casinos do not have an overall adverse impact on other forms of entertainment, are not appropriate models to evaluate Houston's unique situation. Indeed it is contended that, unlike many other potential gaming communities, Houston already has a well-established and broad base of entertainment options, while the majority of patrons and gaming revenues would be generated locally. Due to these factors, the report demonstrates a belief that a *local market response* to casino development (four medium sized casinos) in Harris County would have a neutral to slightly negative impact on existing forms of entertainment. However, under a *major market response* (two large and two medium sized casinos), which would attempt to attract a greater proportion of out of town visitors, the overall impact of casino development on existing entertainment would likely be neutral to slightly positive, with any negative impacts expected to be relatively small.[57] However, as is frequently the case, there are no post-casino development studies available to confirm or contradict the pre-casino assessments with regard to Houston.

2.2.4 The effect of casinos on local restaurants in the USA

Restaurants and the food and beverage industry are integral parts of the broad leisure industries and the study reported here describes the relationship between casino gambling in

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[54] Przybylski, M., Felsenstein, D., Freeman, D. & Littlepage, L. 1998 'Does gambling complement the tourist industry? Some empirical evidence of import substitution and demand displacement', *Tourism Economics*, V.4 No.3, p.223.
[55] Gaming & Economic Development Institute (GEDI) 1994 *Executive Summary: Market and Community Impact Assessment - Potential Casino Development, Houston Texas*, Alexandria, VA, Gaming & Economic Development Institute.
[56] Gaming & Economic Development Unit 1994, p.74.
[57] Gaming & Economic Development Unit 1994, p.74-5.

the USA and the restaurant/food/beverage industry. Fenich and Hashimoto analysed the effects of casino development on food and beverage activity throughout the U.S. More specifically, the study assessed the levels of economic activity, in the form of employment, payroll, and number of establishments, within the food and beverage industries of selected communities, both before and after the legalisation of casino gaming. The study was undertaken in response to claims that casinos have a deleterious effect on food and beverage businesses in a community and the limited empirical evidence available to either prove, or disprove, this claim.[58]

Five United States jurisdictions, with solely land-based casinos, were chosen for analysis in the study. The rationale was offered that the literature suggests land-based casinos have the most devastating effect on existing food and beverage (F&B) businesses. The five jurisdictions examined were Gilpin and Teller Counties in Colorado, Lawrence County in South Dakota, New London County in Connecticut and Atlantic County, New Jersey. A longitudinal analysis of data from each sample location was undertaken, examining a period of time of approximately five years before and after the introduction of casino gambling. [59]

Results of the study indicate very little or no support for the commonly held belief that casinos have a devastating effect on local bars and restaurants. Indeed, in the five different counties across the U.S. the legalisation and subsequent development of casino gaming resulted in an increase in the number of F&B establishments, employees and payroll figures. While Fenich and Hashimoto acknowledge that these results do not suggest that individual businesses may not have been negatively impacted, they do contend that the results provide a basis for further research and better decision making by those municipalities considering implementing, or expanding, a casino development strategy.[60]

2.2.5 The relationship of gaming to entertainment: The case of the United States

In one of a collection of articles examining the international spread of gambling, Christiansen and Brinkerhoff-Jacobs focus on the relationship of gaming to entertainment in the USA. They begin by making the point that while gaming and entertainment may be considered similar leisure pastimes, they have separate origins and histories. In fact, they are 'essentially independent threads in the historical evolution of leisure' and, for the majority of their respective histories, have 'served fundamentally different consumer needs and desires'.[61] For this reason, they suggest that a common assumption that 'gaming is just another form of entertainment', held by many casino operators aware that they compete with other leisure industries, is wholly unwarranted.[62]

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[58] Fenich, G.G. & Hashimoto, K. 1997 *The Effect of Casinos on Local Restaurant Business*, a paper presented at the 10th International Conference on Gaming and Risk Taking, Montreal, Canada, New Orleans, University of New Orleans, p.1.
[59] Fenich, G.G. & Hashimoto, K. 1997, p.4-5.
[60] Fenich, G.G. & Hashimoto, K. 1997, p.13.
[61] Christiansen, E.M. & Brinkerhoff-Jacobs, J. 1997 'The Relationship of Gaming to Entertainment', in W.R. Eadington & J.A. Cornelius (eds.) *Gambling: Public Policies and the Social Sciences*, (eds), Institute for the Study of Gambling and Commercial Gaming, University of Nevada, Reno, pp.11-48.
[62] Christiansen, E.M. & Brinkerhoff-Jacobs, J. 1997, p13.

Evidence is cited of the relaxation of American and Canadian gambling prohibitions in the late 1980s and early 1990s being a major catalyst for many gambling companies re-evaluating their strategic positions and placing a greater emphasis on, and investment in, the provision of entertainment. However, entering this fundamentally different field and serving fundamentally different consumer satisfactions, necessitated the employment of skills different to those needed to build and operate a casino and typically only found in the entertainment industry, an industry where utilising the best talent does not guarantee success.[63]

Christiansen and Brinkeroff – Jacobs propose that gambling companies contemplating a move into the area of entertainment need to consider two major alternatives, both of which present unique difficulties.[64]

1. Should entertainment be integrated into the gaming operation, enhancing or intensifying the gaming experience?; or

2. Should entertainment be simply additive, placed next to casinos but not integrated into the gaming operation, functioning either as a traffic builder or a second profit centre?

By adding theme parks, theatres, etc., companies considering the second strategy will need to meet consumer expectations set outside the gaming industry, where consumer expectations concerning entertainment are rising sharply. On the other hand, the first option requires forms of entertainment that enhance or intensify chance and vertigo[65] but do not compete with, or substitute for, casino games satisfying these same experiences. Appropriate forms of entertainment include motion simulators, virtual realities, and shopping.[66]

In conclusion, Christiansen and Brinkeroff – Jacobs argue that as consumers' recreation options and leisure expectations continue to rise, the day may soon arrive when a casino that does not offer non-gaming entertainment experiences will seem, 'to consumers, like a black hole in a glittering landscape'.[67] The extent to which this conclusion applies to the gambling context in Australia is open to investigation.

2.2.6 Gambling and the U.S. economy

The link between gambling and the broader economy are today many and varied – merging with entertainment and spreading through telephony, television and the internet into households around the globe. Commercial games now touch American lives at many different levels.[68] Indeed, of the $470 billion spent on leisure alone in the US in 1996, gambling accounted for $47.6 billion, or approximately 10 per cent. In addition, more than one in every

[63] Christiansen, E.M. & Brinkerhoff-Jacobs, J. 1997 'The Relationship of Gaming to Entertainment', in W.R. Eadington & J.A. Cornelius (eds.) *Gambling: Public Policies and the Social Sciences*, (eds), Institute for the Study of Gambling and Commercial Gaming, University of Nevada, Reno, p.17.
[64] Christiansen, E.M. & Brinkerhoff-Jacobs, J. 1997, p.29.
[65] Absorbtion in an activity to the exclusion of reality.
[66] Christiansen, E.M. & Brinkerhoff-Jacobs, J. 1997, p.30.
[67] Christiansen, E.M. & Brinkerhoff-Jacobs, J. 1997, p.36.
[68] Christiansen, E.M. & Brinkerhoff-Jacobs, J. 1997, p.45-9.

three dollars spent on activities in the *destination leisure* subset of the leisure sector were spent at gambling destinations (casinos and racetracks).[69]

While nineteenth-century economic theory does not easily accommodate intangible goods – including leisure activities such as going to the movies and playing lotto – leisure consumption's economic impact is both very real and very significant. Indeed, leisure is as important to post-industrial developed economies as oil and steel were to the economies of the pre-industrial era. More specifically the common belief that 'gambling is merely a sterile transfer of money that produces no wealth', can be countered by arguing that while *friendly* games may be considered economically sterile, *commercial* games should not. For example, consumer expenditures on gambling in the US pays: the wages and salaries of hundreds of thousands of employees; provides a return on the equity component of the tens of billions of dollars invested in the gambling industries; services the debt component of these investments; and supports the stock prices of hundreds of publicly owned companies involved with gambling. In fact, it is argued, gambling expenditures are the 'motivating force of an economic engine that drives an annually growing portion of the American leisure economy'.[70]

2.3 THE CANADIAN CONTEXT

2.3.1 Structure of the gambling industry in Canada

Prior to the 1990s, casino gaming in Canada was limited to 'charity' casinos, sponsored by non-profit and charitable organisations to raise money for 'good causes' in a small number of provinces (Alberta, Manitoba and British Columbia).[71] This approach to casino development reflected the British tradition of 'non-stimulation' of demand for gambling opportunities that was the foundation of Canadian gambling policy.

During the 1990s, however, monopoly government-owned casinos opened in urban locations (Winnipeg, Hallifax, Montreal, Windsor, Hull and Regina) as well as in a number of destination resort areas (Niagara Falls, Charlevoix [Quebec] and Sydney [Nova Scotia]). Some of these casinos, Windsor and Niagara Falls in particular, were positioned to take advantage of a potential demand for gaming from Americans across the national border. For example, the Ontario government licensed Niagara Falls as the site for its third casino to encourage tourists (mostly Americans) to extend their stay in the city and thus increase the province's tourist revenue. However, most Canadian casinos cater primarily to the immediate urban markets where they are located.

As in the United States, bingo and VLTs have also become a significant focus for leisure spending during the 1990s, generating public concerns about social impacts and problem gambling.[72]

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[69] Christiansen, E.M. 1998 'Gambling and the American Economy', *The Annals of the American Academy of Political and Social Science,* Vol. 556, March, p.45.
[70] Christiansen, E.M. 1998, p.49.
[71] Campbell, C. 1994 *Gambling in Canada: The Bottom Line*, Vancouver, Simon Fraser University.
[72] Canada West Foundation 1998 *The State of Gambling in Canada,* Calgary, Canada West Foundation.

2.3.2 Gambling and tourism: The case of British Columbia

In the report of the First National Symposium on Lotteries and Gambling in Canada, Brian Hann from the Tourism Industry Association of British Columbia, presented a paper that deals solely with the impact of gambling as a *tourism generator*.[73] As such, there is no discussion of any potential displacement or redistribution within the provincial or local economies involved.

Tourism in British Columbia became the province's second largest industry after forestry after the success of Expo '86 and the industry was eager to develop further. At the time, debate over increasing the accessibility of gaming facilities was widespread and with the potential increases in tax revenue, the government was willing to consider an increase in the amount of gaming allowed.[74] The introduction of slot machines on crown-owned ferries running between Victoria and Seattle, in an effort to increase the number of passengers, was perceived as a significant step taken by the government. The exercise was seen as a great success, with a 27 per cent increase in the volume of passengers in comparison to the year prior to introduction. Approximately one third of passengers indicated that they were encouraged to take the trip because of the slot machines.

As a result of Expo '86, it was argued that the tourism industry in British Columbia learned that tourists would prefer to visit a destination point with many different events and attractions, therefore offering a variety of options. In line with this philosophy, a major proposal for the expansion of gaming in British Columbia suggested the creation of destination gambling resorts in tourist areas in outlying locations. Expected benefits included increased tourism revenue (although it is not stipulated where), as well as creating many subsidiary benefits in less travelled locations and enticing the many Canadians who travel to Nevada to spend their monies at home (import substitution). Australia and Monaco were cited as examples of successful destination resort gambling and it was noted that one of the desirable features of a destination gambling location was the relatively easy access to large population centres…whether they be tourists or local citizens.[75]

In terms of developing British Columbia's tourism industry, the creation of destination gaming was considered a realistic and economically viable option. More specifically, gaming was argued to be a proven tourist attraction, needed to provide further stimulus to an industry providing the majority of new employment in British Columbia and rapidly becoming the province's primary industry. However, in providing guidelines necessary for destination gambling to succeed, no mention was made of supporting or benefiting the existing local and provincial tourist industries. This oversight is notable given the suggestion that a gambling facility merely complements other aspects of tourism rather than being the only draw.[76]

Alternatively, in a report concerning the social and economic impacts of casinos, the New Zealand Department of Internal Affairs (DIA) cited a discussion paper produced by the City

[73] Hann, B. 1989 'The Effects of an Increase in Legalised Gambling on the Tourism Industry of British Columbia', in C.S. Campbell & J. Lowman (eds.) *Gambling in Canada: Golden Goose or Trojan Horse?* A report from the First National Symposium on Lotteries and Gambling, May 1988, School of Criminology, Simon Fraser University, p. 297-306.
[74] Hann, B. 1989, p.298.
[75] Hann, B. 1989, p.299.
[76] Hann, B. 1989, p.300.

of Vancouver, Canada in 1994, focussing specifically on the potential effects of casino gambling on a city's tourism and entertainment industries. The discussion paper concluded that a large, well-marketed casino could reverse the current low impact of casino gambling on local tourism. However, the extent of this impact would be dependent to a large degree on the number of new tourists a casino would attract and where they would be accommodated. It was argued that if a large number of new tourists arrived but stayed and did most of their spending within the casino complex, the effect on the tourism industry would be neutral, however, if many of the new tourists stayed, or spent money, off-site, the impact would be beneficial. Finally, it was suggested that if a casino attracted only a relatively low number of new tourists, the local tourism industry would be placed in direct competition with the casino for existing tourist dollars.[77]

2.3.3 Casino gambling and the entertainment industry: The case of Vancouver

In considering the potential effects of casino gambling on a city's entertainment industry, it has been argued that the proportion of casino revenue derived from new tourist expenditure would likely have a major effect on the extent of any redirection in local entertainment dollars to the casino's entertainment facilities. A cautionary note is sounded that existing tourist entertainment spending might also be diverted, although the extent of this diversion is not calculated. Further evidence is cited, highlighting the fact that any new tourists attracted by casinos are unlikely to attend other local entertainment activities.[78]

While the discussion paper notes that the sustained activity of a Vancouver casino with a strong entertainment component could significantly benefit performers and businesses *currently* presenting entertainment at theatres, the importation of performers may restrict *new* opportunities for both local performers and businesses.[79] Furthermore, the paper highlights that, as entertainment expenditure is discretionary and, therefore, sensitive to disposable income, money spent on gambling itself could potentially divert existing disposable income expenditure.

In conclusion, the perception of, and participation in, casino gambling as a form of *entertainment* is considered to be one of the benefits identified by casino proponents to balance arguments by casino opponents concerning the potential negative effects of casino gambling – such as problem gambling and crime. Indeed, it may be argued that the very perception that casinos provide another entertainment option, assists casinos in achieving objectives such as stimulating economic development, employment and tourism.[80]

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[77] New Zealand Department of Internal Affairs 1997 *What's On the Cards? A Literature Review of the Social and Economic Impacts of Casinos*, Wellington, Department of Internal Affairs, p.92.
[78] New Zealand Department of Internal Affairs 1997, p.100.
[79] New Zealand Department of Internal Affairs 1997, p.101.
[80] New Zealand Department of Internal Affairs 1997, p.105.

2.4 THE UNITED KINGDOM CONTEXT

2.4.1 Structure of the gambling industry in the UK

Gaming laws in Great Britain from 1880s to 1960s were mostly concerned with public gaming and prohibitions on operating a 'common gaming house'. However unregulated casino gambling was widely available in privately run venues until 1968 when Parliament modernised and liberalised nineteenth century legislation prohibiting social gambling. The *Gaming Act* 1968 established a highly regulated casino industry based on a prescribed number (120) of private membership clubs that would cater only to 'unstimulated demand' for gambling.[81] Advertising by casinos is forbidden and a waiting period of 24 hours is required before new members may start to play.

A current review of British gaming policy is considering a more liberal approach to casino gambling

Machine gambling in Britain also has a less commercial character than in the USA. In contrast to the dominant presence of gaming machines in US casinos and the broad community spread of VLTs, British law confines gaming machines to licensed gaming premises (casinos and commercial bingo clubs). More commonplace are 'amusement with prizes' (AWP) machines that pay small prizes in cash or tokens redeemable for goods. These machines are licensed by local authorities and installed mainly in cafes, pubs, and dedicated amusement arcades. They are popular with young people, giving rise to widespread community concern about underage gambling.

2.4.2 Tourism and leisure and the UK gaming industry

There is a relatively small amount of available UK material on the relationship between gambling, tourism, leisure and entertainment. The manner in which casino gambling reflects and impacts on a community's cultural attitudes towards gambling, and affects other forms of entertainment, depends greatly on the various marketing strategies adopted by casino operators.[82] In the UK context and elsewhere, casino marketing strategies can be divided into three major categories:

- *Image and profile* – advertising to make people aware of a casino and what it offers (eg. print and television advertisements);
- *Inducements to visit* – complimentaries and packages to attract people to visit a casino (eg. provision of free buses); and
- *Inducements to spend* – activities and attractions to encourage people to spend at a casino development (eg. providing patrons with a range of non-gambling activities that reinforce the linkage between casino developments and entertainment and leisure).[83]

[81] Miers, D. 1984 'The regulation of commercial gaming', *Journal of Law and Society*, 11(1), p.33-63.
[82] New Zealand Department of Internal Affairs 1997 *What's On the Cards? A Literature Review of the Social and Economic Impacts of Casinos* (Draft), Wellington, Department of Internal Affairs, p.101.
[83] New Zealand Department of Internal Affairs 1997, p.101.

In the UK, constraints on casino advertising reflect legislators' general attitude towards gambling, with concerns over casino advertising's promotion of casino gambling as glamorous or entertaining. As a result all forms of advertising by British gambling facilities were prohibited. Furthermore, whilst casinos in a number of jurisdictions may offer potential patrons *inducements to visit*, casinos in the UK are prohibited from both offering complimentaries *and* encouraging patrons with additional attractions, such as shows.[84] These legal restrictions limit the scope of the relationship that may develop between casino gambling and entertainment.

In addition, by restricting casino gambling to members, Great Britain is exceptional in preventing the promotion of casinos as a tourist attraction. Moreover, although licensed restaurants are allowed within casinos, there are prohibitions on other leisure facilities that have become commonplace in casinos elsewhere. For example, gaming machines are limited to six and other forms of entertainments are not permitted. Despite these restrictions, the principal London casinos have actively targeted wealthy 'high-rollers' in the Middle East and Asia, extending corporate hospitality to major sporting and cultural events such as Wimbledon, Royal Ascot or the theatre.[85]

2.5 THE NEW ZEALAND CONTEXT

2.5.1 Structure and regulation of the gaming industry in NZ

Control of gaming and racing in New Zealand is the responsibility of the Minister of Internal Affairs. The Department of Internal Affairs (DIA) assists the Minister with the administration of the portfolio and the regulation of gaming machines, lotteries and the TAB. One of the prime objects of the DIA is to regulate and develop legal gambling activities to ensure fair play and assure financial returns to the government, while ensuring that gambling does not have adverse social consequences. With the exception of casinos, the DIA is responsible for the administration of all legislation related to New Zealand gaming and racing. An independent statutory body, the Casino Control Authority, has been established specifically for the purpose of controlling and regulating the casinos currently licensed in New Zealand, and to consider further applications for casino licences.

Gaming activities in New Zealand have traditionally been a means of raising funds for community and charitable purposes. Profits from racing and betting are returned directly to the racing industry. While the NZ Lotteries Commission was established as a government business enterprise in 1987 in response to sustained pressure from sports bodies for a national lotto game to generate funds for sport programs and facilities. Furthermore, although the granting of gaming machine licences is explicitly linked to liquor licensing – i.e. only sites such as clubs and hotels, are normally granted a gaming licence as stipulated by the *Gaming and Lotteries Act*, - gambling can only be undertaken to benefit charities and the community.

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[84] New Zealand Department of Internal Affairs 1997 *What's On the Cards? A Literature Review of the Social and Economic Impacts of Casinos* (Draft), Wellington, Department of Internal Affairs, p.101-2.
[85] Munting, R. 1996 *An Economic and Social History of Gambling in Britain and the US*A, Manchester, Manchester University Press, p.154-156.

Electronic gaming machines were introduced to New Zealand clubs and hotels in the early 1980s.[86] They proved highly popular in working class social venues although their uncertain legal status was not resolved until 1988 when machine gaming was approved for charitable purposes. This requirement presented a problem for privately owned hotels, prompting the creation of national charitable trusts to own and operate the machines on behalf of publicans. Hotels receive fixed rentals for placing machines, rather than the direct benefits of gaming revenue. There is a much higher distribution of machines in hotels than in clubs, but neither industry group has been able to expand their leisure and entertainment facilities to compare with counterparts in Australia.

The introduction of casinos in 1994 was a significant shift in policy and philosophy, a move towards commercial gaming for private gain. In fact, it has been generally argued that casinos are an exception to the basic principle of *community* gaming because of the large capital requirements of establishing a casino. In contrast to the traditional NZ practice of allocating gambling revenues to the community or worthy causes, the *Act* does not require casinos to allocate a proportion of their profits to the community. Rather, casinos are expected to provide community benefit in the form of employment, greater tourism and economic growth.

The two-year period of exclusivity for licensed casinos expired in 1998, and the government received applications for several more casinos in New Zealand. In 1998, the government announced a moratorium limiting the number of new casino licences to four. Subsequently, after a series of public hearings to consider the applications, four additional casinos have been approved (Dunedin, Hamilton and two small casinos in Queenstown).

2.5.2 Casino gambling and tourism: The case of New Zealand

A study of the social and economic impacts of New Zealand casinos, undertaken by the Australian Institute of Gambling Research (AIGR) in 1998, argued that the explicit rationales for the introduction of casinos to New Zealand included the promotion of tourism, employment and economic development generally. In a chapter which essentially examines the validity of these rationales, there is an assessment of the various impacts on the tourism sector in New Zealand which have resulted from the introduction of casinos in Christchurch and Auckland.[87]

A review of the literature highlights significant variations in the impacts that casinos may have from place to place. It was suggested that these variations were due to factors which included the location and type of casino, different legislative regimes, different economic contexts, and the local/tourist market mix. Furthermore, there was an acknowledgment that where casinos are just one of many attractions in an urban area, difficulties will inevitably be experienced in attempting to identify levels and patterns of demand, measure impacts and determine causality.[88]

New Zealand's two leading destinations for both domestic and international tourism, Christchurch and Auckland, offer a range of urban attractions whilst functioning as gateways

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[86] Australian Institute of Gambling Research 1998 *Study of the Social and Economic Impacts of New Zealand Casinos*, Auckland, New Zealand Casino Control Authority, p.279-88.
[87] Australian Institute of Gambling Research 1998, p.279-88.
[88] Australian Institute of Gambling Research 1998, p.390-92.

to other local destinations. However, casinos in both locations were planned, built and opened in a period when the domestic market was sluggish but international arrivals were expanding and diversifying[89].

Despite the difficulties in assessment outlined above, the impact study concluded that there is little doubt that the introduction of casinos in both Christchurch and Auckland *had* contributed to the objective of promoting tourism to the two cities and to New Zealand in general.[90] For instance, both domestic and international tourists constituted a significant element of the casinos' market mix, despite the fact that local demand predominated. In addition, destination enhancement, leading to increased demand, had been achieved through widening the product base, image improvement and increased marketing efforts. Although businesses may have experienced increased competition with the introduction of the casinos, from a tourism perspective it is believed that these impacts were essentially positive. However, whilst the study does concede that the nature of these impacts can be identified, their extent, due to the absence of adequate reliable data, cannot be precisely determined. It is suggested that although these impacts are likely to have been on the positive side, it is also likely that they were relatively modest.[91]

The results further indicate that only a relatively small number of tourists visited New Zealand, Auckland or Christchurch for the sole or dominant reason of visiting a casino. Indeed, tourists, both domestic and international, were more likely to visit a casino for only a few hours as part of a more general city visit. It was argued that although individually the effects of such behaviour would likely be limited, cumulatively the impacts could be substantial. While casino visits appear to have had little impact on choice of destination, structure of itinerary or lengths of stay, they may have affected choices at the local level (eg. hotel or restaurant). As a result it would appear that in addition to generating new demand, the casinos may also have created additional competition for local businesses, however, the extent to which this has resulted in trade diversion has not been determined. The study, therefore, concludes that substantial primary research is required to further quantify these and other impacts of casinos on the tourism industry in New Zealand.[92]

2.5.3 Gaming, leisure and entertainment: The case of New Zealand

A cultural change in attitudes towards gambling in New Zealand occurred with the introduction of Lotto, which was a watershed in changing existing forms of advertising, media use and promotion of gambling, with these changes due in part to Lotto being promoted as a game rather than gambling.[93] The extent to which casino gambling is seen as a form of entertainment and leisure was highlighted by the results of a 1995 DIA survey of gambling attitudes, which among other findings highlighted that for some activities, *entertainment* and *excitement and challenge*, when combined, provided stronger motivation to patrons than actually winning prizes.[94]

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[89] Australian Institute of Gambling Research 1998 *Study of the Social and Economic Impacts of New Zealand Casinos*, Auckland, New Zealand Casino Control Authority, p.401.
[90] Australian Institute of Gambling Research 1998, p.427.
[91] Australian Institute of Gambling Research 1998, p.427.
[92] Australian Institute of Gambling Research 1998, p.428.
[93] New Zealand Department of Internal Affairs 1997 *What's On the Cards? A Literature Review of the Social and Economic Impacts of Casinos* (Draft), Wellington, Department of Internal Affairs, p.237.
[94] New Zealand Department of Internal Affairs 1997, p.237.

In response to local market research, Sky City (the Auckland casino complex) was designed as a multi-faceted entertainment complex including speciality restaurants, a multicultural food hall, a 550-seat theatre, a $248 million Sky Tower, and a world class Exposition Pavilion. The preparatory market research revealed a preference for a *major entertainment and leisure complex* acting as a *counter-magnet* in conjunction with other developments to encourage movement through the CBD, thereby stimulating interest and trade.[95]

In conclusion, it was suggested that in response to anti-casino sentiment in centres proposing the development of casinos, casino supporters are asserting the principle of freedom of choice over the entertainment options in which patrons may wish to participate.[96] An assertion which arguably holds more weight when proposed casinos are part of entertainment and leisure complexes, particularly when entertainment options may otherwise be considered to be relatively limited.

2.6 The Australian context

2.6.1 Structure of the gambling industry in Australia

Unlike Britain, the USA, Canada and New Zealand, where until recent decades gambling has been perceived as a potential social problem and subject to strict legal prohibitions, Australia has enjoyed a diverse range of legalised gaming since the nineteenth century.[97] A distinctive characteristic of attitudes to Australian gambling by policy makers, commentators and the general public has been the positive conceptualisation of gambling as a leisure pursuit. However, while racing and many forms of gaming (lotteries, charitable gaming) have been legally available since early in the twentieth century, casinos and machine gaming were seen as particularly problematic and prohibited. This trend began to change with the introduction of poker machines into NSW community clubs in 1956. Gaming machines generated large revenues for clubs, enabling them to develop lavish leisure and entertainment facilities for members. Yet despite considerable cross-border leakage of gambling expenditure from Victorian and Queensland residents, it was almost forty years before those two states reversed their restrictive policies and also introduced gaming machines to clubs and hotels in 1992. In both cases a central objective was that EGMs would facilitate the development of leisure infrastructure and entertainment options, and in the case of Victoria, promote tourism. By 1994 all Australian states and territories except Western Australia had legalised gaming machines in clubs and hotels with similar objectives.

Casino gambling has had a similar history, shifting since the 1970s from uniform prohibition to rapid legalisation and commercialisation. The 'first wave' casinos in Tasmania and the Northern Territory were relatively small developments designed to attract domestic tourists.[98] Their commercial success encouraged other states (Queensland, Western Australia, South

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[95] New Zealand Department of Internal Affairs 1997 *What's On the Cards? A Literature Review of the Social and Economic Impacts of Casinos* (Draft), Wellington, Department of Internal Affairs, p.238.
[96] New Zealand Department of Internal Affairs 1997, p.238.
[97] For a detailed history of Australian gambling see Australian Institute for Gambling Research 1999 *Australian Gambling: Comparative History and Analysis*, Melbourne, VCGA.
[98] McMillen, J. 1987 'Gambling for high stakes: Developments in Australian casinos', *Current Affairs Bulletin* 64 (4), p.20-5.

Australia) in the 1980s to introduce large, mass market casinos modelled on US casinos and more explicitly aimed at generating both domestic and international tourism.[99] The third wave of Australian casino developments in the 1990s increased the number of casinos from eight to fourteen, introducing larger casino complexes that integrates gaming with a wide range of leisure and entertainment activities (e.g. Star City Casino, Crown Casino).

The following sections examine the implications of these two developments – machine gaming and casinos – for tourism, leisure and entertainment

2.6.2 Casinos and tourism: The case of Sydney

Despite the predictions of tourism growth, there have been few studies to measure the impacts of Australian casino development on tourism, leisure and entertainment. The following sections review the findings of studies in Queensland and NSW.

In less than two decades Australia has changed from a nation with only a single, somewhat geographically isolated legal casino in the island state of Tasmania, to one with casinos in every capital city *and* several regional locations. This is a dramatic increase in the number of casinos, and reflects a trend in evidence across the world. In recognition of this growth in casinos, the Bureau of Tourism Research (BTR) conducted a small review project to address the question of the degree to which casinos attract tourists, and the type of tourists who may be attracted[100]

BTR International Visitor Survey data were used to establish that the increase in casino visitors was particularly notable in 1996 following the opening of casinos in the nations three largest cities, Sydney, Melbourne and Brisbane. 'In this year the number of inbound visitors to Australian casinos increased by close to 40 per cent from 680,000 in 1995 to close to 950,000, far outstripping the growth in all inbound visitors during the same period.'[101] A high proportion of the inbound visitors are from Asian countries (Japan, Korea, Singapore, Hong Kong, Malaysia).

As is common in this area of research, the BTR review article is inconclusive regarding the extent to which casinos attract additional tourists to a destination.[102] However, it is argued that at the very least casinos 'add to the *basket* of activities available in Australia that are of interest to international visitors'.[103]

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[99] Australian Institute for Gambling Research 1999 *Australian Gambling: Comparative History and Analysis*. Melbourne, Victorian Casino and Gaming Authority, p.117-161.

[100] Rossetto, A. 1999 'A Study of Inbound Visitors to Casinos in Australia', *Journal of the Bureau of Tourism Research*, Vol.1, No.1 (Autumn), p.45–53. This study relies on data designed at the state/territory level and did not survey visitors to all Australian casino regions. Moreover the survey instrument changed between 1994 and 1996.

[101] Rossetto, A. 1999 'A Study of Inbound Visitors to Casinos in Australia', *Journal of the Bureau of Tourism Research*, Vol.1, No.1 (Autumn), p.49

[102] see McMillen, J. 1991 `Casino and tourism: what's the big attraction?' in Peter Carroll (et al.) *Tourism in Australia.* Sydney: Harcourt Brace Jovanovich: 153-72.

[103] Rossetto, A. 1999 'A Study of Inbound Visitors to Casinos in Australia', *Journal of the Bureau of Tourism Research*, Vol.1, No.1 (Autumn), p.52.

Lynch and his research colleagues explored the relationship between the Sydney casino and tourism, in order to determine the extent to which the link between tourism and casino development has been accurately portrayed in public discourse.[104] With specific regard to the Sydney casino, it was noted that early in the development process (the mid-1980s) the then Premier, Nick Greiner, believed that the proposed casino would be used primarily by tourists. This view was not universally held, and indeed several voices, citing evidence to the contrary, took moral and other issue with the proposal. A public inquiry into the operation of casinos in New South Wales was subsequently announced with one of the terms of reference being to examine the impact of the proposed casino on tourism, employment and economic development.

The public inquiry, conducted by the Hon. Sir Laurence Street in 1991, concluded that the introduction of casinos would substantially enhance the city's existing and future tourist attractions and have a positive effect on tourism in Sydney and in the state in general. These conclusions did not appear to be supported by state and national tourism strategies as late as 1994. A review of these strategies suggested that the link between gambling and tourism was not considered strong by government authorities.[105]

Further evidence is drawn from the literature, suggesting that urban casinos have substantially different economic impacts than destination resort casinos. Indeed, urban casinos that draw the majority of their patrons from local regions, as in the case of Sydney, create less of an *export* effect from spending in the casino. As a result there is a concentration of economic activity drawn from other sectors of the regional economy, rather than net creation of economic activity to the region.[106] This being the case, proponents of urban casinos cannot make as credible a case for economic benefits as can proponents of destination resort casinos.

It could be suggested that on the basis of available data, the heralded domestic and international tourism benefits of the Sydney casino has been overstated, particularly with regard to the size of the international tourism market.[107] Indeed, the researchers suggest that what in fact is emerging, in both Sydney and other major population centres across the country, is an intensifying effort on the part of casino operators to draw even greater numbers of local patrons into the gambling and entertainment facilities of their establishments.

Subsequent data presented in the 1997 NSW Casino Control Authority Section 31 Inquiry Report[108] provided a clearer picture of the extent to which the Star City casino attracts additional tourists. In its submission to the Inquiry, Star City provided details of surveys conducted of casino visitors. The breakdown of place of residence for first time and repeat visitors amongst 16,032 visitors to the temporary Sydney Harbour Casino is shown in Table 2.1 below.

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[104] Lynch, R., Veal, T. & Toms, M. 1996 'Tourism and the Local patronage Base of Urban Casinos in Sydney and Australia', in B. Tolchard (ed.) *Towards 2000: The Future of Gambling*, Seventh National Conference of the National Association for Gambling Studies, Adelaide, National Association for Gambling Studies, p.139-150.
[105] Lynch, R et al. 1996, p.144.
[106] Lynch, R et al. 1996, p.148.
[107] Lynch, R et al. 1996, p.148.
[108] New South Wales Casino Control Authority, 1997 *Report of Investigation Pursuant to Section 31 of the New South Wales Casino Control Act* 1992, Sydney, December.

Table 2.1 Percent of first time and repeat visitors to Sydney Harbour Casino (Star City)

	First time visitors to Sydney Harbour Casino	Repeat Visitors to Sydney Harbour Casino
Overseas	33%	6%
Interstate	14%	2%
Other NSW	11%	5%
Sydney Metropolitan	42%	87%
Source: New South Wales Casino Control Authority, 1997.		

The data in the table above suggests that interstate and overseas visitors have included a visit to the temporary casino when staying in Sydney, but at this stage the casino has not been able to attract substantial repeat visits. The above data were gathered during the period of the temporary casino and so it is likely that this situation would improve after the establishment of the better appointed Star City casino. After considering further international visitor evidence, the Inquiry concluded 'that casinos constitute an important part of the tourist attraction base of the destination in which they are located' and that while 'some tourists no doubt included the casino as an item on their visit agenda, it is doubtful that the (temporary) casino was the catalyst for tourists to visit Sydney and New South Wales.'[109]

At the national level the Australian Casino Association have stated that in 1996-97 a total of 13.6 per cent of casino visitors were from outside the local region. Further, 0.4 per cent were international commission gamblers and 2.8 per cent other international players. Despite this small volume of international visitors the Australian Bureau of Statistics estimates that international visitors contribute a disproportionately high level of 25 per cent of casino revenue.[110]

2.6.3 Casinos and tourism: The case of Queensland

As part of the state government's attempt to diversify the Queensland economy and to encourage international and interstate tourism, two casinos were introduced to Queensland during the 1980s, one at the Gold Coast and one at Townsville. The Townsville Casino failed to achieve the predicted tourism targets and drew most of its patronage from the local region, but Jupiters Casino at the Gold Coast proved to a major tourism drawcard.[111] Primarily because of its location, it has become Australia's only tourist resort casino. Although commercially successful, however, Jupiters was subject to seasonal fluctuations in domestic tourism and was heavily reliant on the regular patronage of 'daytrippers' from Brisbane. The leisure spending of the local community form the basis of casino revenues while domestic and international tourists increase the profit margins.

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[109] New South Wales Casino Control Authority, 1997 *Report of Investigation Pursuant to Section 31 of the New South Wales Casino Control Act* 1992, Sydney, December, p.105, 107.

[110] Productivity Commission 1999 *Australia's Gambling Industries, Inquiry Report Volume 1,* Canberra, Common wealth of Australia, p.5.9-10.

[111] McMillen, J. 1991 'Casino and tourism: what's the big attraction?' in Peter Carroll (et al.) *Tourism in Australia.* Sydney: Harcourt Brace Jovanovich, p. 153-72.

In the 1990s, two additional casinos were opened in Queensland, one in Brisbane (Treasury Casino, owned and operated by Jupiters) and Reef Casino in Cairns, gateway to the major tourism attractions of the Barrier Reef and tropical rainforest.[112] Significantly, both these casinos were introduced around the time when Queensland clubs and hotels were authorised to operate EGMs, thus increasing the leisure and gambling options available to local residents.

The performance of these two 'third wave' casinos, and consequently their impacts, have been markedly different. Reef Casino opened with ambitious predictions that tourists would form a large proportion of its clientele. However, the casino has not received the influx of Asian and American tourists anticipated, partly because of the downturn in tourism to the North Queensland region during the late 1990s. Furthermore, in 1997 the bank providing financial backing for junket operations withdrew its support. The casino also has suffered from competition by clubs and hotels for the local leisure market. Consequently, the casino has experienced serious financial difficulties. However in late 1999 the government negotiated financial arrangements to allow the casino to continue operations under new management

In contrast, although subject to similar competition from club and hotel gaming, the Treasury Casino in Brisbane has steadily built up a regular local clientele and has contributed to an integrated tourism strategy for the Brisbane-Gold Coast region. While tourists remain a minority of Treasury Casino patrons, community surveys indicate that the casino does contribute significantly both to Brisbane's appeal as a city and to the leisure opportunities for local residents.

[112] Information on the Brisbane and Cairns casinos is drawn from the draft Final Report of a comparative impact study (1996-98) conducted by Jan McMillen and the AIGR (forthcoming).

2.6.4 EGMs, leisure and entertainment: The case of New South Wales

Poker machines had operated illegally in some NSW clubs since the late nineteenth century, often without serious attempts to remove them. By the early 1950s the income from illegal machines had allowed some clubs to provide superior facilities and services to hotels. Following legalisation of poker machines in 1956, at the same time as the liberalisation of liquor laws, community clubs administered as 'leisure cooperatives' became an integral and dynamic part of social life in that state.[113] With time, clubs developed into 'multi-functional leisure organisations' that integrated machine gambling into the established leisure activities of working class suburban and rural communities.[114]

The community basis of clubs and a rapid growth in local gaming expenditure meant that NSW clubs were able to subsidise meals, make major venue improvements, attract international entertainers and finance leisure facilities for local social and sporting groups. Research shows that club patrons derived considerable benefit from the social interaction and relationships associated with this form of community-based gambling.[115] The income-earning capacity of club gaming also enabled some clubs to assume many of the functions of local government, with the construction and maintenance of public facilities such as sporting complexes and community halls, and sponsorship of local cultural events and entertainment.[116]

After decades of aggressive lobbying, in 1984 NSW hotels were permitted to operate a limited number of 'draw card' machines (Approved Amusement Devices – AADs). By the late 1980s there were 1,432 registered clubs in NSW offering gamblers access to 54,000 machines and 9,000 draw poker machines "making the club industry the largest provider of leisure in the state".[117] By early 2000 the total number of gaming machines in the state had risen to 101,013. Of these, 75,313 machines were situated in 1,432 clubs, 24,198 machines were situated in 1,836 hotels and 1,500 machines were at Star City casino.[118]

The introduction of other forms of gambling (lotto, a range of TAB betting options, a casino) resulted in a steady decline of the overall market share of the club sector in the 1990s. Smaller clubs found it difficult to compete with their larger counterparts and the growing number of local hotels with gaming machines. Larger clubs, however, have maintained their market dominance and continued to expand. Clubs such as Penrith Panthers (Sydney) and Twin Towns (Tweed Heads) have developed integrated resort-style complexes that mix gaming with a wide range of leisure facilities including accommodation, convention facilities, cinemas, live entertainment, sports activities, cafes and restaurants.

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[113] Caldwell, G. 1972a *Leisure Co-operatives. The Institutionalisation of Gambling and the Growth of Large Leisure Organisations in New South Wales*. Unpublished PhD thesis, Australian National University; Caldwell, G. 1972b 'Jackpot: the NSW club'. *Current Affairs Bulletin*, September, pp.13-16.

[114] Caldwell, G. 1972a *Leisure Co-operatives. The Institutionalisation of Gambling and the Growth of Large Leisure Organisations in New South Wales*. Unpublished PhD thesis, Australian National University, p.343.

[115] Lynch, R. 1990 'Working class luck and vocabularies of hope among regular poker-machine players', in D.Rowe & G. Lawrence (eds) *Sport and Leisure. Trends in Popular Culture*. Marrickville: Harcourt Brace Jovanovich, pp. 189-208.

[116] Knock, K. 1985 'The Southern Cross Club: a family club's experience with poker machines', in G.Caldwell et al. (eds) *Gambling in Australia*. Sydney: Croom Helm, p.269-72.

[117] Knock, K. 1985, p.269-72.

[118] New South Wales Department of Gaming and Racing unpublished data. As at 25th February, 2000.

A more recent development has been the legalisation of EGMs in Queensland (1991) and Victoria (1992). By the 1980s thousands of Victorian and Queensland residents regularly crossed state borders to play the poker machines in NSW clubs and to enjoy the leisure facilities and inexpensive entertainment they provided. The lavish facilities and increasing membership of the large NSW border clubs posed a commercial threat to tourist operators on Queensland's Gold Coast and to Victorian tourist centres. Cross-border leakage of gambling expenditure also affected government revenues in these two states.[119] Whereas both Victoria and Queensland previously had been concerned with the traditional associations of poker machine gambling with crime and corruption, the pro-gaming lobby began to argue that gaming machines were part of an economically important entertainment and leisure industry.[120] In a 'domino' effect similar to that which had resulted in the proliferation of Australian casinos, from 1991-94 these arguments were used to ensure the legalisation of EGMs in clubs and hotels in Queensland, then Victoria, followed by all other states/territories except Western Australia.[121]

2.7 CONCLUSION: IMPLICATIONS FOR VICTORIA

This conclusion outlines implications arising from the literature for the study of the set of relationships between the expansion of gaming and the tourism, entertainment and leisure sectors in Victoria. The survey of the international and interstate literature has revealed the absence of adequate research on several aspects of this complex of relationships. By far the most satisfactory research to date is in the area of the relationships between casino development and tourism, and even this research lacks essential detail and rigour.

Several influential factors can be drawn from the literature examined regarding tourism and casinos.

- Casino gambling has the ability to serve several functions along a continuum of economic development, including that of a *tourist sector*, an *import substitution* activity, or a *local service*. The effects of these functions on the local economy range from being primarily *expansionary* to primarily *redistributive*.[122]

- The extent and types of impacts associated with casino development are dependent, to a large degree, on the local/tourist market mix (both target and actual).

- The composition of the market mix appears to be influenced by two major factors: the location (e.g. urban, destination-resort *or* border) and type of casino development (e.g.

[119] McMillen, J. 1996. "Social priorities in gaming policy: studies from two Australian states', in W.R.Eadington, & J. Cornelius (eds) p.7-24
[120] Schilling, M. et. al. 1994 *Review of Electronic Gaming Machines in Victoria*, Volume 1, Melbourne, State Government of Victoria. p. 48.
[121] Australian Institute for Gambling Research 1999 *Australian Gambling: Comparative History and Analysis*. Melbourne: VCGA, p.162-189.
[122] Such a conclusion is supported by research into the impact of the expansion of gaming on the retail sector in Victoria. This research found that increased expenditures on gaming were substitution expenditures, particularly away from the services sector, or as a result of a depletion in levels of household savings. See NIEIR 1997 The Impact of the Expansion of Gaming on the Victorian Retail Sector, Melbourne, VCGA.

stand alone casino *or* casino entertainment complex). As a result it is difficult to draw *general* conclusions as to the extent of impacts that casinos have on domestic and international tourism.

- More specifically, however, there is evidence to suggest that a casino development which attempts to attract a greater proportion of out of town visitors is more likely to have a positive impact on existing forms of entertainment than one which focuses more on local patrons. However, on this point it should be noted that the evidence to date has suggested that new tourists attracted by casinos are less likely to attend other local entertainment activities than tourists attracted by other factors.

- At the least, an approach to casino development that favours a relatively high level of tourist patrons in its market mix is less likely to have a detrimental impact on other forms of entertainment and leisure (due to relatively lower amounts of substitution expenditure by local residents). Although it did not specify clearly the patron mix of the casino development in question, results of a longitudinal empirical study in the U.S. indicated very little or no support for the commonly held belief that casinos have a negative effect on local bars and restaurants.

- It is apparent that international visitors, whilst constituting a small percentage of total volume of casino visitors, are likely to contribute a disproportionately large percentage of casino revenue.

As regards the relationship between casino development and the entertainment and leisure sectors, two approaches to the addition of entertainment to gambling services were discussed in the literature reviewed:

- integration of entertainment into gaming; and
- addition of entertainment to gaming as a traffic centre or second profit centre.

Within Australia, some casinos (e.g. Crown Casino and Star City) and registered clubs (e.g. Penrith Panthers) have adopted the first approach of integrating entertainment into the gambling environment through the use of live entertainment, movies, virtual reality and video machines, and shopping. These venues have enhanced the gaming experience with a range of novel and amplified entertainment, and are promoted as destinations in their own right. The additive approach has also been adopted in Australia, particularly by registered clubs in New South Wales that have expanded the leisure and entertainment opportunities for the communities in which they are located.

One of the stated objectives of the Victorian *Gaming Machine Control Act* 1991 and the *Casino Control Act* 1991 is the promotion of tourism.[123] One specific strategy adopted to promote tourism was the allocation of funding for tourism initiatives from the Community Support Fund. By 1994, however, allocations from the Fund had ‘at best, provided a temporary rather than an on-going stimulus to tourism. Further, it appeared that little thought

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[123] For example, the *Gaming Machine Control Act* specifies as one of the purposes for legalising EGMs “promoting tourism, employment and economic development generally in the State”.

has been given to using tourism to stimulate the electronic gaming industry and in turn, allowing gaming machines to stimulate tourism'.[124]

Policies developed to guide the allocation of gaming machines in Victoria were designed to stem the flow of Victorian gaming patrons to border clubs. However, in 1994 a Review of the impacts of EGMs in Victoria found that 'Victoria is still losing gaming machine patronage to the New South Wales' border clubs because patrons claim they offer better entertainment and sporting facilities, and subsidised trips, food and accommodation for group travellers. On the other hand, South Australian residents are currently enjoying Victorian venues, but it is difficult to know how long this will continue, when their electronic gaming machines become operative'.[125] The Review recommended that Tourism Victoria develop a tourism strategy for Victoria that encompassed gaming machines.

The historical situation was not one that reflected particular emphasis on EGMs as useful in the stimulation of tourism activity. This report will examine these issues in the light of events since 1994.

[124] Schilling, M. et. al. 1994 *Review of Electronic Gaming Machines in Victoria*, Volume 1, Melbourne, State Government of Victoria, p.110.
[125] Schilling, M. et. al. 1994, p.110.

SECTION 3: THE IMPACT OF THE EXPANSION OF GAMING ON THE GAMBLING INDUSTRY

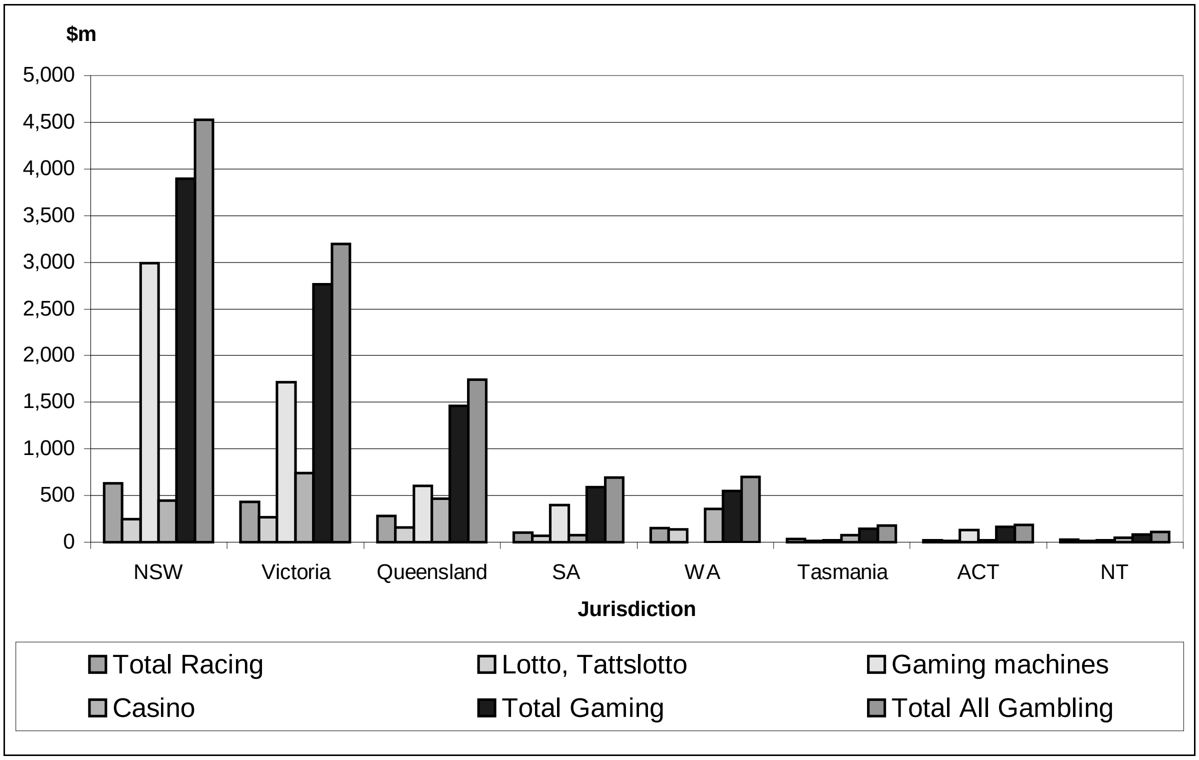
This section presents an overview of gambling expenditure across all Australian states and territories for the period 1989-90 to 1997-98.[126] Expenditure refers to the total amount lost by gamblers. In addition to comparisons across jurisdictions, an overview of casino gaming is presented as the second part of this section, utilising expenditure figures to provide a comparative picture of the casino dimension of the expansion of gaming across time and across various jurisdictions.

3.1 AUSTRALIAN GAMBLING EXPENDITURE

- Total gambling expenditure in Australia in 1997-98 was $11.327 billion.

[126] Figures for gambling turnover provide a broad indication of the volume of play, not the amount lost (expenditure).

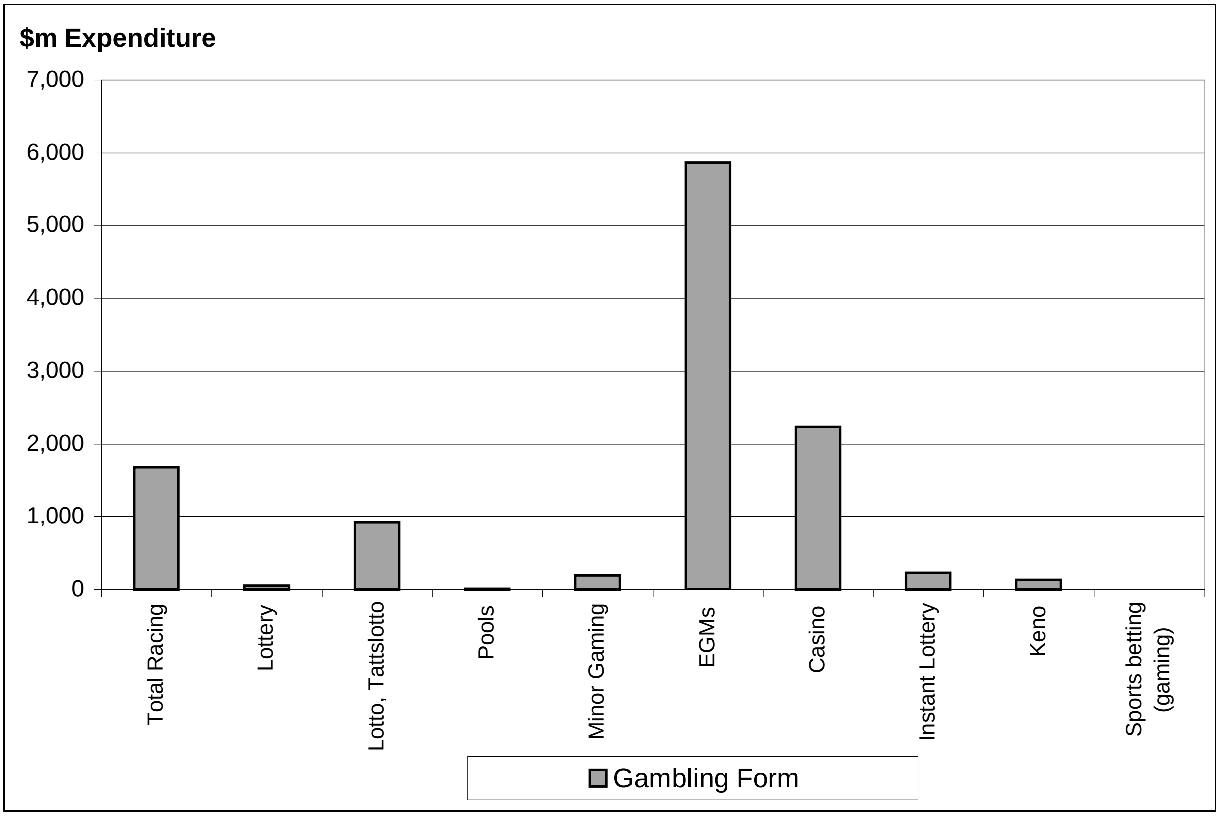
Figure 3.1 Gambling expenditure by state and territory jurisdictions, Australia 1997-98



Source: Tasmanian Gaming Commission 1999 *Australian Gaming Statistics 1972-73 to 1997-98*.

- The jurisdictions of NSW and Victoria comprise the two major gambling markets, with expenditures of $4.526 billion and $3.194 billion respectively in 1997-98. Gambling expenditure for Queensland in 1997-98 was $1.742 billion.
- Expenditure on EGM gambling comprised approximately 54 per cent of total gambling expenditure in Victoria in 1997-98. In NSW, EGM expenditure comprised approximately 66 per cent of total gambling expenditure. In Queensland the equivalent figure was approximately 35 per cent.
- EGMs also comprised the greatest proportion of total gambling expenditure in South Australia and the ACT. EGM expenditure as a percentage of total gambling expenditure is lowest in Tasmania, where EGMs were only introduced into hotels and clubs in 1997, and the Northern Territory, where the number of EGMs is relatively small. Western Australia does not license EGMs outside Burswood Casino.

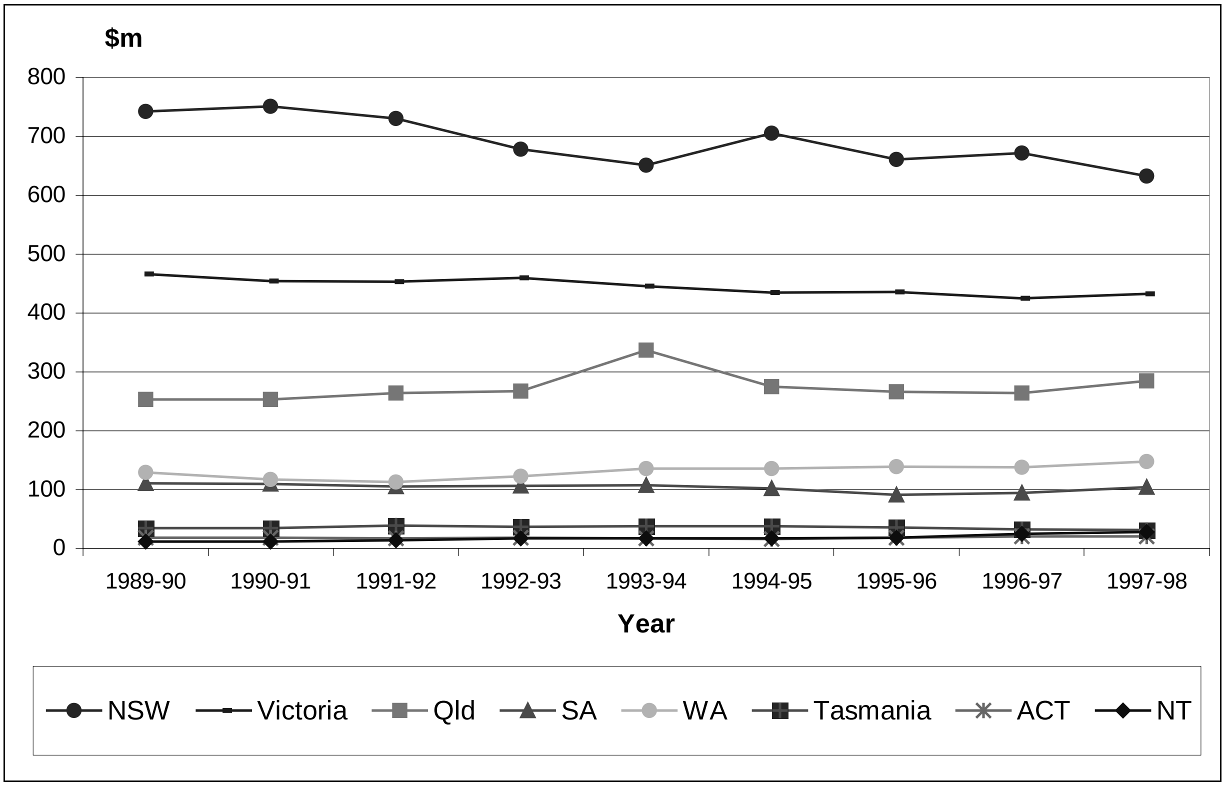
Figure 3.2 Australian gambling expenditure, gambling forms 1997-98



Source: Tasmanian Gaming Commission 1999 *Australian Gaming Statistics 1972-73 to 1997-98*.

- Nationally, EGM expenditure ($5.866 billion) comprised approximately 51.8 per cent of total gambling expenditure ($11.327 billion) in 1997-98.
- Casino expenditure ($2.232 billion) comprised approximately 19.7 per cent of total gambling expenditure in 1997-98.
- As a combined total the gambling forms that primarily constitute the expansion of gaming in Australia, casinos and EGMs, share more than two-thirds of total national gambling expenditure. Expenditures on 'traditional' gambling forms including racing and lotteries comprises less than 30 per cent of the current gambling expenditure.

Figure 3.3 Total real racing expenditure, Australian states and territories 1989/90-1997/98

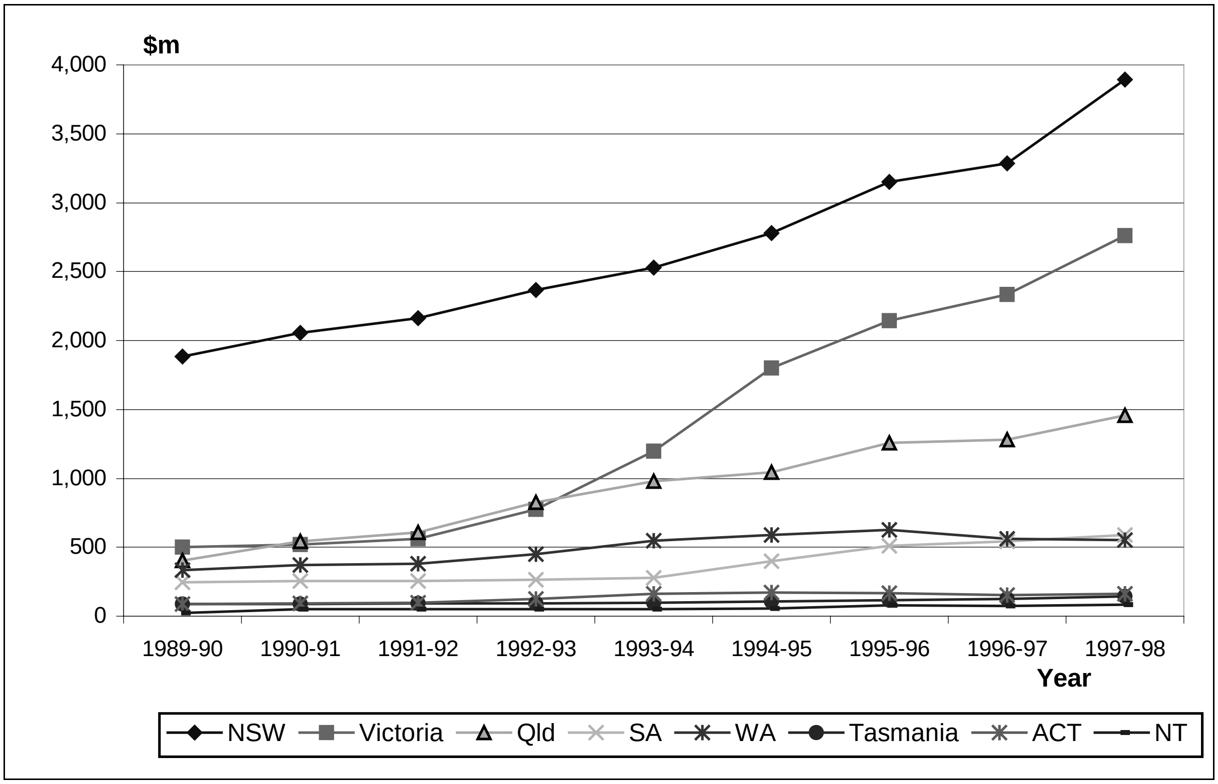


Source: Tasmanian Gaming Commission 1999 *Australian Gambling Statistics 1972-73 to 1997-98*.

The trend in total real racing expenditure for each state and territory during the past decade is illustrated in Figure 3.3 above.

- Total real racing expenditure for Australia has declined by approximately 5 per cent in the period since 1989-90.
- Decline in real racing expenditure over the period was most severe in NSW (14.9%).
- In Victoria real racing expenditure bottomed out in 1996-97 (-8.9% compared to 1989-90). However in the subsequent period real racing expenditure in Victoria increased marginally.

Figure 3.4 Total real gaming expenditure, Australian states and territories 1989/90-1997/98



Source: Tasmanian Gaming Commission 1999 *Australian Gambling Statistics 1972-73 to 1997-98*.

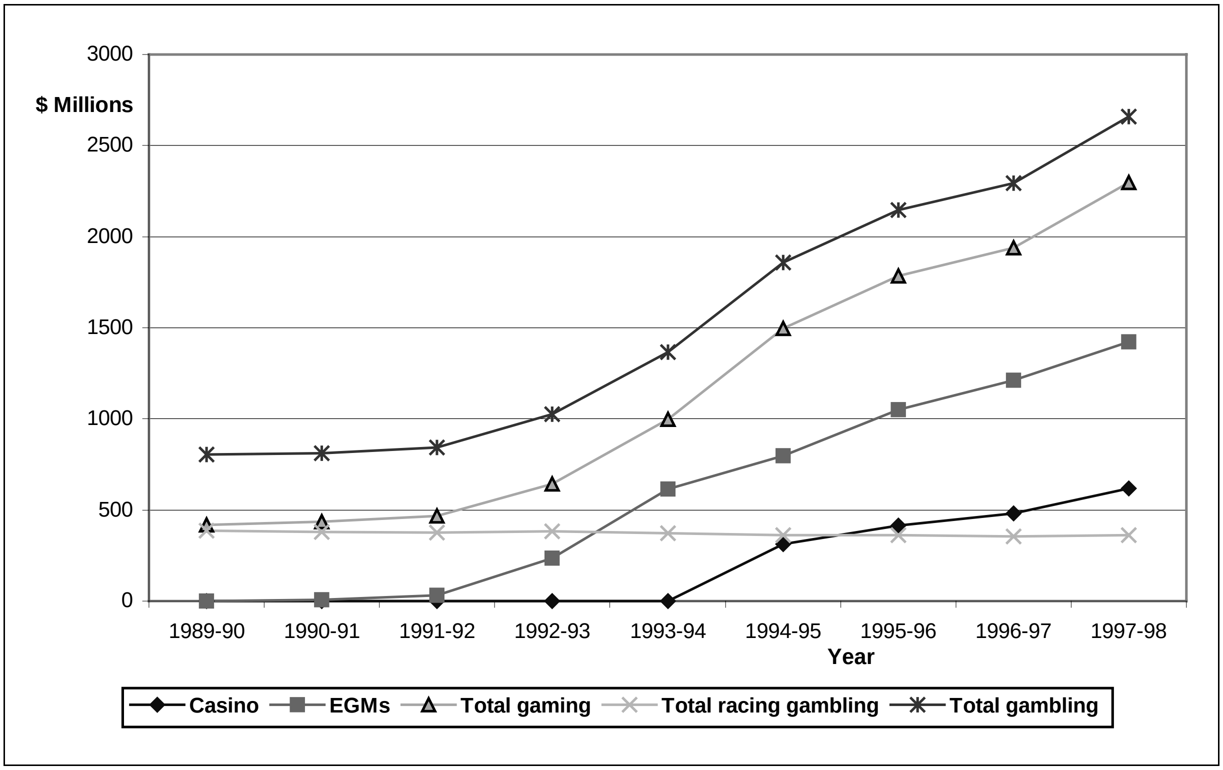
Total real gaming expenditure shows an inverse trend to that shown for racing (Figure 3.4 above). The growth in real gaming expenditure has been rapid and sustained.

- The growth in real gaming expenditure has been most exaggerated in Victoria in the period since 1992-93. Real gaming expenditure in Victoria was $501.2 million in 1989-90 as compared to $2.761 billion in 1997-98.
- In NSW real gaming expenditure has risen from $1.882 billion in 1989-90 to $3.894 billion in 1997-98.
- Aggregate real gaming expenditure in Australia rose from $3.564 billion to $9.643 billion between 1989-90 and 1997-98.

3.2 VICTORIAN GAMBLING EXPENDITURE

In this section and those following which look at other Australian jurisdictions, expenditure figures are expressed as constant at 1989-90 dollar values. This technique allows comparison of time-series figures, net of the impact of cumulative rises in consumer prices. In simple terms this means that the trend in gambling expenditure illustrated in the following series of figures is shown in 'real' terms by accounting for the effect of inflation in increased expenditure numbers and then equating this figure to 1989-90 dollar prices.

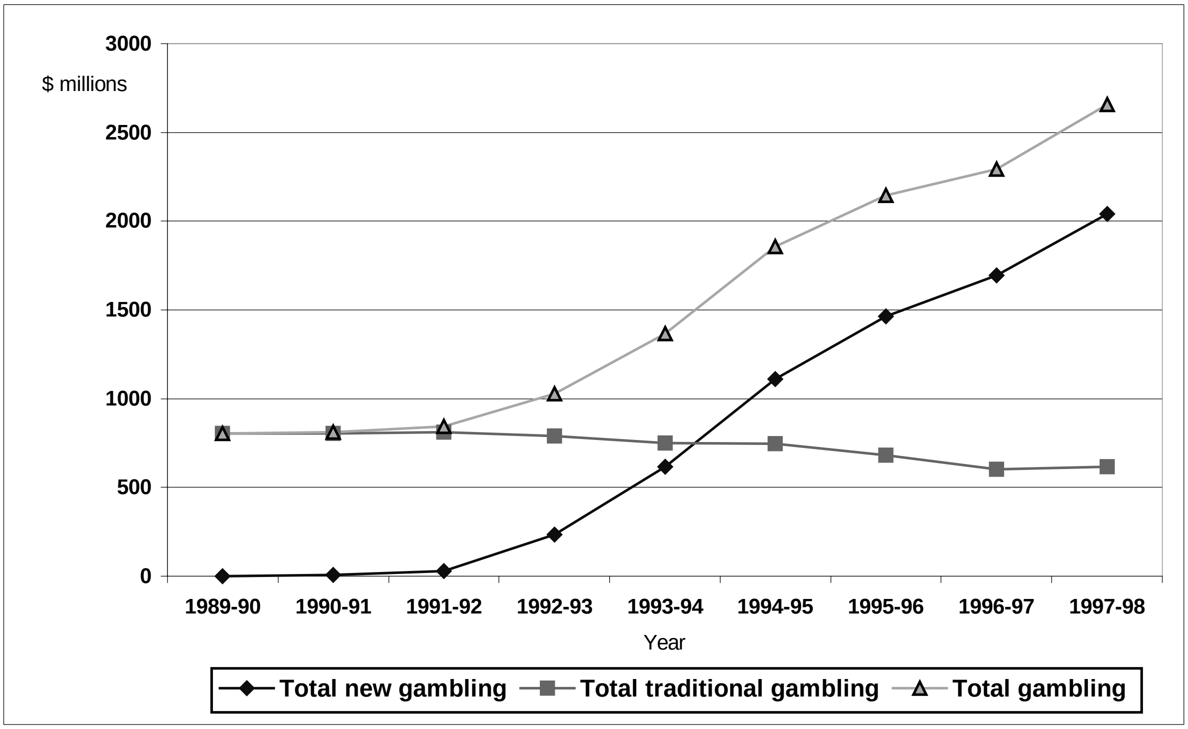
Figure 3.5 Victorian gambling expenditure, 1989-90 to 1997-98 (1989-90$)



Source: Tasmanian Gaming Commission 1999 *Australian Gambling Statistics 1972-73 to 1997-98*.

- In 1989-90 total racing gambling expenditure was $387.6 million. This amount was just less than 50 per cent of total gambling turnover in Victoria. At 1989-90 prices total racing gambling expenditure has declined slowly throughout the 1990s. Total racing gambling expenditure at 1989-90 prices was $360.4 million in 1997-98. This accounted for approximately 13.5 per cent of total gambling expenditure in Victoria.
- Total traditional gambling expenditure (total gambling expenditure less EGM and casino gaming expenditures) has declined from $804.2 million in 1989-90 to $616.8 million (1989-90$ prices) in 1997-98.
- The significance of total traditional gambling expenditure as a component of total gambling expenditure has declined rapidly. By 1993-94, just two years after the introduction of EGMs to hotels and clubs, total traditional gambling expenditure comprised approximately 55 per cent of the total gambling expenditure (at 1989-90$ prices). This figure declined to 23.2 per cent in 1997-98 (1989-90$ prices).
- In 1992-93, the first full year in which EGMs were in operation in clubs and hotels in Victoria, EGM expenditure was $235.5 million (1989-90$). This figure has grown rapidly to $1.423 billion (1989-90$) in 1997-98. EGM expenditure comprises approximately 62 per cent of total gaming expenditure in Victoria in 1997-98 (1989-90$).
- Gaming expenditure at the Melbourne casino has grown rapidly from $314.3 million in 1994-95 to $617.6 million in 1997-98 (1989-90$). The casino share of total gaming expenditure was approximately 21 per cent in 1994-95, rising to approximately 26.8 per cent in 1997-98.

Figure 3.6 Victorian traditional and new gambling expenditure, 1989-90 to 1997-98 (1989-90$)[127]



Source: Tasmanian Gaming Commission 1999 *Australian Gambling Statistics 1972-73 to 1997-98*.

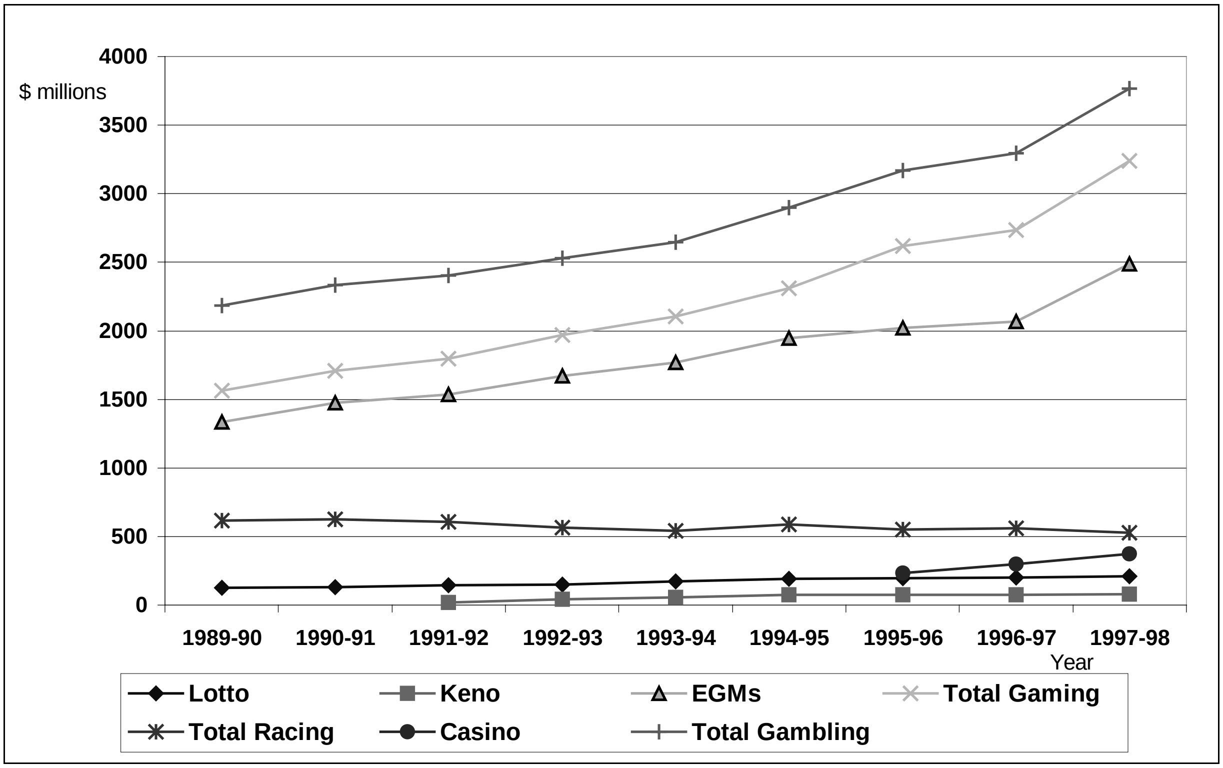
- Total Victorian gambling expenditure, in 1989-90 dollar prices, grew from $804.2 million in 1989-90 to $2.658 billion in 1997-98.
- The traditional forms of gambling in Victoria appear to have been declining prior to the expansion of gaming.
- The new forms of gambling comprise approximately 88.8 per cent of the total gambling turnover in Victoria in 1997-98.

3.3 NEW SOUTH WALES GAMBLING EXPENDITURE

The expansion of gaming in NSW has seen EGMs licensed for hotels in 1997, although draw card machines have been allowed in hotels since 1984. New South Wales non-profit clubs have been permitted to operate EGMs since 1956. The temporary Sydney casino opened in September 1995. The permanent Star City casino commenced operations in 1997 with 1500 EGMs.

[127] For the purpose of highlighting the impact of the expansion of gaming, new gambling here refers to EGM and casino gambling only, traditional gambling refers to all other gambling. For this reason traditional gambling here includes Club Keno, which was introduced in the 1990s and is obviously not, therefore, 'traditional' unlike established gambling forms such as racing and lotteries.

Figure 3.7 New South Wales gambling expenditure, 1989-90 to 1997-98 (1989-90$)



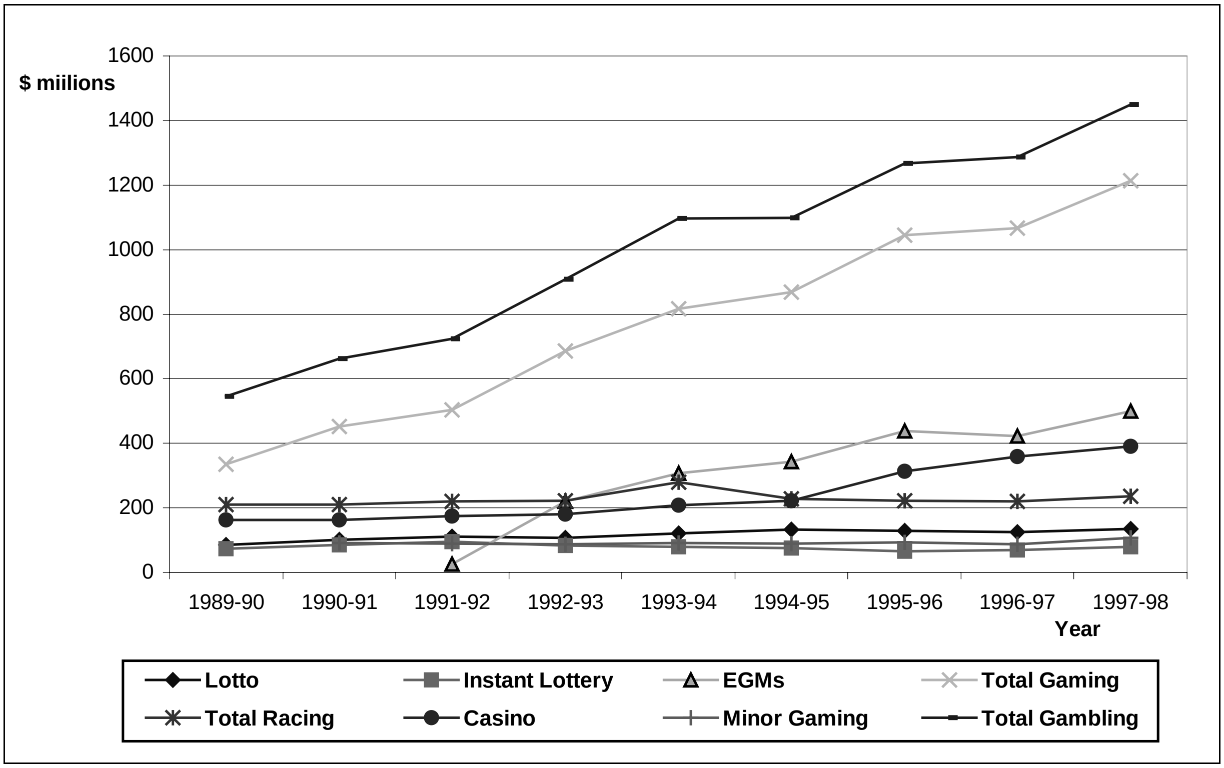
Source: Tasmanian Gaming Commission 1999 *Australian Gambling Statistics 1972-73 to 1997-98*

- In 1989-90 racing gambling expenditure comprised approximately 28.2 per cent ($617.6 million) of total gambling expenditure in New South Wales. Racing gambling expenditure has declined steadily across the period to 1997-98, at which point it comprised approximately 14.0% of total gambling expenditure ($526.2 million in 1989-90$).
- Lotto has maintained a steady increase in expenditure, whilst only comprising a small component (approximately half of one per cent) of total gambling expenditure.
- EGMs comprise by far the largest component of New South Wales gambling expenditure. EGM expenditure grew from $1.336 billion in 1989-90 to $2.484 billion in 1997-98 (1989-90$). As a share of the total gambling industry in New South Wales, EGMs comprised approximately 61.2 per cent in 1989-90, rising to approximately 66.0 percent in 1997-98.
- Gaming, as a component of total New South Wales gambling expenditure, rose from approximately 71.7 per cent in 1989-90 to approximately 86.0 per cent in 1997-98.

3.4 QUEENSLAND GAMBLING EXPENDITURE

At the start of the 1990s Queensland already had two casinos, Jupiter's on the Gold Coast which commenced operations in November 1985 and Breakwater Island in Townsville which commenced operations in June 1986. The casino market expanded during the decade with the opening of Treasury Casino in Brisbane in 1995 and Reef Casino in Cairns in 1996. Gaming machines were introduced to Queensland clubs and hotels from 1992.

Figure 3.8 Queensland gambling expenditure, 1989-90 to 1997-98(1989-90$)



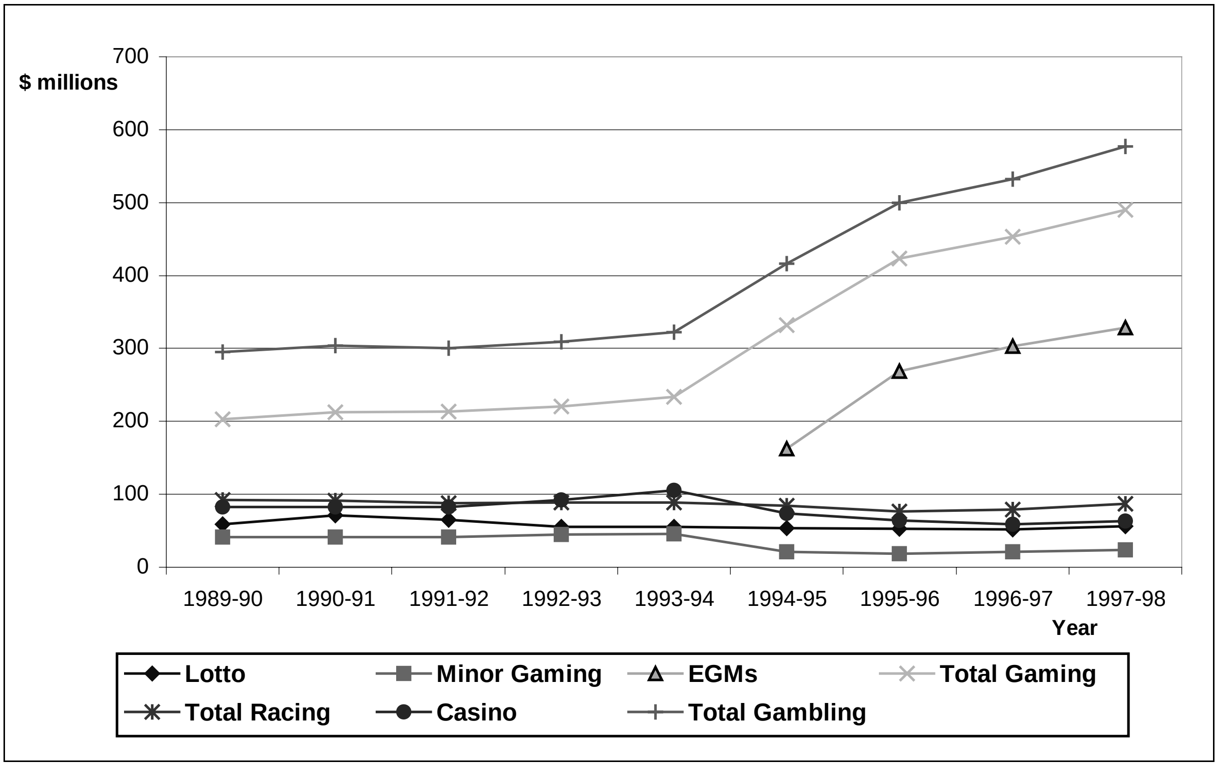
Source: Tasmanian Gaming Commission 1999 *Australian Gambling Statistics 1972-73 to 1997-98*

- Total racing expenditure in Queensland was relatively constant across the 1990s. In 1989-90 total racing gambling expenditure comprised approximately 38.6 per cent of total gambling expenditure. In 1997-98 total racing gambling expenditure comprised approximately 16.3 per cent of total gambling expenditure (in 1989-90$).
- Casino expenditure comprised approximately 29.7 per cent of total gambling expenditure in 1989-90. Casino expenditure comprised approximately 26.8 per cent of total gambling expenditure in Queensland in 1997-98 (1989-90$). The casino share of the gambling market has remained steady subsequent to the introduction of casinos in Brisbane and Cairns in 1995 and 1996 respectively.
- Along with casinos, EGMs comprise the major component of total gambling expenditure in Queensland; 34.5 per cent ($500.4 million) in 1997-98 (1989-90$), up from 24.3 per cent ($220.9 million) in 1992-93, which was the first full year of EGM operation in hotels and clubs.
- The gambling industry in Queensland increased its total gambling expenditure by 266 per cent between 1989-90 and 1997-98; from $545.4 million to $1.45 billion (1989-90$).

3.5 SOUTH AUSTRALIAN GAMBLING EXPENDITURE

The Adelaide casino commenced operations in December 1985. Gaming machines were introduced into South Australian clubs and hotels from July 1993.

Figure 3.9 South Australian gambling expenditure, 1989-90 to 1997-98 (1989-90$)



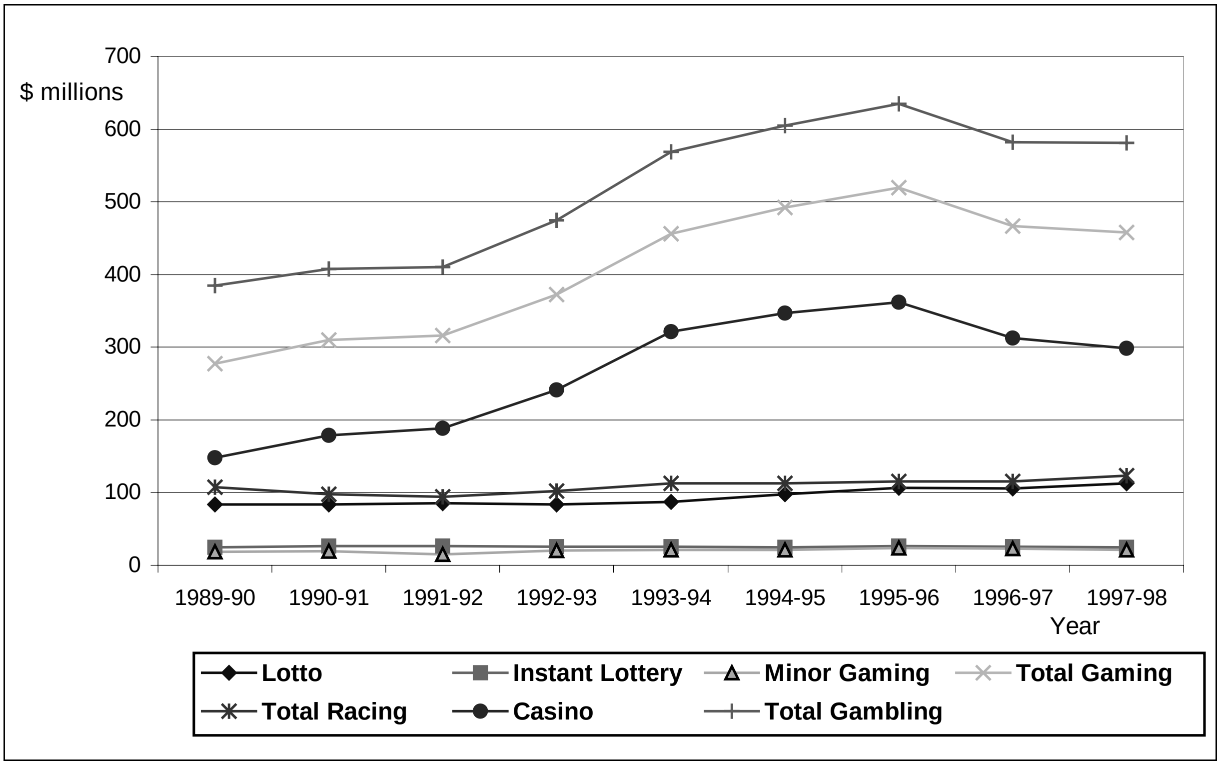
Source: Tasmanian Gaming Commission 1999 *Australian Gambling Statistics 1972-73 to 1997-98*

- In 1989-90$, racing gambling expenditure in South Australia has declined slightly between 1989-90 and 1997-98. Racing gambling expenditure as a share of total gambling expenditure has declined from approximately 31.3 per cent in 1989-90 ($92.4 million) to approximately 15.1 per cent in 1997-98 ($86.8 million).
- Casino expenditure comprised approximately 28.1 per cent ($82.8 million) of total gambling expenditure in South Australia in 1989-90. In 1997-98 this market share had fallen to approximately 11.0 per cent ($63.3 million in 1989-90$).
- Within four years of the introduction of EGMs to clubs and hotels in South Australia total gambling expenditure had more than doubled. In 1997-98 EGM expenditure comprised approximately 57.0 per cent ($328.4 million) of total gambling expenditure ($576.7 million) in South Australia (in 1989-90$).
- Total gambling expenditure in South Australia has increased by approximately 179 per cent in the period 1993-94 to 1997-98 (1989-90$).

3.6 WESTERN AUSTRALIAN GAMBLING EXPENDITURE

The Burswood Island Casino opened in December 1985. Western Australia has not legalised EGMs outside the casino, although cashless VLTs have been introduced.

Figure 3.10 Western Australian gambling expenditure, 1989-90 to 1997-98 (1989-90$)



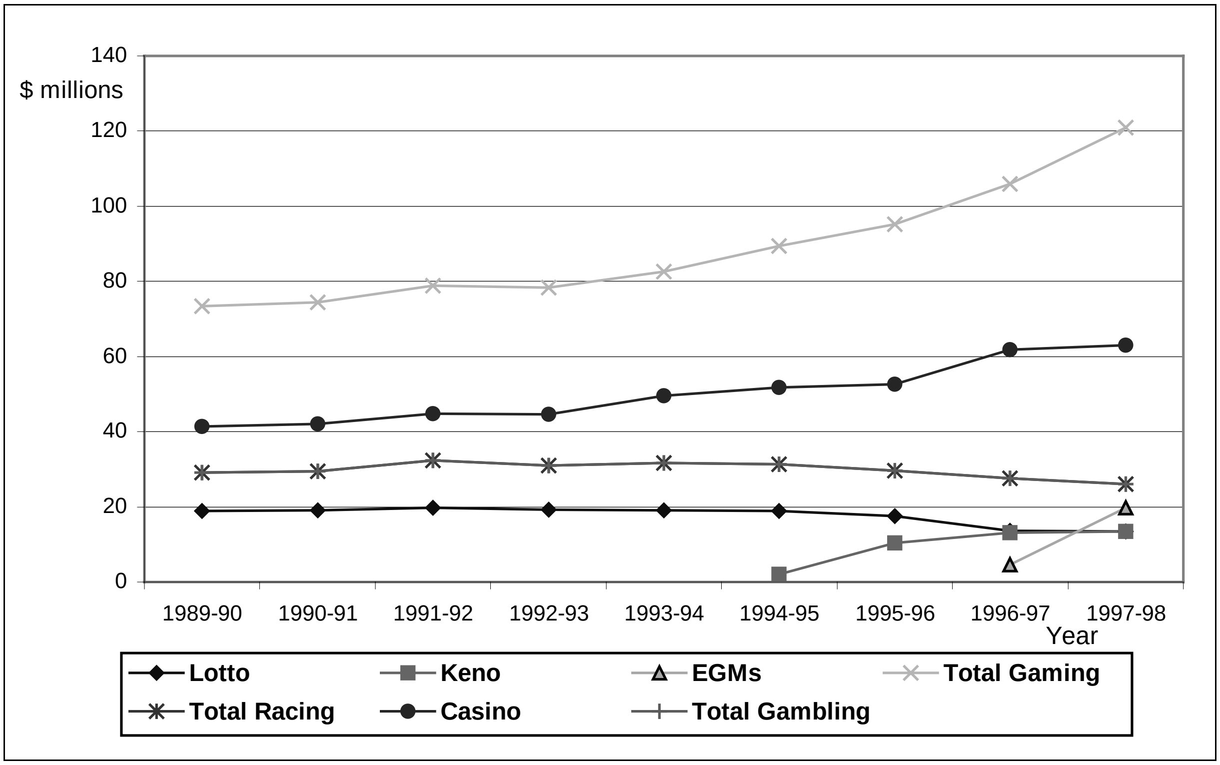
Source: Tasmanian Gaming Commission 1999 *Australian Gambling Statistics 1972-73 to 1997-98*

- Total racing gambling expenditure in Western Australia has increased steadily across the period 1989-90 to 1997-98. At the start of this period racing comprised approximately 27.9 per cent ($107.3 million) of total gambling expenditure. In 1997-98 total racing gambling comprised approximately 21.2 per cent ($123.4 million in 1989-90$) of total gambling expenditure ($581.6 million in 1989-90$).
- Casino gambling expenditure grew steadily from 1989-90 to 1994-95, also increasing as a share of total gambling expenditure during this period.
- Casino gambling expenditure declined from 1995-96 to 1997-98, resulting in total gambling expenditure also declining; from $635.2 million (1989-90$) in 1995-96 to $581.6 billion (1989-90$) in 1997-98. Casino gambling expenditure as a share of total gambling expenditure fell slightly from approximately 57.0 per cent ($362.1 million) in 1995-96 to approximately 51.3 per cent ($581.6 million) in 1997-98 (all in 1989-90$).

3.7 TASMANIAN GAMBLING EXPENDITURE

Tasmania was the first Australian jurisdiction to legalise casinos. Wrest Point Casino commenced operations in Hobart in 1973. The Launceston Country Club Casino commenced operations in 1982. Electronic gaming machines, owned and operated by the casinos, were legalised for use in hotels and clubs in Tasmania in 1997.

Figure 3.11 Tasmanian gaming expenditure, 1989-90 to 1997-98 (1989-90$)



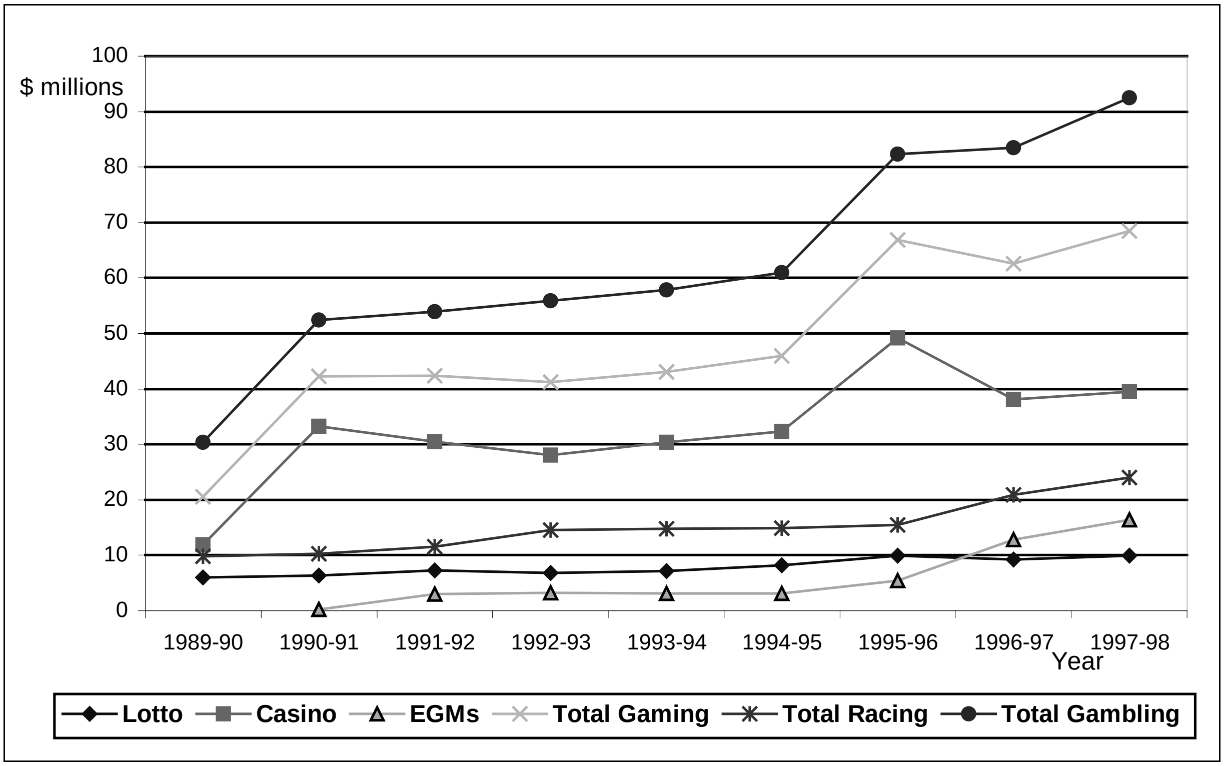
Source: Tasmanian Gaming Commission 1999 *Australian Gambling Statistics 1972-73 to 1997-98*

- Tasmanian gambling expenditure experienced a dramatic rise in the period 1992-94 following the introduction of EGMs to the two Tasmanian casinos.
- In 1992-93 casino expenditure comprised approximately 40.9 per cent of total gambling expenditure. By 1997-98 this had risen to approximately 42.8 per cent.
- Racing gambling expenditure maintained steady growth across the period to 1994-95, before falling away in the subsequent years.
- Overall gambling expenditure has increased by approximately 202 per cent across the decade; from $72.6 million in 1989-90 to $147.0 million in 1997-98 (in 1989-90$).

3.8 NORTHERN TERRITORY GAMBLING EXPENDITURE

There are two casinos operating in the Northern Territory. The casino in Darwin opened in September 1979, moving to its current permanent premises in April 1983. The Alice Springs casino opened in July 1981. Unlike the first Australian casino in Hobart, both these casinos opened with EGMs. Cashless draw card machines operated in Northern Territory clubs since the late 1970s and in hotels from 1990. In 1996 EGMs were introduced to clubs and hotels with clubs permitted to install up to 45 machines, whilst allocations to hotels were restricted to a maximum of six machines.

Figure 3.12 Northern Territory gambling expenditure, 1989-90 to 1997-98 (1989-90$)



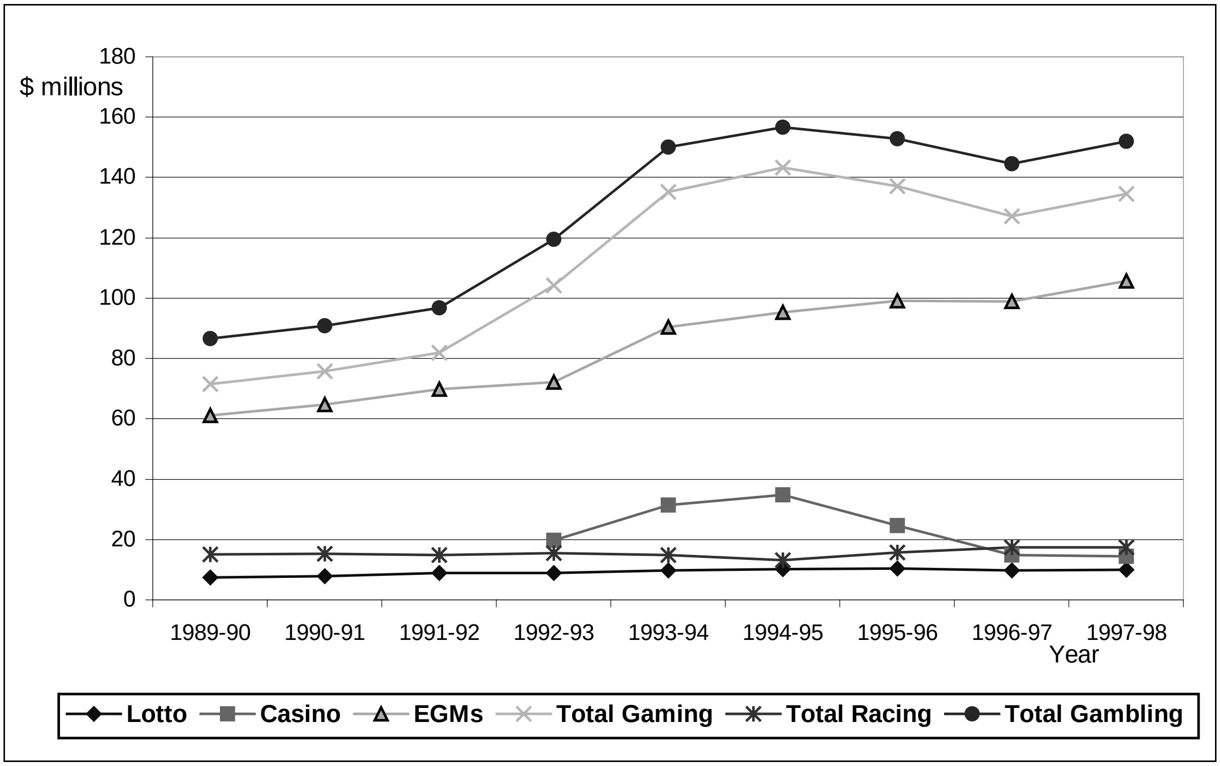
Source: Tasmanian Gaming Commission 1999 *Australian Gambling Statistics 1972-73 to 1997-98*

- Racing gambling expenditure comprised approximately 32.4 per cent of total gambling expenditure in 1989-90. In 1997-98 racing gambling expenditure comprised approximately 26.0 per cent ($24.0 million in 1989-90$) of total gambling expenditure ($92.47 million in 1989-90$).
- In 1990-91 casino expenditure comprised approximately 39.2 per cent of total gambling expenditure. In 1997-98 this had risen to approximately 42.7 per cent ($39.5 million) of total gambling expenditure.
- EGM expenditure grew from $5.4 million in 1995-96 to $16.4 million in 1997-98 (1989-90$).
- Total gambling expenditure in the Northern Territory increased by approximately 304 per cent, from $30.4 million in 1989-90 to $92.5 million in 1997-98 (1989-90$).

3.9 AUSTRALIAN CAPITAL TERRITORY GAMBLING EXPENDITURE

The Canberra Casino commenced operating from temporary premises in 1992, before moving to its permanent location in 1994. The ACT has operated gaming machines in clubs since the late 1970s. Gaming machines are not licensed for operation in hotels or the casino.

Figure 3.13 Australian Capital Territory gambling expenditure, 1989-90 to 1997-98 (1989-90$)



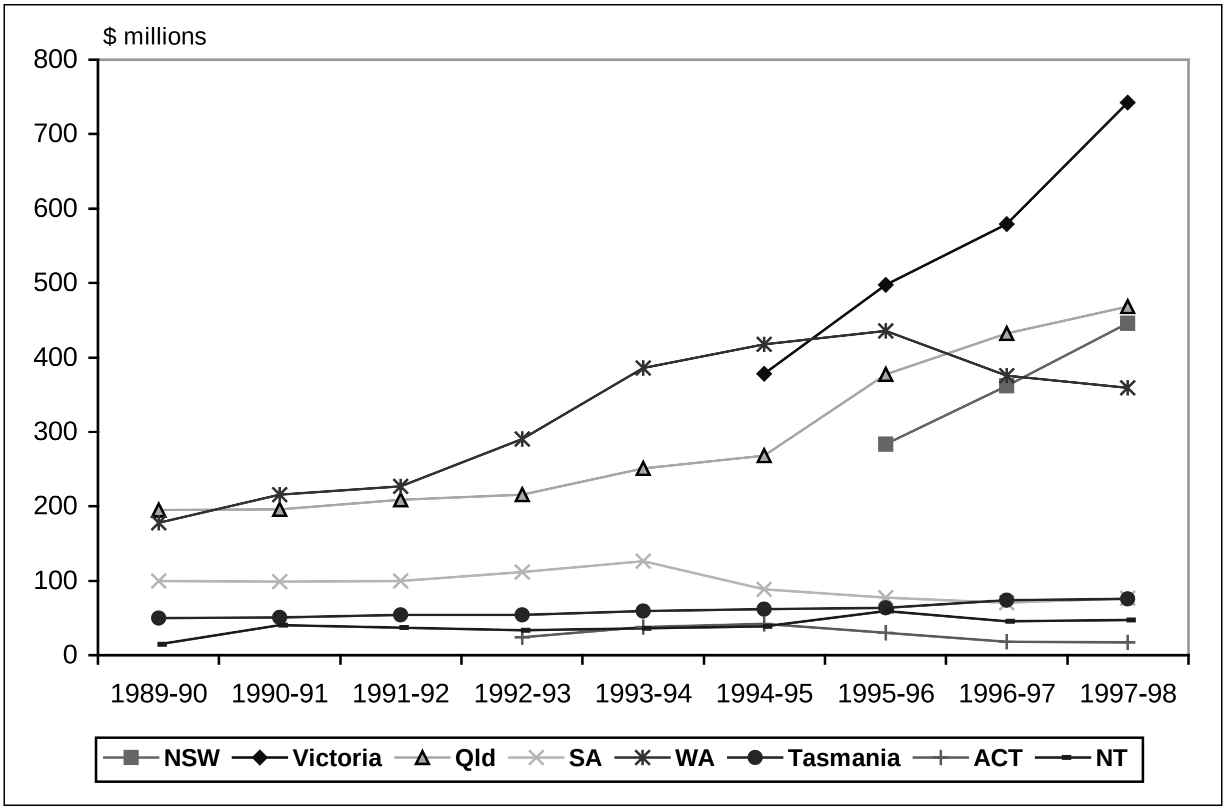
Source: Tasmanian Gaming Commission 1999 *Australian Gambling Statistics 1972-73 to 1997-98*

- In 1989-90 racing gambling expenditure in the ACT comprised approximately 17.4 per cent ($15.1 million) of total gambling expenditure ($86.6 million). Racing gambling expenditure has increased marginally across the period to 1997-98 ($17.4 million in 1989-90$). Racing gambling expenditure has declined to approximately 11.5 per cent of total gambling expenditure in the ACT ($152.0 million in 1989-90$).
- Gambling expenditure in the ACT is dominated by EGMs. EGM expenditure comprised approximately 70.5 per cent ($61.1 million) of total gambling expedniture ($86.6 million) in the ACT in 1989-90. The EGM share of expenditure remained at 69.6 per cent ($105.8 million in 1989-90$) of total gambling expenditure ($152.0 million in 1989-90$).

3.10 AUSTRALIAN CASINO EXPENDITURE

Expenditure is regarded as a more reliable indicator of the level of casino gambling than turnover. For this reason a brief summation of Australian casino expenditure levels is included here.

Figure 3.14 States and territories real casino expenditure, 1989-90 to 1997-98



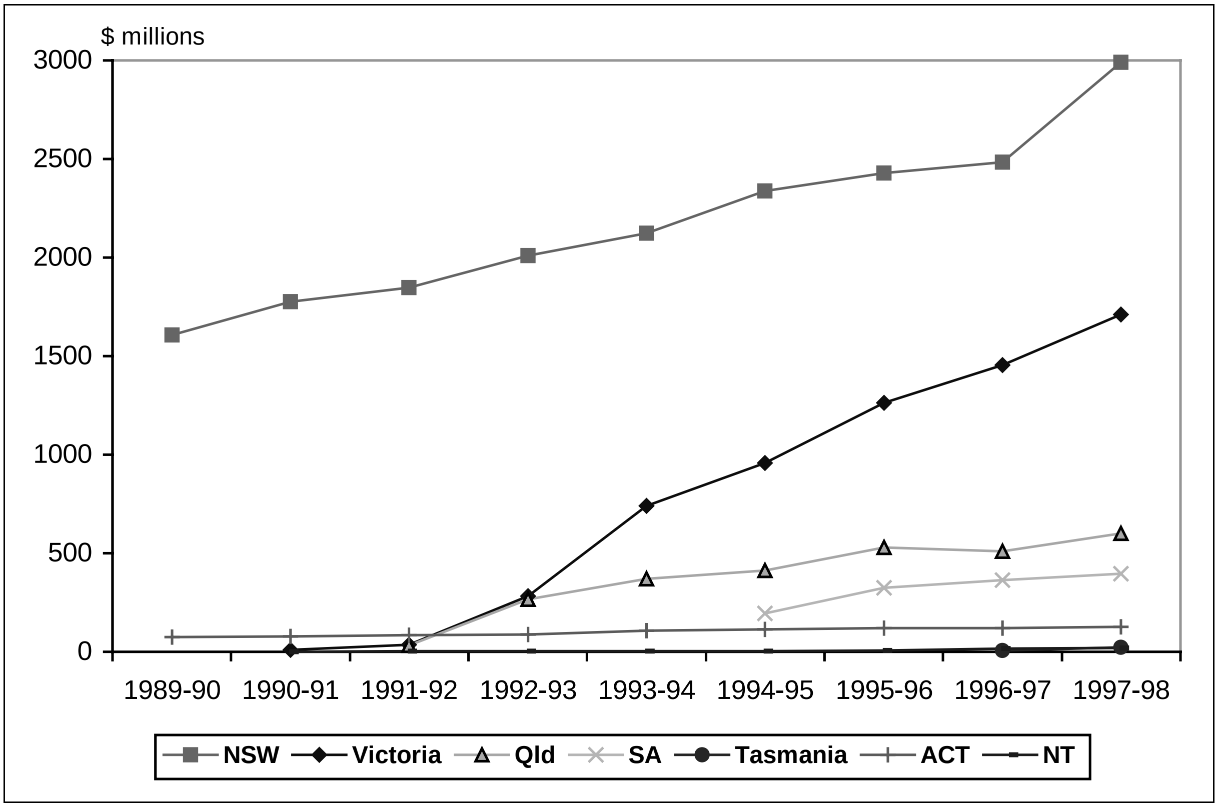
Source: Tasmanian Gaming Commission 1999 *Australian Gambling Statistics 1972-73 to 1997-98*

- Casinos in three jurisdictions show rapid growth in real casino expenditure in the period since 1994-95.
- Crown Casino in Melbourne has quickly established itself as the largest casino in terms of gambling expenditure. Star City Casino in Sydney also exhibits strong growth in real expenditure.
- The data series for Queensland reflects a summation of expenditures in four separate casinos.
- Real expenditure at the Burswood Casino in Western Australia has declined in the past two years.
- Real expenditures at the Adelaide and Canberra casinos have declined markedly, whilst real expenditures at Tasmanian and Northern Territory casinos have grown marginally across the decade.

3.11 AUSTRALIAN EGM EXPENDITURE

A comparison of the extent and growth of expenditure on EGMs is illustrated in Figure 3.15 below.

Figure 3.15 States and territories real EGM expenditure, 1989-90 to 1997-98

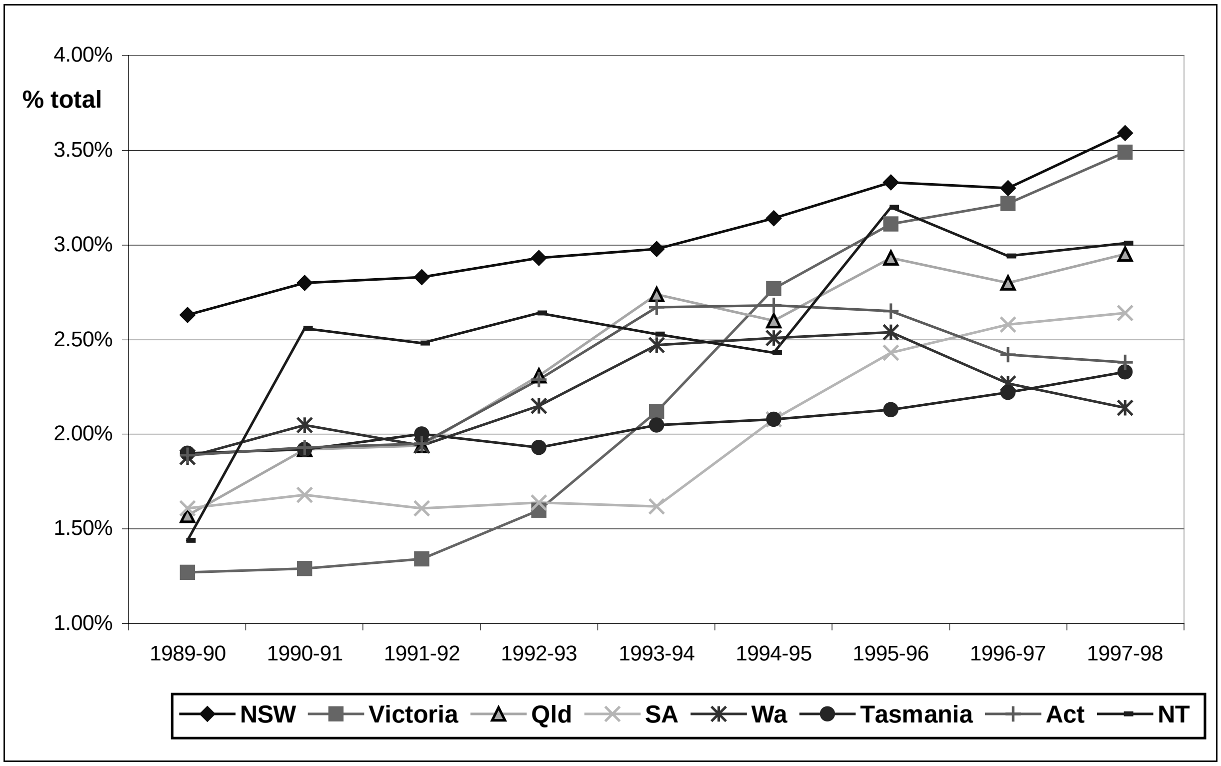


Source: Tasmanian Gaming Commission 1999 *Australian Gambling Statistics 1972-73 to 1997-98*

- Real EGM expenditures in New South Wales, Victoria and Queensland show rapid growth in the period since 1991-92.
- New South Wales remains the jurisdiction with the highest levels of real EGM expenditure and maintains a strong rate of growth in expenditure.
- The growth in real EGM expenditure has been most rapid in Victoria, rising from $283.3 million in 1992-93 to $1.711 billion in 1997-98.
- Real EGM expenditure in Queensland has risen from $265.7 million in 1992-93 to $601.4 million in 1997-98.
- Real EGM expenditure in the Australian Capital Territory has risen more slowly, from $73.5 million in 1989-90 to $127.2 million in 1997-98.
- Real EGM expenditure in the Northern Territory rose rapidly in the period 1994-95 to 1997-98, from $3.8 million to $19.7 million).
- Tasmania has licensed EGMs in clubs and hotels for only two years. Western Australia does not license EGMs outside the Burswood Casino.

3.12 AUSTRALIAN PER CAPITA GAMBLING EXPENDITURE

Figure 3.16 Total per capita gambling expenditure, states and territories 1989-90 to 1997-98



Source: Tasmanian Gaming Commission 1999 *Australian Gambling Statistics 1972-73 to 1997-98*

3.12.1 Victorian per capita gambling expenditure

- Gambling expenditure as a percentage of Victorian household disposable income (HDI) was lowest of all states and territories from 1989-90 until 1992-93 and only increased slowly during this period.
- From 1992-93 expenditure on gambling as a proportion of household disposable income increases rapidly. This increase coincides with the introduction of EGMs to clubs and hotels throughout Victoria.
- By 1994-95 expenditure on gambling by Victorians, as a proportion of their household disposable income, has become the second highest of all Australian jurisdictions and for the first time is equal to the national average (2.77%).
- In 1996-97 the rate of growth of gambling as a percentage of household disposable income slows somewhat, however a faster rate of growth resumes in 1997-98 following the first full year of operation of the permanent Crown Casino complex.
- In 1997-98 Victorians spent 3.49 per cent of their household disposable income on gambling, the highest level recorded in the state. For the third successive year this was in excess of the national average (3.20% in 1997-98).

3.12.2 Other state and territory per capita gambling expenditure

- Percentage expenditure of household disposable income on gambling has been highest in New South Wales consistently during the period 1989-90 to 1997-98. This expenditure has remained above the national average, although the gap narrowed to its lowest point (0.30%) in 1996-97. The percentage expenditure of household disposable income in NSW has risen steadily between 1989-90 and 1997-98, increasing approximately 1.0 per cent over the period to a high of 3.59 per cent in 1997-98.
- Gambling expenditure as a percentage of household disposable income (HDI) in Queensland has risen by 1.38 per cent in the period between 1989-90 and 1997-98. This rise has been sporadic, including falls in expenditure as a percentage of HDI in 1994-95 and 1996-97, reaching its highest level (2.95%) in 1997-98. This figure remains 0.25 per cent below the national average.
- Gambling expenditure in South Australia as a percentage of HDI has risen 1.03 per cent in the period 1989-90 to 1997-98, reaching its highest level of 2.64 per cent in 1997-98. Gambling expenditure as a percentage of HDI in South Australia has remained consistently below the national average (3.20%).
- Percentage expenditure of HDI on gambling in Western Australia rose across the period 1989-90 to 1997-98 by 0.26 per cent. Gambling expenditure as percentage of HDI peaked in Western Australia in 1995-96 (2.54%), but has fallen quite rapidly in the last two years to a 1997-98 level of 2.14 percent, 1.06 per cent below the national average.
- In Tasmania, gambling expenditure as a percentage of HDI has risen incrementally from 1.90 percent in 1989-90 to 2.33 per cent in 1997-98. Tasmania and the ACT started and ended the period with very similar levels of gambling expenditure as a percentage of HDI. The ACT, in contrast to Tasmania, saw gambling expenditure as a percentage of HDI rise rapidly to a peak of 2.68 per cent in 1994-95 including surpassing the national average in 1993-94. However the level of expenditure as a percentage of HDI declined subsequently to 2.38 per cent in 1997-98.
- The rise in gambling expenditure as a percentage of HDI in the Northern Territory has been substantial and uneven across the period 1989-90 to 1997-98. The total increase has been 1.49 per cent, to 3.01 percent, or 0.19% below the national average in 1997-98.
- The increase in the national average expenditure on gambling as a percentage of household disposable income has been relatively constant, rising 1.29 per cent to 3.20 percent across the period 1989-90 to 1997-98.

3.13 CONCLUSIONS

- Gambling expenditure nationally has risen continually during the past five years.
- Nationally, the percentage of household disposable income devoted to gambling has risen continually also.
- In Victoria, both gambling expenditure and the percentage of household disposable income devoted to gambling has grown more quickly than the national trend.

- Victorian expenditure on gambling as a percentage of household disposable income first reached a level in excess of the national average in 1994-95 and has remained in excess of the national average in each of the three subsequent years.

- The sudden acceleration in Victorian expenditures on gambling has been concentrated on new gaming (casino and EGMs in clubs and hotels). Traditional gambling has declined marginally over the same period.

- Crown Casino recorded by far the highest levels of gambling expenditure of all Australian casinos for each of the three years since 1995-96.

- Victorian EGM expenditure rose rapidly to approximately $1.423 billion (at 1989-90$ prices) in 1997-98, second only in value to New South Wales of the other states and territories. This compared to just over $235 million in 1992-93.

SECTION 4: POPULATION, LEISURE, ENTERTAINMENT AND GAMBLING

This section offers three separate yet interrelated profiles drawn from secondary sources. First, a review of aggregate demographic data for Australia is presented. Some state and territory characteristics are included. Second, a variety of indicators are used to outline the significance of the international and domestic tourism industries. Third, a brief resume of the entertainment and leisure preferences of adult Australians is compiled. In each of these sections attention is drawn to any significant data relating to Victoria or to gambling.

4.1 DEMOGRAPHIC TRENDS

The changing composition of Australia's population has obvious implications for any commercial undertaking. The specific demographic variables, which may influence the impact of the expansion of gaming upon tourism, entertainment and leisure patterns, outlined in this sections include:

- age;
- gender;
- ethnicity;
- urbanisation; and
- disposable income.

The composition of the Australian population is summarised in Table 4.1 (below). It should be noted that the most recent published Australian Bureau of Statistics (ABS) population data for 1998 is preliminary data and, as such, is subject to some revision.

Table 4.1 Australian population, national and state composition 1998

Composition	*Units*	Vic.	NSW	Qld	SA	WA	Tas.	NT	ACT	Aust.
Female population	*'000*	2 357	3 191	1 726	752	910	239	90	155	9 421
Male population	*'000*	2 304	3 151	1 731	735	922	233	100	154	9 330
TOTAL population	*'000*	4 661	6 342	3 456	1 487	1 831	472	190	308	18 751
Indigenous pop. (a)	*'000*	23.4	114.4	110.3	23.0	58.3	15.8	53.7	3.3	402.4
Population										
aged 0-14	*%*	20.4	20.8	21.5	19.9	21.7	21.6	26.5	21.2	20.9
aged 15-64	*%*	67.0	66.5	67.2	65.8	67.9	65.2	70.1	71.0	66.9
aged 65 and over	*%*	12.6	12.7	11.3	14.3	10.5	13.2	3.3	7.8	12.2
aged 80 and over	*%*	2.9	2.9	2.5	3.4	2.4	3.1	0.5	1.5	2.8
Median age	*Years*	34.8	35.0	33.9	36.3	33.6	35.6	28.3	32.1	34.6

(a) Population projections. Source: ABS *Australian Social Trends 1999b*, Cat. 4102.

Overall, there are approximately 89,000 more females than males in Australia's total population of 18.751 million. Of this total, approximately 11.003 million (58.7 per cent) live in New South Wales and Victoria, the two most populous states. If Queensland is included, approximately 77.1 per cent (14.459 million) of the Australian population live in the eastern mainland states.

In terms of age distribution, proportions of the population are similar across most states and territories. The notable exception to this is the Northern Territory, which has a significantly larger proportion of young people aged less than 15, and a significantly smaller proportion of people aged 65 or more. On the other hand, the population of South Australia is relatively biased toward those who are 65 and over and away from younger people.

The highest numbers of peoples of Aboriginal and Torres Strait Islander origin are found in New South Wales, Queensland, Western Australia and the Northern Territory. However the Aboriginal and Torres Strait Islander population represents only a small proportion of the total population in all states and territories apart from the Northern Territory, where one in four people are of Aboriginal or Torres Strait Islander origin.[128]

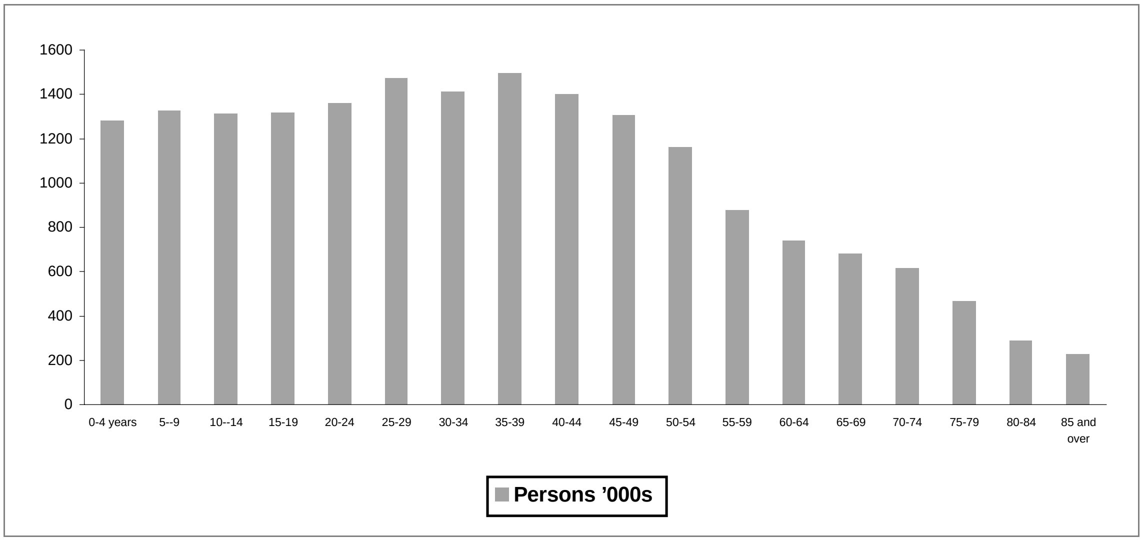
The median age of the total Australian population is relatively even across the various states and territories, apart from the Northern Territory, where the median age is substantially lower than the national average, and South Australia where the median age is noticeably higher than the national average.

[128] Australian Bureau of Statistics 1997 *Australian Demographic Trends*, Cat. 3102.0, p.5-6.

4.1.1 Australia's ageing population

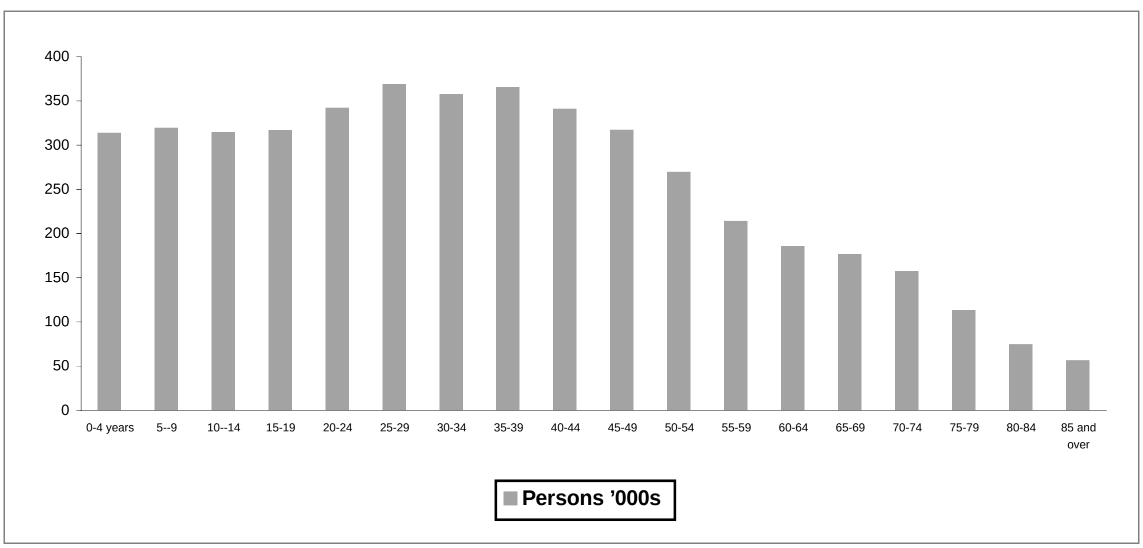
The population of Australia aged steadily across the twentieth century. By 1997, the number of young people, as a proportion of the population as a whole, had fallen to its lowest point this century (21.2 per cent). The proportion of old people and the median age rose consistently across this period. This ageing of the population is mainly due to a sustained decline in fertility following the post World War II 'baby boom'.

Figure 4.1 Population age structure June 1998, Australia



Source: Australian Bureau of Statistics 1998 *Population by Age and Sex*, Cat. 3201.0.

Figure 4.2 Population age structure June 1998, Victoria



Source: Australian Bureau of Statistics 1998 *Population by Age and Sex*, Cat. 3201.0.

The age structure of the Victorian population is similar to that for the Australian population as a whole. The median age for Victoria is 34.8 years, compared with the national median age of 34.6 years. Overall the national median age has been rising by approximately 0.3 years annually.[129]

The age structure of the Melbourne population is similar to the state and national profile. The Melbourne population is slightly younger than the state population as a whole, with a median age of 33.9 years.[130]

Although Melbourne and Victoria are in line with the national age structure, at a statistical region[131] or statistical division[132] level both contain areas with some of the oldest populations in the country. Victoria contains ten of the twenty oldest population regions nationally, compared to New South Wales which contains four, Queensland two and South Australia two (Table 4.2 below).

The oldest region in Victoria and in Australia, as at June 30 1996, was Mornington Peninsula South in Melbourne. The residents of this regional division had a median age of 44.8, approximately 11 years older than the national median age. Greater than one in four were 65 years and over.[133]

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[129] Australian Bureau of Statistics 1999b *Australian Social Trends 1999*, Cat. 4102.0.
[130] Australian Bureau of Statistics 1999b *Australian Social Trends 1999*, Cat. 4102.0; 1996a *Australia in Profile – A Regional Analysis*, Cat. 2032.0.
[131] The Statistical Region (SR) Structure has been in use since 1986 for the production of standard statistical outputs from Population Censuses. The SR Structure has six levels of hierarchy in census years comprising in ascending hierarchical order: Collection Districts (CDs) - Statistical Local Areas (SLAs) – Statistical Regional Sectors (SRSs) – Statistical Regions (SRs) – Major Statistical Regions (MSRs) - State/Territory (S/Ts). The spatial units in adjoining areas relate to each other by aggregation and disaggregation, eg. SRSs aggregate to SRs while SRs are disaggregates of MSRs.
[132] Statistical Region Sectors consist of one or more adjoining Statistical Local Areas (SLAs) which in all but three cases equate to one or more adjoining Statistical Subdivisions (SSDs). For example, the Mornington peninsula SRS equates to the adjoining SSDs of Frankston City and Mornington Peninsula, and to the group of adjoining SLAs comprised by Frankston (C) – East, Frankston (C) – West, Mornington Peninsula (S) – East, Mornington Peninsula (S) – South and Mornington Peninsula (S) – West.
[133] Australian Bureau of Statistics 1996a *Australia in Profile – A Regional Analysis*, Cat. 2032.0.

Table 4.2 Australia's oldest populations, top twenty regions June 30th 1996

Region	State or Territory	Median age years	0-14 years %	15-64 years %	65 years + %
Mornington Peninsula (S) - South	Victoria	44.8	18.0	54.5	27.4
Bayside (C) – Brighton	Victoria	40.3	17.8	62.9	19.3
Yorke and Lower North (SD)	SA	40.2	21.9	59.6	18.4
Boroondara (C) – Camberwell N.	Victoria	40.1	18.0	62.9	19.1
Redcliffe City (SRS)	Qld	39.6	19.0	62.0	19.0
Bayside (C) – South	Victoria	39.6	19.0	62.3	18.7
Ku-ring-gai	NSW	39.6	19.7	64.8	15.6
Monash (C) – Waverley West	Victoria	39.3	15.2	68.6	16.2
Mornington Peninsula (S) – West	Victoria	38.7	21.0	62.1	16.9
Mid-North Coast (SD)	NSW	38.2	23.1	60.1	16.8
Glen Eira (C) – South	Victoria	38.1	17.9	63.3	18.8
Whitehorse (C) – Nunawading W.	Victoria	38.1	16.8	66.1	17.1
Wimmera (SD)	Victoria	37.8	22.1	60.6	17.2
Western (SSD) (Adelaide)	SA	37.7	16.6	64.8	18.6
Mosman (A)	NSW	37.5	15.4	69.8	14.9
Illawarra SD Bal (SSD)	NSW	37.5	23.5	59.8	16.7
Drummoyne (A)	NSW	37.5	14.7	68.9	16.4
Pittwater (A)	NSW	37.4	19.8	66.6	13.6
Sunshine Coast (SSD)	Qld	37.3	21.0	62.4	16.6
Boroondara (C) – Camberwell S.	Victoria	37.3	20.2	63.9	15.8
Australia		34.0	21.6	66.3	12.1

Region key: (S) Shire; (C) City; (SD) Statistical Division; (SRS) Statistical Regional Sector; (A) Area; (SSD) Statistical Subdivision. Source: ABS 1996a *Australia in Profile – A Regional Analysis*, Cat. 2032.0, p.9.

Nine of the fourteen oldest regions of Australia are in Victoria. Social and economic indicators for these regions are likely to show characteristics reflecting their relatively older populations. For example the labour force participation rate of residents of Mornington Peninsula South (43.8 per cent) is one of the lowest in Australia (c.f. 61.9 per cent nationally). Almost two out of three women residents of this Shire were not labour force participants.[134]

- The types of entertainment and leisure opportunities available in these regions are thus likely to reflect the relatively large amount of leisure time available to these people and the entertainment preferences of older people generally.

- Similarly, entertainment and leisure opportunities which provide facilities that cater to the primary needs of older people, for example ease of access, comfort and security, are likely to be taken up by this group of consumers.

[134] Australian Bureau of Statistics 1996a *Australia in Profile – A Regional Analysis*, Cat. 2032.0, p.41.

Assuming fertility levels remain relatively constant and there is a continued incremental decline in mortality rates the population is projected to age further over the next fifty years. Population projections suggest that almost one quarter of Australia's population will be aged 65 and over by the middle of the 21st century.[135]

Table 4.3 Age composition of the Australian population and projections

Population aged	1961	1971	1997	2001	2011
	%	%	%	%	%
Under 15	30.3	28.7	21.2	20.3	18.3
15-64	61.2	63.0	66.7	67.3	67.7
65 and over	8.5	8.3	12.1	12.4	14.0
	years	years	years	years	years
Median age	29.3	27.5	34.3	35.5	38.3
	million	million	million	million	million
Total population	**10.5**	**13.1**	**18.1**	**19.3**	**21.0**

Source: ABS Australian Social Trends 1999b, Cat. 4102.0.

The number of people aged 85 or above is expected to grow from approximately 1.0 per cent in 1996 to approximately 4.4-4.6 per cent by the year 2051. Not only is the population becoming older proportionally, but also increased life expectancy means that the population is relatively old for a relatively longer proportion of its lifespan. Public policy that addresses questions of care and income support for this rapidly growing aged population is thus a very important issue. To date this policy has focussed upon the formation of a growing class of 'self-funding retirees'.[136]

- The ageing of Australia's population, and the degree to which this population segment is publicly and/or privately funded, will impact directly on Australia's social and economic characteristics over the next fifty years.

- This will have direct implications for the kinds of developments that occur in the tourism and leisure and entertainment sectors into the next century.

[135] Australian Bureau of Statistics 1999b *Australian Social Trends 1999*, Cat. 4102.0.
[136] Policy measures include: mandatory occupational superannuation for all workers (1992); tightening of the means test on the age pension; progressive increase in the pension age for women from 60 to 65 by 2012 (1995) (see 'Our ageing population' in ABS *Australian Social Trends 1999b*, Cat. 4102.0, p. 6-10).

4.1.2 Australia's population: Gender distribution

The Australian population can also be viewed in terms of the change in sex ratio. Sex ratio refers to the number of males per 100 females in a specified population. The change in sex ratio can also be calculated to separate the effect of change in age structure of the population from all other factors.

Table 4.4 State and territory change in sex ratio 1976-1996

	1976 ratio	1996 ratio	Change in age structure %	Other factors %	Total change %
New South Wales	99.8	98.6	-1.4	0.2	-1.1
Victoria	99.5	98.0	-1.5	0.0	-1.5
Queensland	101.4	100.5	-0.8	-0.1	-0.9
South Australia	99.4	98.6	-2.1	1.3	-0.8
Western Australia	103.7	100.8	-1.2	-1.7	-2.9
Tasmania	100.0	98.4	-1.5	-0.1	-1.6
Northern Territory	122.6	105.5	3.7	-20.8	-17.1
ACT	103.5	101.9	-2.1	0.5	-1.6
Australia	100.4	99.1	-1.4	0.1	-1.3

Source: ABS 1997 Australian Demographic Trends, Cat. 3102.0.

The national sex ratio has fallen by 1.3 per cent in the period 1976-1996. This overall change was not as severe as that which occurred on the basis of changed age structure, with other factors mitigating this impact by 0.1 per cent. In Victoria the sex ratio altered slightly further in the direction of an excess of women over men in the total population. This net change was entirely due to the change in the age structure, i.e. the ageing population. This indicates that the change in sex ratio is more pronounced in the older segment of the population.

Table 4.5 State and territory sex ratios 1998; by age

Sex ratio of population aged	Vic.	NSW	Qld	SA	WA	Tas.	NT	ACT	Aust.
0-64 years	101.3	102.3	103.0	101.9	104.1	100.7	111.7	101.2	102.4
65 years and over	76.4	77.1	81.1	76.4	80.0	76.8	109.1	77.2	77.8

Source: ABS 1999b Australian Social Trends, Cat. 4102.0.

The relatively small extra numbers of males compared to females in the population aged up to 64 years contrasts markedly with the relatively large extra numbers of females in comparison to males in the population aged 65 and above. Victoria reflects closely the national sex ratio.

- The ageing population of Australia and of Victoria is predominantly female. For every three men in the age 65 and over bracket there are four women. The types of entertainment and leisure options favoured by older people are also likely to reflect particularly reflect the preferences of older women.

4.1.3 Cultural diversity

Planned large scale immigration to Australia commenced in 1945. Overall this program has seen 5 million people settle in Australia from 120 different countries. By 1995, the numbers of migrants arriving in the previous five years (0.312 million) had slowed to approximately half that recorded in the five years to 1990 (0.657 million).

During the last 25 years the dominance of the United Kingdom as the source country for migrants has declined substantially from 25.0 per cent for the period 1976-80 to 13.9 per cent for the period 1991-95. New Zealand has provided a high proportion of migrants to Australia in that period. Among other source countries there has been a geographical shift from Europe to Asia, particularly China, Hong Kong, Vietnam and the Phillipines. A significant increase was also experienced in migration from various parts of the former country of Yugoslavia.[137]

In Victoria, regions which reflect recent migration patterns include:

- Maribyrnong (City) where 14.3 per cent of residents were born in Vietnam;
- Greater Dandenong (City) where 13.0 per cent of residents were born in Vietnam; and
- Brimbank (City) – Sunshine where 9.9 per cent of residents were born in Vietnam and 2.5 per cent of residents were born in Phillipines.[138]

Of all migrants who arrived in Australia between 1991 and 1996 the most popular destinations, defined by proportion of population who were recent migrants, were Melbourne Centre (15.8 per cent), Auburn NSW (14.2 per cent) and Sydney Centre (12.2 per cent).[139]

The kinds of tourism, entertainment and leisure opportunities that develop and are taken up in Australia in the immediate future are likely to reflect the changing ethnic composition of the total population. In the last two decades migration patterns have shown a substantial shift toward source countries from the Asian region.

- Tourism movements and leisure and entertainment options are likely to increasingly reflect the preferences of people from a range of Asian backgrounds.

- In relation to the expansion of gaming, many Asian cultures have long histories of socially acceptable gambling practices integrated into the wider social fabric.[140] Asian region immigration is likely to have a beneficial impact on the expansion of gaming and the take up of gaming centred settings for entertainment and leisure.

[137] Australian Bureau of Statistics 1997 *Australian Demographic Trends*, Cat. 3102.0.
[138] Australian Bureau of Statistics 1996a *Australia in Profile – A Regional Analysis*, Cat. 2032.0, p.16.
[139] Australian Bureau of Statistics 1996a *Australia in Profile – A Regional Analysis*, Cat. 2032.0, p.17.
[140] Australian Institute for Gambling Research 1998 *Cultural Diversity and Equity of Access to Services*, (A Report prepared for the Racing and Gaming Commission of Western Australia), AIGR, University of Western Sydney Macarthur.

4.1.4 Urbanisation

As at 30th June 1996 almost 63 per cent of Australians lived in major urban areas, or those with more than 100,000 residents. Just over 23 per cent lived in other urban areas, or those with populations of between 1,000 and 99,999. The remaining 14 per cent of the population are classified as rural dwellers, of which a proportion live in bounded localities (clusters of 200-999 people). The vast majority of the urban dwellers in Australia live in the eastern seaboard coastal region and in the south-west coastal area near Perth.[141]

Table 4.6 State and territory population distribution 1996, by region

Region	Vic.	NSW	Qld	SA	WA	Tas.	NT	ACT	Aust.
	%	%	%	%	%	%	%	%	%
Major urban	68.3	67.1	49.8	68.5	63.5	27.4	0.0	99.3	62.7
Other urban	19.3	21.3	30.8	17.6	22.9	45.2	72.6	0.0	23.3
Bounded locality	1.8	2.2	3.1	2.9	2.7	5.9	9.0	0.1	2.5
Rural balance	10.6	9.4	16.2	11.0	10.7	21.3	18.1	0.6	11.5
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: ABS 1996a Australia in Profile – A Regional Analysis, Cat. 2032.0.

The proportion of the population living in urban areas rose from 68.7 per cent in 1947, to 85.6 per cent in 1971 and up slightly to 86.0 per cent in 1996. The proportion of the population living in capital cities has remained approximately 63.5 per cent across the 1990s. The proportion of the Victorian population living in Melbourne as at June 30th 1998 (72.3 per cent) was considerably higher than the national average.[142]

The movement toward the cities and away from rural dwelling particularly reflects the nature of employment in the late twentieth century. In general, this shift can be characterised as away from blue-collar employment toward white-collar and service industry employment.[143]

- The shift in employment, and hence in purchasing power, from blue collar to white collar occupations, which are overwhelmingly located in urban areas, creates particular modes of inner-city and suburban lifestyles centred around the home and places of employment.

- In such environments entertainment and leisure preferences are likely to reflect the desire for options which are relatively easily integrated into such lifestyles.

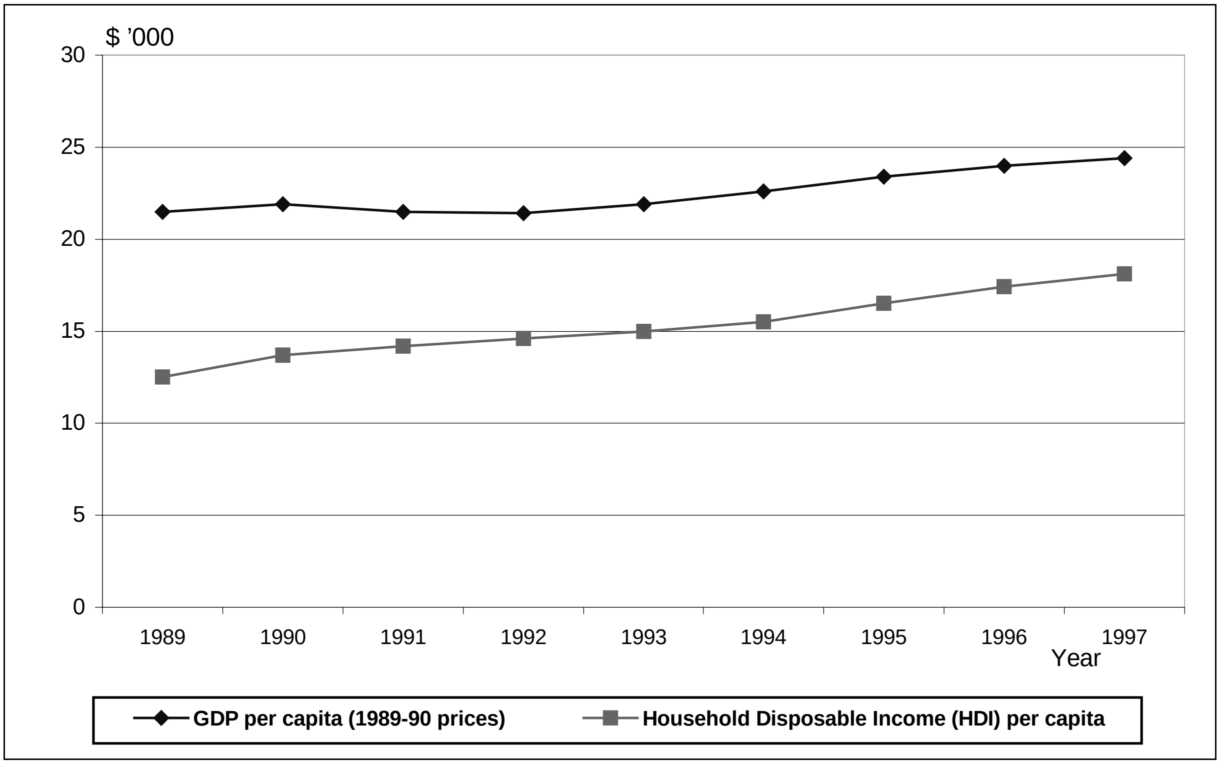
- Such options are likely to be integrated into urban and suburban lifestyles both spatially (access and availability) and temporally (user-defined timing and duration of participation).

[141] Australian Bureau of Statistics 1996a *Australia in Profile – A Regional Analysis*, Cat. 2032.0, p.2.
[142] Australian Bureau of Statistics 1999b *Australian Social Trends*, Cat. 4102.0.
[143] Australian Institute for Gambling Research 1999 *Australian Gambling: Comparative History and Analysis*, Victorian Casino and Gaming Authority, Melbourne.

4.1.5 Australia's population: Disposable income

Expenditure on tourism opportunities, and forms of leisure and entertainment are directly related to levels of household disposable income (total net income after direct taxes). Expenditure on forms of entertainment such as gambling will be determined, in some relationship, by the aggregate funds available for discretionary purchases.

Figure 4.3 Income distribution Australia 1989-1997



Source: ABS 1999 Australian Social Trends, Cat. 4102.0.

Gross domestic product (GDP) per capita has grown across the decade apart from a lull in the period 1991-92. Household disposable income (HDI) per capita has grown consistently and more quickly than GDP. The growth in these indicators of wealth generation and levels of discretionary expenditure suggests opportunities for increased turnover in the tourism, entertainment and leisure sectors. This includes the opportunity for increased expenditure on gambling.

Table 4.7 Expenditure Australia 1989-1997

	Units	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Consumer price index*	no.	92.6	100.0	105.3	107.3	108.4	110.4	113.9	118.7	120.3	120.3
Private final consumption expenditure per capita**	$'000	12.5	12.8	12.7	12.9	13.2	13.4	13.9	14.3	14.7	15.2

* Base year 1989-90 = 100.0. ** 1989-90 prices. Source: ABS 1999b Australian Social Trends, Cat. 4102.0.

Per capita final consumption expenditure has risen sharply since 1993. This rise has occurred during a period in which the proportion of household disposable income allocated to savings declined rapidly, from 6.5 per cent in 1989-90 to 2.5 per cent in 1995-96.[144] During the period to 1995-96 the growth in per capita consumption expenditure on broad categories of retail goods and services rose steadily at approximately 4.5 per cent per year.[145] Personal income tax as a proportion of taxable income has remained fairly constant across the period 1990 (23.1 per cent) to 1997 (23.3 per cent).[146]

- Household disposable income per capita and private final consumption expenditure per capita grew strongly in the second half of the 1990s. At the same time the level of savings has declined whilst the level of personal income tax as a proportion of income has remained constant. These indicators strongly suggest increased opportunities for discretionary expenditures on consumption items, with attendant possibilities for higher levels of consumption of tourism, entertainment and leisure goods and services.

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[144] National Institute of Economic and Industry Research & Spiller Gibbins Swan P/L 1997 *The Impact of the Expansion in Gaming on the Victorian Retail Sector*, Victorian Casino and Gaming Authority, Melbourne, p. 5.
[145] National Institute of Economic and Industry Research & Spiller Gibbins Swan P/L 1997, p.5.
[146] Australian Bureau of Statistics 1999b *Australian Social Trends*, cat. 4102.0.

4.2 ENTERTAINMENT AND LEISURE PREFERENCES

From its informal colonial origins, gambling in Australia has become a large and expanding industry, incorporating a wide diversity of activities ranging from charitable gambling to internet and on-line interactive gaming. Development of new gambling products, a general trend to increased spending on recreation and leisure, and the expansion of commercial forms of gambling have facilitated the promotion of gambling as a legitimate form of entertainment and leisure. Many forms of gambling, particularly those which arose originally from community activities and were subsequently prohibited (eg off-course betting, two-up, casino card games, sportsbetting), have been legalised and made accessible to adult Australians on a daily basis. This section will set this gambling activity in a wider context of entertainment and leisure preferences.

4.2.1 Use of free time

There are four main categories of type of time use identified in the Australian Bureau of Statistics (ABS) Time Use Survey series. These categories include nine activity types. This section focuses upon time use in the category of 'free time' and upon the patterns of time use on activities of the recreation and leisure type.

Table 4.8 Time use activity classification

Time use category	Type of activity
Necessary time	Personal care activities
Contracted time	Employment activities
	Education activities
Committed time	Domestic activities
	Child care activities
	Purchasing activities
	Voluntary work and care activities
Free time	Social and community interaction
	Recreation and leisure

Source: ABS 1999c Time use survey: unpublished special data request.

Comparable time series data on free time use is only available for selected activities due to changes in the ABS coding system between the two major Time Use Surveys carried out in 1992 and 1997. However, this data allows some appreciation of the average time per day participants spend undertaking a particular free time activity. This data is further broken down in terms of weekday and weekend free time activities, and in terms of male and female participants.

Table 4.9 Participants' main free time activities, 1992 and 1997 (average minutes per day)

	WEEKDAY				WEEKEND			
	1992		1997		1992		1997	
Free time activity	Males	Females	Males	Females	Males	Females	Males	Females
Social and community interaction(a)	**143**	**150**	**77**	**75**	**246**	**252**	**129**	**117**
Socialising(b)	122	125	103	82	196	198	132	114
Visiting entertainment and cultural venues	106	97	122	102	143	136	140	131
Attendance at sports events	103	97	131	113	186	164	177	158
Religious activities/ritual ceremonies	111	73	76	71	138	110	126	102
Recreation and leisure	**239**	**226**	**264**	**246**	**319**	**272**	**360**	**299**
Sport and outdoor activity	105	82	106	82	157	121	140	99
Games/hobbies/arts/crafts	92	99	98	90	107	107	129	106
Reading	66	58	70	61	74	72	76	77
Audio/visual media (b)	150	131	158	140	191	152	207	160
Recreational courses	202	153	155	101	490	358	134	133

Source: ABS 1997 How Australians use their time, Cat. 4153.0. (a) Differences between the 1992 and 1997 data are partly due to coding changes rather than actual changes in time use. (b) Differences between the 1992 and 1997 data are mainly due to coding changes rather than actual changes in time use.

Australian men and women spent far more of their free time on recreation and leisure activity in comparison to social and community interaction.[147] The amount of time spent by participants on the main recreation and leisure activities increased slightly in 1997 compared to the amount of time spent in 1992. The largest increase was in the amount of time males spent on recreation and leisure on weekends, whilst the time females spent on recreation and leisure increased evenly on both weekdays and weekends.

The amount of time Australian men and women spent attending sports events on weekdays increased substantially from 1992 to 1997, whilst the amount of time spent on this activity on weekends declined marginally. This may reflect the increased provision of popular mass sports events such as international one-day cricket, Australian Rules football, race meetings and rugby league on weekdays.

[147] The ABS major classification group category Recreation and Leisure Activities includes playing sport, walking, participating in games or hobbies, reading and watching television. Also included is other free time such as relaxing, thinking, smoking and drinking alcohol. The ABS major classification group Social and Community Interaction includes activities relating to social participation such as attending a concert, a library or a park. Also included are participating in religious ceremonies and community participation such as attendance at meetings.

Table 4.10 Participants' average time spent on main activities; by weekdays and weekends, selected states 1997 (minutes per day)

	WEEKDAY			WEEKEND		
Main free time activity	NSW	Victoria	Australia	NSW	Victoria	Australia
Recreation and leisure	251	254	255	323	325	329
Games of chance/gambling	80	83	72	72	80	83
Active leisure(a)	106	114	105	132	132	134
Passive leisure(b)	215	212	217	266	273	274
Total free time(c)	281	288	288	391	396	397

Source: ABS 1999c Time use survey: unpublished special data request. (a) Sports, exercise, outdoor activities, hobbies, arts & crafts, holiday travel and any associated travel. (b) Reading, watching television, listening to the radio, conversation and resting. (c) Total social and community interaction and recreation and leisure activities.

Victorian participants in games of chance/gambling reported spending an average of 83 minutes per weekday undertaking this main free time activity. This was approximately 15 per cent longer than the national average, and marginally greater than the time reported in New South Wales.

The average amount of time Victorian participants spent undertaking games of chance/gambling dropped slightly on the weekends compared to weekdays. This was in contrast to the national average, which rose by approximately 15 per cent on weekends in comparison to weekdays. Victorians spent less than the national average amount of time playing games of chance/gambling on weekends in 1997.

Table 4.11 Participants' average time spent on main activities; males and females, selected states 1997 (minutes per day)

	MALES			FEMALES		
Main free time activity	NSW	Victoria	Australia	NSW	Victoria	Australia
Recreation and leisure	285	290	292	258	259	261
Games of chance/gambling	74	73	72	80	94	81
Active leisure(a)	129	127	126	99	111	101
Passive leisure(b)	235	238	241	224	222	226
Total free time(c)	324	331	332	301	308	307

Source: ABS 1999c Time use survey: unpublished special data request. (a) Sports, exercise, outdoor activities, hobbies, arts & crafts, holiday travel and any associated travel. (b) Reading, watching television, listening to the radio, conversation and resting. (c) Total social and community interaction and recreation and leisure activities.

In Victoria, female participants in games of chance/gambling reported spending approximately 28.8 per cent more time on this main activity (94 minutes) than males (73 minutes). This was considerably in excess of the national comparison, where females reported spending 12.5 per cent more time (81 minutes) on playing games of chance/gambling than males (72 minutes).

Playing games of chance/gambling was the only recreation and leisure activity upon which females reported spending more time than males.

In Victoria, males reported spending approximately 12 per cent more time (290 minutes) on recreation and leisure activities than females (259 minutes) and approximately 7.5 per cent more time (331 minutes) on all free time activities than females (308 minutes).

Table 4.12 Leisure activities undertaken by Victorians in previous 12 months by sex, October 1996

	MALES		FEMALES		PERSONS	
Free time activity(a)	’000	%	’000	%	’000	%
Attended a cultural activity	948.0	55.1	1 099.2	61.6	2 047.2	58.4
Attended an annual event	706.3	41.0	656.1	36.8	1 362.4	38.9
Sport or physical recreation	1 374.3	79.8	1 327.0	74.3	2 701.3	77.0
Visited recreation areas	1 185.8	68.9	1 139.5	63.8	2 325.3	66.3
Purchased a raffle ticket	1 124.8	69.6	1 274.7	75.4	2 399.4	72.6
Purchased a lotto ticket	1 079.4	66.8	1 163.2	68.8	2 242.6	67.8
Attended a bingo session	58.3	3.5	158.0	9.4	216.4	6.5
Attended race meeting to gamble	276.7	17.1	192.1	11.4	468.8	14.2
Attended TAB to gamble	364.2	22.5	180.5	10.7	544.7	16.5
Attended pub or club to play EGMs	561.1	34.7	621.8	36.8	1 182.9	35.8
Attended a casino to gamble	404.7	25.0	397.2	23.5	801.9	24.3

Source: ABS 1996b Leisure Participation Victoria, Cat. 4176.2. (a) Only persons aged 18 years and over were asked about their gambling activities. Numbers participating in gambling are not directly comparable with those participating in other activities (aged 15 years and over).

Live theatre was the most widely attended cultural activity reported by Victorian females (37.2%), followed by music concerts (33.2%). For males, music concerts were the most widely attended cultural activity (29.9%), followed by visiting museums/historical buildings (28.9%).

A Melbourne street festival was the most widely attended annual event for both males (21.8%) and females (22.4%). Other annual events widely attended by Victorian males included the AFL final series (12.3%), Australian Grand Prix (10.4%) and the Spring Racing Carnival (9.9%). Other annual events preferred by Victorian females included the Australian Open tennis (8.2%), the Spring Racing Carnival (8.1%), whilst the Grand Prix was far less popular (4.4%).

Annual cultural events, for example the Melbourne International Festival of Arts (4.9%), the Melbourne Comedy Festival (3.9%) and the Melbourne Food and Wine Festival (2.5%), were less well attended than annual sporting events.

Walking for exercise (43.0%) was the sport or physical recreation activity with the highest rate of participation for both females (53.2%) and males (32.4%). Other popular sport or physical recreation activities for females included swimming (15.0%), aerobics or aquaerobics (13.5%), tennis (6.7%) and bushwalking (6.3%). Popular sport or physical recreation activities amongst males included golf (15.2%), fishing (14.9%), swimming (12.2%), cycling or mountain biking (11.1%) and bodybuilding/weightlifting (8.3%).

Coastal and bay areas (52.6%) were the most widely visited recreation areas, ahead of rivers and lakes (35.8%) and national/state parks and forests (35.0%).

Of gambling activities participated in by Victorian adults, more than twice as many males attended a TAB to gamble as compared to females. As Table 4.13 details, other gambling activities were equally popular with males and females, apart from bingo, which was heavily biased toward female participants.

Table 4.13 Leisure activities undertaken by Victorians in previous 12 months by age group, October 1996 ('000)

	AGE GROUP (years)							
Free time activity	15-17	18-24	25-34	35-44	45-54	55-64	65+	Total
Attended a cultural activity	134.5	286.4	426.6	421.1	333.7	215.4	229.5	2 047.2
Attended an annual event	78.8	240.5	350.8	277.4	217.2	111.8	85.8	1 362.4
Sport or physical recreation	180.3	388.1	581.0	533.1	429.9	267.5	321.4	2 701.3
Visited recreation areas	140.0	333.1	524.8	499.9	382.1	232.4	212.9	2 325.3
Purchased a raffle ticket		286.6	525.2	536.7	438.5	282.0	330.4	2 399.4
Purchased a lotto ticket		219.7	499.7	486.1	417.9	284.3	334.9	2 242.6
Attended a bingo session		17.6	42.1	37.8	41.4	27.8	49.7	216.4
Attended race meeting to gamble		67.4	133.2	98.1	77.7	46.7	45.7	468.8
Attended TAB to gamble		74.6	153.4	109.1	93.1	58.5	56.1	544.7
Attended pub or club to play EGMs		180.6	293.7	247.2	201.2	128.5	131.6	1 182.9
Attended a casino to gamble		150.2	221.4	156.5	121.6	75.4	76.9	801.9

Source: ABS 1996b Leisure Participation Victoria, Cat. 4176.2.

Music concerts were the most attended cultural activity for the youngest three age groups. The best attended type cultural event for those aged 65 and over was live theatre.

A Melbourne Street Festival was the best attended annual event in all age groups. The Spring Racing Carnival was also popular across all age groups. However, the Grand Prix and the Melbourne Comedy Festival were only well attended by the younger age groups.

Walking for exercise was the most popular sport or physical activity in all age groups apart from 15-17 year olds, who preferred basketball. The next most popular activity across all age groups was swimming, apart from the those aged 65 or over who were more likely to play lawn bowls.

Coastal and bay areas were the most visited recreation areas by all age groups.

Younger age groups were most likely to attend the casino to gamble. Only 15 per cent of those aged 65 or over attended a casino to gamble, compared to 33 per cent of 18-24 year olds and 31 per cent of 25-34 year olds.

Of those aged 65 and over, 26 per cent attended a club or hotel to gamble, compared to 40 per cent of 15-24 year olds and 42 per cent of 25-34 year olds.

Visits to casinos to gamble or to pubs and hotels to play EGMs are likely to be combined with other leisure activities. Three out of every four persons who attended a gambling venue had combined this activity with eating out on at least one occasion.[148]

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[148] Australian Bureau of Statistics 1996b *Leisure Participation Victoria*, Cat. 4176.2, p.2.

Table 4.14 Victorian gambling participants; other leisure activities combined with gambling outing in previous 12 months to October 1996 ('000)

	AGE GROUP (years)						
Free time activity	18-24	25-34	35-44	45-54	55-64	65+	Total
ATTENDED A CLUB OR HOTEL TO PLAY EGMS							
Eating out	121.7	224.3	192.7	155.8	102.0	103.3	899.8
Sporting or physical recreation	12.8	19.8	13.3	18.0	*9.6	14.3	87.8
Attending theatrical or other performances	*7.1	22.2	*11.4	*11.7	*3.4	**	58.8
Annual events	*5.3	*7.4	*6.9	*6.9	**	**	29.5
Attending social event at pub, club, casino or gambling establishment	64.1	113.0	70.9	55.3	37.0	40.1	380.3
Shopping	13.5	14.2	12.2	*6.9	*10.0	17.2	74.0
Other	**	**	5.6	**	**	**	16.3
Total persons	180.6	293.7	247.2	201.2	128.5	131.6	1 182.9
ATTENDED A CASINO TO GAMBLE							
Eating out	98.4	162.0	123.0	100.8	57.2	57.3	598.8
Sporting or physical recreation	12.7	15.9	*7.7	*11.4	*5.2	*4.7	57.6
Attending theatrical or other performances	*5.2	18.9	*11.4	*9.1	**	**	48.4
Annual events	*5.3	*8.7	*8.4	*5.7	**	**	29.3
Attending social event at pub, club, casino or gambling establishment	51.5	81.1	46.7	34.9	23.9	23.4	261.5
Shopping	12.7	*7.7	12.8	9.7	*4.8	*10.5	58.1
Other	**	*4.5	*4.5	*3.3	**	**	19.2
Total persons	150.2	221.4	156.5	121.6	75.4	76.9	801.9

Source: ABS 1996b Leisure Participation Victoria, Cat. 4176.2. * Subject to sampling error between 25-50%. ** Subject to sampling error higher than 50%.

The popularity of the combination of eating out with participation in gambling activities in casinos or playing EGMs in clubs or hotels was, for participants in gambling activity, common to all age groups.

The other most likely leisure activity that was combined with gambling is attending a social engagement. A smaller number of younger people combined attending a theatrical or other performance or sporting or physical recreation with gambling activity.

4.2.2 Australian participation in gambling

The historical popularity of gambling as a form of leisure and entertainment in Australian society is unquestioned.[149] In recent years the continued popularity of gambling activities has

[149] See O'Hara, John 1988 *A Mug's Game: A History of Gaming and Betting in Australia*, University of New South Wales Press, Sydney; AIGR 1999 *Australian Gambling: Comparative History and Analysis*, VCGA, Melbourne.

been consistently reflected in participation surveys, as well as in indicators such as aggregate expenditure data. As part of the Federal Government appointed Productivity Commission Inquiry into Australia's Gambling Industries a national gambling participation survey was undertaken. This was the first national survey of gambling participation undertaken since the expansion of EGMs into clubs and hotels in states and territories other than New South Wales.

Table 4.15 Participation and frequency of gambling by Australians

Form of gambling	**Total participation %**	**Frequency (%)**			
		Less than once a month	*1 to 3 times a month*	*1 to 3 times a week*	*More than 3 times a week*
EGMs	**39**	62	25	12	2
- *played at a club*	*28*	*63*	*24*	*12*	*1*
- *played at a hotel/pub*	*16*	*65*	*25*	*10*	*0*
- *played at a casino*	*16*	*87*	*11*	*2*	*0*
Racing	**25**	71	14	13	3
Lotto or other lottery game	**60**	25	24	45	6
Instant scratch tickets	**47**	51	34	14	1
Keno	**16**	72	20	7	1
Casino table games	**10**	83	15	2	0
Bingo	**5**	49	22	27	2
Sports betting	**6**	54	24	23	0
Played an internet casino game	**0.4**	63	13	21	3
Private gambling	**5**	66	23	9	2
Any gambling activity	**82**	**27**	**25**	**35**	**12**

Source: Productivity Commission 1999.

The responses to the survey in terms of overall participation in gambling activity suggested that four out of every five Australians gambles at least once a year. The most popular form of gambling was the purchase of lotto or lottery game tickets (60%) followed by the purchase of instant scratch and win tickets (47%). The next most popular form of gambling was playing gaming machines, with approximately two out of five Australians playing EGMs at least occasionally. Respondents' most popular venue for playing EGMs was in a club (28%), compared to playing EGMs in hotels or casinos (both 16%).

Table 4.16 Gamblers' motivations

Motivation	All gamblers % of respondents	Regular EGM/casino gamblers % of respondents
Dream of winning	59	66
Social reasons	38	65
For charity	27	26
Beating the odds	9	14
Favourite activity	10	19
Atmosphere/excitement	13	19
Belief	12	16
Boredom/pass the time	9	13

Roy Morgan Research 1999 *Sixth Survey of Community Gambling Patterns and Perceptions*, VCGA Melbourne, cited in Productivity Commission *Australia's Gambling Industries*, p.XXIV.

According to the Report of the Productivity Commission Inquiry into Australia's gambling industries, intangible factors are the key to understanding what motivates such high levels of gambling participation in Australian society.[150] Such intangible benefits derived from gambling activities, include enjoyment from being in a safe and comfortable social venue, social interaction, the thrill or risk of the game and the dream of winning.[151] Many of these benefits can be predominantly understood as motivated by an overall 'buying time,'[152] an approach to leisure or entertainment in which a certain amount of money is invested in exchange for a certain period of relaxing and/or stimulating (usually social) activity. However, according to this national survey, gambling as an entertainment or leisure activity also contains another dimension, signalled most obviously by the motivation 'dream of winning' – or what the Productivity Commission terms "buying the hope of a win".[153]

4.2.3 Victorian participation in gambling

The trend in participation by Victorians in gambling as a form of entertainment and leisure can be traced across a series of six surveys.[154] These surveys are part of the VCGA research program, which is required by section 109(e) of the *Gaming Machine Control Act* 1991. The first of this survey series was conducted in May 1992 and the most recent in September 1998. There is no reliable participation data available for the period prior.

[150] The results discussed by the Productivity Commission are not drawn from the National Gambling Survey conducted by the Productivity Commission but are a summary of Victorian findings of the *Sixth Survey of Community Gambling Patterns and Perceptions* conducted by Roy Morgan Research for the VCGA.
[151] Productivity Commission 1999 *Australia's Gambling Industries: Inquiry Report - Volume 1*, Canberra, Commonwealth of Australia, p.15.
[152] Productivity Commission 1999, p.15.
[153] Productivity Commission 1999, p.15.
[154] The seventh survey in this series was conducted in 1999 but was not available at the time of writing.

Gambling segments

The Community Gambling Patterns survey series has, since 1995, segmented the gambling population into five categories. The gambling segments are based around the frequency and duration of gambling activity and the financial outlay of gamblers. From an analysis of the survey series results a continuum was developed which situates the gambling segments relatively in terms of the intersection of gambling and social activity. This continuum is shown in column four of Table 4.17 (below), under the heading 'Entertainment and leisure'.

Table 4.17 Victorian gambling segments

Segment	Size (1998)*	Characteristics	Entertainment and leisure
Disinterested gamblers	26.7%	Below average participation, low level of casino visitation and EGM play, regular lotto gamblers	Gambling is an infrequent diversionary activity
Occasional gamblers	44.0%	Below average participation, average level of EGM play, low level casino visitation, regular lotto/raffle gamblers	Gambling is an irregular aspect of social activity
Social gamblers	12.0%	Moderate participation, higher than average level of EGM play, highest level of casino visitation, regular lotto, EGM, casino, scratch ticket gamblers	Gambling is integrated aspect of regular pattern of social activity or lifestyle
Committed heavy gamblers	10.7%	Highest participation level, high level of EGM play and casino visitation, regular lotto, horse racing, raffles, trotting, EGM and casino gamblers	Gambling is a serious activity with secondary social benefits
Acknowledged heavy gamblers	6.6%	High participation, high level of EGM play/casino visitation, regular EGM, casino and horse racing gamblers	Gambling is a serious activity

* Percentage of those who gambled at least once in the previous 12 months. Sources: Roy Morgan Research 1999 Sixth Survey; Market Solutions and Mark Dickerson 1997 Fifth Survey; Market Solutions 1997 Fourth Survey; DBM Consultants 1995 Third Survey; all VCGA, Melbourne.

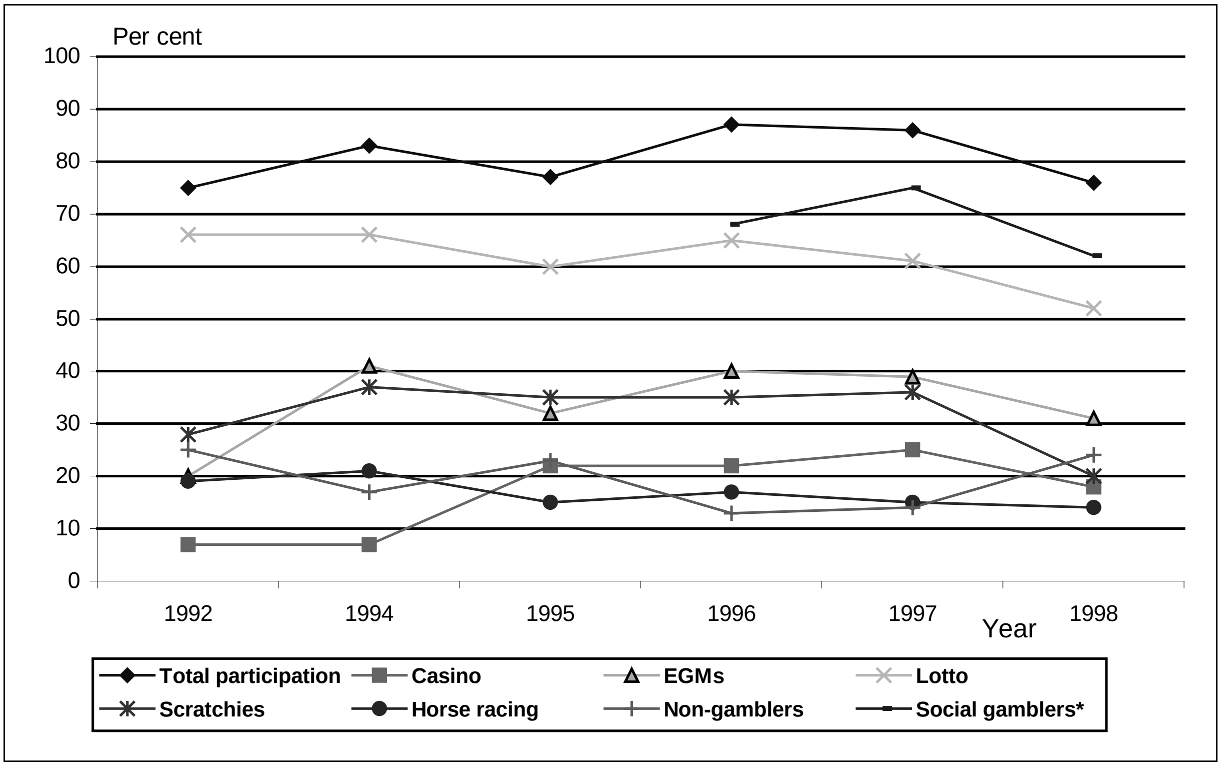
The division of the total gambling population into gambling segments is a useful analytic tool. From the breakdown of the population a distinction can be drawn between:

- a majority of gamblers (82.7%) who can be included in a broad group of 'social gamblers'[155] for whom gambling participation is moderate or less, and for whom gambling is, to varying degrees, an aspect of social activity or lifestyle; and

- a minority of gamblers (17.3%) who are not included as 'social gamblers'[156] due to their high participation in a variety of gambling activities and the relatively secondary role social reasons play in their gambling activity in comparison with the gambling activity in itself.

155 Total of 'disinterested', 'occasional' and 'social' gambling segments.
156 Total gamblers less 'disinterested', 'occasional' and 'social' gambling segments; or total of 'committed heavy' and 'acknowledged heavy' gambling segments.

Figure 4.4 Gambling participation rates, Victoria 1992-1998 (all respondents)



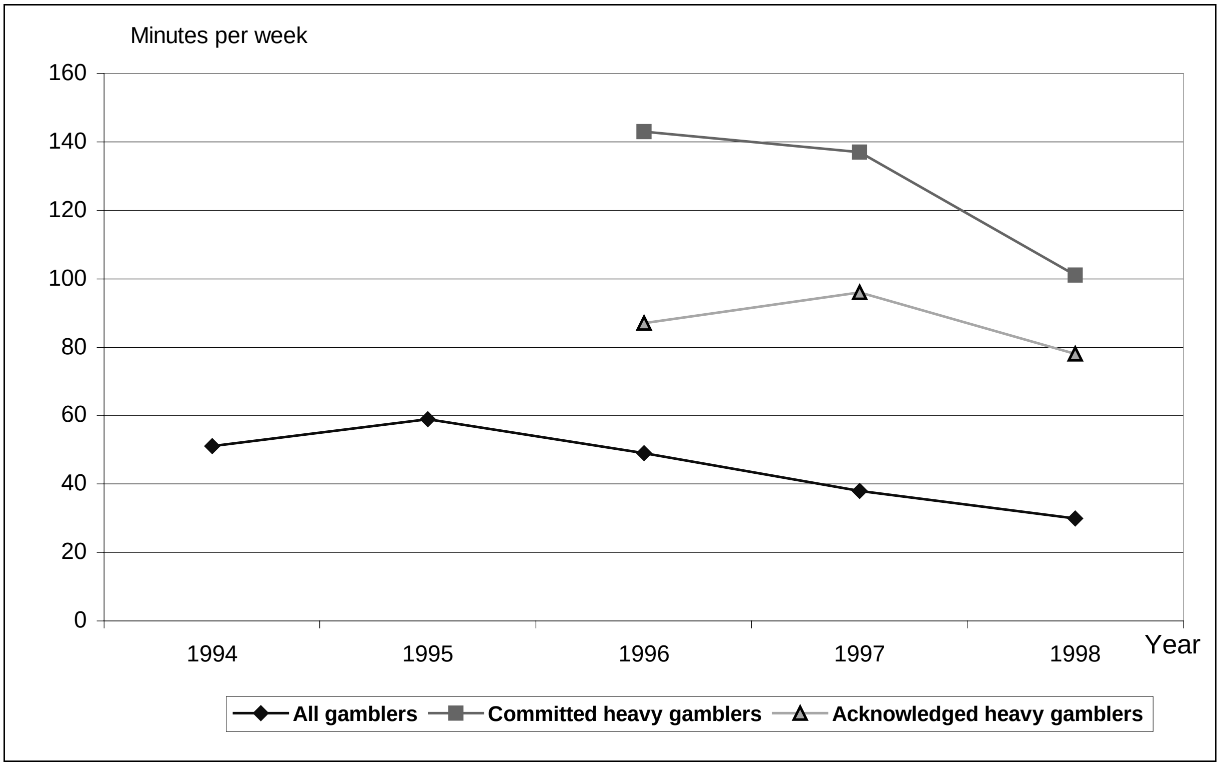
* Social gamblers here refers to total gamblers less those gambling segments categorised in the survey series as Committed Heavy Gamblers or Acknowledged Heavy Gamblers. Sources: Roy Morgan Research 1999 Sixth Survey; Market Solutions and Mark Dickerson 1997 Fifth Survey; Market Solutions 1997 Fourth Survey; DBM Consultants 1995 Third Survey; all VCGA, Melbourne.

Measured as a simple participation rate, that is whether or not an individual had undertaken gambling activity in the last twelve months, it appears that a slightly smaller number of Victorians participated in gambling in 1998 than in the previous year. This was the first year that gambling participation had declined since 1995 and was eleven per cent lower than the 1996 peak (87%). However, approximately three out of four Victorians did participate in gambling activity in 1998.

The category 'social gamblers', shown in the above Figure 4.4, may offer a better indication of the level of participation of individuals for whom gambling is primarily an entertainment and leisure preference. This category does not include those gambling segments who are identified as committed or heavy gamblers, that is those individuals for whom associated benefits of gambling activity such as social interaction and leisure are more likely to be less important than the actual gambling itself. Social gamblers, thus identified, accounted for the majority of respondents (including non-gamblers); 62 per cent in 1998, down from 75 per cent in 1997. However, social gamblers comprised approximately 83 per cent of gambling participants in 1998, down slightly from approximately 87 per cent in 1997.

The frequency of participation of Victorians in gambling as entertainment and leisure has declined since 1996, when the average number of times gamblers participated in gambling activities was 1.4 times occasions per week, to an average of 1.0 occasions per week in 1998. In 1996, two small groups of committed and acknowledged heavy gamblers (each approximately 10 per cent of total gamblers) participated in gambling activities on an average of 2.4 and 1.9 occasions per week respectively, well above the overall state average. In 1998, committed heavy gamblers (10.7% of total gamblers) and acknowledged heavy gamblers (6.6% of total gamblers) participated in gambling activities on an average of 1.7 and 1.5 occasions per week respectively, well above the overall average. All other gamblers, or those suggested here to be 'social gamblers', participated in gambling activity less frequently than the overall average, apart from 12% of gamblers for whom gambling activity constituted a regular part of entertainment and leisure activity and whose participation in gambling activities was more frequent than average.

Figure 4.5 Duration of participation in gambling activities, Victoria 1995-98



Source: Roy Morgan Research 1999 Sixth Survey, VCGA, Melbourne.

There is no data available regarding the amount of times spent gambling prior to the commencement of the community survey series. It is, however a safe assumption that the introduction of EGMs to clubs and hotels and the establishment of the Melbourne casino substantially increased the average amount of time that Victorians' spent undertaking gambling activity. EGM play and casino table games are both relatively time-intensive forms of gambling, involving repetitive play, when compared to other popular forms of gambling such as lotto, lotteries or scratch and win tickets.

The average time that Victorian gamblers spent on gambling activities peaked in 1995, closely following the expansion of gaming, at slightly under one hour per week. Since then the amount of time reported spent on gambling activities has declined to the lowest level since the expansion of gaming; 30 minutes per week, in 1998. It is also instructive to consider the impact of the amount of time spent by two small segments of the gambling population, committed and acknowledged heavy gamblers, upon the average time per week spent on gambling activities (4.5 above). Social gamblers, or all other gamblers, spent less than the average amount of time per week on gambling activities.

Table 4.18 Snapshot of EGM gamblers, Victoria 1997-98 (1996)

Indicator	1997 (1996)	1998
Participation rate in gambling activity	39% (40%)	31%
Characteristics of gamblers	Even distribution males and females, closely reflect the general population, higher proportion of social gamblers and acknowledged heavy gambler	Slight bias toward females, no bias according to age, occupation, metro or country areas, higher proportion of those identified as being at risk, more likely to be social gambler, acknowledged heavy gamblers and committed heavy gamblers
Of EGM gamblers, how many play regularly (at least once a month)	26% (34%)	39%
Of EGM gamblers, average number of minutes per week spent on EGM play	22 mins (24 mins)	27 mins
Outlay per gambling activity	$27 ($28)	$31
EGM gamblers: primary motivations	Social reasons 47% (56%), thrill/dream of winning 28% (34%), boredom 16% (18%).	Social reasons 57%, thrill/reward of winning 20%, boredom 12%.
EGM gamblers: appeal of leisure activities (in order from most appealing).	High appeal: Relaxing at home; going out for dinner. Moderate appeal: going to the movies; playing sport.	High appeal: Relaxing at home; going out for dinner. Moderate appeal: playing sport; going to the movies.
EGM gamblers: venues visited	Hotel 57% (62%); Casino 43% (33%); Licensed Sports Club 30% (31%); RSL 21% (19%).	Hotel 48%; Casino 33%; Licensed Sports Club 27%; RSL 21%.
EGM gamblers: venue visited most often	Hotel 43% (50%); Casino 24% (16%); Licensed Sports Club 19% (23%); RSL 10% (10%).	Hotel 39%; Licensed Sports Club 21%; Casino 20%; RSL 14%.
EGM gamblers (not at casino): reason for attending EGM venue	Social outing 79% (75%); socialise & gamble 11% (14%); gamble only 10% (10%).	Social outing 72%; socialise & gamble 13%; gamble only 11%.
EGM gamblers: activities combined with EGMs on last visit	Dining out 59% (55%); nothing 16% (11%); drinks 11% (8%); live entertainment 6% (7%).	Dining out 59%; nothing 22%; drinks 5%; live entertainment 4%.

Sources: Market Solutions & Mark Dickerson 1997 Fifth Community Gambling Patterns Survey, VCGA, Melbourne; Roy Morgan Research 1999 Sixth Survey of Community Gambling Patterns and Perceptions, VCGA, Melbourne.

- EGM gamblers place a high value on the social aspect of EGM gambling activity. Social motivations are reported as the most important to EGM gamblers and have increased over the last two years. In contrast, the motivation of winning has declined markedly during the same period, probably reflecting in part the passing of the 'novelty' phase of the expansion of gaming.

- EGM gamblers are most likely to combine EGM activity with a social activity such as dining or drinks. Live entertainment has declined as an ancillary activity. However, the proportion of those who say they attend a venue only to gamble has increased.

- Hotels remained the most visited venue overall and the venue individuals visited most often between 1996-1998. However attendance at hotels by EGM gamblers has declined steadily.

- Clubs are the second most popular venue and have maintained or slightly increased their level of visitation by EGM gamblers. This may be a reflection of the more stable membership base of club attendance, compared to the more transient patronage of hotels.

- Crown Casino experienced a substantial decline in popularity as an EGM venue in 1998, after a strong increase in 1997 following the opening of the permanent facility. This decline probably reflects the passing of the novelty phase of the operation of the permanent Crown Casino complex.

- EGM gamblers consistently report their favourite other leisure activities to be relaxing at home and going out for dinner.

Table 4.19 Snapshot of casino gamblers 1997-98 (1996)

Indicator	1997 (1996)	1998
Participation rate in gambling activity	25% (22%)	18%
Characteristics of gamblers	Even distribution males and females, younger age profile, more likely to be owner/white collar worker, higher proportion in metropolitan areas, slightly more likely to be in At Risk group, more likely to be social gambler, acknowledged heavy or committed heavy gambler.	Even distribution males and females, younger age profile, more likely to be owner/white collar worker, more likely to be social gambler, acknowledge heavy or committed heavy gambler.
Of casino gamblers, how many play regularly (at least once a month)	15% (14%)	18%
Of casino gamblers, average number of minutes per week spent on EGM play	21 mins (21 mins)	14 mins
Outlay per gambling activity	$41 ($44)	$53
Casino gamblers: primary motivations	Social reasons 40% (49%), thrill/dream of winning 31% (37%), buzz 23% (17%).	Social reasons 48%, thrill/reward of winning 22%, buzz 20%.
Casino gamblers: appeal of leisure activities (in order from most appealing).	High appeal: Relaxing at home; going out for dinner. Moderate appeal: going to the movies.	High appeal: Relaxing at home; going out for dinner. Moderate appeal: going to the movies, playing sport.

Sources: Market Solutions & Mark Dickerson 1997 Fifth Community Gambling Patterns Survey, VCGA, Melbourne; Roy Morgan Research 1999 Sixth Survey of Community Gambling Patterns and Perceptions, VCGA, Melbourne.

- Casino gamblers place a high value on the social aspect of casino gambling activity. Social motivations are the most important to casino gamblers and have increased over the last two years. In contrast, the motivation of winning has declined markedly during the same period, probably reflecting in part the passing of the 'novelty' phase of the expansion of gaming.

- Casino gamblers are motivated also by the buzz/atmosphere of the casino venue. This motivation has remained fairly constant over the past two years.

- Casino gamblers, as do EGM players, consistently report their favourite other leisure activities to be relaxing at home and going out for dinner.

As Table 4.20 below shows, the Crown Casino Complex attracts visitors who have a range of purposes.

Table 4.20 Snapshot of Crown Casino complex visitors 1997-98

Indicator	1997	1998
Activities undertaken on last visit	Just looked 57%, played EGMs 45%, dined 42%, other gambling 19%, movies 10%, shopped 10%, nightclub 4%, went to a show 4%.	Dined 40%, just looked 37%, played EGMs 30%, other gambling 13%, movies 12%, nightclub 4%, function/conference 3%, shopped 3%, went to a show 2%.
Main activity on last visit	Just looked 53%, played EGMs 11%, dined 9%, other gambling 6%, movies 6%, drinks 3%, nightclub 2%, went to a show 2%.	Played EGMs 29%, Just looked 22%, dined 20%, other gambling 9%, movies 8%, function/conference 3%, shopped 3%, nightclub 2%, went to a show 1%.
Games played on last visit	EGMs 47%, none 42%, roulette 12%, blackjack/cards against the house 10%, big wheel 4%.	None 52%, EGMs 35%, roulette 9%, blackjack/cards against house 6%, big wheel 2 %, two up 2%.

Source: Roy Morgan Research 1999 Sixth Survey of Community Gambling Patterns and Perceptions, VCGA, Melbourne.

- The vast majority (83%) of *visitors* to Crown Casino complex entered the gaming area in 1998. This figure remained constant from 1997. However, gambling is not necessarily the only, or main, activity undertaken.

- The temporary Crown Casino complex was estimated to have attracted nine million visitors in 1995, the most of any attraction in and around Melbourne. Of these visitors sixty-five per cent were from Melbourne, twenty per cent from Victoria, ten per cent from interstate and five per cent from overseas.[157]

- A patron survey of the temporary Crown Casino estimated the mix of visitors as eighty per cent from metropolitan Melbourne, twelve per cent from country Victoria, five per cent from interstate and three per cent international.[158]

[157] Tourism Victoria figures reported in Hopkins, Philip ‘Crown our top tourist drawcard’, *The Age*, Monday 17 May 1999.
[158] Hames Sharley 1997 *Patron Profile of a Major Casino*, Melbourne, VCGA, p.32.

- A patron survey of the permanent Crown Casino complex estimated the mix of visitors as seventy-one per cent metropolitan Melbourne, thirteen per cent country Victoria, twelve per cent interstate and four per cent international.[159]

- According to this patron survey, use of non-gambling facilities by visitors to Crown Casino complex increased in line with the increase in ancillary facilities that occurred with the shift from the temporary premises to the permanent Crown Casino complex.[160]

4.2.4 The Crown Casino complex and local visitors

According to the *City Dynamics Study* conducted for the City of Melbourne[161], in the context of an overall positive 'spillover effect' the Crown Casino complex had a negative impact on the entertainment activity sector in 1997/98, across all Melbourne city areas.[162] *City Dynamics* found that visitors from metropolitan Melbourne comprised 75 per cent of all visitors to the Crown Casino complex in 1997-98. An estimated 22,000 members of the local population, by which we mean residents of Greater Melbourne visited the Crown complex each day. Of this local population of visitors approximately one quarter are residents who are working in the City. Local residents are the largest group of visitors and the major source of income for the Crown Casino complex.[163]

Table 4.21 Crown Casino complex turnover by resident category and activity sector 1997/98 ($m)

Resident category*	Retail	Restaurants	Entertainment – gambling	Entertainment – other	Total
Worker	9.9	9.2	98.9	29.8	147.8
Visitor	34.9	19.4	293.1	73.4	420.8
Total	**44.8**	**28.6**	**392.0**	**103.2**	**568.6**

Source: City of Melbourne Strategic Research Branch 1998, p.11.

In terms of resident categories:

- local residents contributed 49.7 per cent ($568.6m) of total Crown Casino complex turnover, the most lucrative market segment ahead of international tourists (33.6 per cent), interstate tourists (9.2 per cent) and tourists from country Victoria;

[159] Hames Sharley 1997 *Patron Profile of a Major Casino*, Melbourne, VCGA, p.32. It is important to note that this patron profile was based on an intercept survey conducted on site, which captured a sample that under-represented non-Anglo/European visitors to both the temporary and permanent casinos (p.xiii).
[160] Hames Sharley 1997 *Patron Profile of a Major Casino*, Melbourne, VCGA, p.xiii.
[161] City of Melbourne Strategic Research Branch 1998 *City Dynamics*, Stage 3, [Post-Opening Impact Assessment of the Crown Entertainment Complex conducted by National Institute of Economic and Industry Research], Melbourne, City of Melbourne.
[162] *City Dynamics* found that in the context of an overall positive spillover effect ($17.8m), positive impacts on retail activity ($53.8m) and accommodation activity ($23.0m) were offset by negative impacts on entertainment activity (-$33.4m) and restaurant activity (-$26.6). See Appendix C for detail of these activity sector impacts by Melbourne city areas.
[163] City of Melbourne Strategic Research Branch 1998 *City Dynamics*, Stage 3, [Post-Opening Impact Assessment of the Crown Entertainment Complex conducted by National Institute of Economic and Industry Research], Melbourne, City of Melbourne, p.11.

- workers and visitors contributed 26.0 and 74.0 per cent of total local turnover respectively, which was approximately proportionate to their segments of the local patron mix.

In terms of activity sectors:

- workers spent 87.1 per cent of their total turnover on entertainment and divided the remainder evenly between retail and restaurants; and

- visitors spent 87.1 per cent of their total turnover on entertainment, spending almost two thirds of the remainder on retail and the other third of the remainder on restaurants.

In terms of gambling activity:

- local residents contributed 45.9 per cent ($392.0m) of Crown Casino gambling turnover, making them the most lucrative market segment, ahead of international tourists who contributed 40.2 per cent ($343.2m);

- workers spent 66.9 per cent of their total turnover at Crown Casino complex on gambling compared with visitors who spent 69.7 per cent of their total turnover on gambling;

- workers and visitors contributed 25.2 per cent and 74.8 per cent respectively, of the total local resident gambling turnover at Crown Casino in 1997/98, approximately equal to their proportion of the local patron mix.

Including visitors from country regions, residents of Victoria contributed 57.8 per cent ($661.8 million) of Crown Casino complex turnover in 1997/98.

4.3 SUMMARY: CHANGES IN ENTERTAINMENT AND LEISURE AND THE EXPANSION OF GAMING

Australia and Victoria have experienced substantial social and economic changes that are affecting patterns of leisure and entertainment. These changes, far from abating, will continue to occur and perhaps accentuate in the next decades.

Major demographic shifts have occurred, with changes in the overall balance and composition of the population. Expanded levels of household disposable income have intersected with demographic factors.

- The relative affluence of Australians has generated demand for additional leisure facilities and for novel and exciting forms of entertainment.
- The overall population has aged, with substantial increases in the over-50 age groups, particularly women, and slower growth in the younger age groups. Patterns of aging and

the relatively high proportion of older people in some regions suggest an increased demand for activities associated with older people. Improved health and improved financial circumstances achieved through superannuation and inheritance have made older people more active in a wide range of leisure activities.

- The effects of demographic change in Victoria suggest that some of the fastest growing activities include those activities in which older people engage, including short domestic holiday trips and playing EGMs in clubs and hotels. These trends imply steady underlying growth in demand for the products and services of a wide range of leisure providers, including gaming.
- The population has steadily become more culturally diverse, with the recent major trend being the migration to Australia of larger numbers of individuals and families from the Asian region. Forms of leisure that are attractive to a wide range of diverse social and cultural groups are likely to be most successful and hence become more predominant.

The consolidation of Australia as a highly urbanised population has continued. Rural and manual employment has been increasingly replaced by white collar and service industry jobs. This has led to the instituting of patterns of movement, or lifestyles, that are based around the home and the place of work, both of which are located in an urban or suburban context. The importance of sites of leisure and entertainment that mediate between home and work, such as shopping centres, clubs, cinema complexes and sporting facilities, has grown.

- The introduction of EGMs into many of these sites has ensured their integration into the entertainment and leisure patterns of a large proportion of the population.
- But leisure also is facilitated by commercial organisations that arrange for facilities and services to be provided, when and where people will use them, and promote their facilities through advertising, marketing and investment. Thus changes in leisure patterns can be driven by growth in supply and market stimulation as well as by a growth in demand.
- Attempts to extend the range of sites where EGMs may be installed, particularly into suburban shopping centres, illustrates both commercial motivation and the efficacy of EGMs as entertainment and leisure devices in a variety of settings.
- EGMs offer user-defined frames of participation. Unlike many other forms of entertainment and leisure, the start time and duration of play of EGMs is primarily decided by the player. This has enabled EGMs to fit into a wider variety of contemporary urban lifestyles, and hence, to attract a large proportion of entertainment and leisure spending.

The high level of participation in gaming has led to gaming providers' (hotels, clubs and casinos) expanded revenues, which has in turn led to re-investment in infrastructure and facilities. This has led to the development of new types of venues, characterised by their size, range of facilities and changed relationship with their social and economic context.

The decade of the 1990s has witnessed the re-making of major Australian cities around the concepts of leisure and entertainment, as stakeholders have seen the possibility of economic expansion and profit in urban leisure and tourism. This phenomenon is exemplified by the changes that have swept through Melbourne in this decade following the expansion of gaming. The link between gaming and leisure in these developments is clear. Casinos such as Crown Casino complex combine a large casino with entertainment and retail facilities built close to the central business district. Evidence suggests that it is the Melbourne which make up three quarters of Crown visitors, which represents a major change in the entertainment and leisure patterns of the City's residents. The link between gaming and leisure has also been developed through the expansion of suburban and regional gaming venues.

Gaming now occupies a prominent place in the leisure activities of many Victorians, and a key place in the commercial and public economy of Victoria. It affects both the economic and cultural spheres of life. Traditional patterns of leisure have been challenged and will continue to be so, as gaming opportunities become further diversified and made even more accessible. The venues that provide machine gaming are also in the process of transformation, with changes in their clientele, services and their roles within their host community. Gaming is but one of the activities that make up contemporary Australian leisure, but trends in Victoria suggest that it is of growing significance in terms of time, activity, the economy and social life.

SECTION 5: TOURISM IN VICTORIA AND THE EXPANSION OF GAMING

5.1 Tourism: An overview

Tourism is notoriously difficult to measure and attempts to measure tourism turnover or aggregate economic impact imprecise.[164] According to researched estimates compiled by the Bureau of Tourism Research (BTR) tourism expenditure in Australia was in the order of $60.350 billion in 1995-96. Tourism was estimated to have made a direct contribution of approximately 7.4 per cent of Gross Domestic Product in 1995-96. This activity was estimated to directly employ 694,000 people, or approximately 8.4 per cent of the Australian workforce in 1995-96.[165]

5.1.1 Contribution of international tourism

Expenditure by international visitors in Australia was estimated at $13.820 billion in 1995-96 (including $1.560 billion living expenses of foreign students). This activity was estimated to account for the direct employment of 171,300 people in 1995-96.[166]There has been a steady rise in the number of inbound visitors to Australia throughout the 1990s, although the rate of growth has slowed in the last year. This may be attributed to some extent to the economic downturn in some Asian region source of visitor countries.

International tourism to Australia generated export earnings of $16 billion in 1996, which comprises 14.5 per cent of Australia's total export earnings for that year.[167]

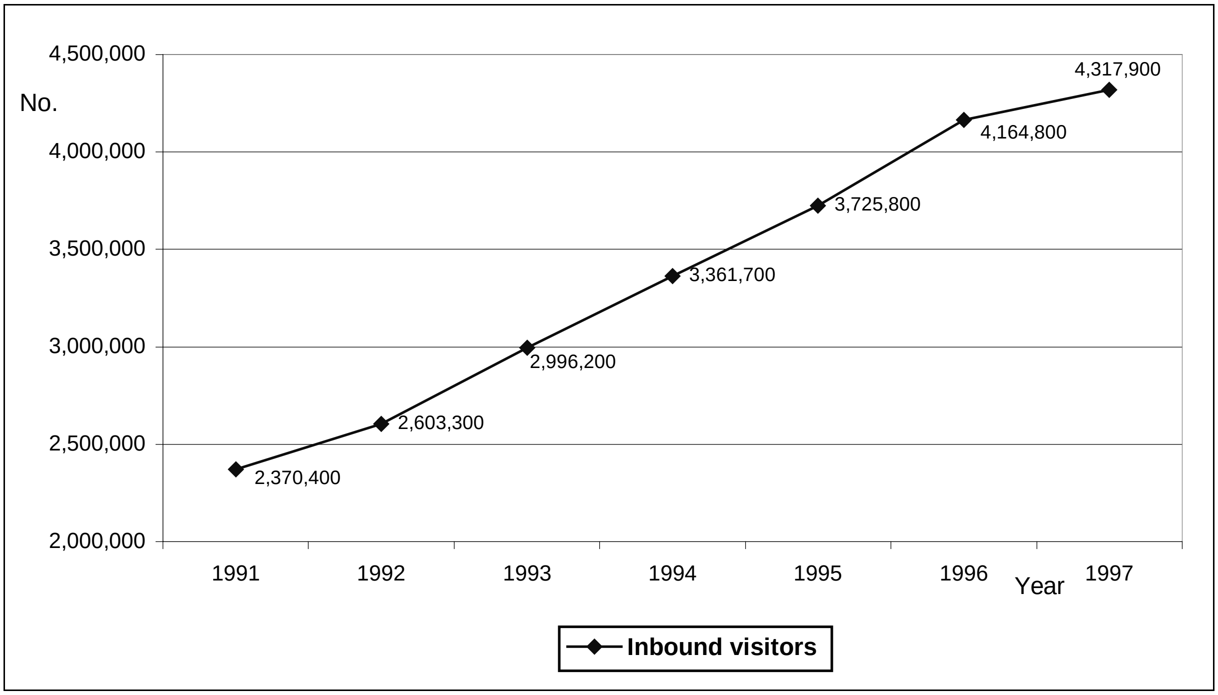
[164] See: Section 1.6.3 above; Bureau of Tourism Research 1999 *Valuing Tourism: Methods and Techniques*, Commonwealth of Australia, Canberra.

[165] Bureau of Tourism Research 1997b *Tourism's Direct Economic Contribution 1995-96*, Commonwealth of Australia, Canberra.

[166] Bureau of Tourism Research 1997b *Tourism's Direct Economic Contribution 1995-96*, Commonwealth of Australia, Canberra.

[167] Bureau of Tourism Research 1997b *Tourism's Direct Economic Contribution 1995-96*, Commonwealth of Australia, Canberra.

Figure 5.1 Inbound visitors Australia 1991-1997



Source: ABS 1999 Overseas Arrivals and Departures Australia, Cat. 3401.0.

In 1997, the major source countries for inbound tourist visitors were Japan (19%), New Zealand (16%) and the United Kingdom (10%). Total inbound visitors increased by 3.7 per cent on 1996.

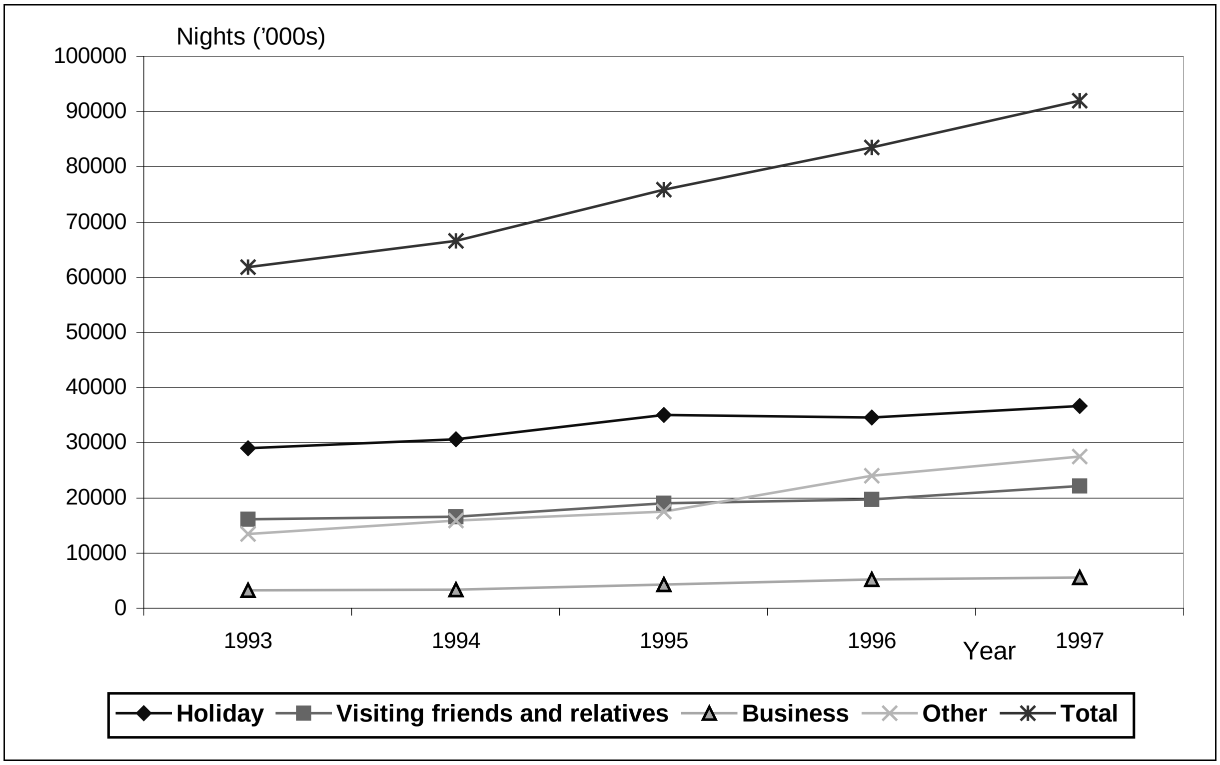
The largest category of international visitors in terms of the main purpose of trip was holiday (2.53 million visitors or 59% of the total number of visitors), visiting friends/relatives (0.82 million or 19%) and business, convention or conference visitors (0.55 million or 10%).

Overseas students comprised 143,500 (3.3%) of the total visitors to Australia in 1997. The major source countries for these visitors were Indonesia (13.9%), other Asian countries (12.5%), Korea (10%) and Hong Kong (9.3%).

International tourism is not overly seasonal. The most arrivals in 1997 occurred in December (10.4%), February (9.4%) and March (9.1%) and the least in May (6.7%), June (7.1%) and April (7.5%). The relative lack of seasonality in international tourism arrivals can be attributed to the wide variety of climates available throughout the country and the wide range of source of visitor countries.

The upward trend in visitor numbers is sustained across the period 1991-1997. A second important indicator of the volume of international inbound tourism is the total of visitor nights. The figure below (Figure 5.2) illustrates the recent trend in inbound visitor nights.

Figure 5.2 Visitor nights by main purpose of journey, Australia 1993-1997.



Source: Bureau of Tourism Research, International Visitor Survey.

The total number of international visitor nights spent in Australia has risen steadily. The total number of visitor nights has increased by a total of approximately 48.8 per cent from 1993 to 1997.

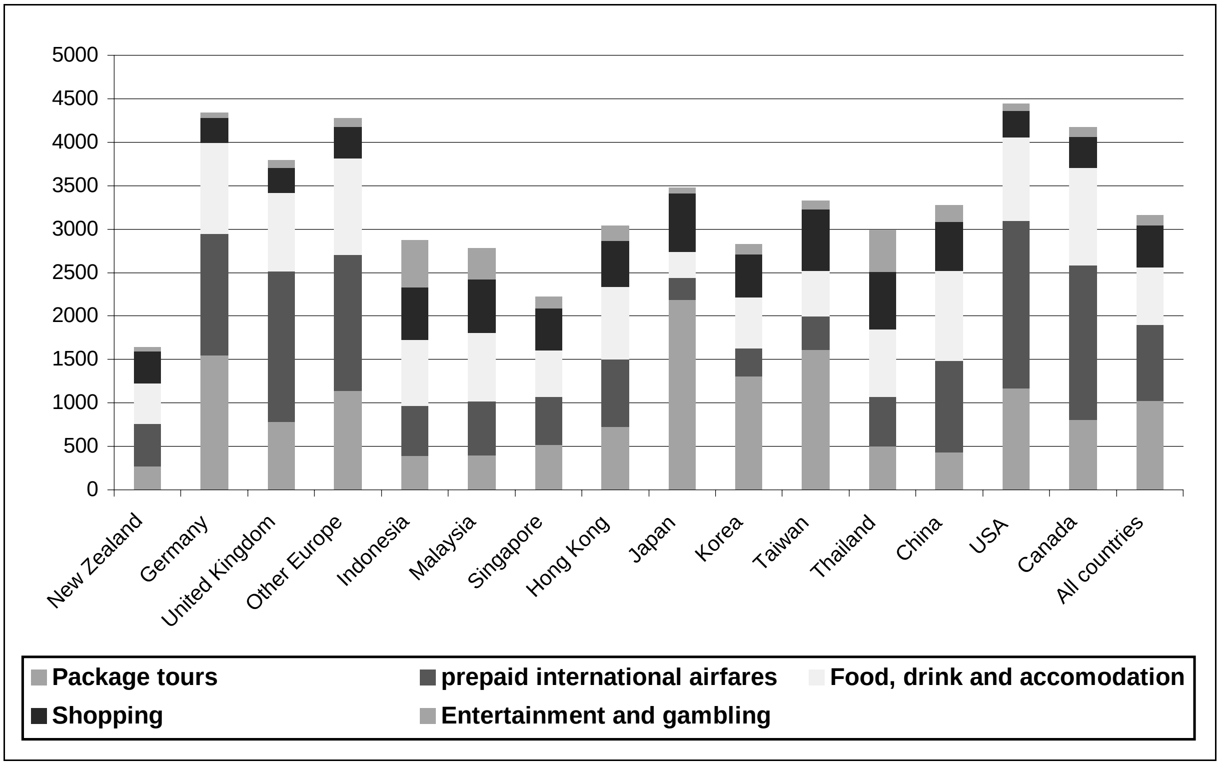
The fastest growing sector of visitor nights by purpose of trip is the category of other purposes, which increased by approximately 104 per cent from 1993 to 1997. This category includes conventions and conferences, employment, education and other purposes including those visitors who did not state their main purpose for visiting Australia.

At the state and territory level, international visitors spent 35.4 % of their total nights in New South Wales in 1997. This compared to 23.1 per cent of visitor nights spent in Queensland, 19.7 per cent spent in Victoria and 10.6 per cent in Western Australia. New South Wales accounted for the most visitor nights in all purpose-of-trip categories. Victoria had the second most visitor nights amongst those who were in Australia for business and to visit friends and relatives.

- However, amongst those whose main purpose of trip was a holiday, New South Wales (12.6 million) and Queensland (11.9 million) accounted for the vast majority of visitor nights in 1997, well in excess of Victoria (4.3 million) and Western Australia (3.1 million).

International visitors to Australia tend to stay for a relatively lengthy period of time. In 1997, 38.2 per cent of international visitors stayed in Australia for a minimum of two weeks. Of those staying less than two weeks, almost half stayed for more than one week. At the other end of the scale almost 20 per cent of international visitors to Australia in 1997 stayed for a minimum of one month.

Figure 5.3 Main items of international visitor expenditure, by country of residence 1997



Source: Australian Bureau of Statistics 1999 Australia Now – A Statistical Profile.

The figures for expenditure by source country of international visitors are influenced strongly by the geographic distance between that country and the destination country due to the high cost of long-haul airfares. Visitors from Europe and the North American continent thus recorded higher levels of expenditure on prepaid airfares than visitors from Asia.

Visitors from the number one source country for international visitors to Australia, Japan, are also the biggest spenders on package tours within the country. Visitors from the USA reported the highest expenditure overall, closely followed by visitors from Germany and other countries in contintental Europe. Visitors from the second largest source country, New Zealand, reported expenditure amongst the lowest for all countries.

- In the category of entertainment and gambling expenditure, a distinct split occurs between visitors from a handful of source countries who report spending a sizeable amount, (Indonesia, Malaysia and Thailand and to a lesser extent China and Hong Kong), and the rest.

- Visitors from Japan, New Zealand, the United Kingdom and Other European countries including Germany, which provide the greatest numbers of international visitors to Australia, report very low levels of expenditure on entertainment and gambling.

Table 5.1 International visitor expenditure items 1997, by main purpose of trip

Expenditure items	Business $	Visiting friends and relatives $	Holiday $	All other reasons $	Total $
Package tours	283	224	1,536	500	1,026
Prepaid international airfares	1,528	1,237	537	1,059	873
Transport	224	171	167	411	206
Food, drink and accommodation	999	404	517	1,460	666
Shopping	327	426	509	536	477
Entertainment and gambling	76	63	118	222	117
Capital goods	114	103	45	251	89
Other	160	109	64	1,845	306
All items	**4,009**	**2,737**	**3,491**	**6,281**	**3,758**

Source: BTR International Visitor Survey.

The average expenditure by international visitors to Australia in 1997 was $3,758. However, visitors in the two largest categories of visitors by purpose of trip, holiday-makers ($3,491) and those visiting friends and relatives ($2,737), reported below average levels of expenditure.

The third largest category of international visitor by purpose of trip, business visitors, reported higher than average expenditure ($4,009).

The average expenditure of international visitors whose main purpose of trip was not one of these three main categories was $6,281, well in excess of the overall average.

Average expenditure on entertainment by international visitors was $117. This figure was closely matched by holiday-makers ($118), whilst business visitors ($76) and those visiting friends and relatives ($63) reported expenditures considerably below the average.

The average expenditure on entertainment and gambling of international visitors whose main purpose of trip was not one of these three main categories was $222, well in excess of the overall average.

- International visitors whose main purpose of visit is to have holiday (approximately 58.7 per cent of total international visitors), spend an average amount on entertainment and gambling. Business visitors (approximately 10.1 per cent of total international visitors) and those visiting friends and relatives (approximately 18.9 per cent of total international visitors) spend less. All other international visitors (approximately 12 per cent of total international visitors), who do not visit for these three major purposes, spend considerably more on entertainment and gambling.

5.1.2 Contribution of domestic tourism

Domestic tourism expenditure was an estimated $41.9 billion in 1995-96.[168] This was equivalent to approximately 77 per cent of total tourism expenditure. This estimate includes all short-term travel activity away from the normal place of work and residence, both for business and for pleasure. The economic impact of this activity is difficult to disentangle from other non-tourism expenditure. Domestic tourism expenditure is most directly felt in sectors such as transport, accommodation, attractions and historical sites, restaurants and souvenir retail. However, domestic tourism expenditure is not limited in terms of its direct and indirect economic impacts.

Domestic tourism can be conceptualised as comprising interstate tourism and intrastate tourism. Domestic tourism also can be divided into day trips and trips which include at least one night away from the usual place of residence and hence utilise accommodation of some sort.

The major source of information for monitoring domestic tourism is the national survey conducted by the Bureau of Tourism Research (BTR). This survey was known as the Domestic Tourism Monitor (DTM) until early in 1998, when it was replaced by the new and improved National Visitor Survey (NVS). Results derived from the NVS are not comparable with those derived from the DTM. In addition to this, there was a series break in the DTM between 1993-94 and 1994-95 that prevents trend analysis across this break.

In the absence of comparable national trend data a snapshot of domestic tourism derived from the NVS for 1998 is the most relevant data available. Along with the Australian Tourism Satellite Account (ATSA) being developed by the Australian Bureau of Statistics the NVS will provide tourism researchers of the future with a more complete picture both of the significance of tourism to the economy and of the trends within the industry.

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[168] Bureau of Tourism Research 1997b *Tourism's Direct Economic Contribution 1995-96*, Commonwealth of Australia, Canberra.

Table 5.2 Interstate tourism: overnight trips, visitor nights and expenditure by state 1998

	Overnight Trips		Nights			Expenditure	
Main destination	'000	%	'000	%	Average	$ million	%
New South Wales	7 282	35	34 988	27	4.8	4 187	23
Victoria	4 090	20	20 434	16	5.0	3 385	18
Queensland	4 329	21	36 024	28	8.3	5 617	31
South Australia	1 570	8	9 420	7	6.0	1 263	7
Western Australia	749	4	11 675	9	15.6	1 411	8
Tasmania	689	3	5 635	4	8.2	981	5
Northern Territory	414	2	6392	5	15.5	790	4
Total interstate trips	**20 745**	**100**	**129 779**	**100**	**6.3**	**18 362**	**100**

Source: BTR 1999 Travel By Australians 1998. Note: ACT not separately identified as interstate/intrastate. All nights and expenditure allocated to main destination. All figures are for Australian residents 15 years and over.

Domestic interstate visitors spent approximately $18.4 billion in travel to other Australian states or the Northern Territory in 1998. These visitors took 20,745 interstate trips, averaging almost a week away on each occasion.

New South Wales was the major destination in terms of volume of interstate domestic tourists in 1998. However, in terms of the number of visitor nights Queensland was the major domestic tourist destination, marginally ahead of New South Wales.

Queensland was also the major beneficiary of domestic interstate tourist expenditure ($5.6 billion), well in excess of New South Wales ($4.187 billion) and Victoria ($3.385 billion). Between them the eastern seaboard states comprised approximately 72 per cent of total domestic interstate tourist expenditure.

Tourists to Western Australia and the Northern Territory tended to stay the most nights, reflecting the distance and expense involved in reaching these destinations. Visitors to New South Wales and Victoria tended to stay the least number of nights.

Table 5.3 Intrastate tourism: overnight trips, visitor nights and expenditure by state 1998

	Overnight Trips		Nights			Expenditure	
Main destination	'000	%	'000	%	Average	$ million	%
New South Wales	18 309	35	57 183	35	3.1	4 950	34
Victoria	13 789	26	35 113	21	2.5	2 641	18
Queensland	10 142	19	35 361	22	3.5	3 470	24
South Australia	3 486	7	10 238	6	2.9	803	6
Western Australia	5 423	10	19 638	12	3.6	1 921	13
Tasmania	1 408	3	3 662	2	2.6	280	2
Northern Territory	420	1	1 358	1	3.2	242	2
Total interstate trips	**53 067**	**100**	**163 676**	**100**	**3.1**	**14 434**	**100**

Source: BTR 1999 Travel By Australians 1998. Note: ACT not separately identified as interstate/intrastate. All nights and expenditure allocated to main destination. All figures are for Australian residents 15 years and over.

Domestic intrastate visitors spent approximately $14.4 billion on travel within their state or territory of residence in 1998. These visitors took 53,067 intrastate trips, averaging just over three days away on each occasion. The following table (Table 5.5) shows the distribution of the population which, other factors being equal, should be reflected in the distribution of intrastate tourist trips.

Table 5.4 Australian state and territory distribution of the population aged 15 years and over, as at 30 June 1998.

	NSW	Vic.	Qld	SA	WA	Tas.	NT	ACT	Australia
Number millions	5.025	3.711	2.712	1.191	1.435	0.370	0.140	0.243	14.829
Per cent	33.9	25.0	18.3	8.0	9.7	2.5	0.9	1.7	100

Source: ABS 1999d Population by Age and Sex, Cat. 3201.0.

Residents of New South Wales, Victoria, Queensland and Western Australia took proportionately slightly more overnight trips than their share of the population.

In terms of expenditure, Queenslanders spent disproportionately more on intrastate tourism, reporting 24 per cent of the total national expenditure, almost 6 per cent higher than its share of the national population. Western Australia also recorded a disproportionately high level of intrastate tourism expenditure (13%), over three per cent higher than its share of the national population.

Victorians spent proportionately far less on intrastate tourism than residents of other jurisdictions, reporting 18 per cent of total national expenditure, some 7 per cent less than the Victorian share of the national population.

Similar results were reported in terms of proportion of total national visitor nights, with Queensland and Western Australia doing best, Victoria considerably worse and other jurisdictions reporting a share of intrastate visitor nights closely matched to their share of national population.

Box 5.1 The Meetings, Incentives, Conventions and Exhibitions (MICE) sector

The MICE sector is comprised of meetings, conventions, congresses, seminars, conferences, exhibitions, trade show, work shops and incentives. MICE sector events attract both tourists and non-tourists. The potential to attract export earnings (international sales) and domestic tourism earnings is the primary focus of the MICE sector.

The primary distinguishing characteristic of MICE sector tourism is that it is motivated by business communication, not by factors such as leisure or a holiday.

Like all tourism activity MICE sector events create direct revenues for the organisers, venues and associated services such as accommodation providers and caterers. However, expenditure by MICE event attendees in other sectors of the economy whilst away from home contributes indirect tourism revenue to the economy.

The Bureau of Tourism Research (BTR) conducted a study of the MICE sector in Australia for 1996-97. The findings of the BTR study regarding the MICE market included:

- inbound MICE visitors to Australia comprised 211,745 or 5.5 per cent of the total international visitors for 1996;
- approximately 36 per cent of inbound MICE visitors came from Asia, 22 per cent from New Zealand, 22 per cent from Europe and 15 per cent from the USA in 1996;
- inbound MICE visitors stayed approximately 4.7 million visitor nights or 5.2 per cent of total international visitor nights for 1996;
- a total of 1.7 million Australians attended a MICE event in 1996-97, accounting for 2.7 per cent of all domestic trips; and
- overall 232,187 MICE events were held in Australia in 1996-97, with a total attendance of 11.383 million and an average attendance of 49.

At the state and territory level the MICE market is dominated by New South Wales, which hosted 99,676 MICE events in 1996-97 with an attendance of 4.021 million (35.3 per cent of the total national attendance). Queensland held the second greatest number of MICE events (31,809) with an attendance of 2.099 million (18.4 per cent of the total national attendance).

Victoria hosted a similar number of MICE events as Queensland in 1996-97 (31,396), but had a lower share of the total national attendance (14.7 per cent). However, the BTR study was completed prior to the impact of the opening of the Crown Casino complex, possibly leading to an underestimation of the Victorian share of the MICE sector.

5.2 TOURISM IN VICTORIA AND THE EXPANSION OF GAMING

The purpose of this section is to interrogate more closely the statistical data that is available regarding tourism activity in Victoria and how this has changed since the introduction of gaming. This will involve an analysis of the changes in Victoria in comparison with those in other states and territories.

The analysis period is 1990-1998. This has been chosen in order to capture data for the period that preceded the introduction of gaming.

The analysis will involve a description of what has happened to tourism in Victoria over the specified period. The data will then be reviewed to see if there are any significant changes that occurred following the introduction of EGMs and the establishment of Crown Casino. Consideration will then be given as to whether these changes can be attributed to the introduction of EGMs and/or the establishment of the casino.

5.2.1 Data sources

The main sources of data are the Domestic Tourism Monitor, the National Visitor Survey, the International Visitor Survey, the Australian Bureau of Statistics and the Victorian Regional Travel and Tourism Survey. In addition, data will be presented from customised surveys conducted in Echuca-Moama and Shepparton.

The main source of domestic tourism data is the Domestic Tourism Monitor (DTM) which has recently been revamped into the National Visitor Survey (NVS). The DTM was conducted until 1997 as a personal household survey with a representative sample drawn from all over Australia in both city and country areas. Approximately 64,000 people were interviewed on average each year. There was a change in consultants being used to collect the data in September 1994 creating a break in time series at that date. While this is problematic it does not significantly detract from the validity of the time series analysis.

In 1998 the DTM was replaced by the NVS which uses a different sampling and interviewing methodology. The sample size was increased to 80,000 and interviews are now conducted via the telephone rather than face to face. The NVS is designed specifically to increase the usefulness of the survey for generating regional data as the DTM had only provided reliable data for less than half of the 84 tourism regions around the country. The NVS also sought a larger range of information and more of this is available at the regional level. Unfortunately only preliminary 1998 data is available before the end of 1999. Moreover, the change in data collection methodology creates a break in the series and make time series comparisons difficult.

The Victorian Regional Travel and Tourism Survey (VRTTS) was a one-off survey of travel patterns in regional Victoria in 1995. It was conducted to overcome the perceived problems associated with obtaining reliable regional data from the DTM. The VRTTS collected data throughout 1995 via surveys of households and commercial establishments. Questionnaires were distributed to a sample of households and members were asked to provide details on any overnight and day trips made during the period. They were also asked to distribute questionnaires to short term guests. A selection of commercial accommodation establishments including hotels, motels, guest houses, bed and breakfasts, caravan parks and hostels were asked to distribute questionnaires to their guests on randomly selected days. A total of 6,306 overnight trip and 7,239 day trip questionnaires were distributed via these two methods. Unfortunately this survey has not been replicated hence we are restricted to a one-off snap-shot.

The main sources of data on international visitation is the International Visitor Survey (IVS) which is conducted annually by the Bureau of Tourism Research. This involves approximately 20,000 interviews with short term international visitors as they are waiting to depart Australia's major international airports. Interviewees reside overseas, are older than 15 years of age and have spent less than 12 months in Australia. It is assumed that persons aged less than 15 have the same travel patterns as those aged 15 and over. The data is extrapolated up to provide a reliable profile of visitors to this country.

The major problem with the IVS data is that it's contents have been changed on a number of occasions making reliable time series data very difficult to establish. This has resulted in some data only being available for a very short period. Where this has caused a problem it is identified in the text.

While the IVS is an extremely valuable source of information the nature of the questionnaire creates problems in identifying state level data. The prime example of this concerns expenditure and activity questions, both of which are central to this study. The questionnaire asks respondents to outline what activities they undertook, how much they have spent, what things they spent money on, etc. At the same time, respondents are also asked to identify states that they visited. However, the two separate groups of questions are not inter-connected as respondents are not asked to identify where they spent their money or where they undertook the particular activity.

The Australian Bureau of Statistics (ABS) also provides data on international visitor traffic based on Incoming Passenger Cards. This data covers all visitors irrespective of age and therefore produces results that are not exactly the same as in the IVS. Where differences arise they are identified in the text.

5.3 DOMESTIC TOURISM

Domestic tourism is the unsung sector of the industry as it is often viewed as less glamorous than international tourism. However, it is by far the largest sector of the industry and accounts for over two thirds of all tourist movements within Australia.

Domestic tourism can itself be broken down into interstate and intrastate categories. The former is where people move on short term trips to another state, whether this is just over the border or across the country. Intrastate tourism is short term travel that occurs entirely within the boundaries of one state.

To complicate things further, both types of domestic tourism can be broken down into overnight and day trips. The significance of day trips must not be under-estimated. This phenomenon is dealt with in a separate section (see Section 5.5).

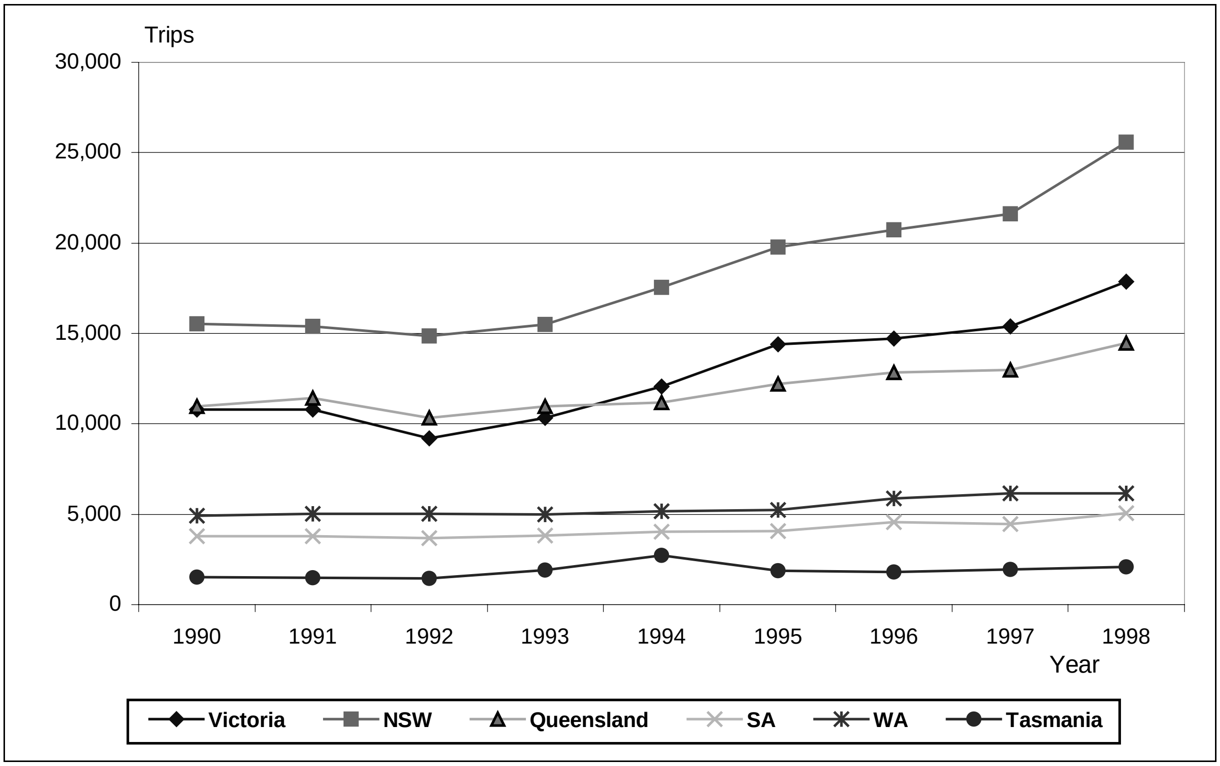
5.3.1 Number of trips to Victoria

The total number of trips to Victoria has increased markedly from 10,792,000 in 1990 to 15,397,000 in 1997. The figure for 1998 is even higher but the change from the DTM to the NVS means that direct comparisons between 1998 data and that from previous years is not advisable.

Figure 5.4 demonstrates that Victoria has not only arrested the decline in domestic trips that was evident in the early 1990s but has actually out stripped the number of visitors to Queensland. Victoria is now the second most popular state in terms of total trips undertaken by Australians. Most of this growth has taken place after 1992, with the greatest increases being between 1992 and 1995.

Given the fact that this apparent success coincided with the introduction of EGMs a more sophisticated level of analysis is required to determine what has happened. This will involve a breakdown of the data into interstate and intrastate trips.

Figure 5.4 Total number of domestic trips by state of destination, 1990-1998 (000s)

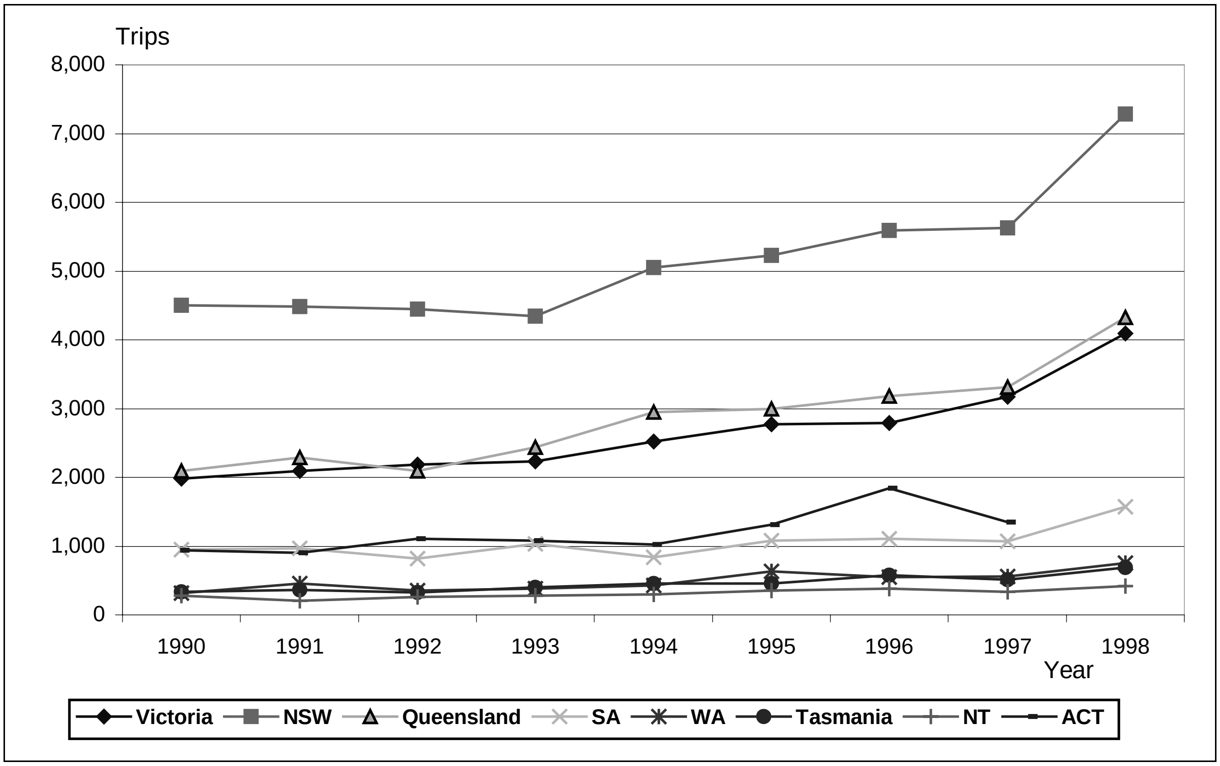


Source: BTR, Domestic Tourism Monitor/National Visitor Survey.

5.3.2 Interstate trips to Victoria

Interstate trips to Victoria are the number of visits that are made to Victoria by people from other states of Australia. These have been rising steadily from 2,019,000 in 1990 to 4,090,000 in 1998. Most of this increase occurred in the period 1993-1997 when Victoria was achieving an average annual growth rate of 9.3 per cent. The changes in the years 1997-1998 are included for interest only. They reflect changes in survey methodology rather than a substantive change in tourist movements.

Figure 5.5 Number of interstate trips to all states and territories, 1990-98 (000s)

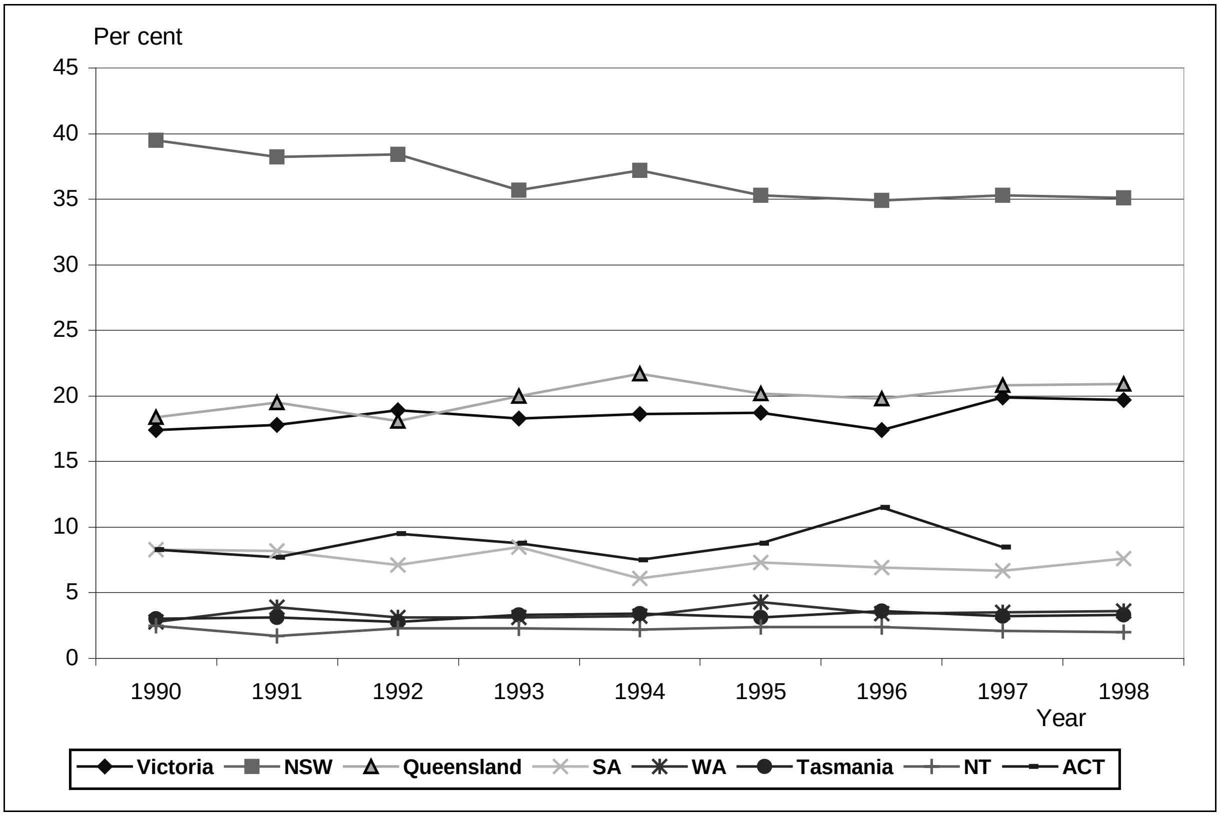


Source: BTR, Domestic Tourism Monitor/National Visitor Survey.

Figure 5.5 is based on interstate trips by Australians to all states and enables a comparison of Victoria's performance to be made. In terms of growth in interstate visitors, Victoria's average annual growth rate of 9.3 per cent between 1993-97 was larger than the comparable figure for NSW (6.8 per cent) and Queensland (8.3 per cent).

Victoria has managed to increase its market share of total interstate travel from 17.8 per cent in 1991 to 19.9 per cent in 1997, mainly at the expense of New South Wales (see Figure 5.6). However, both NSW and Queensland (except in 1992) has consistently out-performed Victoria in terms of market share.

Figure 5.6 Percentage of interstate visitors to all states, 1990-98 (000s)



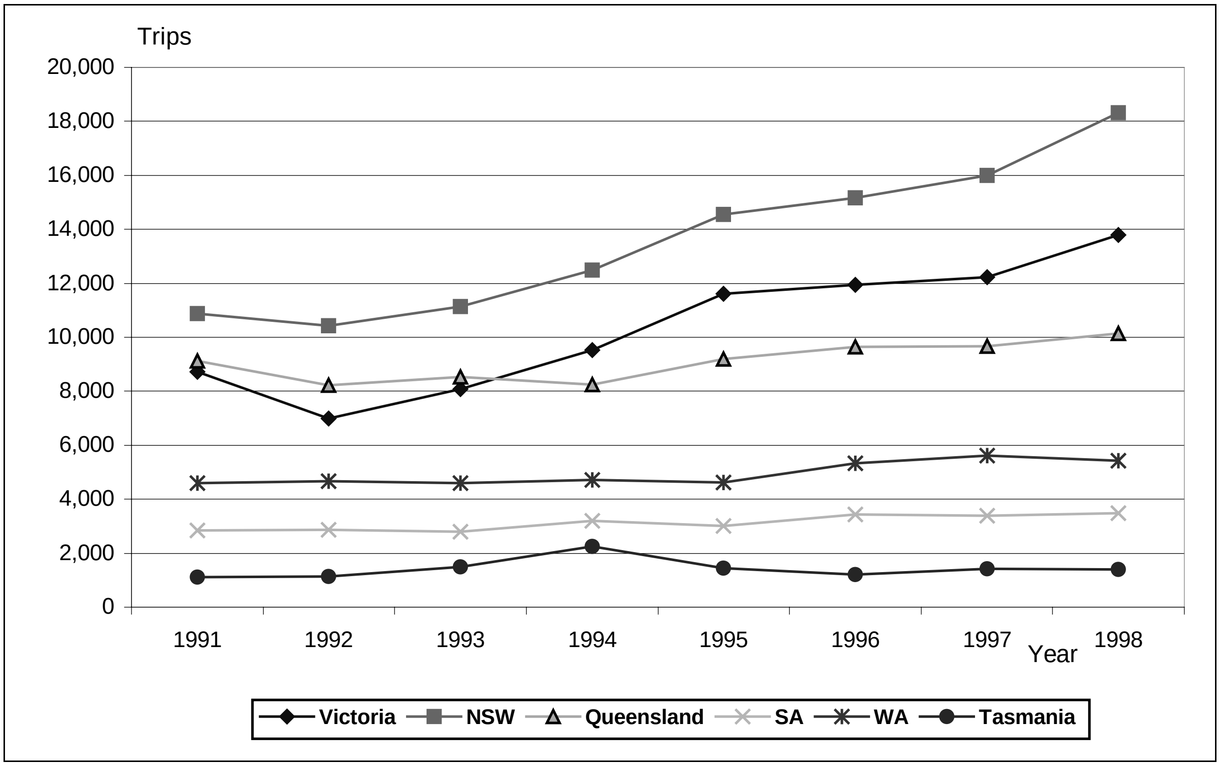
Source: BTR, Domestic Tourism Monitor/National Visitor Survey.

5.3.3 Victoria: Intrastate trips

It is in the intrastate component of the market that Victoria has performed best. Victoria has experienced an increase in the number of intrastate trips, particularly in the period since 1992. Prior to that time Victoria was experiencing a decline in intrastate trips. The average annual rate of growth between 1992 and 1997 was far greater for Victoria (12.1 per cent) than for either Queensland (3.4 per cent) or NSW (9.0 per cent).

Given the size of the turn-around, it is tempting to suggest that this increase was related to the expansion of gaming in Victoria commencing in 1992. However, this was not the only factor affecting intrastate activity during this period. Before conclusions like this can be drawn other dimensions of the data will need to be explored.

Figure 5.7 Number of Intrastate trips in all states and territories, 1991-97 (000s)



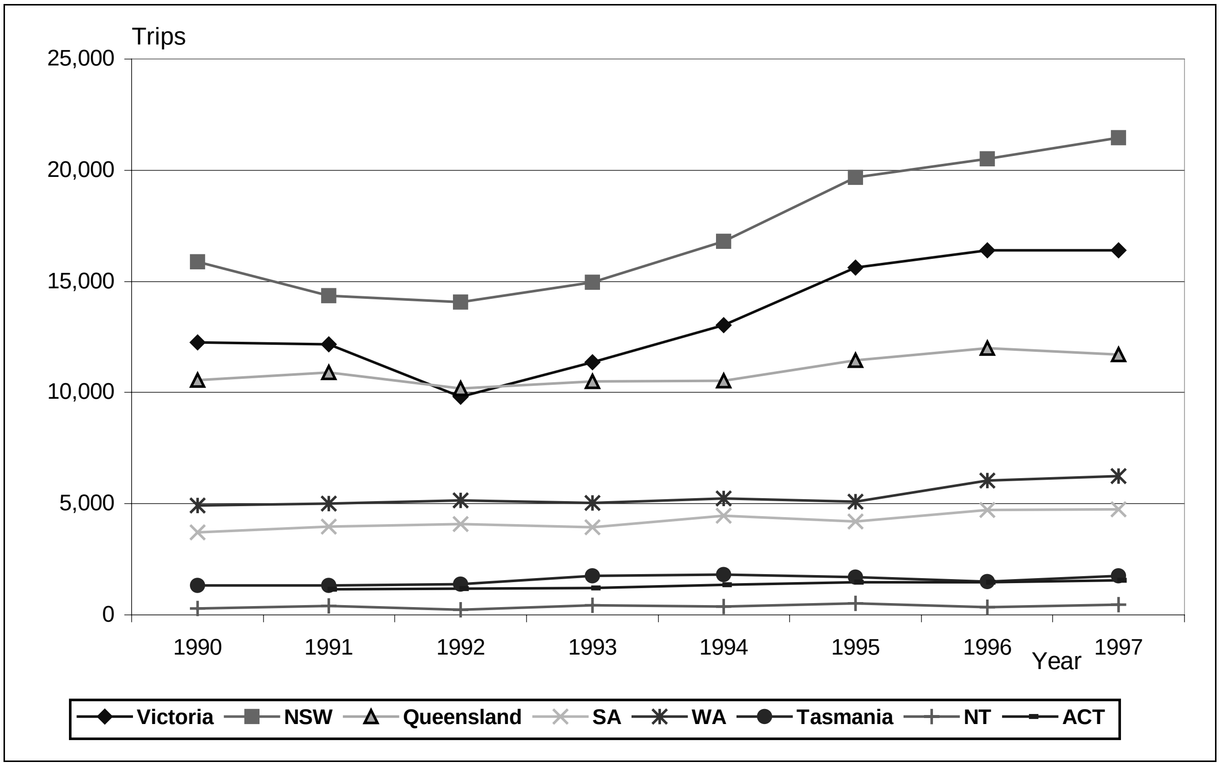
Source: BTR, Domestic Tourism Monitor/National Visitor Survey.

5.3.4 Origin of domestic travel

Most data on tourist movements focus on the number of people who arrive at particular destinations. However, the BTR also provides details on the origin of tourists. This data can be used to demonstrate which state or territory has generated the travel that has occurred. This data is available for the total number of trips, those that end up interstate and those that end in the state of origin.

In 1992/3 Victoria generated 26 per cent of interstate trips but received only 19 per cent. In 1996/7 this had changed markedly with Victoria generating 25.5 per cent of all domestic trips and receiving 23.6 per cent. This represents a marked improvement in the performance of Victoria's tourism industry.

Figure 5.8 Total number of trips by state or territory of origin



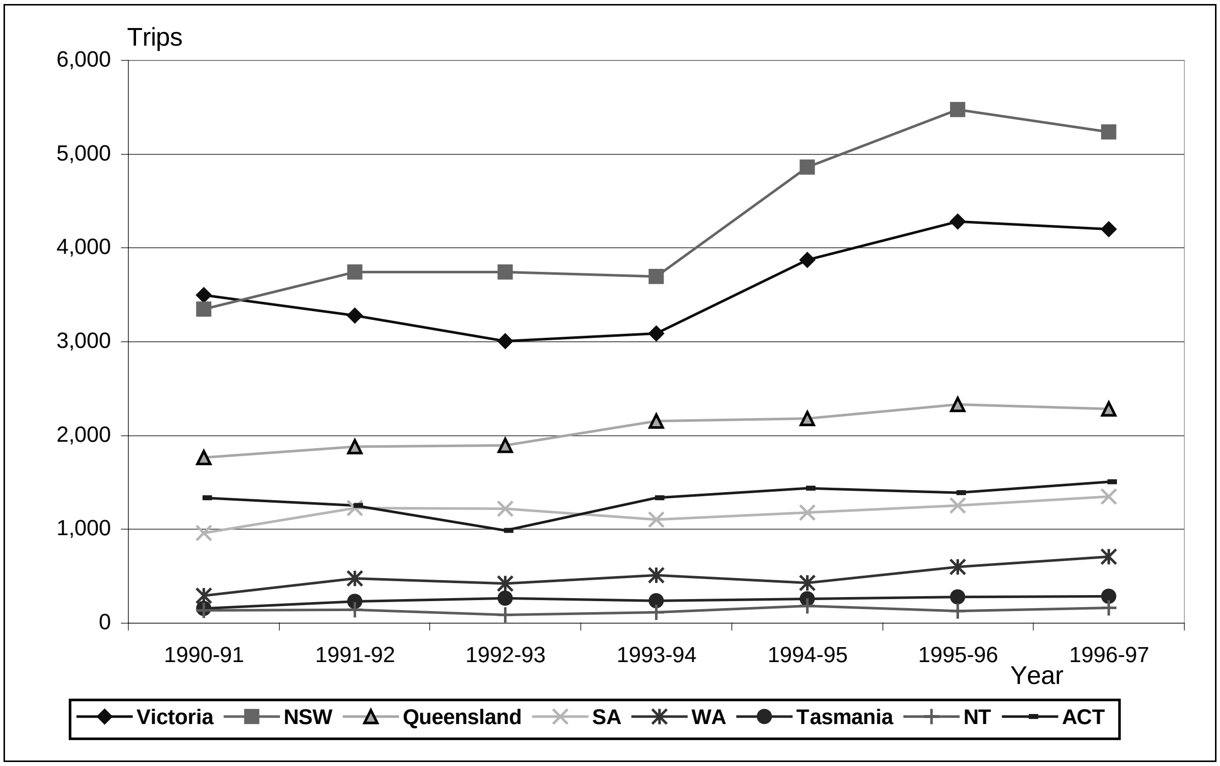
Source: BTR, Domestic Tourism Monitor.

Victoria has experienced a massive increase in the number of trips generated by its residents in the period since 1992, especially 1992-1995. While this period coincides with the expansion of gaming, it is suspected that the increase is due mainly to an improvement in general economic condition, increased business activity and other such externalities.

This view would be supported by the fact that an even higher rate of growth was experienced by NSW. However, Victoria experienced a growth rate that was far higher than Queensland or any of the other states.

To investigate this further it is necessary to break the data down into interstate and intrastate travel. Unfortunately this is only available for financial years.

Figure 5.9 Interstate trips from various states 1990/91 - 1996/97 (000s)



Source: BTR, Domestic Tourism Monitor.

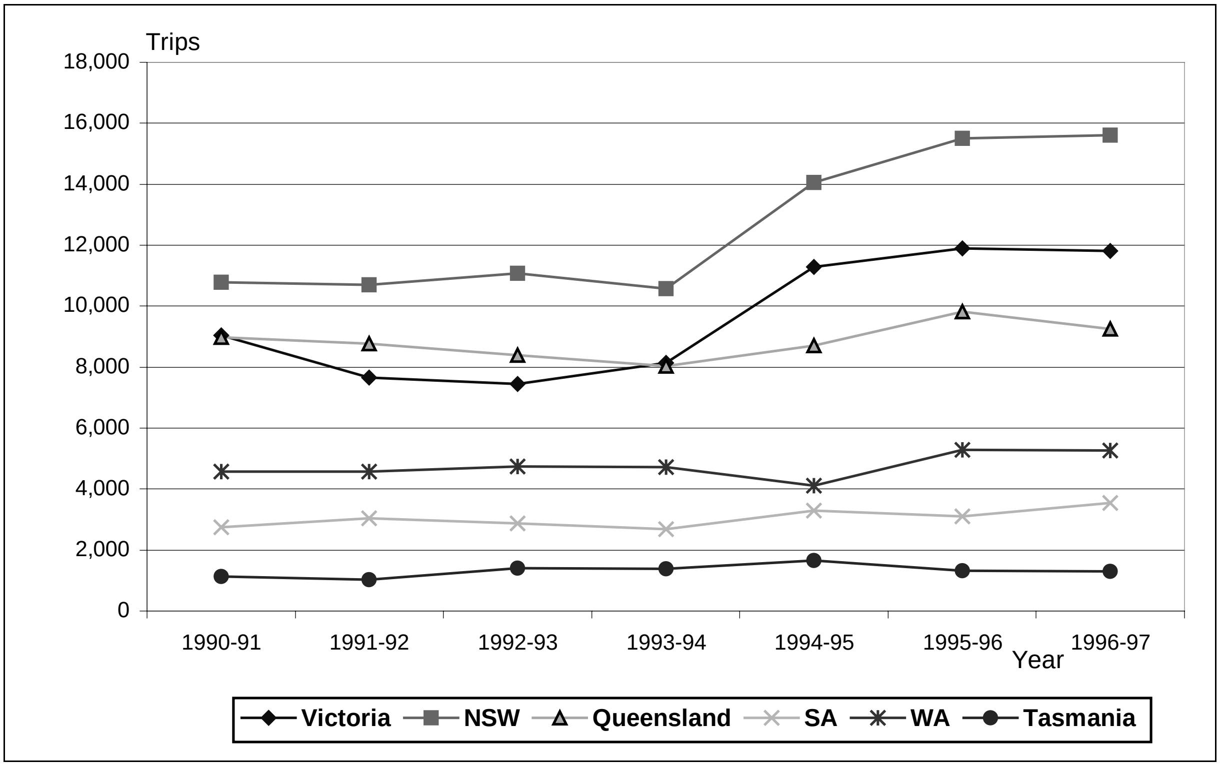
Figure 5.9 demonstrates that the number of interstate trips from Victoria declined from 1990/91 to a low of 3.007 million in 1992/3. This can be explained in the main by the economic situation, including the general recession that all Australia experienced compounded in Victoria by the well-documented prevailing conditions at the time.

The very slow growth in interstate travel between 1992/3 and 1993/4 may have been due to the introduction of EGMs. In other words, as Victoria's economy started to improve and more Victorians began to travel, the fact that EGMs were available in Victoria may have lead to fewer people going interstate, particularly to the clubs in southern NSW (what Leiper calls the "border crossing principle").[169]

The latter is supported somewhat by an analysis of intrastate trips within Victoria during the same period. Intrastate trips declined rapidly from 1990/91 to 1991/2 then the decline slowed between 1991/2 an 1992/3 (see Figure 5.10). This was followed by a significant recovery between 1992/3 and 1993/4 when the number of intrastate trips by Victorians jumped 9.3 per cent. This increase contrasts markedly with New South Wales and Queensland which both experienced a decline in intrastate travel (-4.5% and -4.1% respectively). The following year there was an even greater increase in intrastate travel in Victoria (38.6%). Again this was greater than in most other states including Queensland (8.2%) and New South Wales (32.7%).

[169] Leiper, N. 1989 "Tourism and Gambling", *GeoJournal* Vol.19, No.3, p.269-75.

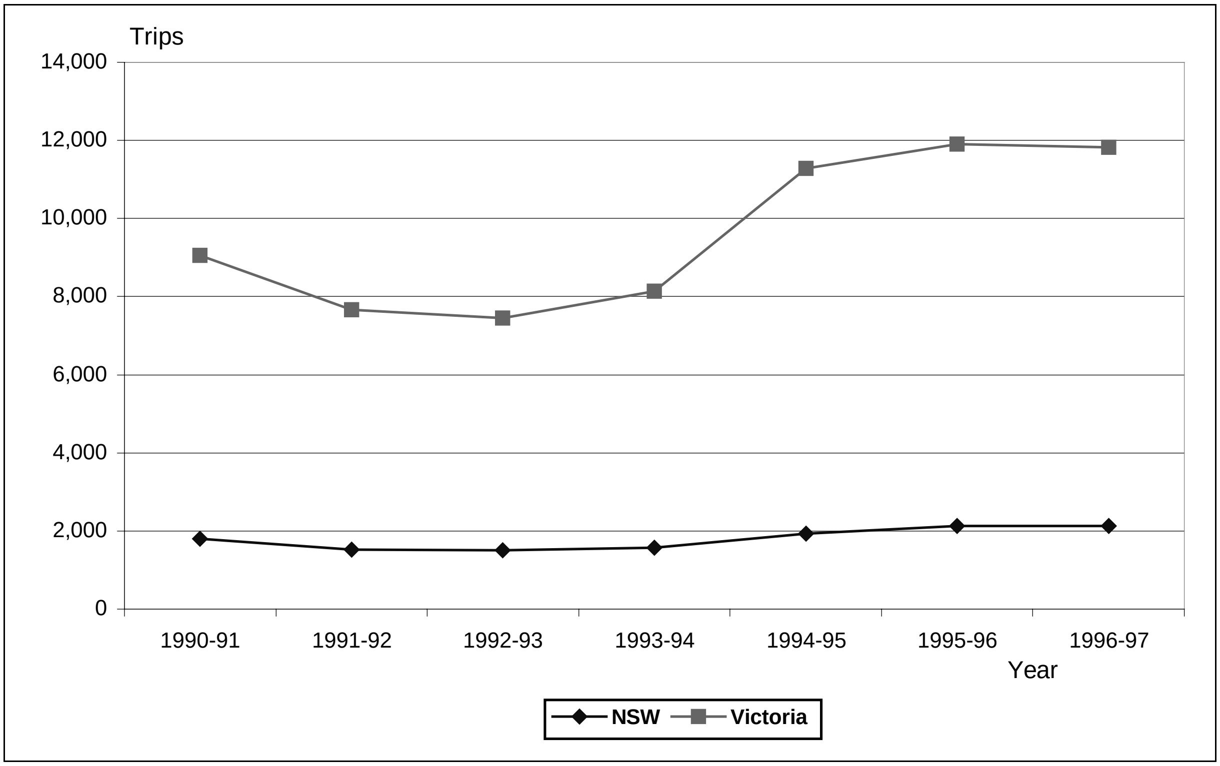
Figure 5.10 Intrastate trips from various states 1990-91 to 1996-97 (000s)



Source: BTR, Domestic Tourism Monitor.

It does appear that Victorians began to rekindle their interest in travel after the 1992/3 financial year. This revitalised activity first became evident in intrastate travel and then in interstate travel about a year later. This renewed activity could certainly be attributed to a revitalised Victorian economy. Whether the fact that the growth first appeared in intrastate travel was due in part to the expansion of gaming opportunities, involving a substitution of trips within Victoria for those which would have otherwise gone to NSW, is impossible to say conclusively. However, the expansion of gaming may have had some effect, the extent of any such effect being also uncertain.

Figure 5.11 Trips from Victoria to Victoria and NSW (000s)



Source : Domestic Tourism Monitor, BTR

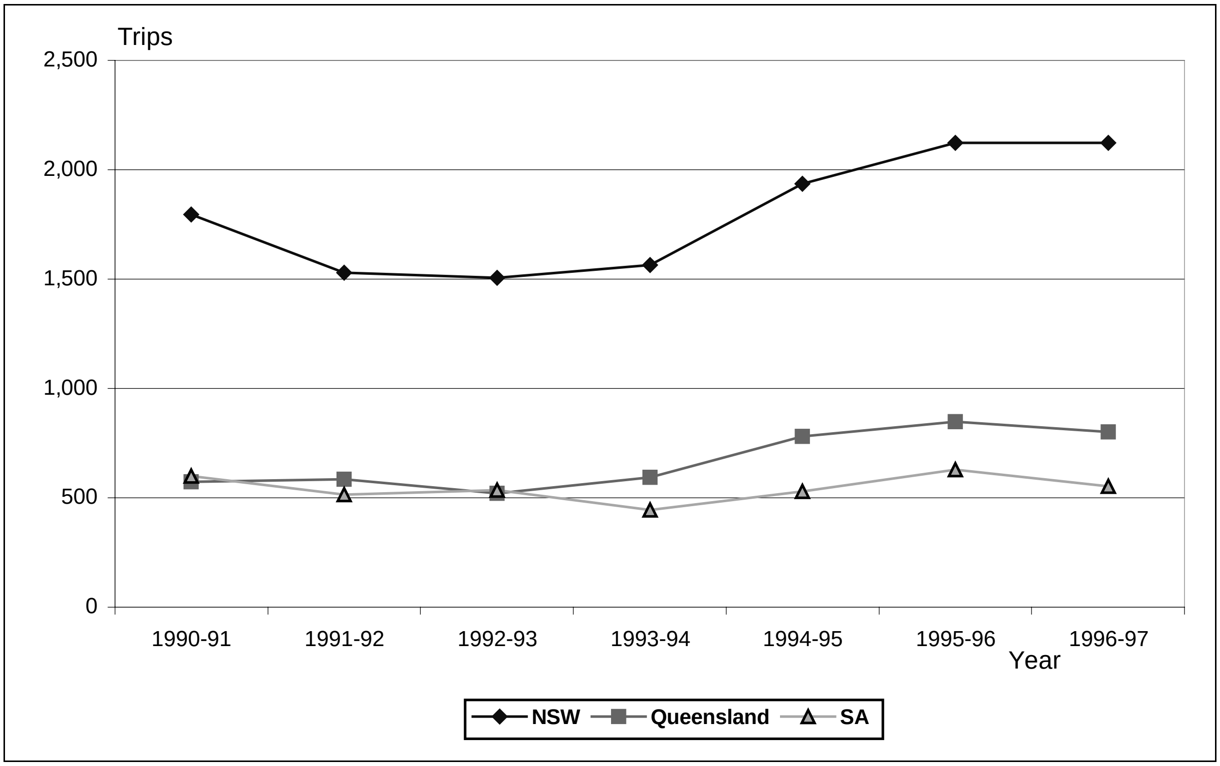
Figure 5.11 shows the number of trips made by Victorians to NSW and the number who travelled within their own state. This shows that the number travelling from Victoria to NSW declined during the period to 1992/3 followed by only a slight annual increase in the following years.

Given the rapid rise in total trips made by Victorians during the same time period it is tempting to suggest that there was some factor that was leading to a slow growth in trips to NSW. As one of the main changes that occurred during this period was the expansion of gaming in Victoria, this variable may have played a part in this phenomenon.

If the expansion of gaming had played a role in substituting intrastate travel for interstate travel to NSW, particularly to the clubs along the border, then this would have been evident by 1993/4. Hotel and club venues across Victoria had been providing EGM gaming for almost two years when the 1993/4 data collection period ended. The data does support this contention as although the number of Victorians who went to NSW actually increased, it did so only marginally, during that period (1992/3-1993/4). Perhaps it could therefore be argued that the small size of the increase was due to the expansion of gaming as some people replaced a trip to the border clubs with ones within Victoria.

When this is looked at in detail by comparing the growth in trips by Victorians to other states (See Figure 5.12) it appears that, except for Queensland, other states also experienced a slower rate of growth than intrastate trips within Victoria.

Figure 5.12 Trips from Victoria to selected states 1990/91-1996/97 (000s)



Source: BTR, Domestic Tourism Monitor.

Between 1992/3 and 1993/4 the growth rate for trips from Victoria to NSW was 3.8 per cent while South Australia experienced a 16.8 per cent decline (see Figure 5.12). These were significantly lower than the 9.3 per cent growth in intrastate trips within Victoria in the same period. By contrast Queensland experienced a 14.2 per cent increase in visits by Victorians. The neighbouring states of NSW and South Australia, where gaming may have been a motivator for travel by Victorians, experienced limited or negative growth at a time when intrastate travel and interstate travel to other destinations was increasing rapidly.

The picture was therefore one of an upsurge in intrastate travel and patchy growth in interstate travel. The fact that NSW was clearly not benefiting as much as Queensland from the upsurge in trips by Victorians during that period could be attributed to the reduction in trips to the gaming clubs along the border.

However, if there was an effect it was only short lived. Looking at the subsequent period (1993/4 to 1994/5), the number of all trips by Victorians continued to surge, particularly intrastate trips (growth of 38.6 per cent) and trips to Queensland (growth of 31.6%). Visitation to NSW also increased 23.9 per cent during the same period.

In 1994/5-1995/6 this trend was confirmed with South Australia (18.9%) and NSW (9.6%) experiencing the highest growth in Victorian visitors.

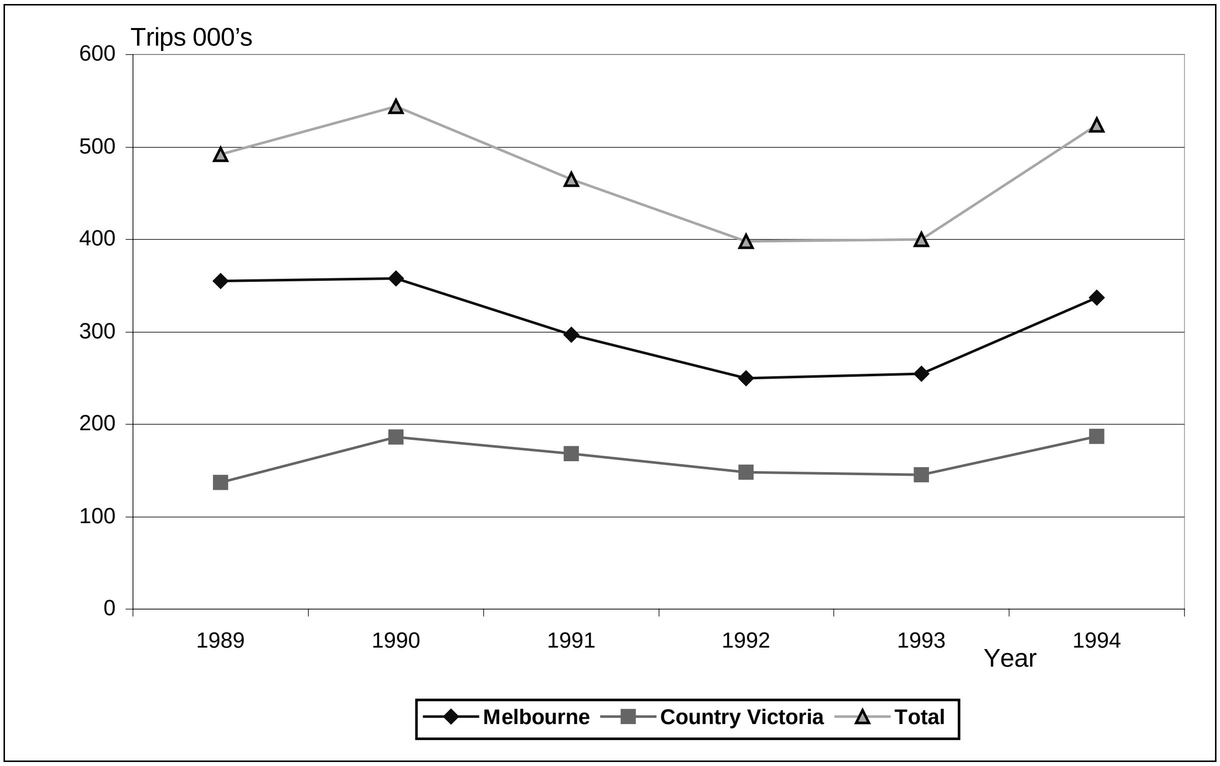
Figure 5.13 Interstate trips to NSW 1990-91 to 1996-97

Source : Domestic Tourism Monitor, BTR

An alternative way of looking at the data is to investigate whether there was any significant change in the number and source of visitors to NSW during the period. Figure 5.13 shows the changes in the number of trips to NSW from Victoria, Queensland and South Australia. The graph shows that immediately following the expansion of gaming in Victoria there was a slight drop in the number of Victorians taking trips to NSW. However, this drop was also evident in the number of trips originating in Queensland and South Australia. Moreover, the decline was not only small but also short-lived as there was a massive increase (23.8%) in the number of trips Victorians made to NSW between 1993/4 and 1994/5.

Regional data is available for the Murray Region of NSW, which covers the area along the Murray River on the NSW side of the border. This includes the towns with gaming clubs that had attracted Victorians for many years.

Figure 5.14 Total number of trips from Victoria to Murray Region of NSW 1989-1994 (000s)



Source: Victorian Regional Travel and Tourism Survey.

Figure 5.14 shows that there was a decline in the number of trips to the Murray Region from Victoria as a whole between 1991 and 1992. This decline was more marked for trips emanating from the Melbourne Region compared with country Victoria. This could be partly explained by the introduction of EGMs in the latter half of 1992. However, it is also part of the general reduction in interstate travel by Victorians during the early 1990s. Moreover, even if there was an effect it was short-lived as the region experienced a growth in 1993 and 1994. However, once again it is impossible to say if this subsequent resurgence was due to any resumption in trips for gaming play. Rather, the resurgence of trips to the Murray Region may have been due to other factors brought about by a change in the Murray Region tourism strategy motivated, at least in part, by the loss of their competitive advantage in the provision of gaming.

In summary, while it could be suggested that the complicated pattern of domestic travel exhibited by Victorians was affected by the expansion of gaming in late 1992, it is not possible to demonstrate this definitively. In particular, it is not possible to demonstrate conclusively that the expansion of gaming lead to a noticeable affect in the overall level of travel from Victoria to NSW.

However, an analysis of the main purpose of travel may help to shed further light on this issue.

5.3.5 Purpose of trip

Tourism surveys, including the DTM and the NVS, usually classify the purpose of domestic trips into Business, Pleasure/Holidays, Visiting Friends and Relatives, and Other. This provides an indication of the main motives people have in travelling to another location.

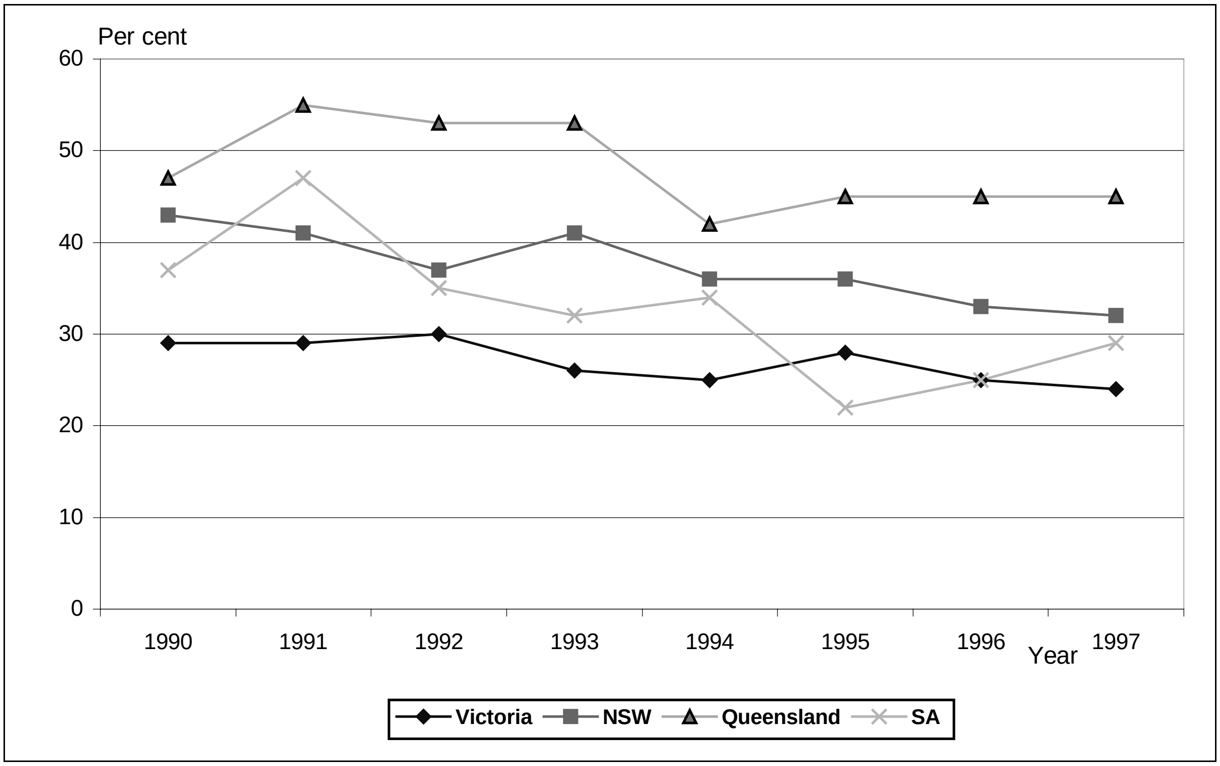
Victoria has a larger percentage of its interstate arrivals coming for business purposes. This is much higher in percentage terms than for NSW or Queensland (see Figure 5.15).

Figure 5.15 Percentage of interstate arrivals to various states who are on business, 1991-97

Source: BTR, Domestic Tourism Monitor.

In comparison, Victoria usually has a smaller percentage of its total interstate visitors coming here on holiday. It is consistently lower than the situation in NSW and Queensland (see Figure 5.16).

Figure 5.16 Percentage of interstate arrivals in various states who are on pleasure trips/holidays 1991-97



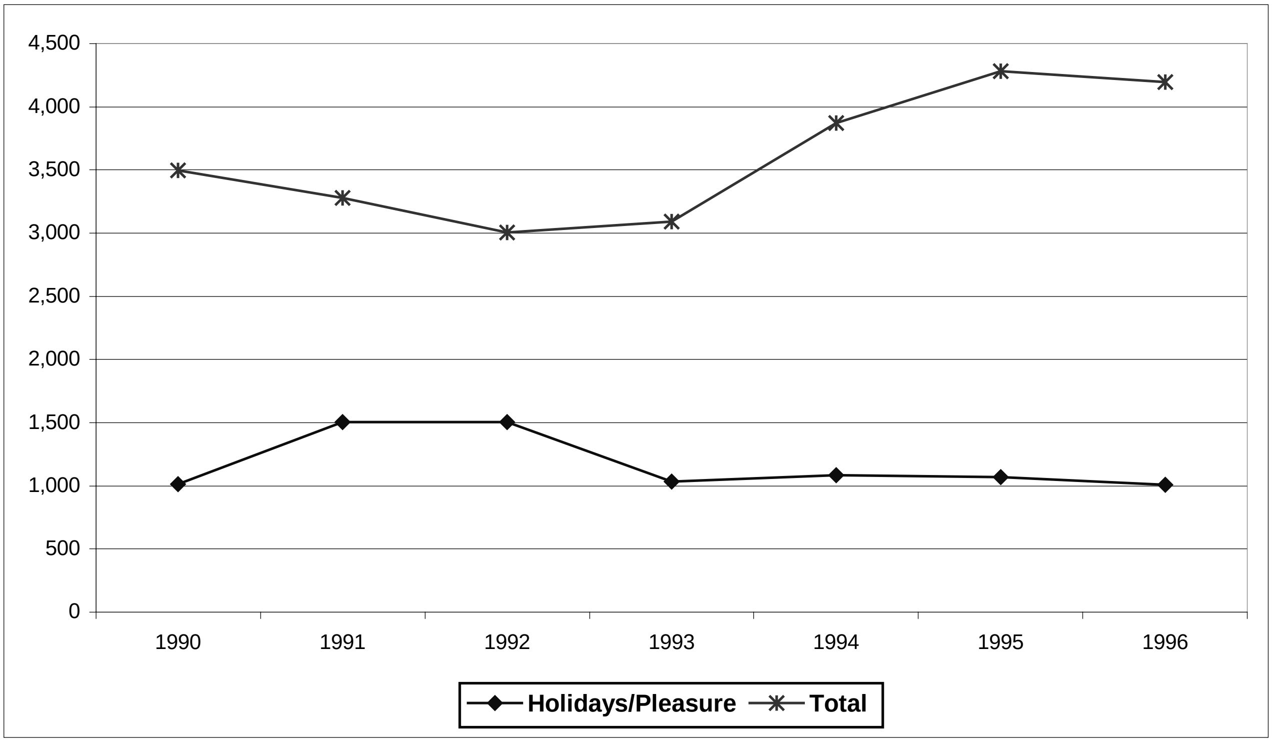
Source: BTR, Domestic Tourism Monitor.

Given the importance of business as a motivator of interstate travel to Victoria it would not be possible to attribute all of the increase in interstate travel identified in Section 5.1.2 to the expansion of gaming during the period under consideration. However, this does not imply that those here on business do not also undertake gaming activities or visit the casino.

The same conclusions can be reached for Visiting Friends and Relatives (VFR). This represents between 27 per cent and 29 per cent of interstate visitors to Victoria. It is unlikely that the numbers of people included in this group was influenced by the introduction of EGMs.

This leaves the group that travels for Pleasure/Holiday purposes. This sector of the interstate market has declined from a high of 30 per cent in 1992 to 24 per cent in 1997. When growth in the numbers of visitors travelling to Victoria for Pleasure or Holidays is compared with total interstate travel it is seen to have been very flat (see Figure 5.17).

Figure 5.17 Interstate trips to Victoria by purpose of travel (000s)

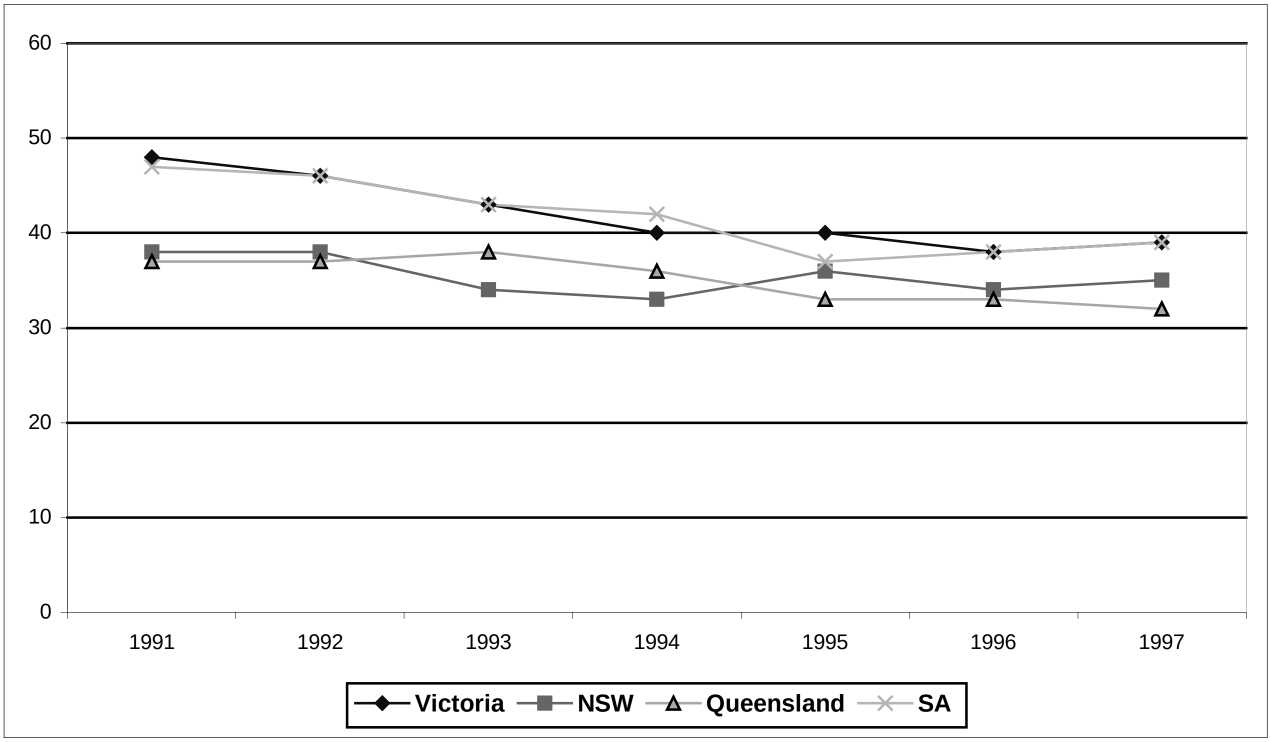


Source: BTR, Domestic Tourism Monitor.

If the introduction of EGMs or the construction of the Casino did play a role then it certainly did not lead to massive growth in this market. Further, given the many other influences on the holiday market (major events, etc.) it is unlikely that it had any significant influence at all. The best that can be said is that it is not possible to prove one way or the other.

This same form of analysis can be applied to intrastate trips. Victoria has a very large percentage of intrastate trips within Victoria which are for Pleasure or Holiday and Visiting Friends and Relatives. Compared with most other states, the percentage of Victorians that travel within their own state for business purposes is quite low. The enormous growth in intrastate travel identified above seems to have been driven by the Pleasure/Holiday and VFR market. In other words, the high growth rate reflects many more Victorians holidaying in their own state.

Figure 5.18 Overnight intrastate trips, by main purpose of trip (per cent)



Source: BTR Travel by Australians 1998

Figure 5.18 shows the proportion of overnight intrastate trips that are for pleasure/holiday purposes. As can be seen Victoria has consistently one of the highest percentages in this category.

What this suggests is that the expansion of gaming may have had an effect on intrastate travel number as much of it is for pleasure/holidays. However it is not possible to demonstrate that this is in fact the case.

Given the size of this sector only a small effect would have affected the numbers quite markedly. With very high growth rates between 1992 and 1995 it is likely that the expansion of gaming influenced this sector of the intrastate tourist market. However, it is not possible to confirm this conclusively nor to identify the extent of any impact.

5.3.6 Visitor nights

The same conclusions outlined above are evident when the data is analysed through a different indicator, visitor nights, rather than by trips. Visitor nights indicate the number of nights that people stay in a location during a trip. Given that the longer a person stays in a location, the more money they are likely to spend, visitor nights are often used as a significant measure of performance.

The period 1990/1 to 1994/5 saw a decline followed by a resurgence in travel within Victoria. Since that time the number of visitor nights spent by Victorians in Victoria has remained almost static (see Figure 5.19). This means that although more trips are occurring they are for shorter periods (the so-called ‘short break’).

Figure 5.19 Victoria intrastate travel, visitor nights (000s)

Source: BTR: Domestic Tourism Monitor.

As the turn-around in visitor nights spent in Victoria by Victorians occurred in the period 1992/3 to 1994/5, it could be suggested that the expansion of gaming had an effect on this market. However, as the expansion of gaming occurred in late 1992 this effect should have been noticeable by the 1992/3 financial year. The data suggests that the growth occurred in the subsequent two years.

However, the lack of growth in 1992/3 could reflect a general decline in travel that Victorians were still exhibiting at that stage. Figure 5.20 shows the number of visitor nights spent in selected states by Victorians. All interstate destinations experienced a decline in the number of visitor nights spent by Victorians during the period 1991/2 to 1992/3. This parallels the decline in intrastate travel. It could therefore be argued that the expansion of gaming may have had some effect but not sufficient to counteract the continuing general decline in travel activity by Victorians.

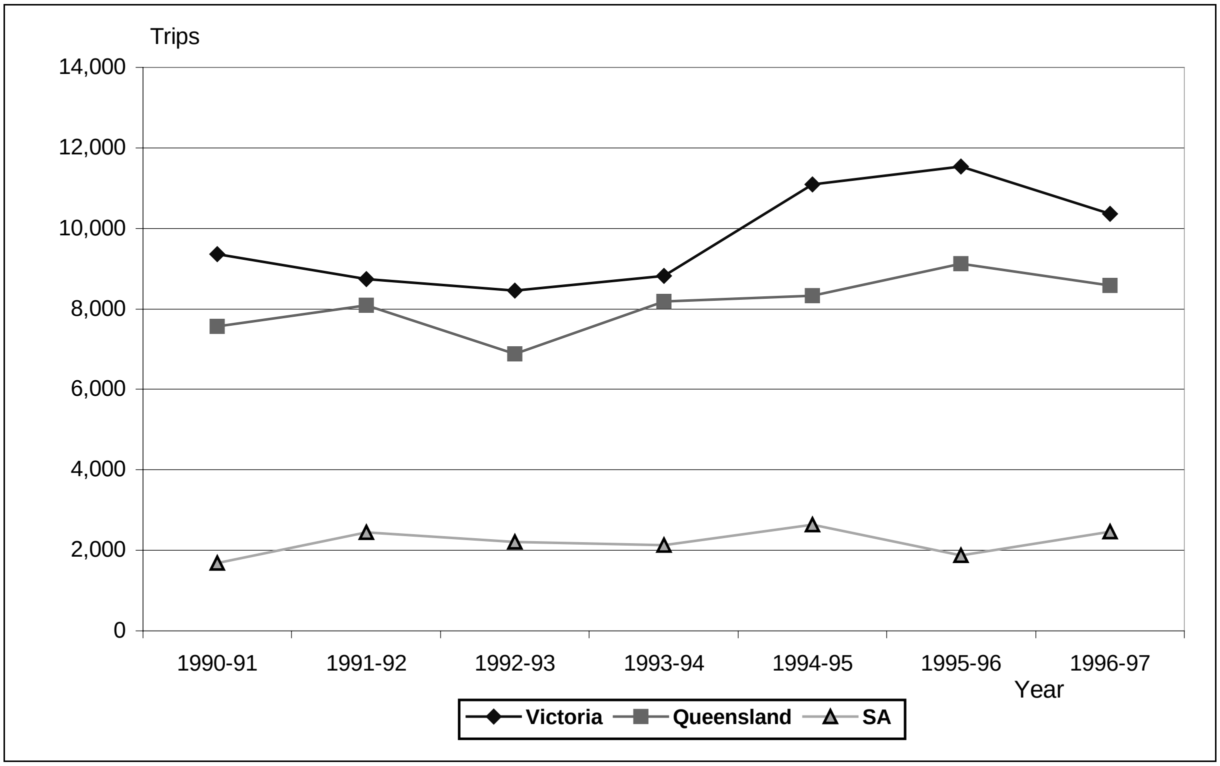
Figure 5.20 Visitor nights by main destination from Victoria (000s)

Source: BTR, Domestic Tourism Monitor.

In the following period (1992-93 to 1993-94) there was a turnaround in the number of visitor nights spent by Victorians in both Victoria and most states (with the exception of South Australia). This growth was less in NSW (4.3%) than in Victoria (10.2%) and Queensland (13.3%).

In the following period (1993/4 to 1994/5) NSW recovered ground and increased the number of visitor nights by 25.8 per cent. This was still less that the growth in the number spent by Victorians within Victoria (35.1%) but greater than the growth in the number going to Queensland (3.8%).

Figure 5.21 Visitor nights by main source of trips to NSW (000s)



Source : BTR, Domestic Tourism Monitor.

Figure 5.21 shows the source of visitor nights of interstate visitors to NSW. In the period immediately following the expansion of gaming there was a reduction in the number of visitor nights spent by Victorians in NSW. However, there was also a decline in the number spent by visitors from Queensland and South Australia. After 1992/3 there was a rise in the number but this was not as great as the increase created by visitors from Queensland.

In summary, an examination of the data on visitor nights may suggest that travel to NSW was affected by the expansion of gaming in late 1992, as the number of nights spent by Victorians in NSW declined. However, a more detailed examination of the data suggests that the situation is more complex and does not appear to support such a conclusion.

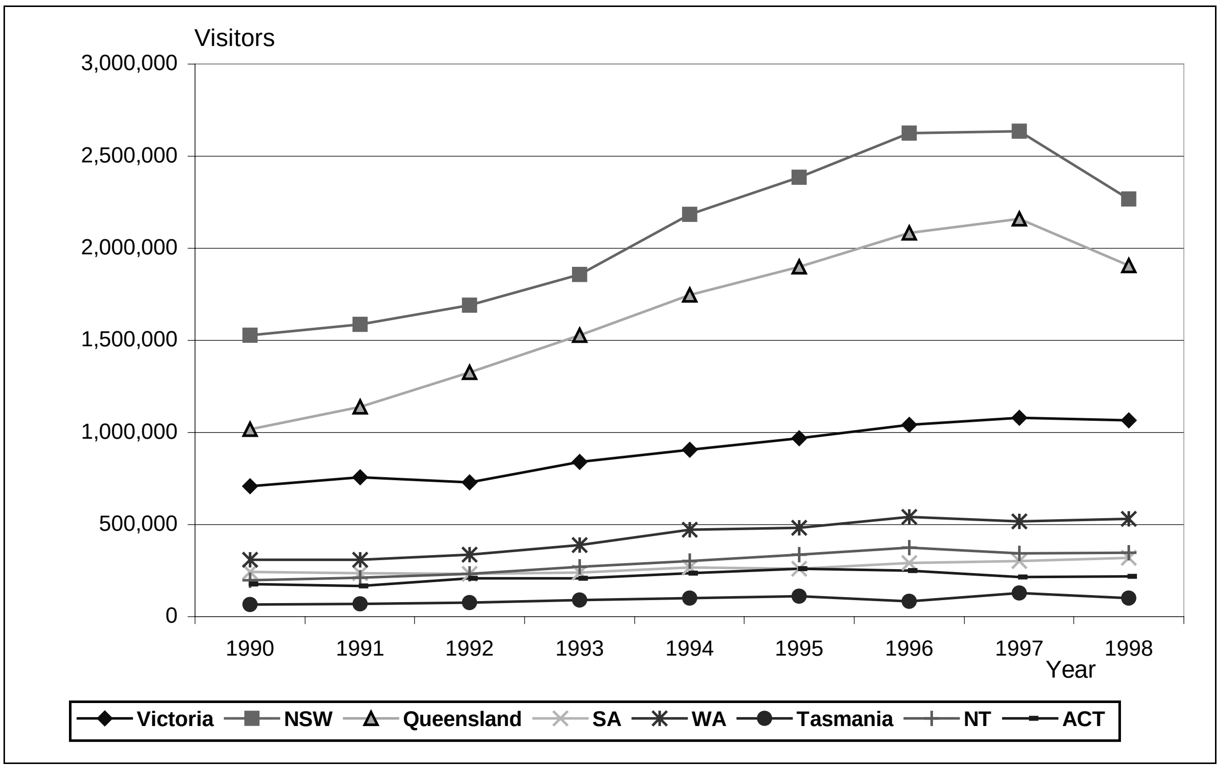
5.4 INTERNATIONAL DATA

International data is available from two sources, the International Visitor Survey conducted by the Bureau of Tourism Research and the data on short-term arrivals published by the Australian Bureau of Statistics.

5.4.1 Number of international visitors to Victoria

There has been a steady increase in the number of short-term visitors (tourists) to Victoria with the number rising from 708,768 in 1990 to 1,079,475 in 1997 followed by a slight drop to 1,015,100 in 1998. This represents an average annual growth rate of 4.79 per cent but with individual years being as high as 15.1 per cent (1992-93). The period 1992-1997 (prior to the Asian financial crisis) had an average annual growth rate of 8.2 per cent.

Figure 5.22 International visitor numbers by state, 1990-1998



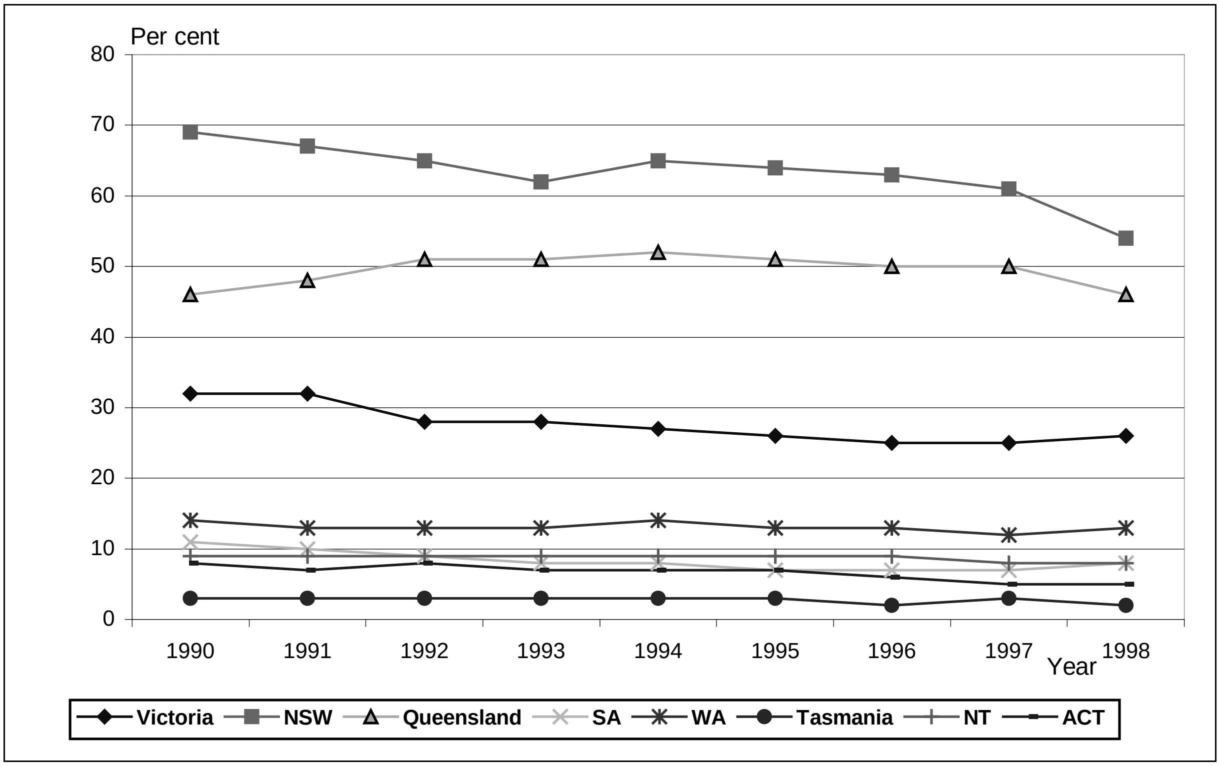
Source: International Visitor Survey, BTR

This growth is a reflection of the rapid rise in the number of international visitors coming to Australia as a whole during the same period.

Despite Victoria's apparent success in attracting international visitors, reference to Figure 5.23 shows that Victoria's market share appears to have declined over the period. In 1990, 32 per cent of all international visitors went to Victoria at some stage during their trip; in 1997 this was down to 25 per cent. Moreover, Queensland appears to have increased its market share at the expense of

Victoria, with the percentage visiting Queensland rising from 46 per cent in 1990 to 50 per cent in 1997.

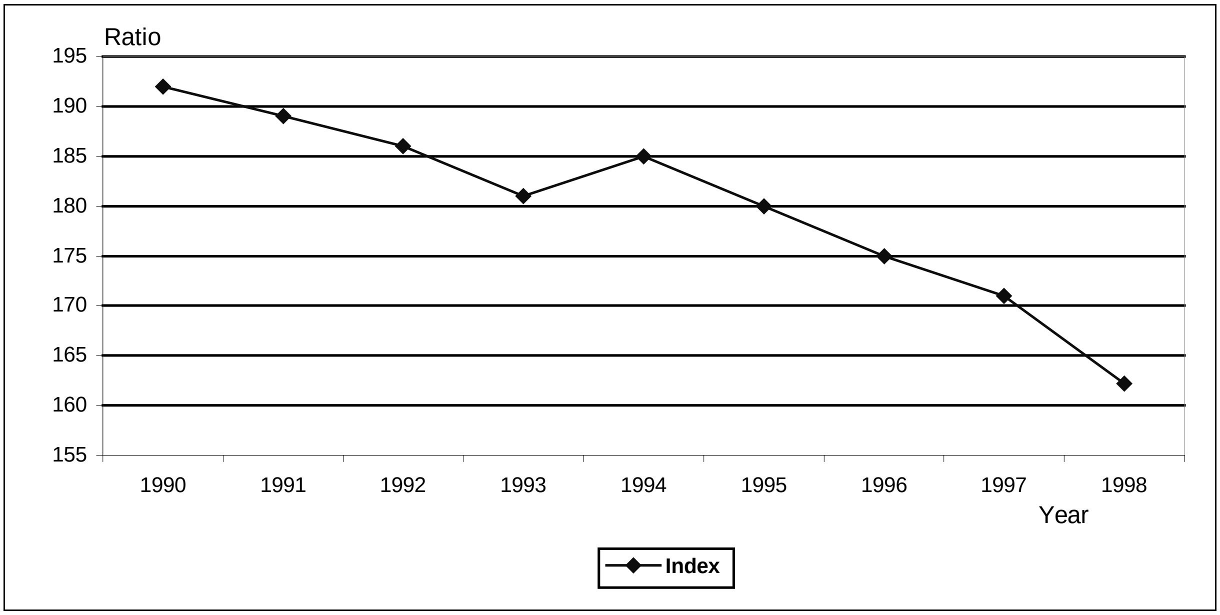
Figure 5.23 Percentage of international visitors to each state, 1990-1998



Source: BTR, International Visitor Survey.

However, the situation is not that bad. The major change has been a reduction in the number of visitors who have spent time in more than one state. This is demonstrated in Figure 5.24, which is an index based on the ratio of the number of people who has visited each state as a percentage of the number of people who visited Australia. If this index was exactly 200 then, on average, each visitor would have visited 2 states during their stay in Australia. Victoria has therefore only suffered the same fate as most other states, except Queensland.

Figure 5.24 Ratio of state visits to total international visits, 1990-1998



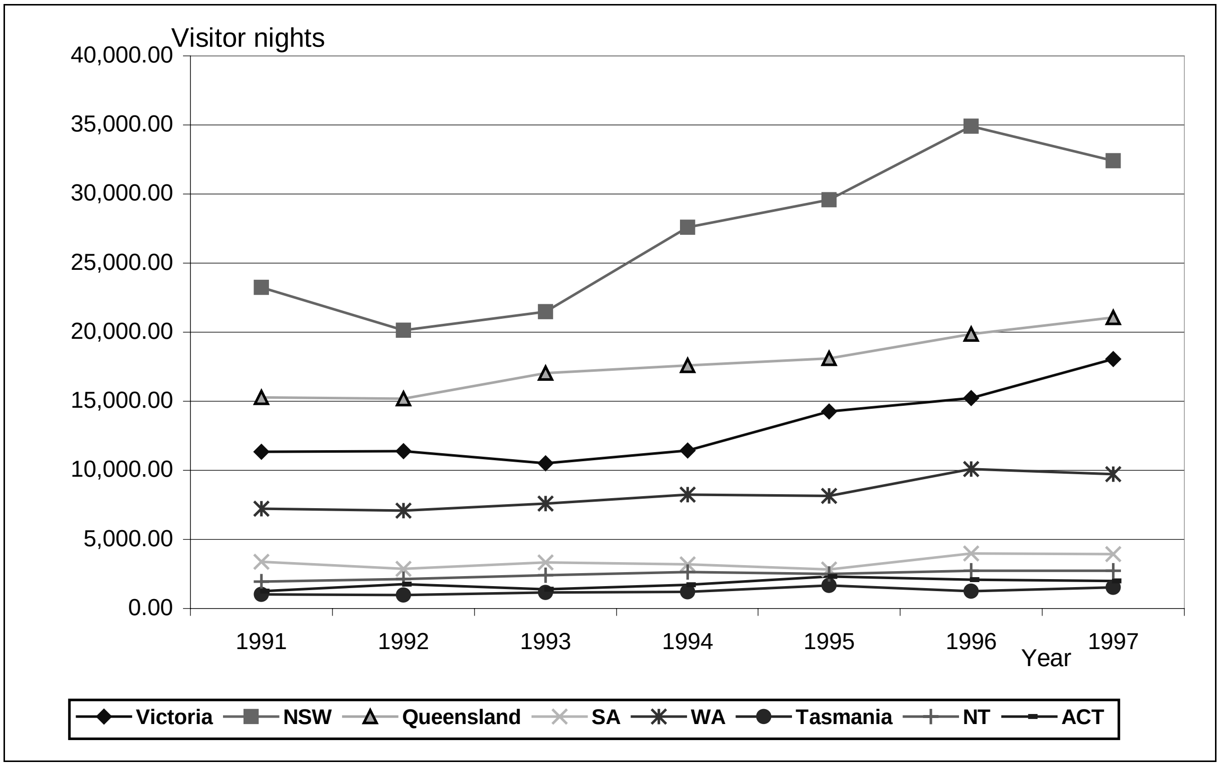
Source: BTR, International Visitor Survey.

Hence, Victoria does appear to have done quite well in the international market, particularly since 1992. However, to claim that this is in some way connected to the expansion of gaming requires more information than is available in the published data.

5.4.2 Visitor nights spent by international visitors in each state

Victoria has performed much better when visitor nights are used as the measure. The number of nights spent by international visitors in Victoria rose from 11,323,000 in 1991 to 18,045,000 in 1997 (see Figure 5.25). This represents a 59.4 per cent increase and compares very favourably with NSW (39.3% increase) and Queensland (38.0% increase).

Figure 5.25 Number of visitor nights by state, 1990-1998



Source: BTR, International Visitor Survey.

Most of this growth in visitor nights has occurred after 1994 including an annual growth of 24.85 per cent between 1994 and 1995. While it could be suggested that this period coincides with the expansion of gaming, in particular with the opening of the Crown Casino in 1995, it is not possible to prove such a link. There are so many other variables that could be responsible for this growth, including the revitalisation of Tourism Victoria as a dynamic market-driven organisation that began to focus the whole industry around the first of its Strategic Business Plans.

According to Tourism Victoria the increased volume of international and interstate tourist visits to Victoria has corresponded closely to the expansion of the major events calender. These major events include the Bledisloe Cup, the Australian Open tennis, the Melbourne International Flower Show, the Australian International Air Show and Expo and the Australian Grand Prix.[170]

5.4.3 Visits to casinos

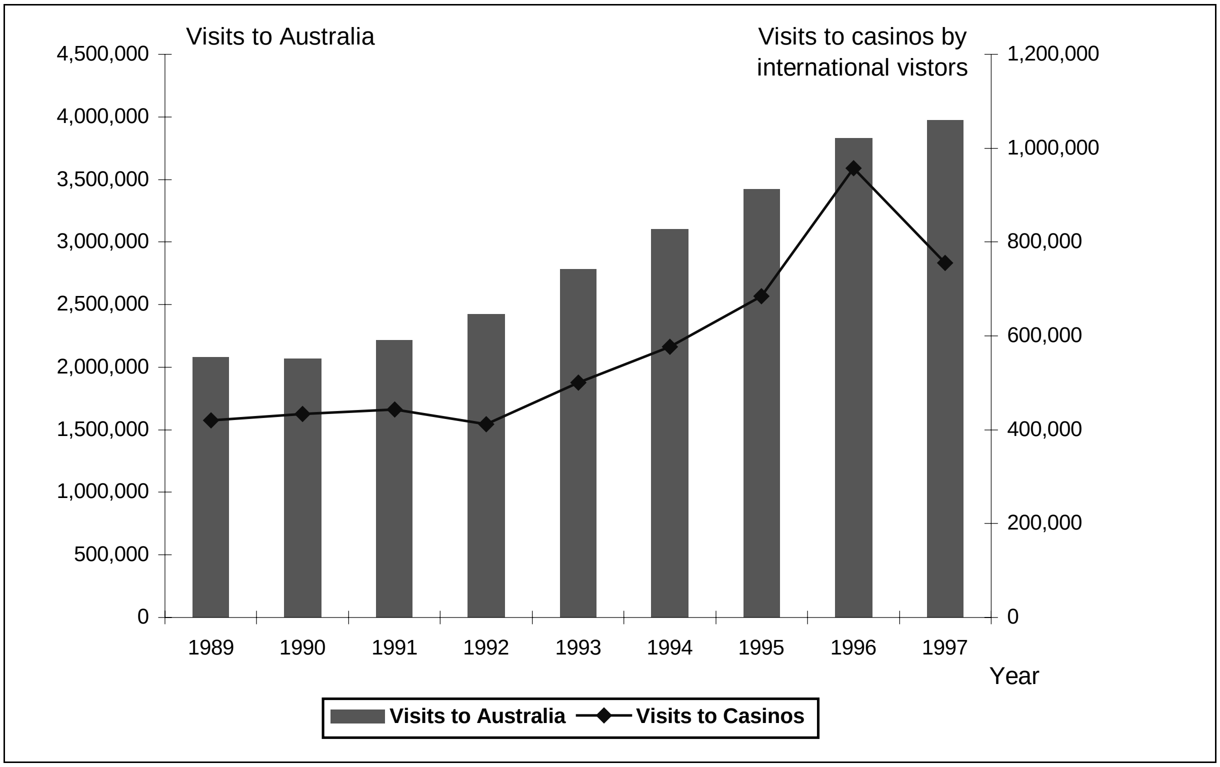
It is unlikely that local clubs and hotels having EGMs will in any way have influenced the pattern of international travel. However, the presence of a casino has been shown to have an influence. It is therefore appropriate to focus on the casino and the clients that it attracts.

Data on the number of international tourists who visit a casino during their stay in Australia has been available since 1989 through the International Visitor Survey. Unfortunately, this data is not available at the state level (see section 5.2.1).

[170] Tourism Victoria 1997 *Annual Report 1996/97*, Melbourne, Tourism Victoria.

Between 1989 and 1992 while the number of people arriving in Australia started to increase, the numbers who visited casinos remained fairly static. Since 1993 this situation has changed with the number of inbound tourists visiting casinos during their stay more than doubling. The greatest increase came in 1996 following the opening of casinos in Australia's three largest cities.[171] Since that initial rush the growth in numbers visiting casinos has not kept pace with the growth in visitor numbers as a whole.

Figure 5.26 Visits to casinos by international visitors compared with total arrivals, 1989-1997



Source: BTR, International Visitor Survey.

In 1997, approximately one in five, or 755,060, international visitors went to a casino during their stay. Table 5.5 shows the number of international visitors from different countries who have visited a casino at some stage during their stay in Australia. Whilst the increase in visitors to casinos can be attributed to some extent to the establishment of the Crown Casino complex specific data is not available for each state (see section 5.2.1).

[171] Rosetto, A 1999 'A Study of Inbound Visitors to Casinos in Australia', in Bureau of Tourism Research, *Tourism Research Report*, Volume 1 Number 1 August, p.45-63.

Table 5.5 Percentage of international visitors to Australia who visit a casino, by source country, 1994-98

Year	New Zealand	Japan	Honk Kong	Taiwan	Thailand	Korea	Malaysia	Singapore	Indonesia	China	Other Asia	USA	Canada	UK	Germany	Scadnin-avia	Other Europe	Other Countries
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
1994	n.a.	21	31	32	28	9	35	37	17	24	n.a.	13	18	16	12	n.a	n.a.	n.a.
1995	18	20	32	35	23	19	34	31	26	n.a.	20	16	18	18	9	9	14	12
1996	23	29	37	30	20	21	40	35	33	47	13	19	23	21	10	n.a.	16	18
1997	19	21	32	29	29	16	36	28	24	38	19	16	15	12	7	n.a.	9	13

Source: BTR, International Visitor Survey.

The data indicates that there is a definite relationship between the source of international visitors and their propensity to attend a casino during their stay in Australia. Visitors from Hong Kong, Taiwan, Malaysia, Singapore and China are amongst the most frequent visitors to casinos. Europeans are least likely to visit a casino during their stay.

Rosetto (1999) has undertaken a detailed analysis of the profile of international visitors who went to a casino during their stay in Australia in 1996.[172] She found that those who did go are more likely to be male and in their 20s, as males represented 54 per cent of all inbound visitors to casinos. However, this varied according to country of origin with the proportion of males being highest amongst visitors from Japan (62%), North America (61%) and China (59%). On the other hand, females constituted 58 per cent of casino visitors from Taiwan.

A total of 36 per cent of visitors to casinos are aged 20-29 years yet this age group represents only 27 per cent of all international visitors to Australia. Again this varied according to source country with 55 per cent of European visitors being aged 20-29 years and 46 per cent of those from Japan. On the other hand, only 12 per cent of visitors from China are in this age group.[173]

Almost two thirds (66%) of international visitors who went to a casino were on holidays. This again varied by source country with 92 per cent of Japanese visitors who went to a casino being here on holiday. Higher proportions were also found for Taiwan (77%) and Korea (75%). Although international visitors who are in Australia for employment or education represent only 5 per cent of total visitors, they comprise 16 per cent of visitors to casinos from Indonesia, 15 per cent from Korea and 12 per cent from Hong Kong.

International visitors who were here for long periods were more likely to visit a casino than other visitors.[174] Casino visitors spent an average of 31 nights in Australia, which is much higher than the average of 24 nights for all visitors. International visitors who visited casinos are more likely to be on a group tour with 32 per cent of casino visitors travelling in this way compared with 26 per cent for all international visitors.

While the above analysis is based on Australia-wide data, for a short while the International Visitor Survey included data that can be used to identify visitor levels to Melbourne's Crown Casino. Each

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[172] Rosetto, A 1999 'A Study of Inbound Visitors to Casinos in Australia', in Bureau of Tourism Research, *Tourism Research Report*, Volume 1 Number 1 August, p.45-63.
[173] Rosetto, A 1999, p.45-63.
[174] Rosetto, A 1999, p.45-63.

year the Survey asks respondents whether they have visited particular attractions or places during their stay. The places/attractions listed are changed regularly to reflect new developments and the particular interests of the relevant State Tourism Organisation. The Crown Casino was included on the list in 1995 and 1996. Due to budgetary constraints this question was eliminated in subsequent years.

Table 5.6 Percentage of visitors to Victoria who visited Crown Casino

Year	Total	Holiday	Visit Friends & Relatives	Business	Other
1995	15.0	12.0	15.0	12.0	26.0
1996	16.0	14.0	18.0	16.0	19.0

Source: BTR, International Visitor Survey.

Table 5.6 shows the percentage of visitors to Victoria who stated that they had visited Crown Casino in the period 1995-1996. Between 15 per cent and 16 per cent of all visitors to Victoria went to the Crown Casino at some stage during their visit. These are less than the corresponding figures for Australia as a whole in 1995 (20%) and 1996 (25%).

Unfortunately this data is not available for any other years. This means that no data is available for the period when the permanent Casino has been in existence.

Table 5.6 also breaks this down by reason for visit. There appears to be no real pattern to the data except that the percentage in the ‘Other’ category is consistently highest. This reflects the small size of that group.

The relative significance of this level of visitation can be seen in Table 5.7, which shows the same data for a selection of other places and attractions over the same period. While the temporary Casino was not attracting as many visitors as the Queen Victoria Market or the Royal Botanic Gardens, it was certainly receiving a level of visitor numbers similar to the more traditional and well established attractions such as the Zoo and the Victorian Arts Centre.

Table 5.7 Places/attractions in Victoria visited by international tourists, 1995-96

Attraction/Place	1995	1996
Royal Botanic Gardens	25	27
Queen Victoria Market	42	45
Phillip Island/Penguin Parade	29	27
Victorian Arts Centre	13	13
National Gallery of Victoria	15	14
Royal Melbourne Zoo	15	13
Museum of Victoria	14	15
Sovereign Hill Ballarat	10	11
Healesville Sanctuary	8	7
Southgate	20	21
Crown Casino	15	16

Source: BTR, International Visitor Survey.

In 1996 the Crown Casino was experiencing a lower level of visitation, in terms of percentage of total visitors to the state, than Jupiter’s on the Gold Coast (20%) and the Burswood Casino in Western Australia (27%). However, it was higher than the level for the Sydney Casino (11%), the Adelaide Casino (14%) and the Canberra Casino (10%). Again it needs to be pointed out that the data refers to the temporary casino.

The level of visitation to the Crown Casino varied with the origin of the visitor. Table 5.9 shows this data for the period 1995-1996. The highest level of visitation is amongst visitors from Asian countries such as China, Malaysia and Hong Kong. A relatively high proportion of visitors from Canada also visited the Casino.

Table 5.8 Percentage of international visitors who visited Crown Casino

Source Countries	1995	1996
New Zealand	15.0	17.0
Japan	12.0	4.0
Hong Kong	20.0	30.0
Taiwan	10.0	15.0
Thailand	29.0	24.0
Korea	24.0	21.0
Malaysia	35.0	30.0
Singapore	17.0	26.0
Indonesia	23.0	28.0
China	n.a.	35.0
Other Asia	21.0	16.0
USA	11.0	11.0
Canada	16.0	24.0
United Kingdom	12.0	9.0
Germany	5.0	5.0
Other Europe	12.0	10.0
Other Countries	18.0	28.0

Source: BTR, International Visitor Survey.

When this data is compared with that for Australia it appears that Crown attracted a lower percentage of most groups except for Thailand, Korea, Other Asia and Other Countries. However, this may have changed since the opening of the permanent casino. Again this data is not available for other years hence it is not possible to demonstrate this one way or the other.

5.4.4 Expenditure on gambling

The International Visitor Survey asks respondents to indicate their level of expenditure during their visit. This includes a specific question on "horse racing and gambling, including casinos, horse racing, trotting, lotto, etc". Unfortunately, this cannot be broken down into expenditure in various states (see section 5.2.1).

Table 5.9 shows the average expenditure of international visitors to Australia on "Horse racing and gambling, including casinos, horse racing trotting, lotto, etc." (hereafter called 'gambling'). It is not possible to break this data down into gaming and casino expenditure. The expenditure data in this table does not include money paid prior to arriving in Australia nor expenditure by inclusive package tour travellers on their 'package'.

Table 5.9 Gambling expenditure of international visitors to Australia, 1990-1998

Year	Gambling expenditure	Total expenditure in Australia	Gambling as a percentage of total expenditure
1990	$34	$1,859	1.87
1991	$28	$1,819	1.59
1992	$24	$1,760	1.36
1993	$37	$1,787	2.07
1994			
1995	$31	$1,936	1.60
1996	$56	$1,934	2.90
1997	$64	$1,953	3.28

Source: BTR, International Visitor Survey.

The data demonstrates that there has been an increase in the amount spent on this activity by international visitors during their stay in Australia from a low of $24 per person in 1992 to $64 per person in 1997. This has been at a time when total average expenditure has risen only marginally. Taking 1990 as the base year, the amount spent on 'gambling' increased 88 per cent to 1997 whereas the total average expenditure increased only 5 per cent in the same period. There is clearly a substitution effect going on as visitors spent less on other things and more on gambling related activities.

Table 5.10 shows the average expenditure on 'gambling' activities by international visitors to Australia who actually engaged in these activities during their visit. In other words, those who did not spend any money on gambling have not been included in the averaging process. Unfortunately this data is not available at the state level. Table 5.10 also shows the breakdown by purpose of trip.

Table 5.10 Average expenditure on gambling by international visitors to Australia who spent any money on these activities, 1994-98

			Average Expenditure on Gambling		
Year	Total	Holiday	Visiting Friends & Relatives	Business	Other
1994	$599	$774	$149	$703	$276
1995	$284	$295	$210	$336	$331
1996	$391	$373	$292	$510	$612
1997	$374	$397	$137	$407	$636

Source: BTR, International Visitor Survey.

The data in Table 5.10 demonstrates that the average expenditure by those who actually engaged in 'gambling' activities is quite high. Unfortunately it is not possible to determine whether those who do engage in these activities spend more than other visitors while in Australia. If it is assumed that they spend the same as other visitors then they are spending a large percentage of their money on this activity. For example, in 1997, the average expenditure per visitor was $1,953. If those engaging in 'gambling' spent $374 on these activities then they are spending 19.5 per cent of their money on these activities. This would not really be realistic hence those spending this amount on 'gambling' may be spending more on their overall trip.

This was confirmed through a detailed analysis of the 1996 International Visitor Survey data, which found that casino visitors spent an average of $2,652 per trip compared with an average of $1,934 for all international visitors.[175]

Table 5.10 also groups the expenditure levels according to the purpose of the trip. The highest expenditure levels are amongst those in the 'Other' category followed by 'Business'. The lowest is amongst those visiting friends and relatives.

5.4.5 Summary of international data

There has been a rapid growth in the volume of international tourists to Victoria. There has been an annual growth rate across the period from 1990 to 1997 of 4.79 per cent. Since 1992 the annual growth rate has been 8.2 per cent.

Victoria's market share has declined in the period from 1990 to 1997. Queensland appears to have been the main beneficiary of this change in market share. However, this decline is mainly been influenced by a decline in the numbers of international tourists who visit more than one Australian state or territory.

Victoria has experienced a strong growth in the number of international visitor nights, in excess of that experienced by New South Wales and Queensland in the period from 1991 to 1997. This growth has been particularly accentuated in the period since 1994.

Since 1993 international tourists who reported visiting one of Australia's casinos has more than doubled. This increase was most accentuated in the period from 1996 after casinos opened in Brisbane, Melbourne and Sydney. However, growth in the number of international visitors to casinos has not kept pace with the overall growth in international visitors.

Approximately two-thirds of international visitors to casinos were in Australia for the purpose of having a holiday. Those international visitors who stayed for relatively longer periods were more likely to visit a casino.

Crown Casino has attracted a level of visitation from international tourists on a par comparable to many of Melbourne and Victoria's traditional tourist attractions. International tourists who visit casinos spend considerably more on average than the average for all international visitors.

[175] Rosetto, A 1999 'A Study of Inbound Visitors to Casinos in Australia', in Bureau of Tourism Research, *Tourism Research Report*, Volume 1 Number 1 August, p.45-63.

5.5 Victorian Regional Travel and Tourism Survey

This one-off survey provides a comprehensive picture of the level and type of tourist activity within Victoria. It will be used to demonstrate the extent of activity at the state and Melbourne metropolitan level and in the two sample regions, namely Ballarat and Echuca.

An important data set drawn from this survey is that relating to activities undertaken during the respondent's overnight or day visit. Respondents were asked to nominate up to 20 activities that they undertook during their visit. The resultant data needs to be interpreted carefully. The activities nominated were not indicative of the motivation for the visit; they simply represent what the visitors do during their time in the region. Moreover, many visitors would have undertaken more than one activity and some could have engaged in the nominated activities several times.

During 1995 over 14.9 million visitors travelled to and within Victoria. Of these, 74 per cent were Victorian residents on overnight trips within Victoria, 20 per cent were from interstate and 6 per cent from overseas. These visitors accounted for 50.8 million visitor nights. Of these, 65 per cent were spent by Victorian travellers, 25 per cent by visitors from interstate and 10 per cent by international visitors.

The total expenditure derived from overnight visitors was $3.5 billion. Approximately one third (35%) of this expenditure came from Victorian residents while international visitors accounted for 24 per cent and interstate 40 per cent. The average length of trip was 3.4 nights with intrastate visitors staying for a shorter length (3 nights) than interstate (4.3 nights) and international visitors (5.8 nights).

5.5.1 The Melbourne region

The Melbourne Region includes most of the suburban area of Melbourne and extends from Werribee in the west to Pakenham in the east and the Yarra Valley in the north east. Data is available for an area which excludes the Yarra Valley. This is called the Melbourne A Sub-Region.

Overnight Visits

During 1995 almost 5.2 million visitors travelled to the Melbourne Region which represents over one third (35%) of all visitors to Victoria. The Melbourne A Sub-Region receives about 92 per cent of these 5.2 million visits hence the region is dominated by this Sub-Region.

Less than half (42.6%) of these visitors came from within Victoria, 40.6 per cent came from interstate and 17 per cent from overseas. Compared with the regions discussed below, Melbourne receives a larger percentage of interstate and international visitors. This is to be expected as Melbourne is the capital city and acts as a 'gateway' to the state.

Visitors to the Melbourne Region accounted for 17.1 million visitor nights which represents 34 per cent of all spent in Victoria during 1995. Approximately 42 per cent of these nights were generated by interstate visitors and 27 per cent by international visitors.

Almost half (42.8%) of the visitors were on holidays, 4.1 per cent visiting friends and relatives, 12.6 per cent attending a conference or seminar and 25.5 per cent on business.

The total expenditure derived from these visits was $2.1 billion of which 52 per cent came from interstate and 36 per cent from international visitors.

Approximately 15 per cent of visitors to the Melbourne A Sub-Region engaged in gambling, visited a casino or used gaming machines during their stay. The level of participation in these activities was highest amongst those from interstate (20.9%), while 13 per cent of international visitors undertook these activities. Of those who came from Melbourne itself, 13.2 per cent undertook these activities while 7.3 per cent of those from country Victoria did so. For all groups, gaming was the seventh most popular activity reported with a total of 700,173 visitors being involved.

The level of gaming activity in the Melbourne B Sub-Region was far less with only 7 per cent of visitors reported engaging in these activities. In that part of the Melbourne Region it was the thirteenth most popular activity undertaken.

Participation in these activities varied according to the primary purpose of the visit. One third (33.2%) of those who described themselves as ‘passing through’ engaged in gaming activities. This compares with 23.3 per cent of those on holidays or a pleasure trip, 16 per cent of those attending a conference or seminar and 6.3 per cent of those visiting friends or relatives. In line with the latter, a much larger percentage of people staying in commercial accommodation engaged in these activities (18.5%) compared with those staying in private households (6.7%).

In general, the longer the stay in the Melbourne A Sub-Region the greater the chance of involvement in gaming activities. Of those who stayed 7-8 nights or 9+ nights, 26.8 per cent and 19.6 per cent undertook this activity respectively. This compares with an average for all groups of 14.8 per cent and between 13.2 per cent and 13.7 per cent for those staying 1 or 2 nights.

Visitors to the Melbourne A Sub-Region spent an average of $434.60 during their stay. Of this, $9.47 was spent on gambling. The amounts were highest for those groups made up of adults and no children. Per person, they spent an average of $507.55 in total and $11.12 on gambling.

International visitors spent the largest amount per capita on gambling ($25.40) followed by interstate visitors ($10.03), those from Melbourne ($2.52) and those from country Victoria ($1.89). This pattern is repeated in the data on gambling expenditure per visitor night which again shows that the highest amount was spent by international visitors ($4.69), and by interstate visitors ($2.94). Those from Melbourne spent only ($0.79) and those from country Victoria ($0.87).

Day Trips

The Melbourne Region received 8,346,205 day visitors during 1995. The vast majority of these (63.3%) went to Melbourne A Sub-Region.

Approximately 3 per cent of these visitors engaged in some form of gaming or gambling during their visit to the Melbourne Region. The proportion who did this was higher in the Melbourne A Sub-Region (3.2%) than in the Melbourne B Sub-Region (1.0%).

There is a relationship between the size of the group and involvement in these activities with those travelling alone exhibiting the highest participation rate (7.2%) in the Melbourne A Sub-Region.

A total of $419,447,328 was spent by day trippers in the Melbourne Region in 1995. Of this $13,382,471 (3.12%) was spent on gambling. In the Melbourne A Sub-Region the total amount spent was $339,393,728 of which $13,163,361 (3.3%) was spent on gambling. The latter represents an average of $1.83 per person spent on gambling.

Bus trips to Crown Casino complex[176]

Crown Casino provides a seven-day bus program, for lunch or dinner, excluding Friday and Saturday nights. Average patronage is estimated at five thousand bus visitors per week utilising 120 bus trips. Of these, approximately 50 social clubs are regular monthly visitors.

The bus trip groups that comprise the program are approximately 30 per cent ethnically-based social clubs, 30 per cent seniors clubs, 20 per cent sporting clubs, 10 per cent fundraising groups and 10 per cent other groups such as work functions.

Crown management estimate that 10 per cent of the club visitors are from outlying country areas.

5.5.2 Goulburn Central Murray

The data collection region within which Echuca is located is called the Goulburn Central Murray Region. It includes a huge area which stretches from just north of the Melbourne Statistical Division to the Murray River and includes major towns such as Shepparton and Benalla. Extracting data that refers primarily to Echuca is problematic, largely because of the size of the sampling used. It is therefore only possible to present data for the entire region.

Overnight Visits

This region received 1.28m visitors during 1995, which represents 8 per cent of all visits to Victoria. Of these visitors, 86 per cent were from intrastate, 13 per cent from interstate and 1 per cent from overseas. These visitors stayed a total of 3.15 million visitor nights. Approximately 84 per cent of these were by intrastate visitors, 15 per cent by interstate visitors and 2 per cent by visitors from overseas. The total expenditure by overnight visitors to this region was $141 million.

The average length of stay for overnight visitors was 2.5 nights with Victorians staying an average of 2.4 nights, interstate visitors 2.8 nights and international visitors 3 nights.

[176] Source: Crown Casino Player Program Department 1999, Fax received.

Table 5.11 shows the purpose of visit to the region. Nearly half (48.2%) of all overnight trips were for pleasure or holiday while a further 29.3 per cent were to visit family or friends.

Table 5.11 Purpose of Visit (Visitors) - Goulburn Central Murray Region

	TOTAL		VICTORIAN		INTERSTATE		OVERSEAS	
Purpose	000s	%	000s	%	000s	%	000s	%
Pleasure/holiday	617.6	48.2	545.9	49.7	57.3	34.7	14.5	79.0
Visiting friends & relatives	375.6	29.3	354.7	32.3	20.7	12.5	0.2	1.2
Passing through	65.3	5.1	38.9	3.5	22.8	13.8	3.6	19.4
Other business	44.6	3.5	19.5	1.8	25.1	15.2	-	-
Conference/ seminar	18.7	1.5	12.7	1.2	5.9	3.6	-	-
Other	160.7	12.5	127.2	11.6	33.4	20.2	0.1	0.4
TOTAL	**1,282**	**100**	**1,098**	**100**	**165.2**	**100**		**100**

Source: Victorian Regional Travel and Tourism Survey.

Table 5.12 shows the activities undertaken by people who stayed overnight in the region. Undertaking gambling activities and using gaming machines was the fifth most popular activity. Approximately 240,000 people engaged in this activity at some stage during their trip to the region. This represents 18.7 per cent of the total reported activities undertaken.

When the data is compared with the purpose for visiting the region, the group that engaged in gambling activities most was those in the region on business (29.5% of the total on business), followed by pleasure/holiday (24.4%), other (22.1%), visiting friends and relatives (10.7%) and passing through (2.2%).

These activities were most popular amongst intrastate visitors with 92 per cent of activity being reported by this group. Only 7.8 per cent of the reported activity was by interstate visitors and less than 1 per cent by international visitors. When this is compared with the visitor profile (see above) it appears that the activity was undertaken by more intrastate visitors and less interstate visitors. The involvement of international visitors was approximately equal to their presence in the region.

There is a reasonably close relationship between the length of stay in the region and involvement in gaming/gambling. Those who stayed in the region the longest are more likely to engage in this activity than those who stay only for a short while. Approximately one third (33.9%) of those who stayed 7-8 nights engaged in this activity compared with 16.4 per cent for those who stayed only one night and 18.7 per cent for all visitors.

Table 5.12 Activities Undertaken by visitors to the Goulburn Central Murray Region

	TOTAL		VICTORIAN		INTERSTATE		OVERSEAS	
	000s	**%**	**000s**	**%**	**000s**	**%**	**000s**	**%**
Visit friends/ Relatives	677.0	52.8	634.9	57.8	32.2	19.5	10.0	54.4
Shopping	542.5	42.3	469.1	42.7	65.2	39.5	8.1	44.2
Restaurants/Dining Out	517.4	40.3	433.6	39.5	73.9	44.7	9.9	54.0
Driving for Pleasure	499.7	39.0	411.5	37.4	73.8	44.6	14.5	17.8
Gambling/Casino/ EGMs	240.2	18.7	221.3	20.1	18.7	11.3	0.2	1.2
Visit Museum/Historic Site	214.7	16.7	173.1	15.8	41.1	24.9	0.5	2.9
Swimming/Surfing/ Diving	204.2	15.9	188.0	17.1	11.7	7.1	4.5	24.8
Attend Festival/Special Event	167.9	13.1	147.6	13.4	20.1	12.2	0.2	1.2
Visit Art gallery/Craft Centre	164.3	12.8	134.1	12.2	30.0	18.1	0.2	1.2
Other	157.7	12.3	129.9	11.8	20.3	12.3	7.5	40.9
TOTAL	**1,282**	**100**	**1,098**	**100**	**165.2**	**100**	**18.4**	**100**

Source: Victorian Regional Travel and Tourism Survey.

The amount spent on gambling by overnight visitors to the region was estimated to be $4.1 million which represents 7.9 per cent of total expenditure. It was found to be the fourth largest item of expenditure after shopping ($17.3m), food and drink ($14.2m) and transport ($11.7m).

The group which spent most on these activities was ‘Adults with no Children’. They spent on average $7.27 per person which is substantially higher than the $1.40 for ‘Adults with Children’ and the overall average for all groups of $4.71 per person. Interstate visitor spent the largest average amount per person ($8.45). This was followed by visitors from Melbourne ($4.66) and country Victoria ($3.63) while international visitors spent only $0.72 per person per visit.

Day Trips

The Goulburn Central Murray Region received 1.4 million day visitors in 1995. These trips generated expenditure of $52 million with an average of $37 per trip. This is slightly less than the average expenditure of $41 for all day trips in Victoria.

Just under one quarter (23.4%) of visitors to the region came from Melbourne and 10.7 per cent from the Goldfields Region (including Bendigo, Ballarat and Daylesford). The vast majority of the day trippers (57.2%) came from within the region.

Of the 1.4 million visitors on day trips, 66,126 (or 4.7% of the total) engaged in gambling or played gaming machines. This was the seventh most common activity after visiting friends and relatives (35.6%), shopping (28.7%), dining out (14.4%), attending a festival or special event (12.7%), driving for pleasure (11.2%) and playing sport (9.8%). This activity was most popular amongst those in groups of 2 people (10% of those in this sized group undertook this activity) and least popular amongst larger groups (none in groups of 6 or more).

The vast majority of those who engage in this activity (92.2%) visit the region by private vehicle. Only 8.5 per cent arrived by coach or bus. When looked at differently this data demonstrates that 11.8 per cent of those people who visit the region by coach or bus engage in this activity. This is the seventh most popular activity engaged in by these visitors but falls well short of the popularity of ‘driving for sightseeing’, ‘dining out’ and ‘visiting a winery’ or ‘visiting a museum or historic site’.

Approximately $4.12 million was spent on gambling by day trippers to the region in 1995. This represented 7.9 per cent of the total expenditure of day trippers. The average expenditure per visitor on gambling was $2.93 out of a total of $36.95.

Box 5.2 Cross-border gaming: The expansion of gaming in Victoria and New South Wales Murray border clubs

In Section 2 of this Report, above, the phenomena of United States cross-border gaming was described. Cross-border gaming occurs where gambling opportunities are provided conveniently adjacent to a resident population in a jurisdiction where certain gambling activities are not permitted. As the review of American cross-border gaming suggested, this can be a potentially lucrative market advantage for gaming providers, capturing the gambling expenditures of population segments who do not have gambling opportunities within their state of residence. Cross-border gambling between Victoria and New South Wales, prior to 1992, has shown some of the same characteristics as the American experience.

Throughout the 1970s and 1980s, registered clubs operating on the New South Wales side of the Murray River border with Victoria attracted a significant level of gambling expenditure from Victorian residents. Victorians were prepared to travel across the border to avail themselves of the gambling opportunities, in particular EGMs, available in their neighbouring state jurisdiction. The extent of this cross-border gambling market was considerable.

The annual amount of gambling expenditure by Victorians in New South Wales border clubs was estimated to be at least $400 million.[177]

Large numbers of Victorians made the trip to the New South Wales Murray border clubs. Sita Tours ran up to 15 coach trips per day to and another bus company, Chris's Coaches was estimated to have provided 300 trips per month.[178] Club managers reported that a single coach could net gaming expenditure of up to $3000. Offering incentives, of up to $18 per capita, to bus company operators to ensure they stopped at your club became standard management practice.[179]

Many small sports and community clubs had million dollar gaming turnovers and invested in multi-million dollar infrastructure projects, expanding the size and extending the range of their facilities.[180]

The introduction of EGMs to Victorian clubs and hotels in 1992 had an immediate and devastating impact on the New South Wales Murray border clubs, particularly the EGM bus tour market with commenced a rapid decline.[181]

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177 Stretton, R. 1992 'Full House', *The Bulletin*, March 3, p.21.

178 Buchanan, R. 1996 'Running Out of Luck', *The Age*, April 6, EXTRA p.3.

179 McKercher, R. & Vaughan, P. 1997 'Adjusting to Change in State Government Tourism Policy: The Reaction of NSW Border Clubs to the Introduction of Legalised Gaming in Victoria, in Robyn Bushell (ed.), *Tourism Research: Building a Better Industry*, Bureau of Tourism Research, Canberra.

180 McKercher, R. & Vaughan, P. 1997 'Adjusting to Change in State Government Tourism Policy: The Reaction of NSW Border Clubs to the Introduction of Legalised Gaming in Victoria, in Robyn Bushell (ed.), *Tourism Research: Building a Better Industry*, Bureau of Tourism Research, Canberra. For example, the Finley Club recorded a profit of $1.95 million in 1989, the Moama Bowling Club achieved turnover of $4.7 million in 1989 and the Barooga Sports Club a net profit of $1.25 million in the same year.

181 According to research conducted by McKercher & Vaughan (1997:379-81) NSW Murray border clubs had "committed themselves to a market segment over which they had no control", and "where the normal cycles of clubs were obscured by large and unsustainable profits from gaming…because they had no opposition [from clubs in Victoria]. This market segment was substantially composed of expenditure by bus tour EGM gambling patrons".

- Between 1990 and 1995 the aggregate profit of the New South Wales Murray border clubs fell by approximately 50 per cent.
- Aggregate poker machine revenue of the New South Wales Murray border clubs declined by approximately 44 per cent from 1992 to 1995.
- Aggregate bar trading revenue of the New South Wales border clubs declined by approximately 12 per cent from 1993 to 1995.

Clearly the conclusion to be drawn from this evidence is that the expansion of gaming in Victoria, in the form of the introduction of EGMs to hotels and clubs had a significant impact upon the cross-border gambling carried out in New South Wales Murray border clubs. The number of day bus trips taken out of Victoria and into New South Wales declined sharply. As early as 1995 the leakage of gambling expenditure from Victoria to New South Wales through this cross-border gambling activity had been largely eliminated.

However, it is not possible to discern, from the available evidence, whether similar levels of substitute intrastate day trips were taken within Victoria, or whether similar levels of substitute EGM gambling expenditures were achieved by Victorian club and hotel venues.

The expansion of gaming also had a "second wave" negative impact on the New South Wales Murray border clubs, brought about by the establishment of the Crown Casino in Melbourne. Overall visitation levels declined markedly, driven by a re-orientation of country Victorians "away from the Murray toward Melbourne".[182] In subsequent years several small New South Wales clubs along the Murray border either closed or went into voluntary receivership, whilst others were left facing difficult futures.[183]

This reorientation of intrastate visitors toward Melbourne and the Crown complex negatively influenced food and beverage trading, bar services and accommodation services in the Murray region as a whole, not only the New South Wales clubs. It is not known from this information what negative impact this change in the pattern of intrastate visitors had on tourist and service industry sectors on the Victorian side of the Murray River border.

[182] McKercher, R. & Vaughan, P. 1997 'Adjusting to Change in State Government Tourism Policy: The Reaction of NSW Border Clubs to the Introduction of Legalised Gaming in Victoria, in Robyn Bushell (ed.), *Tourism Research: Building a Better Industry*, Bureau of Tourism Research, Canberra, p. 380.

[183] McKercher, R. & Vaughan, P. 1997 'Adjusting to Change in State Government Tourism Policy: The Reaction of NSW Border Clubs to the Introduction of Legalised Gaming in Victoria, in Robyn Bushell (ed.), *Tourism Research: Building a Better Industry*, Bureau of Tourism Research, Canberra; Buchanan, R. 1996 'Running Out of Luck', *The Age*, April 6, EXTRA p.3.

5.5.3 Ballarat and surrounds

The data collection region, defined for the purposes of the Victorian Regional Travel and Tourism Survey, within which Ballarat is located is called the Goldfields Region. It includes a huge area which stretches from just south of Kerang in the north to Ballarat in the south and includes Bendigo, Kyneton and Daylesford. Fortunately some of the data is available at the sub-regional level which is in this case called Ballarat and Surrounds. The City of Ballarat is in the south-western corner of this sub-region which extends almost to Stawell in the west and St Arnaud in the north. The major destination in this sub-region is Ballarat itself.

When available, the data presented will be for this sub-region rather than for the entire Goldfields Region.

Overnight Visits

During 1995 almost 1.7 million visitors travelled to the Goldfields Region which represents 11 per cent of all visitors to Victoria. The Ballarat and Surrounds Sub-Region received 519,600 visitors in the same year which represents almost one third (31.1%) of visitors to the region and 3.5 per cent of visitors to Victoria.

Just less than three quarters (72.5%) of visitors to the Ballarat and Surrounds Sub-Region were from Victoria, 21.8 per cent from interstate, and 5.6 per cent from overseas. Almost two thirds (62.8%) of overseas visitors to the Goldfields Region go to Ballarat and Surrounds, largely because of the on-going popularity of Sovereign Hill that targets the international market.

The Sub-Region experienced 1,114,453 visitor nights during 1995. Almost two thirds (65.9%) came from Victoria, 30.3 per cent from interstate and 3.8 per cent from overseas. This indicates that interstate visitors stay longer than either Victorians or visitors from overseas.

Overnight visitors spent an average of $110.02 per person while in the Ballarat and Surrounds Sub-Region. The group with the highest average expenditure was ‘adults with no children’ which spent an average of $141.59 per person.

Gambling or using gaming machines was found to be the twelfth most popular activity amongst visitors to the Ballarat and Surrounds Sub-Region. Seven per cent (7%) of visitors to the Sub-Region, representing 36,289 people, engaged in gambling or activities associated with gaming machines during their visit. When this is broken down by region of origin a larger proportion of intrastate visitors (7.8%) than interstate (5.9%) engaged in gaming activities. Involvement in gaming was the highest amongst those from Melbourne (11.5%). No international visitors were reported to have engaged in these activities.

There was very little difference in the type of group that engaged in gaming activities in the Sub-Region. The participation rate was only 0.2 per cent different for those adults travelling with no children (7.2%) and those travelling with children (7.0%).

Involvement in gaming activities was highest amongst those who visited the Sub-Region for ‘pleasure/holiday’ (11.1%) followed by those ‘attending a conference or seminar’ (7%), ‘visiting friends and relatives' (6.7%) and those describing their reason for their visit as 'other business' (0.4%).

There does not appear to be a strong relationship between the length of stay in the Sub-Region and involvement in gaming activities. While there is an increase in participation between those who stay one night (7.0%) and those who stay 3 nights (9.8%) through to those who stay 5-6 nights (17.0%), there are also examples of very low participation amongst those staying for long periods. Only 2.1 per cent of those staying for 4 nights and 2.6 per cent of those staying for 7-8 nights engaged in this activity.

Overnight visitors to the Sub-Region spent an average of $1.43 per person on gambling during their trip. The group which spent the most was 'adults with no children' which spent an average of $1.92 per person. When looked at in terms of the origin of visitors, those from Melbourne spent the most on average ($2.17) followed by those from Victoria as a whole, including Melbourne ($1.59). Interstate visitors spent only $1.21 per person. The survey also reported that international visitors spent $0.26 per person despite the fact that elsewhere it was reported that no international visitors engaged in these activities. This discrepancy is clearly a result of sampling and reporting methodology. This suggests that some international visitors did engage in gaming of some sort but only a very limited number.

Day Trips

The Ballarat and Surrounds Sub-Region received 653,718 day trippers in 1995 which was 24.4 per cent of the total day trippers to the Goldfields Region. Almost half (47.9%) were in groups of 3-5 people and one third (34.9%) were travelling in a group of two.

Although the vast majority of visitors use their private vehicle to visit the Sub-Region (96.3%), there were 18,050 people (2.8% of the total) who travelled by bus or coach.

Gambling or using gaming machines was the eleventh most popular activity undertaken by day trippers to the Sub-Region. Approximately 26,500 day trippers (4.1% of the total) engaged in this activity. This does not mean that it was the reason why they visited the area nor that it was the only thing that they did. Rather anyone who said that at some stage during their visit they engaged in this activity, no matter what else they did, were recorded as participants. This level of participation is higher than for any of the other Sub-Regions in the Goldfields Region and higher than the region as a whole (2.2%).

Within the Ballarat and Surrounds Sub-Region most of this gaming activity was undertaken by people in groups of either two people (4.4%) or 3-5 people (5.3%). No-one in groups larger than this reported that they undertook gaming activities during their visit.

This could be interpreted as meaning that there were no coach tours which included a stop at a gaming venue. However, the whole survey seems to have had difficulty distinguishing between group size and those who travel on a coach. One would expect that respondents who travel on a coach would report that they are members of a group that is larger than 6 people (the largest category listed separately). This is not the case as many responded by describing the type of group that they had joined the coach tour with. That is, if they were travelling on a coach tour with a friend they would describe their group as '2 persons' rather than being '6+ persons' which would represent the whole coach.

In this case, however, when respondents who engaged in gaming activity were asked what form of transport they used none reported that they had arrived by coach. All travelled on private vehicles.

Day trippers to the Ballarat and Surrounds Sub-Region spent $771,287 on gambling in 1995. This represented an average of $1.18 per visitor out of an average total of $35.34 per trip.

5.5.4 Summary of the Victorian Regional Travel and Tourism Survey and gambling activity

The data for Melbourne, Goulburn Central Murray and Ballarat and surrounds regions, presented in Section 5.5, can be summarised to allow comparison of indicators of regional tourism patterns, including gambling activity.

Table 5.13 Comparative tourism and gambling indicators, three Victorian regions 1995

Indicator	Melbourne region	Goulburn Central Murray region	Ballarat and surrounds
Source of visitors (%)			
Intrastate	42.6	86.0	72.5
Interstate	40.6	13.0	21.8
International	17.0	1.0	5.6
Visitor nights (%)			
Intrastate	31.0	84.0	72.5
Interstate	42.0	15.0	21.8
International	27.0	1.0	5.6
Overnight visitors' expenditure per visit ($)			
Average total expenditure	434.60	110.65	110.02
Average gambling expenditure	9.47	4.71	1.43
- international visitors	25.40	0.72	1.59
- interstate visitors	10.03	8.45	1.21
- intrastate: Melbourne	0.79	4.66	2.17
- intrastate: country Vic.	0.87	3.63	0.26
Day trip visitors			
Total expenditure ($m.)	419.45	52.00	25.80
Gambling expenditure ($m.)	13.38	4.12	0.78
Gambling as a percentage of total expenditure (%)	3.1	7.9	3.3

Source: Victorian Regional Travel and Tourism Survey 1995

The differential impact of tourism on metropolitan and regional locations in Victoria can be clearly seen in Table 5.13 above. The higher proportion of international visitors to Melbourne reflects its status as the gateway to the wider region. The much higher levels of expenditure by visitors to Melbourne also reflects its status as the focus for consumption and for relatively expensive consumption-based lifestyles in Victoria. The figures for day trip expenditure reflect the rejuvenation of Melbourne as an attractive destination for intrastate tourism. In comparison to the other two regions, gambling as a proportion of total day trip expenditure is relatively high for Goulburn Central Murray.

5.6 REGIONAL TOURISM SURVEYS

RMIT University's Department of Hospitality, Tourism and Leisure has been undertaking Visitor Surveys for the Shire of Campaspe since 1997 and for the City of Greater Shepparton since early 1999. These surveys have been designed to provide a greater understanding of the characteristics of visitors to Echuca-Moama and Shepparton respectively.

The surveys have a similar methodology and ask very similar questions. Both surveys are in two parts, namely personal interviews and self completed questionnaires. The self-completed questionnaires are distributed through accommodation houses while the personal interviews are of visitors to the area and are conducted at various stages throughout the survey period. In each year the surveys have targetted between 1,000 and 1,500 respondents.

5.6.1 Echuca-Moama survey

In response to an open ended question asking why they went to Echuca-Moama there has never been any respondents providing 'to undertake gaming activities' or similar as the main motivator. This does not mean that gaming is not one of the 'bundle of experiences' that they may seek, but rather that it is not the main reason for their visit.

When presented with a list of 21 activities that they could have undertaken during their stay, between 17 per cent and 53 per cent of respondents have indicated that they have visited a gaming centre during their stay (see Table 5.14). This is highest amongst those people who stay overnight.

Whilst this is a significant proportion of respondents, in each individual survey it is generally ranked between the 5th and 11th amongst the listed activities with the most common ranking being 7th. This demonstrates a significant proportion of tourists do include a visit to a gaming establishment as being a relatively significant part of their trip.

Table 5.14 Activity undertaken (%) by visitors to Echuca-Moama Region, 1997-1999

	Oral Survey Riverboats, Jazz etc. Festival 1997	Oral Survey Non School Holiday March 1997	Oral Survey April School Holidays 1997	Oral Survey Non School Holiday September 1997	Accommodation Survey April-August 1997	Oral Survey School Holidays April 1998	Oral Survey Steam Rally June 1998	Oral Survey Non School Holidays Aug-Sep 1998	Oral Survey Riverboats, Jazz etc. Festival 1999	Accommodation Survey 1999
Driving for Sightseeing	n.a.	67	69	82	74	78	94	77	32	56
Dining at good restaurant	n.a.	37	44	47	54	47	39	48	60	56
Visiting Friends/Relatives	n.a.	13	21	28	17	18	37	23	27	21
Shopping for non-necessities	n.a.	57	38	53	45	51	53	54	50	42
Bushwalking	n.a.	15	15	30	14	40	21	30	6	10
Visiting National/State Park	n.a.	17	24	35	22	30	31	28	7	54*
Visiting Art gallery / Craft Centre	n.a.	62	40	42	29	62	64	56	24	56
Visiting Museum / Historic site	n.a.	64	56	75	47	77	82	74	27	51
Visiting Aboriginal Centre / Site	n.a.	8	2	12	6	25	17	20	1	4
Visiting Park or garden	n.a.	36	24	33	12	41	40	35	9	26
Visiting Wildlife Park	n.a.	14	36	26	14	22	19	18	2	12
Guided Tour	n.a.	10	9	12	14	10	20	13	1	14
Visiting Wine Centre / Winery	n.a.	28	23	26	24	24	34	33	29	21
Attending sporting event or festival	n.a.	3	4	4	9	n.a.	n.a.	n.a.	n.a.	16
Visiting Gaming Centre	n.a.	21	16	37	53	19	47	31	17	37
Fishing	n.a.	10	18	9	5	30	9	13	4	2
Boating / Canoeing	n.a.	5	7	4	2	12	6	6	6	7
Water ski-ing	n.a.	1	0	0	2	0	0	0	6	0
Playing sport	n.a.	9	8	17	19	18	0	7	6	5
Riding paddle steamer	n.a.	68	54	54	49	62	45	52	46	51
Visiting educational centre	n.a.	18	44	47	22	48	29	31	4	7

* Asked if spent time along riverside instead of if spent time in a national park

5.6.2 Shepparton survey

Only two surveys have been completed for Shepparton. In these 13 per cent and 17 per cent of respondents indicated that they had visited a licensed gaming venue during their stay. While this is lower than the percentage found in Echuca-Moama, it still represents a significant number of visitors.

The Shepparton surveys also asked respondents to nominate the three activities that are most important for them to do whilst on a holiday in Australia. Only between 1 per cent and 1.5 per cent of respondents nominated a visit to a gaming venue as amongst the three most important activities. This would add weight to the assertion outlined above that whilst a visit to a gaming venue (presumably to undertake gaming) was a significant part of Victorian travellers' 'bundle of experiences', such a visit is not the prime motivator for going to an area outside Melbourne. They visit a destination for a variety of reasons other than to visit a gaming centre, but they do make such a visit while there.

5.7 *CITY DYNAMICS* STUDY FINDINGS: THE IMPACT OF THE CROWN CASINO COMPLEX ON TOURISM

The 1998 *City Dynamics* study detailed an average patron visitation level of 29,000 per day for 1997/98. The breakdown of the patron mix of the Crown Casino complex is illustrated in Table 5.15, below.

Table 5.15 Crown Casino complex patron mix by origin and primary activity 1997/98 (N.)

Tourist category	Retail	Restaurants	Accom.	Entertainment – gambling	Entertainment – other	Total
International	388	272	364	1 059	39	2 122
Interstate	390	332	197	1 133	331	2 383
Country Victoria	278	320	55	1 535	478	2 666
Melbourne - workers	436	452		3,605	868	5 361
Melbourne - visitors	870	1 066		12 070	2 809	16 815
Total	**2 362**	**2 442**	**616**	**19 402**	**4 525**	**29 347**

Source: City of Melbourne Strategic Research Branch 1998, p.10.

Tourist visitors (shaded) comprised 25 per cent of the patron mix in 1997/98. Local resident visitors are broken into two categories. 'Workers' are Melbourne residents who are working in the City and visited Crown Casino complex. 'Visitors' are residents who visited the Crown Casino complex. Of the total Melbourne workers and visitors, 44 per cent (approximately 8,900) visited the Crown Casino complex only and would not have otherwise visited the City. A further 21 per cent (approximately 4,700) visited the Crown Casino complex only and would have gone to destinations elsewhere in the City in the absence of Crown.

5.7.1 The Crown Casino complex and tourism turnover

Table 5.16, below, highlights turnover according to tourist categories and activity sectors. Three segments, country Victorian visitors (9.1 per cent), interstate visitors (8.1 per cent) and international visitors (7.2 per cent), added up to a total of 25 per cent of visitors to the Crown Casino complex in 1997/98 who were tourists.

Table 5.16 Crown Casino complex turnover: tourist category and activity sector 1997/98 ($m)

Tourist category	Retail	Restaurants	Accom.	Entertainment – gambling	Entertainment – other	Total
International	10.5	3.8	14.8	343.2	12.2	384.5
Interstate	8.4	3.2	8.0	68.3	16.8	104.7
Country Victoria	6.3	6.3	2.3	50.7	20.7	86.3
Total	**25.2**	**13.3**	**25.1**	**462.2**	**49.7**	**575.5**

Source: City of Melbourne Strategic Research Branch 1998, p.10-11.

In terms of tourist categories:

- tourists contributed 50.3 per cent ($575.5 million) of total Crown Casino complex turnover ($1.114 billion) in 1997/98;
- average daily expenditure of tourists in 1997/98 was $497 per day for international visitors, $120 per day for interstate visitors and $89 per day for visitors from country Victorian;
- international visitors contributed a disproportionately high level of turnover from tourists at Crown Casino complex in 1997/98. International visitors constituted 28.9 per cent of tourist visitors, but contributed 66.8 per cent of tourism turnover; whilst
- in comparison, interstate visitors constituted 32.4 per cent of tourist visitors and contributed 18.2 per cent of tourism turnover, whilst tourists from country Victoria constituted 36.4 per cent of tourist visitors and contributed 15.0 per cent of tourism turnover.

In terms of activity sectors:

- entertainment turnover ($1.006 billion) constituted a huge proportion (88.0 per cent) of total Crown Casino complex turnover ($1.114 billion);
- entertainment turnover spending contributed by tourists ($511.9 million) constituted 45.9 per cent of total Crown Casino complex turnover and 88.9 per cent of total Crown Casino complex tourism turnover; whilst

- retail sector turnover constituted 4.4 per cent ($25.2m) of total tourist turnover at Crown, restaurants constituted 2.3 per cent ($13.3m) and accommodation 4.4 per cent ($25.1m).

In terms of gambling as an activity:

- of total tourist entertainment turnover at Crown ($511.9 million), a huge proportion (90.3 per cent) was constituted by gambling expenditure ($462.2 million);

- international visitors spending on gambling ($343.2 million) contributed a disproportionately high level (72.7 per cent) of total tourist gambling turnover; whilst

- in comparison, interstate visitors spending on gambling ($68.3 million) contributed 14.5 per cent of total tourist gambling turnover, whilst visitors from country Victoria's spending on gambling ($50.7 million) contributed 10.7 per cent of total tourist gambling turnover.

In summary, gambling turnover makes up the vast majority of entertainment turnover, and of overall tourist turnover, at the Crown Casino complex. International tourists, who are the smallest of the three tourist groups, contribute a disproportionately large percentage of this gambling turnover.

5.8 CONCLUSIONS

Tourism activity within Victoria has undergone a significant resurgence since 1992.

The total number of trips to Victoria has increased markedly during this period.

Interstate trips to Victoria have risen steadily across the decade, more quickly since in 1993. Victoria has managed to increase its market share of total interstate travel by approximately two per cent during this period. Victoria moved from being a net tourist trip exporter in 1992/93 to being a net importer by 1996/97, a desirable outcome.

The intrastate component of the tourism market is where Victoria has performed best. The rate of increase in the number of intrastate trips, particularly in the period since 1992, has been faster than in New South Wales or Queensland. Between 1992/3 and 1993/4 the number of intrastate trips by Victorians jumped 9.3 per cent, compared with New South Wales and Queensland which both experienced a decline in intrastate travel (-4.5% and -4.1% respectively). The following year there was an even greater increase in intrastate travel in Victoria (38.6%).

The revitalised activity in the intrastate travel sector in 1992/93 becomes evident in the interstate travel sector about a year later. NSW did not benefit as much as Queensland from the upsurge in interstate trips by Victorians during that period, a fact that may be attributable to the reduction in trips to the gaming clubs along the border, at least to some extent.

The impact of visitors to Crown Casino has been different across various city areas and activity sectors. Tourists are estimated to comprise approximately one quarter of total visitors to the Crown Casino complex.

In summary, while it is likely that the complicated pattern of domestic travel exhibited by Victorians was affected by the expansion of gaming in late 1992, it is not possible to demonstrate this conclusively, nor to estimate accurately the extent to which gaming may have influenced the overall tourism sector. It is likely that other contributory factors were of far greater significance than the expansion of gaming in the benefits to the tourism market arising during this period.

SECTION 6: STAKEHOLDER VIEWS

6.1 INTRODUCTION

This section summarises responses of stakeholders gathered in interviews in the Melbourne metropolitan area, Ballarat and Echuca, and through a mail out survey to Country Victorian Tourism Council (CVTC) members.[184] The purpose of the interviews and the survey conducted for this study was to obtain further information on the effects of gaming on tourist operators, gaming and non-gaming venues, sporting and leisure providers. Melbourne was included in the sample regions because of its central role as the location of major cultural activities and leisure events (e.g. the Grand Prix, Australian Open tennis competition), as the major 'gateway' for interstate and international tourists to Victoria and as a destination in its own right. Ballarat and Echuca were selected for study as both regions are popular tourist areas with large stable populations.

For the purposes of comparison, stakeholders can be grouped into two categories. The first category, gaming stakeholders, includes representatives and individuals directly associated with the gaming industry. This category includes managers of clubs and hotels that are gaming providers and the gaming operators, Tattersalls, Tabcorp and Crown Casino.

The second category, non-gaming stakeholders, includes representatives from clubs and hotels that do not have gaming machines and from the tourism, entertainment and leisure industries who are indirectly interested in the gaming industry. This category includes key tourism organisations, tourism operators, leisure organisations, unions, local government agencies and the peak industry bodies representing clubs and hotels.

Some organisations, for example those representing clubs and hotels, could be included in both categories as they represent conjointly the interests of their gaming and non-gaming members. For simplicity, the comments of representatives of such bodies that are concerned with the interests of their gaming members are included in the first category, whilst comments concerning the interests of their non-gaming members are included in the second category.

6.1.1 Selection of interviewees

Selection of organisations and individuals for interview in Ballarat, Echuca and Melbourne was made after preliminary consultation with key stakeholders in gaming, leisure, entertainment and tourism. The research team ensured that interview samples in each region included balanced representation of gaming stakeholders and non-gaming stakeholders. An

[184] The survey to CVTC members received a response rate of 26.8% (n=15). A third of these made no significant comment. The remaining survey responses were regarded as non-gaming stakeholders for the purposes of assessing stakeholder views.

interview schedule was prepared for each category of interviewee (industry associations; government agencies; gaming providers; leisure entertainment and tourism providers) to guide the semi-structured interviews. Use of a common interview structure and format facilitated meaningful comparison of answers.[185] The interviews were conducted between May and October of 1999.

When practical, interviews were conducted with at least two members of the research team present. Interview questions were open-ended, allowing respondents to provide their own answers and to offer clarification of issues. Respondents were also encouraged to raise additional issues and provide information outside the interview schedule. Confidentiality of information was assured when requested by the interviewee. Before each interview respondents were asked if they were willing to have the interview taped. Approximately half the interviewees agreed to this procedure.

In addition to the interviewees whose affiliations are listed in Table 6.1 (below), a total of twelve managers of hotels and clubs were consulted or interviewed. Of these, eight were current gaming providers. Several managers who agreed to in depth interviews indicated a strong preference to not be identified by name or place of business in this Report. In the interests of fairness it was decided not to list any names of gaming and non-gaming venue respondents.

[185] Interview schedules are attached as Appendix B.

Table 6.1 List of Interviewees' affiliations

Organisation	Position
Melbourne Convention Marketing Board	Chief Executive Officer
Victoria Police	Casino Gaming and Vice Squad
Tourism Training Victoria	Executive Officer
Country Victoria Tourism Council	Deputy Chief Executive Officer
Bus Association Victoria	Executive Director & Deputy Director
Australian Pacific Tours	Day tour operator
Mee's Bus Lines	Manager
Kefford Corporation (bus operator)	Manager
Tattersalls	Manager Corporate Affairs
Australian Hotels Association	President
City of Melbourne	Representative Strategic Research Branch
City of Melbourne	Representative Precinct Program & Marketing
Hospitality Group Training Victoria	Executive Director
Inbound Tourism Association of Australia (Victorian branch)	Chairman
Melbourne Exhibition and Convention Centre	General Manager
Licensed Clubs Association of Victoria	Executive Director
Leisure Australia	General Manager
Liquor, Hospitality and Miscellaneous Workers Union	Assistant Secretary
Liquor, Hospitality and Miscellaneous Workers Union	Representative Sex Workers Division
Victorian Taxi Association	Chief Executive
Musicians Union	Representative
Parks Victoria, City and Bays	Commercial Services Manager
Victorian Racing Club	Assistant to CEO & Strategic Planner
Australian Retailer's Association of Victoria	Executive Director
Crown Limited	General Manager Community Relations
TABCORP Holdings	General Manager Corporate Affairs
RSL Victoria Branch	President
Tourism Victoria	Deputy Chief Executive
Tourism Ballarat	Chair & Representative
City of Ballarat	Director of Economic Management
Echuca & Moama District Tourism	Tourism Manager
Echuca-Moama Business & Trade Association	President
Echuca & Moama Accommodation Association	President
Echuca-Moama Caravan Park Association	President
Shire of Campaspe	Tourism & Leisure Services Manager

6.2 THE CITY OF BALLARAT

Ballarat has sixteen venues providing gaming. Of these venues, ten are clubs and six hotels. Tattersalls operates 263 EGMs in six clubs and 85 EGMS in two hotels. Tabcorp operates 213 EGMs in four clubs and 120 EGMs in four hotels. The total number of EGMs in the region was 681 as June 30 1999. Only one of these gaming venues could be considered to be significantly distant from the central area of the City of Ballarat. The Ballarat region is located in a wider rural/regional context in which it is the major population and commercial centre.

Table 6.2 Ballarat and surrounding districts, comparative statistics and social indicators

	Unit	Ararat	Ballarat	Hepburn	Moorabool	Pyrenees
Population June 1996						
Resident population	No.	11 655	79 109	13 984	22 934	6 978
People aged 0-14 years	%	21.4	22.0	22.9	27.7	22.1
People aged 65 years and over	%	16.0	13.7	15.9	9.1	15.5
Household income per capita	$	242	260	226	265	208
Businesses September 1997						
Manufacturing locations	No.	21	245	37	61	27
Retail locations	No.	98	716	83	119	29
Agricultural activity	No.	488	177	268	513	511
Tourist accommodation 1996/97						
Tourist hotels and motels	No.	7	31	14	n.p.	n.p.
Bed spaces	No.	328	2 734	548	n.p.	n.p.
Room occupancy rates	%	40.1	50.7	43.7	n.p.	n.p.
Takings from accommodation	$'000	929	11 316	2 810	n.p.	n.p.
Employees in these businesses	No.	25	406	141	n.p.	n.p.
Gaming statistics June 1999						
Gaming providers	No.	2	16	3	2	0
Operating EGMs	No.	93	681	70	60	0
Tattersalls EGMs	No.	55	348	18	30	0
Tabcorp EGMs	No.	38	333	52	30	0

Source: ABS 1996a Australia in profile – a regional analysis, Cat.2032.0; ABS 1998 Regional Statistics, Victoria, Cat.1314.2; VCGA 1999 Baseline database project (BDP) http://www.gambling.vcga.vic.gov.au.

Tourism is a large and important part of the City of Ballarat's commercial activity. There are a large number of bed spaces available in an industry which is a prominent employer. The gaming providers servicing the wider regional area are heavily concentrated in the City of Ballarat. The following section summarises the perceptions of stakeholders in Ballarat regarding this strong gaming presence.

6.2.1 Summary of Ballarat stakeholder interviews: Tourism and the expansion of gaming

Overall impressions emerging from the stakeholder interviews in Ballarat confirmed that the Ballarat continues to be a region with a strong tourism focus. The general tourist market to Ballarat is broadly based, with emphasis on historical attractions such as Sovereign Hill and the Eureka Stockade, as well as special events such as the Bromeliad Festival, the Ballarat Cup Racing Carnival and the annual Jazz Festival.

- The "seniors and pensioners" tourist market was generally perceived by stakeholders as the most significant for the region. Some of these groups (e.g. Probus Clubs) were considered to have "substantial discretionary or leisure incomes". It was reported that until the 1994-95 period Ballarat had attracted a pattern of repeat visits of Probus groups from South Australia, the Riverland region and other parts of Victoria.

- There was a consensus in Ballarat that the City and its surrounding communities had been significantly affected by structural changes in the Victorian economy during the 1990s. Local stakeholders agree that domestic tourism to the area, although still relatively healthy, could be regarded as "stagnant". To a large extent this was perceived to have been due to the "general downturn in economic conditions in regional Victoria" and by increased competition from other tourist centres in Victoria and interstate.

- Tourism operators believed that the introduction of EGMs to South Australia and their expansion throughout Victoria had eroded the discretionary incomes of seniors and pensioner groups, forcing those who had previously taken two or three short tours annually to cut back to one annual holiday.

- Decline in the numbers of senior coach tourists was reported to have impacted severely on local coach companies. Since 1994 they had tried to compensate for that lost market by offering trips from Ballarat to Melbourne, taking local residents to Crown Casino. However, local stakeholders expressed concern that this could result in the loss of revenue to local businesses in favour of alternatives in Melbourne.

- Some gaming venues in Ballarat claimed to have tried to regain their domestic tourist market by offering package tours with gaming as a "hook" attraction, without success. However, several stakeholders commented that gaming venues close to Ballarat's main tourist facilities have been able to keep meal prices down and thus are more competitive than non-gaming facilities in attracting that part of the tourist dollar.

- Views on the relationship between the expansion of gaming and inbound tourism differed, with some interviewees saying that EGMs had been able to attract "passing trade" and had improved night-time entertainment options, and others saying that EGMs were not "a marketable attraction for the city".

- Gaming venues agreed that gaming provided "value added" in the local competition to attract coach tours and domestic tourists.

- All the interviewed stakeholders agreed that, as tourists become more experienced and tourism becomes a more dynamic industry, increasingly high expectations of facilities and services had developed. In the opinion of Ballarat stakeholders, income from EGMs had allowed some venues to "better upkeep their facilities", keep pace with consumer expectations and "remain relevant". Non-gaming venues were seen to be lagging behind in this area.

- Stakeholders agreed that gaming machines had no appeal for international visitors. Counteracting the decline in domestic tourism, international visitors to Ballarat increased 25% in 1998-99, the result of strong focussed marketing and trade shows. The improvement in international tourism was believed to be unrelated to the expansion in gaming, however some respondents believed that there was a "beneficial flow-on from more people visiting Melbourne".

6.2.2 Summary of Ballarat stakeholder interviews: Entertainment and leisure and the expansion of gaming

- Stakeholder interviews in Ballarat indicated that gaming machines are a significant entertainment attraction for a segment of the city's population and the surrounding area.

- For the majority of gaming providers interviewed, the introduction of EGMs to Ballarat was welcomed as a positive contribution to revenue, providing the additional income for venues to improve and expand their amenities and improve their services.

- The introduction of gaming machines to Ballarat golf clubs "has meant their survival", according to some respondents. All the clubs with EGMs have been able to improve their facilities and thus expand membership and patronage. Stakeholders report that domestic visitors to Ballarat often see golf as an important part of the leisure-tourism offerings of the district. They agreed that the only local golf club without gaming machines can no longer compete with the other clubs in terms of facilities.

- Similarly, Ballarat stakeholders reported that the Dowling Racing Club wishes to link up with the regional tourism strategy but is disadvantaged by not having gaming machines.

- On the other hand, several Ballarat hotels without gaming machines have closed or changed the predominant focus of their business since EGMs were introduced. Some have converted to restaurants; another has become a nightclub; one now operates as a bed-and-breakfast facility. Many non-gaming stakeholders interviewed cited the introduction of gaming machines to some hotels and not to others as the most significant factor contributing to these changes.

- The challenge of gaming hotels had led to some innovative commercial responses. One hotel in the main street chose not to apply for EGMs and had "completely reinvented itself". Previously "just your average country town pub", the hotel now targeted a broad spectrum of local and passing motorway trade and had contributed to a revitalisation of the main street. This hotel had had several incarnations in the preceding years. At the time EGMs were introduced to Victoria the hotel relied on traditional high volume bar beer sales as its main income stream. However, the hotel owner decided not to apply for EGMs and moved to quality meals and wines in a bistro-style atmosphere. Much of the food served, including breads and sweets, is baked on the premises, employing a number of young local people in a variety of food and beverage occupations, including chef apprenticeships.

- Stakeholders viewed this change in the delivery of entertainment and leisure services provided by this hotel as a response to commercial pressures, partly due to the expansion of gaming. More generally, this example was viewed as a forerunner to increasingly innovative and diverse use of general hotel liquor licences.

- Management at another local hotel “did not consider gaming machines to be part of the quality product we’re trying to develop…we’re not appealing to the same market”. This venue considered itself as a part of regional tourism, and disputed notions that EGMs had added value to local tourism.

6.2.3 Summary of Ballarat stakeholder interviews: Community sponsorship arising from the expansion of gaming

- Gaming venues all reported sponsorship to local charities and groups. Sports clubs and senior citizens were seen as significant beneficiaries. “Kids are getting more sporting venues…subsidised coach tours for people on low incomes…although venues say they get more back from the patrons”.

- One hotel reported that it provides $20,000 a year to local projects, including community sport. Another said its sponsorship was “huge…we never say no to charities”.

- However, the Ballarat Sports Foundation has sought direct sponsorship from clubs and hotels with EGMs, without success.

- Non-gaming stakeholders were uniformly critical of the “low level” of sponsorship provided by the gaming operators, Tattersalls and Tabcorp, for regional tourism. The only support known to non-gaming interviewees was sponsorship to assist with promotion of the Masters Games and a single grant for maintenance of Heritage House.

- Respondents recognised sponsorship from the Community Support Fund (CSF) as a potential benefit for Ballarat tourism. However, several stakeholders criticised the administration of the CSF, noting that support was funded mainly via local government and is given only for infrastructure projects, not for local events or promotion. There was some praise for CSF funding given to the statewide signage scheme, although common views were that the scheme was "poorly administered", the level of funding is "inadequate", and that "Ballarat has not had its fair share".

6.2.4 Summary of Ballarat stakeholder interviews

Overall, Ballarat respondents had fairly clear views about the impact of the expansion of gaming upon tourism, entertainment and leisure in their region.

- Stakeholders clearly distinguished between the two aspects of the expansion of gaming, the introduction of EGMs to clubs and hotels and the establishment of Crown Casino.

- Stakeholder responses to questions regarding the impact of the introduction of EGMs on leisure, tourism and entertainment in Ballarat were not necessarily dependent on the relationship of the stakeholder to the gaming industry. Both positive and negative impressions regarding the impacts of EGMs were given by non-gaming entertainment and leisure service providers and by those involved in tourism.

- However, gaming providers and their beneficiaries (e.g. associated sporting clubs) were uniformly positive in their views about the impact of EGMs on their own business and its facilities and upon overall community leisure options.

- A majority of gaming providers took a balanced view: that EGMs were a revenue stream which could be delivered so as to complement their other endeavours and which enabled improved services to be offered in other business streams such as food and beverage.

- Several of these gaming providers had a negative view of other gaming providers who they perceived were too heavily oriented towards gaming, describing them as "gambling joints".

- Several non-gaming stakeholders argued that the current gambling policy arrangements entrenched a split of "haves and have-nots", which impacted on competition to provide entertainment and leisure services.

- Benefits to the Ballarat region accruing from EGM revenue were reported to include sponsorship of community events, support for sporting clubs and the provision of attractive and safe entertainment venues that encouraged social interaction and leisure activities.

- Overall, stakeholders did not perceive a strong link between the introduction of EGMs and tourism.

- However in relation to the establishment of the Crown Casino Complex there was a perception by many stakeholders that much of the gaming expenditure by local residents flows out of the Ballarat area, e.g. bus trips to Crown Casino from Ballarat and surrounding regions.

- Similarly, there was a view that tourism benefits which might have accrued to regional Victoria through the decline in bus trips by Victorian residents to NSW Murray border clubs to play EGMs had flowed largely to the Crown Casino and toward Melbourne in general.

6.3 The Murray River border town of Echuca

The town of Echuca is the Victorian part of the Echuca-Moama pairing on the New South Wales-Victoria Murray border. The NSW "twin town" of Moama has maintained high levels of gambling in its clubs in particular. In contrast to the way Ballarat stands out against its rural-regional surrounds, the primary factor in the development of Echuca's particular relationship to gaming has been its position as the non-gaming partner of this small Murray border population centre.

Table 6.3 Echuca, selected social statistics and indicators

	Total population 1996	People aged 0-14 years	People aged 65 years and over	Household income per capita	Gaming providers	EGMs
Echuca	10 216	2 288	1 512	254	2	Tattersalls: 64 Tabcorp: 20 TOTAL: 84

Source: ABS 1996 Australia in profile – a regional analysis, Cat.2032.0; ABS 1998 Regional Statistics, Victoria, Cat.1314.2; VCGA 1999 Baseline database project (BDP) http://www.gambling.vcga.vic.gov.au.

Echuca has only one gaming hotel, operated by Tabcorp, and one gaming club, operated by Tattersalls. Gaming continues to be concentrated in Moama.

6.3.1 Summary of Echuca stakeholder interviews: Tourism and the expansion of gaming

The development and consolidation of Echuca-Moama as a tourist location was uniformly considered to be a factor attributable to the region in its entirety. Echuca-based stakeholders did not make claims for their attractiveness to tourists distinct from Moama.

There was general agreement between gaming and non-gaming stakeholders that the introduction of EGMs to Victoria had not contributed to tourism in the region. While tourism to Echuca-Moama has grown, gaming venues in Moama had lost part of their Victorian gaming market.

- Representatives of umbrella regional bodies explained that they market the district as a whole, promoting facilities on both sides of the Victorian (Echuca) and NSW (Moama) border. The Echuca-Moama Tourism Association stated that it works cooperatively with Tourism Victoria, Country Victoria Tourism Council and with Goulburn-Valley Waters tourism providers.

- According to respondents Echuca-Moama region has a "long-established reputation" as a popular tourist area. Factors cited as favourable to the region included being "close to Melbourne and within two hours drive of Tullamarine [international and domestic airport], good weather" and its site on the Murray River. These factors have helped make the Echuca-Moama region an attractive "short-break location" since the 1980s.

- Stakeholders estimated that approximately 70% of total visitation to the region comes from Melbourne.

- One tourism representative reported that tourism to the region has grown dramatically since 1992, currently with 1.6 million visitors a year. The region's tourism strategy is events focussed, aiming to attract day-trippers as well as longer visits. International tourism also has grown substantially as a result of the region's marketing campaign. Geelong and Ballarat were reported to have become tourism target markets. Another growth market identified was 18-35 year olds with relatively high incomes. This group was claimed to have had a positive impact on bed-and-breakfast facilities.

- Stakeholders reported that in recent years many Echuca-Moama clubs, hotels and other leisure providers have attempted to market quality tourism as a "packaged experience". Hotels have been renovated, clubs have introduced live bands and improved their dining facilities. These changes have occurred in venues on both sides of the border, both with and without EGMs. However stakeholders reported that those Moama clubs which had boomed through cross-border gambling revenues "had really felt the pinch" and in some cases "just about gone to the wall".

- Stakeholders agreed that many Victorian visitors no longer come to the region for gambling, but to enjoy the holiday and leisure facilities (showrooms, live bands, golf, etc). Gambling provides "added value". "We have become a tourist attraction in itself, rather than a gambling attraction". The major source of income is meals and accommodation.

- The opening of Melbourne's temporary casino in 1994 also had a negative short-term impact on gambling providers along the Murray. One stakeholder reported that many towns had "suffered greatly" and clubs were forced to close down.

- However, a general perception that came through quite strongly was that the flow of visitors away from Echuca-Moama to Melbourne has begun to be reversed: "the novelty of Melbourne has worn off".

- A frequently expressed view was that heightened competition among Echuca's clubs and hotels has not been due to EGMs but to the increased regional emphasis on tourism and the need to attract visitors.

6.3.2 Summary of Echuca stakeholder interviews: Entertainment and leisure and the expansion of gaming

- The opening of the permanent Crown Casino had a major impact on the opportunities and standards of entertainment: "smaller places along the Murray cannot afford to have major shows and performers due to the casino providing such great facilities. Echuca and Moama cannot compete".

- Some stakeholders expressed the view that the introduction of EGMs to Victoria has not had a major effect on the Echuca region because Moama's EGMs have been part of the area's attraction for decades. Prior to the introduction of gaming machines, gaming venues in NSW were a drawcard, attracting Victorians to Echuca to gamble across the border.

- However, other respondents identified gaming as the catalyst for change, reporting that tourism dropped 30-40% in 1994-95 after EGMs were introduced to Victoria.

- Within Echuca, stakeholders' assessments were consistent: there is relatively little interest in the expansion of gaming in relation to entertainment due to the fact that gaming machines had been readily available in its twin town of Moama across the NSW border for many years. Interviews with hotel and club managers in Echuca indicated that none of them were interested in applying for EGMs. Each hotel was well established and had developed its own 'niche' market.

- Stakeholders in Echuca, unlike those in Ballarat, did not believe that current gambling legislative and policy arrangements had affected competition between venues or their capacity to provide leisure, tourism and entertainment facilities.

- Stakeholders expressed the view that the sole club in Echuca with EGMs has shifted its main focus from sporting activities to gaming. One stakeholder described the club as "old fashioned" and "not ready for change". However, gaming machines have enabled the club to upgrade meals and other entertainment facilities. Stakeholders reported that this club attracts people over 45 who like the club atmosphere and "a cheap meal and a gamble".

- While the club itself reported that it sponsors small events, other stakeholders indicated that their requests to the Echuca gaming venues for direct and indirect sponsorship have had little or no success. Rather, community and business groups in Echuca receive sponsorship from NSW clubs and hotels.

6.4 METROPOLITAN MELBOURNE

The perspectives provided by the three gaming operators (Tattersalls, Tabcorp and Crown Casino), all based in Melbourne, were different in many respects from those provided by the majority of non-gaming stakeholders in Melbourne and by most stakeholders in other regions of Victoria. There were pronounced differences of opinion between the large gaming operators and other gaming and non-gaming stakeholders about various aspects of the impact of gaming on tourism, leisure and entertainment.

The majority of gaming and non-gaming representatives interviewed in Melbourne agreed that Crown Casino had brought considerable tourism and leisure benefits to Melbourne, but that this has often been at the expense of other leisure and entertainment providers.

There was general agreement, however, that there had been significant changes in leisure preferences and spending patterns. Competing forms of entertainment were seen to be impacting on discretionary income expenditure and how people spend their leisure time.

6.4.1 Summary of stakeholder interviews: Tourism and the expansion of gaming

Stakeholders from the tourism and leisure sectors were generally of the view that there have been significant and positive changes in Melbourne in the period coinciding with the introduction of EGMS to clubs and hotels in 1992 and the opening of a Melbourne casino in 1994.

Comments from stakeholders reflected a strong general positivity about the "direction" of Melbourne as a destination and as an inner-city residential location:

- "the social face of Melbourne has changed; the city area itself has changed enormously in its character and hence brought a different social pattern";

- city infrastructure changes, including promotion of Melbourne as a tourist destination, had changed Melbourne from "a city in decline to the renaissance city of Australia - a real success story".

Stakeholders referred to a number of specific changes in what Melbourne had to offer. The most significant changes affecting tourism included:

- addition of new tourism 'products' such as Crown Casino, boutique hotels, serviced apartments;

- the addition of additional airline flights to Melbourne, direct international services and major improvements to the airport;

- the Melbourne Exhibition and Convention Centre (MECC). Other improvements in convention facilities (food, wine) have increased national and international visitors;

- success of the Melbourne Convention and Marketing Bureau (MCMB) and the Major Events program in attracting cultural and sporting events of national and international importance.

Although stakeholder opinion about overall change in Melbourne was uniformly positive, stakeholders considered that the expansion of gaming has brought both benefits and costs. Examples of benefits which stakeholders considered were linked to the expansion of gaming included:

- Crown Casino has added a significant new tourism product to Melbourne that has been particularly attractive to the Asian market. It brought people to Melbourne who would not have come otherwise;

- the close proximity of the casino, Southbank, the MECC and Federation Square has assisted integration of the city's tourism strategies and services;

- Crown's advertising had also provided additional and valuable positioning for Melbourne in the domestic tourist market, "It gave Melbourne another story to tell". The casino is perceived as a "significant part of the tour package" for interstate tours to Victoria;

- bus trips from Melbourne suburbs and regional Victoria to Crown Casino are popular. Bus operators reported that on "good days" up to 80 coaches travel in and out of the casino. "The casino is a drawcard; it sucks people in". Suburban trips increased to an extent that "the casino had to stop the buses". In contrast to Murray River gaming tours, bus operators expressed the view that suburban day trips allowed them to "better utilise" their buses, undertaking other jobs whilst patrons were at the casino;

- Crown Casino subsidises bus trips: "If a club [or a company] asks for a trip, they get it". The casino offers a meal voucher and a $5 gaming voucher; it also provides 'greeters' on the bus. There was general agreement by bus operators that "no one asks for buses to go to clubs or hotels";

- one stakeholder indicated that Crown Casino had "added one of the pieces of infrastructure" for national conventions and had been a factor in the fifteen per cent annual rise in visitors to exhibitions such as the Motor Show;

- one major impact of the expansion of gaming noted by stakeholders was in relation to cross-border gaming. Prior to 1992, it was agreed, the New South Wales border clubs along the Murray River were major beneficiaries of Victorian domestic tourism, providing accommodation, entertainment and other tourism and leisure facilities for Victorians who visited the region to play gaming machines in NSW venues. It was widely held that

Victoria had reclaimed a large proportion of this tourism export dollar, which had re-oriented to intrastate trips – particularly to Crown Casino.

Some stakeholders expressed doubts about linkages between the performance of the tourism sector and the expansion of gaming.

- A number of non-gaming stakeholders were of the view that "tourism and gambling are not really related", some arguing that the casino also can have negative effects on tourism. Asian gamblers, for example, "are cancelling tours because they are spending so much time and money at the casino".

- Doubts were expressed about the longevity of any benefits for day trip tourism arising from the establishment of the Crown Casino, with some stakeholders suggesting that the novelty of the casino for Victorians "might wear off".

Other stakeholders perceived the establishment of the casino as entailing some costs to tourism operator.

- Junket tour operators also were criticised for not assisting the wider tourism industry. By encouraging players to spend their time in the casino, it was argued, "they are not giving visitors the best experience".

- Others expressed the view that, with the exception of Las Vegas and Atlantic City, "gaming does not fit into the convention business…the impact of having a major casino or EGMs is incidental to the decision as to where you go to hold a function".

- It was suggested that a casino can have a negative effect on convention tourism. When the temporary casino was part of the convention centre, people could not distinguish the two facilities. It was argued that this could have discouraged religious groups or others with moral objections to gambling, e.g the World Baptist Conference booked into the convention centre in 2000.

- Stakeholders were of the view that Crown Casino has made no difference to corporate business.

As regards the introduction of EGMs to hotels and clubs and tourism, a consensus emerged from the stakeholder responses.

- Stakeholders regarded the impacts of EGMs as being far less likely to be beneficial for tourism than the establishment of Crown Casino.

- They agreed that club and hotel gaming was aimed mainly at local residents with little appeal for tourists.

- One stakeholder cited the *Lonely Planet* travel guide's critical assessment that Melbourne's hotels had lost some of their distinctive character and attraction because of the introduction of EGMs.

Rather than being related to the expansion of gaming, the general growth in tourism was agreed by all stakeholders to be due to more general changes in Victorian tourism strategies and to changes in the structure and functions of local government.

- As one stakeholder commented, "Local government structures are the foundation of [Victorian] tourism structures". Whilst support by agencies such as MCMB, Tourism Victoria and the Country Victoria Tourism Council was also acknowledged.

6.4.2 Summary of stakeholder interviews: Entertainment and leisure and the expansion of gaming

There was general agreement that there had been significant changes to peoples' leisure activities and entertainment preferences in recent years that were unrelated to the introduction of gaming. The diversity of leisure opportunities, the emergence of discrete market segments (the affluent young, self-funded retirees) and increased competitiveness between leisure providers have altered the way people are spending leisure time.

Gaming was identified as a key recent factor in a more competitive Victorian leisure environment and was viewed by some stakeholders as a "potential threat" to other leisure and entertainment providers. The development of new shopping centres with entertainment also was seen as an emerging threat.

Stakeholders agreed that certain overall positive impacts in the entertainment and leisure sectors stemmed from new developments in Melbourne's leisure facilities. The Crown Casino complex was viewed as an integral part of this perceived improvement.

- Improvement in levels of quality and professionalism at all levels of accommodation, dining and entertainment services was noted. Examples of market leaders in this change were nominated as Southbank and the Yarrabank developments, with their restaurants and entertainment facilities.

- New developments at Federation Square and the new Museum were praised for their quality.

- In this context, Crown Casino was seen by Melbourne stakeholders as both a gaming venue and as an entertainment venue that had attracted people back into the city during the day and at night.

- The opening of the permanent Crown Casino in 1997 was seen as a "turning point", providing a range of leisure activities including gaming, retail shopping, dining and entertainment. Prior to that, the temporary casino "functioned primarily as a gaming venue".

- It was agreed that Crown Casino had provided a focus for, and enhanced the development of, attractive retail and restaurant facilities on Southbank.

- Stakeholders agreed that the integration of the casino with other Southbank outlets had improved entertainment and accommodation facilities throughout inner Melbourne. "Crown has become a benchmark for the rest of Melbourne".

- Crown Casino's hotel has set a new standard for quality and service that has encouraged other Melbourne hotels to upgrade and improve amenities. One tourism stakeholder commented that the casino cannot accommodate all the visitors and there has been a "spill-over" to other city hotels.

- The Casino has encouraged use of the riverside promenade, which in turn has raised awareness and use of nearby public parks.

It also was agreed by most of the metropolitan stakeholders interviewed, however, that the opening of Crown Casino had adversely affected some of the precincts of City of Melbourne.

- Perceptions of the city precincts or suburban strips that had lost business to the casino included Lygon Street's cafes and restaurants, Chinatown, Chapel St and Toorak.

- Comments such as "Lygon Street was a vibrant little community but now it seems sad, stale…it has not moved with the times", reflected these perceptions.

In relation to the introduction of EGMs to hotels and clubs it was generally considered that gaming and non-gaming venues were operating under very different conditions.

- Stakeholders agreed that Melbourne clubs and hotels also had improved the standard of their leisure and entertainment facilities since the introduction of EGMs.

- Gaming venues were seen to provide safe and pleasurable leisure and entertainment facilities that are accessible to all groups in the community. "Even small corner pubs have been revitalised into the most wonderful establishments - comfort, security - because they can afford it now".

- While it was agreed that venues with EGMs had made the most significant improvements, several stakeholders also gave examples of non-gaming venues that have "reinvented themselves". Most stakeholders directly linked such 'reinventions' with either the need to remain competitive with gaming venues, or with a desire to take up a niche market position not in direct competition with gaming.

Negative impacts were perceived in the area of changed patterns of entertainment and leisure.

- Stakeholders stated that the expansion of gaming had drawn people away from more traditional leisure and entertainment activities, and from smaller suburban and country venues. For example, gaming machines have had a negative effect on suburban movie theatres; and “traditional hotel entertainment is in decline; the areas have been turned into gaming rooms”.

- Several non-gaming stakeholders gave examples of non-gaming clubs and hotels that have been unable to compete and were struggling to remain viable.

- A number of non-gaming stakeholders reported that EGMs had a negative effect on retail as a leisure activity, particularly in country towns and low socio-economic areas. There was general support for the government's ban on EGMs in shopping centres. “The option to spend your money on gambling instead of retail should not be there”.

Live performance opportunities

- Musicians expressed the view that the expected growth in the demand for live music in gaming venues did not happen. In particular the amount of live music performance opportunities in hotels had fallen away. However, there appeared to be an increase in live performance opportunities in gaming clubs that had improved their facilities. Stakeholders reported that this avenue was regarded as being primarily for certain kinds of “nostalgia” or “revue” performers, rather than for “new and original talent”.

- The opinion was also given that some of the large Melbourne venues for international acts are used less often (e.g. Festival Hall) since EGMs were introduced. They indicated that the Casino attracts the high profile performers.

- Other stakeholders argued that many of the changes that have occurred should be attributed to the widening choice in entertainment. Many clubs and hotels now offer a “whole entertainment package” that includes EGMs as part of a broader palette that also includes bistros, trivia nights, poetry readings, sports and DJs.

- It was agreed by gaming and non-gaming stakeholders that only relatively large gaming venues had the additional revenue to develop showrooms and pay “big name” performers. This has been beneficial for large venues in regional towns: “these things would never normally take place in town”.

- A tourism representative expressed the view that gaming in suburban clubs and hotels has not affected the amount of money spent on bigger shows and exhibitions in Melbourne; attendance is increasing each year.

The racing industry

- Racing representatives saw racing retaining its share of the entertainment and leisure market because it was a “more skilful, knowledgeable and entertaining” activity than playing EGMs. “EGM patrons are not generally racegoers”, expressed the view that EGMs and the racing industry were not necessarily in direct competition. However, on the positive side of the ledger racing representatives noted that some gaming machine players (e.g. women who frequent the gaming area at racetracks) are starting to show an interest in racing.

- Racing representatives also commented that all the gaming venues at Victorian racetracks have been successful.

- Racing stakeholders considered that gaming revenues had been instrumental in the resurgence in Victorian racing which has seen it firmly established as the Australian market leader. Revenue from EGMs had funded and improved racing club facilities, giving an indirect boost to membership. Other spin offs from the increased wealth of the racing codes had been a flow-on in investment in the industry including improved volumes of horse sales and higher prices.

- The racing industry's marketing strategy aims to attract young people and women to wagering, and gaming revenues have provided valuable cash flow for this program.

Employment

- Stakeholders generally agreed that gaming had generated employment, mainly by boosting the need for staff in the food and beverage areas of gaming venues. This was seen as part of a broad entertainment package: "going out, playing on gaming machines, eating and having a few drinks".

- Many gaming representatives cited the City Dynamic study estimate that the Southbank development, including Crown Casino, had increased employment in the city by 30% and has changed the way the city is developing.

- Multiskilling of staff was identified as essential in most gaming venues, as staff were required to work across a number of areas. Consequently there had been increased demand for hospitality training programs that included gaming as a component. The demand for training courses had slowed after the moratorium on the number of EGMs was introduced in 1994.

- Several people interviewed indicated a difference in the employment growth between Melbourne and regional Victoria. Each has experienced an upward trend, but growth has been more significant in Melbourne. Some non-gaming stakeholders suggested that the extension of trading hours had been the critical factor, driving "lifestyle changes [and] a huge consumer shift towards external consumption of hospitality services".

- Catering in hotel and clubs in regional Victoria was reported by non-gaming stakeholders as not performing at the same level as restaurants, cafes and bistros that have increased their market in recent years. It was suggested that this difference might be due partly to licensing and drink driving laws.

- Representatives of the hospitality sector reported that Crown Casino "drew a lot of staff and caused a skill vacuum" when it first opened. However, some staff "did not like the career change" and returned to other parts of the industry. On the other hand, Crown Casino has recruited and trained staff new to the industry who have moved on to other hospitality jobs in Victoria.

Other impacts

- Gaming related crime was not seen as a major problem although one gaming stakeholder expressed concern about the "missing money issue" in clubs and hotels with EGMs, with increasing pressure on employees and managers as revenues had increased.

- One non-gaming interviewee reported that sex workers had experienced a significant drop in business, particularly inner city establishments. "Sex workers and gambling are competing for the same dollar, and gambling wins".

6.4.3 Summary of stakeholder interviews: Gaming policy impacts on entertainment and leisure

One theme which emerged strongly from the interviews with non-gaming stakeholders was concern about the impact of gaming policy arrangements upon the ability of clubs and hotels to "compete" in the leisure and entertainment sector of the Victorian economy. In general, these stakeholders expressed strong views about differential access to this market created by the "inequities that have occurred in the industry" due to the structure of gaming policy. These stakeholders were particularly concerned by the fact that some clubs and hotels have been able to use gaming machine revenues to consolidate their market position while others have not.

- There was agreement that the situation was not one of normal market competition between venues.

- Rather, market position resulted, more or less directly, from a combination of two principal policy factors.

    1. The statewide 'cap' restricting the total number of club and hotel EGMs to 27,500.

       This has allowed clubs and hotels that had been granted EGMs prior to this moratorium to improve their facilities and attract new markets, while clubs and hotels without gaming machines had been seriously disadvantaged in an increasingly competitive market. Non-gaming stakeholders expressed concern that 80-90% of clubs and hotels in Victoria are "locked out of the market". While some venues are able to prosper from gaming revenues and improve their restaurants and leisure facilities, the majority of clubs and hotels "struggle to maintain market share. The odds are stacked against them".

       This perceived inequity between gaming and non-gaming venues was seen by non-gaming stakeholders to be most pronounced in regional Victoria: "The biggest and most valuable asset in a country town is usually the pub. If it does not have pokies it will be run down and useless but with machines it is thriving". Comparisons were drawn with the situation in NSW and Queensland where all clubs and hotels are eligible to apply for EGMs.

2. The duopoly powers of the two gaming operators that operate EGMs in clubs and hotels, Tattersalls and Tabcorp.

   A number of non-gaming and gaming stakeholders argued that inequities between “the haves and have-nots” have been exacerbated by the duopoly power of Tattersalls and Tabcorp. There was particular concern that Tattersalls and Tabcorp have the power to establish competitive gaming turnover levels for their contracted venues and to remove EGMs that do not perform to expectation. The view was expressed that “Tattersalls and Tabcorp have been able to manipulate the market to increase turnover, like a form of franchising”.

   Stakeholders were highly critical of the decision to remove the regulatory provision that required VCGA approval of management agreements between venues and the two gaming operators and of any changes to the contracts. On this issue, a number of both gaming and non-gaming stakeholders held the view that the policy framework is “flawed” in that it allows Tattersalls and Tabcorp to “set the rules for licensed venues and to impose turnover targets…the major benefits flow to Tattersalls and Tabcorp”.

   Particular concern was voiced by gaming representatives about the lack of “security of tenure” of gaming venues over EGMs. A common view was that “all venues with EGMs are under constant pressure to improve machine performance”. The view was expressed that this can lead to venues “turning a blind eye to problem gambling”, that “venues that do not wish to enter into frenetic activity to attract more gamblers… tend to lose their machines”.

Concern about the impact of these gaming policy arrangements upon the entertainment and leisure sector was illustrated through common stories regarding the consequences for individual clubs and hotels.

- Examples were given by gaming stakeholders of venues that, on application for gaming machines, were advised by their gaming operator to renovate or refurbish their premises, often at considerable expense and, in some cases, extensive debt. On some occasions, the venue was not granted any EGMs at all. In other cases, the machines were progressively removed when they did not achieve the performance targets set by the gaming operator. Stakeholders reported that some venues had acted on advice, from a gaming operator, to improve their facilities but still had under-performing machines removed. Some of these venues were left with large debts and reduced levels of additional anticipated income from EGM revenue to service that debt.

- Gaming stakeholders reported that, following complaints from industry representatives, a “system of comparative turnover” was introduced, whereby the gaming operators have to demonstrate that a venue’s EGMs are “under-performing”.

- Non-gaming stakeholders claimed that the comparative turnover system also adversely impacts on the provision of other leisure and entertainment facilities, in that gaming venues can be advised to “sacrifice other profit centres” to achieve high gaming turnover.

Specific examples given included venues that had been advised to discount meals and other services to attract more patrons and thus increase gaming turnover.

- In confirming the existence of such practices designed to improve EGM turnover, some gaming providers interviewed were critical of "outside pressure" on management practices. Interviewees generally agreed that under these arrangements gaming tends to drive leisure service provision in venues with EGMs. "Low profile clubs have been pushed into the commercial world…to push gambling".

- For example, one successful gaming hotel was highly critical of the pressure applied to venues by the gaming operator, to provide free breakfasts that attract a large crowd at 7am. Despite these pressures, the hotel has ceased gambling promotions (e.g. incentive programs), offered only tea and coffee at the machines and does not offer "happy hours" or complementary meals. "I want to be seen as responsible". This venue also has not introduced loyalty cards for EGM players, commenting "that's probably why we haven't got more machines".

- One gaming stakeholder also expressed a belief that some clubs with EGMs have been designed to "get around the 50:50 rule" or are "sham clubs". This interviewee suggested that the two gaming operators "realised they could do better with entrepreneur type organisations that…manipulate the system so they fit the rules to become a club that has only commercial imperatives and no club imperatives….They are legally a club, but they have been set up just to run gaming".

- It also was suggested that there is a trend to concentration of ownership of Victorian venues with EGMs, by groups such as ALH Group P/L. "There are approximately 260 clubs and hotels with EGMs. About half are owned by 10 venue operators".

- Several gaming and non-gaming stakeholders in Melbourne were concerned that the emergence of "entrepreneurial clubs" and concentrated hotel chains would result in the centralisation of large gaming venues in suburban and larger regional centres of Victoria such as Ballarat and Geelong. It was argued that "this will have particular impact on country Victoria because small towns can't support [large gaming venues]…. It will affect their leisure opportunities".

- Stakeholders generally agreed that the problem is most severe outside inner Melbourne, in suburban and country areas that do not allow scope for as wide a diversity of leisure activities. Non-gaming venues in densely populated metropolitan areas have greater capacity to develop alternative niche markets such as bistros.

- The problems and inequities also were seen by many non-gaming respondents to be more severe for clubs than for hotels. It was argued that country hotels have a greater capacity to develop new markets than would a golf club, for example. "What do you do if you're a golf club and you don't have machines, but the other golf club down the road does…they can offer cheaper membership, better greens because they have the cash flow".

- Specific examples were provided of areas that have experienced 'inequities' between gaming and non-gaming venues: Ballarat, Echuca, Footscray, Geelong, Hamilton, Horsham, Kilmore, Northgate, Penshurst, Preston, Sale, Williamstown Wonthaggi.

- Other areas were cited by stakeholders to illustrate regions without EGMs where clubs and hotels have prospered from tourism and alternative leisure options, for example Port Fairy.

- One interviewee was highly critical of the ten kilometre rule for club entry.

6.4.4 Summary of stakeholder interviews: Gaming operators

There was general agreement by gaming stakeholders that the establishment of Crown Casino and the introduction of EGMs to clubs and hotels had been a catalyst for improvement in leisure and entertainment options throughout Victoria. The view was expressed by one gaming operator that gaming "is tapping into popular culture".

However gaming operators agree that Crown Casino is a quite different gaming and entertainment facility from clubs and hotels with EGMs.

Crown Casino

- Representatives of Crown Casino stated that Crown's customer profile shows they are interested in a variety of activities, not just gaming. Crown promotes the full range of entertainment options in the complex and in Melbourne, and prepares itineraries for high-spending guests that include golf, visits to wineries, shopping, tickets to special events, etc.

- Crown representatives estimated that Mahogany Room customers spend about $40 million in the community outside the Crown complex. Approximately one billion dollars of economic activity is generated annually on site.

- The high-roller market predominantly comes from Asia. International marketing associated with the launch of Crown Casino attracted the largest response from Singapore, Hong Kong and Taiwan. It is not permitted to promote casino gambling in some parts of Asia, so Crown has launched the Crown Entertainment Complex 'brand' with some success. The entertainment complex is promoted as a whole.

- Despite the economic downturn in Asia, Crown has maintained all its Asian offices and continues to attract a large Asian clientele. It has established a significant network with Australian and international tourism agencies, and with travel agents in Asia.

- India, the Middle East and China were identified as potential future markets, but the lack of direct airflights and difficulties with visa requirements present a barrier at present.

- Crown representatives described having assisted development and promotion of the Major Events program in Victoria (e.g. the Grand Prix, Masters golf, Melbourne Cup, Australian Open tennis tournament), and having benefited from additional casino revenue as a result.

- Crown representatives also reported working more closely with Tourism Victoria to attract visitors to conventions and exhibitions. The relationship with Tourism Victoria has improved: "each understands each other's motives better now than in the beginning". The view was expressed that the Australian Tourism Commission "understands Crown's market a lot better" and brands Australia in Asia as a gaming and casino attraction.

- Crown representatives described two distinct groups in the local market: table game players, and machine players. Crown promotes its perceived differences with clubs and hotels, emphasising variety of entertainment options, social activities and a distinctive, exciting environment.

- The local market is "very solid" and is assisted by a bus program. Crown does not provide buses from rural Victoria, although many tour operators incorporate the casino in their trips to Melbourne.

Tattersalls and Tabcorp

Perspectives of the two EGM gaming operators (Tattersalls and Tabcorp) contrasted sharply with the views expressed by many non-gaming stakeholders and some gaming providers, especially with regard to contractual arrangements and business practices.

- Gaming operators expressed the view that the success of EGMs as "leisure and entertainment products" was to place the right machines in the right venues. The process was argued to be "demand driven", with the gaming operator (not the venue) making the final decision.

- Commercial strategies were identified by the gaming operators as critical to this process: assessment of the demographic profile of the venue to decide where the demand for machines exists and to identify "the likeliest gaming machine players", coupled with regular refurbishment of venues to maintain their appeal.

- The gaming operators strongly defended their contractual authority to establish performance levels and to transfer the gaming machines to another venue at any time.

- The view was expressed that 'there are not enough venues out there to serve existing demand".

6.4.5 Summary of stakeholder interviews: Sponsorship by gaming operators[186]

Perspectives on the impacts of gaming sponsorship varied, with gaming providers expressing a significantly more positive view than non-gaming stakeholders.

- Crown Casino representatives stated that applications from sports bodies are "treated on their individual merits".

- Crown Casino sponsors cultural events such as the Dragon Boat Races during the Moomba festival, supports ethnic art and finances performances by various ethnic groups in the Crown showrooms.

- Tourism Victoria receives one million dollars a year (for five years from the casino opening) from Crown Casino for marketing and promotion of Melbourne.

- Tabcorp representatives reported that the company encourages sponsorship by venues. A module on community relations has been developed as part of Tabcorp's performance program for venues, including information on sponsorships, dealing with the media, etc.

- Tabcorp also has its own sponsorship arrangements with venues (e.g. Surf Lifesaving Victoria) and specific events (e.g. the Interdominion harness race).

- Support for regional tourism bodies varies from region to region. "Tabcorp will do something centrally and marketing will follow up in local areas".

- Tattersalls sees itself as a "benevolent organisation with a tradition of philanthropy". To guide this activity, the company conducts market surveys to monitor community needs and values.

- Tattersalls is made up of two divisions (Gaming and Lotteries) that contribute to corporate activity, including the generation of income for sponsorship and distribution to charities.

- Tattersalls representatives stressed that the company perceives corporate sponsorship as an important activity undertaken for two different purposes:

    1. 'profit-centre' sponsorship is undertaken through its two profit centres - Lotteries and Gaming - to generate business for Tattersalls. Each profit centre (Gaming or Lotteries) can independently become involved in sponsorship and charitable donations; although charitable sponsorships are rare under this mechanism. "Conventional commercial

[186] Gaming venues (clubs and hotels) associated with Tattersalls and Tabcorp also contribute to community activity in their own areas. Information about this was provided to the VCGA for earlier studies (Hames Sharley 1997 *Community Facilities Resulting from the Providers of Gaming in Victoria*, VCGA, Melbourne and Market Solutions 1999 *Hotel and Club Industry Gaming Impact Study*, VCGA, Melbourne).

criteria" are applied to select one sponsorship over another. The aim is "to maximise exposure of Tattersalls for the purpose of selling the product". For example, this form of sponsorship can include the placement of promotional signs at the Melbourne Cricket Ground;

2. 'corporate' sponsorship is directed at "protecting and enhancing Tattersalls' corporate image…as benefactor". It is the view of a Tattersalls representative that "the public does not associate Tattersalls with commercialism; corporate sponsorship aims to protect this view". The approach is therefore a "low profile" one in which the corporation seeks to "support battlers" and low profile sports. One representative said that much of this sponsorship is done anonymously. The view was expressed that Tattersalls' corporate sponsorship would not be given to a participant in the Grand Prix, for example, although 'profit centre' sponsorship could do this.

- Tattersalls' sponsorship and contribution to charities is in the order of $5 million each year of which $4 million goes to charities and $1 million is for corporate sponsorship. Of this $5 million the Gaming Division contributes approximately 70% and Lotteries Division 30%.

- Corporate sponsorship commenced in 1995/96 and is operated through the Public Affairs unit of Tattersalls. Costs of program administration (approximately $150,000 per annum) come out of this amount. This figure has stayed static despite profit fluctuations. The corporate sponsorship money is spent over four jurisdictions (Victoria, NSW, South Australia and Tasmania) but 90% is spent in Victoria. Large sponsorships require the approval of the Board.

- Charitable donations are linked to Tattersalls profit levels; therefore they have increased over the last few years as Tattersalls' profits have increased.

Examples of corporate sponsorship by Tattersalls include the following.

- Athletics Victoria 1998-2000. No amount given. The aim of this sponsorship has been to provide extra competition for athletes during the lead up to the 2000 Olympic Games. The sponsorship provides the opportunity for all to compete in events free of charge.

- Tattersalls Cup Cycling Series. $45,000 pa. The aim is to support the running of a series of cycling road races in various provincial towns as a preliminary program to the Vic Health Herald Sun Tour, the main cycling road race in Victoria (see below). Competitors who are successful in the Tattersalls Cup Series can qualify to enter into the bigger event. Tattersalls does not sponsor individual riders; rather the race series is sponsored. Each event is started in front of a Tattersalls outlet (clubs, pubs, etc.). The local council is involved and usually the Mayor starts the race. It is not aimed at attracting the best riders in the country but rather to provide an opportunity for more people to compete than would otherwise have been the case.

- A team in the VicHealth Herald Sun Tour. $22,000. Two cyclists are selected from the Tattersalls Cup Cycling Series and three other cyclists are brought over from USA to create a five-person team, which is sponsored by Tattersalls.

- Lawrence O'Toole, a successful wood chopper. Tattersalls regards wood chopping as a low profile sport that is popular in provincial areas.

- A member of the Holden car racing team. Tattersalls selected the current recipient because "he is young and needs an opportunity in the driving championships". The representative stated that Tattersalls would not sponsor a driver who is already successful; they will end the sponsorship when the current driver becomes successful.

- Tattersalls Hobart Chargers, a team in the second level of the national basketball competition. They were chosen for sponsorship because they need the support to keep going. Tattersalls' Tasmanian corporate activities makes this sponsorship relevant.

- Other sponsorships including: the National Boys Choir; Green Fleet - an environmental group trying to combat exhaust emissions; a tour of OZ Opera to regional centres of Victoria; Musica Viva; International Chamber Music Competition; and Neighbourhood Watch.

6.5 SUMMARY OF COUNTRY VICTORIAN TOURISM COUNCIL (CTVC) SURVEY

- Overall, respondents to the CTVC survey believed that the expansion of gaming had reduced the amount of disposable income available for tourism, leading to a mild and uneven contraction in their overall business opportunities.

- A reduction in numbers of day trips, particularly by older Victorians, was reported and attributed, at least to some extent, to the expansion of gaming.

- Difficulty was reported by those regions whose target market is a relatively lower socio-demographic sector of the Victorian intrastate tourism market. This was attributed directly and substantially to the expansion of gaming.

- Several respondents reported an increased level of interest in club gaming venues. Cheap meals, a safe and quiet environment and facilities for children were the important factors mentioned.

- One respondent suggested that gaming activities had improved leisure facilities in rural areas and that the Community Support Fund has similarly improved rural tourism infrastructure.

- A number of respondents criticised gaming venues for not participating in wider promotions and tourism marketing strategies. These respondents claimed that the gaming venues did not see themselves as tourism venues but as purely leisure businesses.

- Lodden Shire reported that although tourist activity and occupancy rates dropped off initially, following the expansion of gaming, a steady recovery had occurred.

- A Philip Island respondent reported that the downturn in Asian visitors to Phillip Island had been higher than the downturn to Melbourne as a result of Asian economic difficulties. One site of leakage had been Crown Casino, however the extent of this leakage was unknown.

- Murray border respondents reported a distinct fall in coach visitors.

6.6 CONCLUSIONS

The stakeholder interviews conducted for this study revealed a wide diversity of opinions about, and perspectives on, the relationships between the expansion of gaming and tourism, entertainment and leisure.[187]

- The gaming operators and a clear majority of club and hotel venue stakeholders that are gaming providers tended to be strongly positive about the impacts of the expansion of gaming on tourism, leisure and entertainment.

- A minority number of club and hotel venue stakeholders that are gaming providers were negative about the impact of the expansion of gaming on entertainment and leisure. In all such cases, negative sentiment stemmed from interrelated issues regarding management decisions, commercial strategies and management contracts with gaming operators.

- Club and hotel venue stakeholders, and their representatives, who are not gaming providers, tended to be mildly positive about the overall impacts of the expansion of gaming on tourism, entertainment and leisure, but strongly negative about the differential nature of the allocation and distribution of gaming resources.

- Tourism operators were, overall, neutral about the impact of the expansion of gaming on their industry, although they clearly acknowledged a reorientation of intrastate travel away from border sites and to Melbourne. They were mildly positive about the impact of the Crown Casino Complex on the promotion of Melbourne as a destination, although they believed that this was embedded as part of a broader improvement in the city's appeal and marketability.

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[187] This diversity of opinions has also been voiced in other recent forums, for example submissions to the Productivity Commission Inquiry into Australia's Gambling Industries and the Victorian Local Government Association Conference, (both 1999.)

- Musicians and live performers were, overall, strongly negative about the impact of the expansion of gaming on entertainment and leisure, believing that the introduction of EGMs to hotels and clubs had reduced opportunities for live performance. However, increased opportunities for certain types of performers in clubs that are gaming providers and have upgraded their facilities in recent times was acknowledged.

In general, there was strong agreement by interviewees in all regions that the introduction of EGMs to hotels and clubs had changed the leisure and recreation expenditure patterns of significant socio-demographic sectors of the Victorian community.

The following table (Table 6.4) summarises the impacts of the expansion of gaming as they are perceived by key stakeholders making up the interview sample of the research.

Table 6.4 Impacts of the expansion of gaming on tourism, entertainment and leisure

	Individuals & families	**Communities**	**Regions**	**State**
Establishment of casino **positive impacts**	Entertainment options Improved service and quality in hospitality sector	Business opportunities from increased visitor numbers to Melbourne Community Support Fund projects	Community Support Fund projects	Destination enhancement Reduced interstate expenditure leakage Increased visitor numbers
negative impacts	Reduced discretionary income for other leisure options or tourism	Decreased local leisure expenditure	Decline in bus trip visitors	
Introduction of EGMs to hotels and clubs **positive impacts**	Entertainment	Leisure facilities Sponsorship of community groups Innovative non-gaming licensed premises	Leisure facilities Tourism accommodation and conference facilities	Reduced interstate expenditure leakage
negative impacts	Decline in live performance opportunities in hotels Reduced discretionary income for other leisure options or tourism	Difficulties in fundraising Social interaction in clubs and hotels Declining patronage in non-gaming venues	Reduced frequency and expenditure of intrastate visits by retirees	Image

The results of the stakeholder interviews suggest that the impact of the expansion of gaming on tourism, entertainment and leisure varies widely according to the position of the respondent within the tourism, entertainment and leisure sectors, and/or their relationship to the to the provision of gaming products.

Stakeholders clearly differentiated between the impacts of the establishment of the casino and the impacts of the introduction of EGMs to clubs and hotels in each of the tourism, entertainment and leisure sectors.

In addition, stakeholders’ perceptions of the overall benefit or cost of the expansion of gaming in relation to tourism, entertainment and leisure differed depending on the level of analysis of impacts. Stakeholders described impacts of differing natures and extents. These impacts effected individuals and families, communities, regions and Victoria as a whole in specific ways.

SECTION 7: TOURISM, ENTERTAINMENT AND LEISURE IMPACTS

This section makes assessments of impacts of the expansion of gaming on tourism, entertainment and leisure. These assessments are specified in terms of both aspects of the expansion of gaming, the establishment of the Melbourne casino and the introduction of EGMs to hotels and clubs, and in terms of four levels of analysis – individual and family, community, regional and state.

The assessments of impacts of the expansion of gaming on tourism, entertainment and leisure are based on the research carried out in undertaking this project, coupled with previous research findings compiled as part of the Victorian Casino and Gaming Authority (VCGA) Research Program.

7.1 LEVELS OF ANALYSIS

Although this project is the first of the VCGA Research Program to focus specifically on tourism, entertainment and leisure, findings that confirm those of this study have emerged from other projects. Along with the findings of the past Research Program and this study, two projects running concurrent to this study offer specific findings directly related to the impacts of the expansion of gaming on tourism, entertainment and leisure.[188] All findings regarding the impacts of the expansion of gaming on tourism, entertainment and leisure arising from research commissioned by the VCGA, including this study, are summarised in Table 7.1.

[188] See Market Solutions (1999) *Hotel and Club Industry Gaming Impact Study*; National Institute for Economic and Industry Research (forthcoming) *The Economic Impact of Gaming*, VCGA, Melbourne.

Table 7.1 Findings of VCGA research program: The expansion of gaming and tourism, entertainment and leisure in Victoria

Dimension of impact	LEVEL OF ANALYSIS	
TOURISM	**Individuals and Families** Hospitality service & quality P	**Communities** Business opportunities P & N Dining P
	Regions Tourism activity P & N Accommodation facilities P Attractions P Community Support Fund projects P	**State** Export earnings P Destination enhancement P
ENTERTAINMENT & LEISURE	**Individuals and Families** Entertainment options P Social element/Safe venues P Female patronage P Older/retiree patronage P Culturally diverse patronage P Young patronage (18-24) gaming venues N	**Communities** Changed focus of venues P & N Displaced expenditures P & N Venue facilities, entertainment options and service P Extended trading hours P & N Live music opportunities N Live performance in gaming clubs P Sponsorship P
	Regions Facilities P Community Support Fund projects P	**State** Taxation revenue P

In the table the symbol ‘P’ indicates a positive impact, whilst ‘N’ indicates a negative impact. Findings were both positive and negative for some items. Sources: Arthur Anderson 1997 *Summary of Findings 1996-97 Research Program*; MIAESR et. al. 1997 *Impact of Gaming Venues on Inner City Municipalities*; Market Solutions P/L (1999) *Hotel and Club Industry Gaming Impact Study*; NIEIR (forthcoming) *The Economic Impact of Gaming*; all Melbourne, VCGA.

The purpose of this summary table is to assign specific impacts to the appropriate level of analysis. Clearly these impacts do not neatly fit into these levels of analysis at all times and in all places. For example, Community Support Fund projects and programs are designated as primarily regional impacts, however these projects also impact on local communities which host the project or are located nearby, as well as overall stocks of State tourism capital. However, the table presents each impact at the level of its major effect.

7.2 PROJECT FINDINGS

7.2.1 The impact of the establishment of the Crown Casino complex on tourism, entertainment and leisure in Victoria

- The Crown Casino complex appears to have had a combination of expansionary and redistributive impacts on tourism, entertainment and leisure.

- The expansionary impacts have come in the form of new international and interstate visitors attracted to Victoria. However, it is not clear that the Casino complex in isolation is responsible for this expansion in tourist visitors, or to what extent.

- Comparisons between the market mix of the temporary casino and the permanent Crown Casino complex suggest an improved market mix. Tourist visitors as a proportion of total visitors appear to have increased in comparison to local visitors. This suggests expansionary impacts in international and interstate export earnings.

- The Crown Casino complex appears to have improved the Melbourne Region's competitiveness in the intrastate tourist market.

- Crown appears to have contributed strongly to a reduction in cross-border leakage of gaming revenues, particularly to the New South Wales Murray border clubs.

- A small number of other accommodation providers in Melbourne City appear to have accrued a small benefit in turnover since the advent of the Crown Casino Complex.

- The Crown Casino complex has had a strongly redistributive effect on local entertainment and leisure expenditures. This has resulted in an immediate negative impact on other entertainment and leisure providers in Melbourne City. This entertainment downturn has had negative impacts in all Melbourne city areas aside from the Crown complex. This may be due in part to the 'novelty' effect of the Crown complex.

- Hospitality services, which are integrated into tourism, entertainment and leisure, appear to have improved levels of quality and professionalism following the lead of both the Crown complex and the Southbank restaurants.

7.2.2 The impact of the introduction of EGMs to clubs and hotels on tourism, entertainment and leisure in Victoria

- The research suggests there is no appreciable relationship between the introduction of EGMs to hotels and clubs and international and interstate tourism.

- The introduction of EGMs to clubs and hotels in Victoria has contributed to changed patterns of intrastate tourism. In particular, the introduction of EGMs to clubs and hotels appears to have contributed moderately to a re-orientation of day tripper tourists, toward Melbourne and to a lesser extent toward Victorian regional centres and away from New South Wales and South Australia.

- The introduction of EGMs to clubs and hotels in Victoria appears to have contributed moderately to a reduction in cross-border leakage of gaming revenues, particularly from the New South Wales Murray border clubs.

- The introduction of EGMs has had a strong impact on variety and quality entertainment and leisure facilities, particularly those provided by gaming clubs and hotels.

- The relationship between these upgraded gaming venues and their social and community contexts also appears to have changed. In particular, new segments of the population of gamblers appear to have emerged. These include females and older people/retirees. As well, gaming venues appear to have attracted patronage from a broader spectrum of cultural backgrounds than 'traditional' pubs or clubs. These changes in entertainment and leisure preferences appear likely to have come at the expense of home-based, often passive, forms of entertainment and leisure.

- These new groups of gamblers appear to be spending more time 'out', resulting in increased demand for other leisure preferences, particularly dining and socialising.

- However, the development of newer more broadly inclusive gaming venues, appears to have come at the expense of other market segments, notably young people aged between 18-24. This age group prefers venues without EGMs, which cater to alternative entertainment and leisure preferences such as live music or other live performances. This group appears to actively seek EGM-free venues for socialising and other leisure activities.

- The introduction of EGMs to clubs and hotels also appears to have increased more innovative uses of general hotel licences, particularly in non-gaming venues in urban or regional centre settings, eg. bistros or café-style licensed premises.

- On the other hand, the redistributive effect of the transfer of entertainment and leisure expenditures from non-gaming to gaming venues appears to have had a strong negative impact on many non-gaming clubs and hotels. The current legislative and commercial arrangements regarding the allocation of gaming resources to clubs and hotels, also appear to have had a negative impact on some gaming venues.

7.2.3 Concluding comments

Several issues arose in the course of the research that are worthy of brief comment. One issue relates to tangible versus intangible costs and benefits, particularly in relation to medium- or longer-term impacts. A theme which came through in the course of the research was that in expanding gaming, as a competitive move relative to other state jurisdictions and as a potential catalyst for tourism, some of the qualities which made Melbourne and Victoria unique had been lost. In concrete terms this translated into concern that short-term benefits of destination enhancement, through an attraction such as Crown Casino, may be offset in the longer term by a decline in Melbourne's image. This type of comment was far more often directed toward the introduction of EGMs to hotels and clubs than toward the more high profile casino complex. Despite perceived short-term benefits, clearly the concern exists that this loss of 'authentic' Melbourne, to be replaced by increasingly homogenous gaming venues, will not benefit the image of the City, in particular, over the longer duration and may eventually have a negative impact on Melbourne's attractiveness to visitors. To this extent perceived tourism benefits may be offset by a negative impact on destination image.

As this research has shown, localised impacts may be concealed within analyses that focus on the aggregate level. The impact of the expansion of gaming on tourism exhibits considerable variations at different levels of analysis. Impacts visible at the level of the state conceal differential impacts at the regional level, whilst regional analysis conceals differential impacts at a sub-regional or community level, and so on. The evidence surrounding the impact of the Crown Casino complex on the Melbourne region, for example, suggests widely varied impacts across the various city areas and in various activity sectors. However a deficit in the information, particularly in-depth community studies and comparative regional social and economic impact studies, restricted the assessment of such differential impacts in this study.

A final crucial question arose in the course of this research in regard to the expansion of gaming and entertainment and leisure. This was the question of estimating 'net' social and economic impacts of EGM gaming at the level of individuals and families and communities. Here, the instituting of new patterns of time-use and expenditure around gambling activity, involving new groups of gamblers, creates challenges for researchers. In particular, there are two major questions:

- are the benefits accrued in terms of entertainment and leisure, outlined in this research, sufficient to ensure a net benefit once perceived costs, from problem gambling and the current depletion of household savings (future consumption), for example, are taken into account?; and
- is the high level of expenditure on EGMs the most efficient use of resources in the domain of entertainment and leisure, or could alternative expenditure and time-use choices yield equivalent benefits in terms of entertainment and leisure, but with higher levels of upstream and downstream multiplier-effect benefits, and without the perceived social costs of high levels of participation and expenditure in gambling?[189]

[189] The *Final Report* of the Productivity Commission Inquiry into Australia's Gambling Industries begins to grapple with exactly these questions of net social and economic benefits or costs at a whole-industry level.

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APPENDIX A: *GAMING MACHINE CONTROL ACT* 1991: MINISTERIAL DIRECTIONS

***GAMING MACHINE CONTROL ACT* 1991**

I, Roger M Hallam, MLC, Minister for Gaming, pursuant to Section 12 of the *Gaming Machine Control Act* 1991, hereby revoke all previous directions to the Victorian Gaming Commission and the Victorian Casino and Gaming Authority and in substitution therefore, hereby direct the Victorian Casino and Gaming Authority

(a) that the maximum number of gaming machines permitted in the State to be available for gaming in all venues licensed under the *Gaming Machine Control* Act 1991, other than the Melbourne Casino, is 27,500; and

(b) that, in respect of the 27,500 gaming machines permitted to be available for gaming in all licensed venues, other than the Melbourne Casino, the proportion of gaming machines to be located outside the Melbourne Statistical Division is not less than 20%, and

(c) that, in respect of the 27,500 gaming machines permitted to be available for gaming in all licensed venues, other than the Melbourne Casino, the maximum permissible number of gaming machines to be placed -

(i) in restricted areas in the State is 100 with no bet limit applying; and

(ii) in unrestricted areas in the State is five with a bet limit of $2.00 to apply; and

(d) that, in respect of the 27,500 gaming machines permitted to be available for gaming in all licensed venues, other than the Melbourne Casino, the proportion to be placed in premises, in respect of which -

(i) a residential licence under Section 46 of the *Liquor Control Act* 1987 or a general licence under Section 47 of the Act is in force, is 50%; and

(ii) a club licence under Section 48 of the *Liquor Control Act* 1987 or a licence under Part I, II or III of the *Racing Act* 1958 is in force, is 50%; and

(e) that, in respect of the 27,500 gaming machines that are permitted to be available for gaming in all licensed venues, other than the Melbourne Casino, the proportion of gaming machines which each gaming operator is permitted to operate is 50%.

ROGER M HALLAM MLC
Minister for Finance
Minister for Gaming
Date: 4 April 1997

MINISTERIAL DIRECTIONS

The provisions of the Ministerial directions have not changed except for:

i. the maximum number of electronic gaming machines;

ii. the Ministerial direction of 29 May 1995 stipulated that the maximum number of machines allowed at gaming venues did not include those machines located at the Melbourne Casino; and

iii. the Ministerial direction of 4 April 1997 relating to the operator split which was originally for a period of 5 years, from 8 April 1992, was extended indefinitely.

All changes are detailed below along with the two moratoria which have been imposed:

8 April 1992	Ministerial directions issued to 10,000 EGMs.
18 September 1992	Ministerial directions issued to 20,000 E0Ms. Only first 15,000 gaming machines placed had to comply with the 50/50 club/hotel split.
28 June 1993	Premier announces moratorium where only those venues with contracts/commitments entered into prior to 16 June 1993 were eligible for consideration.
8 September 1993	Ministerial directions issued to reinstate 50/50 club/hotel split for all machines placed (maximum limit stays at 20,000 EGMs).
21 June 1994	28 June 1993 moratorium lifted.
29 May 1995	Ministerial directions issued to 22,000 EGMs. Further, the direction stipulated that the maximum number of machines allowed at gaining venues did not include those machines located at the Melbourne Casino.
28 August 1995	Ministerial directions issued to 25,000 EGMs.
20 December 1995	Premier announces moratorium of 27,500.
28 May 1996	Ministerial directions issued to 27,500 EGMs.
4 April 1997	The direction relating to the operator split was originally for a period of 5 years, from 8 April 1992, was extended indefinitely with Gaming Operators advised that any decision to amend this provision to be considered in light of the review of absolute numbers of EGMS.

APPENDIX B: INTERVIEW SCHEDULES

General

- For the majority of interviewees allow a maximum of 30 - 45 minutes
- Interviewees are generally CEO's, GM's, Directors of tourism, entertainment & leisure associations & organisations, as well as government bodies
- The majority of people that were asked for an interview, were quite keen to participate.

1.) Interview guide for industry associations

1.) Introduction:

- Thank interviewee for opportunity
- Refer to letter and explain purpose of interview again, by stating the objectives of the study and the credentials of AIGR.
- Check whether tape recording is o.k. with interviewee
- Check confidentiality issues - by asking: 'We (the AIGR) intend to use the interview data in our final report and wish to advise you of this before we begin. Should there be any information you wish not to be used, could you please indicate this at the appropriate point in the interview?'

2.) Body

Establishing organisation/ association:

- In brief, what are the main responsibilities of your organisation/ association (After a verbal response, ask for an Annual Report or document which summarises of lists these responsibilities).
- Please give us an overview of the members of your organisation/ association (eg ask for the total number of members & examples of member organisations).
- What services do your members provide to the public?
- What are your target markets?
- What is your marketing strategy?

Consumer behaviour:

In terms your membership base:

- Have your member organisations made you aware of any changes in the use that has been made of their services, especially since 1992?
- If so, what are these changes?
- In broad terms, what have been the consequences of these changes for your industry in terms of:
    - Turnover
    - Traffic
    - Industry closures
    - Crime
    - New developments

- What influences underlie the perceived changes in consumer behaviour in your industry? Read out the following examples:
    - Changes in lifestyles (less leisure time, more a chore)
    - Increased choice of home entertainment (cable TV, video, Internet)
    - Changes in work conditions (longer working hours, static wages, dual income families)
    - Increase of tourism attractions, activities in general
    - Increased gaming opportunities

Spatial issues:

- Are there any significant differences between areas/ localities/ precincts in the extent to which your industry has experienced these changes?
  - Country and metropolitan experiences (if applicable)
  - Metropolitan regions:
    - Western
    - Northern
    - Eastern
    - South Eastern
    - Inner and CBD
    - Melbourne Precincts

Your industry association & the gaming industry:
- Has there been any sponsoring or donations from the gambling industry?
- If so, what are the criteria's to receive sponsoring/ donations and what effect has it had(ie on community)? (Ask for evidence if applicable)
- How would you describe the relationship b/w your industry and gaming?
- Has your industry any views about the expansion of gaming in Victoria? (After verbal response, ask interviewee for any written documents which outline these views, eg newsletter, submissions, research reports, etc.)
- What effects/ direct impacts has your industry experienced through the expansion of gaming?
- How do you know that? (After verbal response, again ask for any written documents that can be used to support this view)
- How has your industry reacted to these changes?

3.) Follow questions

- Any questions that may arise from main part, eg.
  - answers given by the interviewee that are not completely clear to interviewer and need further exploration
  - issues/ topics that have been touched upon by interviewee, and are important for this study (but did not fit into the above categories) will be explored further at this stage by interviewer

4.) Reflection
- Repeat main points back to interviewee, to ensure I have understood the issues - this may also lead to further valuable comments. **Please note:** Reflection is left to the discretion of the interviewer, depending on the time left available for the interview.

5.) Inconsistency Analysis

- Check any inconsistencies in given answers**6.) Conclusion**

General data:
- Are you aware of any detailed data - in addition to what you have already been asked for - relevant to these matters? If so, would it be available for inclusion in the study?
- Do you have any other comments/ views on the issues which may be of value to the study?
- Thank you for your time …..

2.) Interview guide for government bodies

1.) Introduction:

- Thank interviewee for opportunity
- Refer to letter and explain purpose of interview again, by stating the objectives of the study and the credentials of AIGR.
- Check whether tape recording is o.k. with interviewee
- Check confidentiality issues - by asking: 'We (the AIGR) intend to use the interview data in our final report and wish to advise you of this before we begin. Should there be any information you wish not to be used, could you please indicate this at the appropriate point in the interview?'

2.) Body

Establishing the responsibilities of the organisation:

- What is the role of your organisation/ agency in terms of tourism, leisure or entertainment industries (After a verbal response, ask for an Annual Report or document which summarises of lists these responsibilities)?
- To whom are your services targeted (eg for examples of industry sectors).?
- Do you have any responsibility for the provision of any services related to gaming?
- What are your target markets?
- What is your marketing strategy

Consumer behaviour:

In terms of the sector(s) that you have responsibility for:

- Have 'your' industry sectors made you aware of any changes in the use that has been made of their services, especially since 1992?
- If so, what are these changes?
- In broad terms, what have been the consequences of these changes for your business in terms of:
    - Turnover
    - Traffic
    - Industry closures
    - Crime
    - New developments

- What are the factors that you consider have caused these perceived changes? Read out the following examples:
    - Development of major cinema complexes, both stand alone and in shopping centres
    - Changes in lifestyles (less leisure time, more a chore)
    - Increased choice of home entertainment (cable TV, video, Internet)
    - Changes in work conditions (longer working hours, static wages, dual income families)
    - Availability of seven days shopping in Melbourne
    - Increased gaming opportunities (the spread of EGM's to hotels, clubs and shopping centres, opening of Casino in the city)

Spatial issues:

- Are there any significant differences between areas/ localities/ precincts in the extent to which entertainment operators have experienced these changes?

- Country and metropolitan experiences (if applicable)
- Metropolitan regions:
  - Western
  - Northern
  - Eastern
  - South Eastern
  - Inner and CBD
  - Melbourne Precincts

Your government sector & the gaming industry:

- Has there been any sponsoring or donations from the gambling industry?
- If so, what are the criteria's to receive sponsoring/ donations and what effect has it had(ie on community)? (Ask for evidence if applicable)
- How would you describe the relationship b/w your organisation/ agency and gaming?
- Has your organisation/ agency any views about the expansion of gaming in Victoria? (After verbal response, ask interviewee for any written documents which outline these views, eg newsletter, submissions, research reports, etc.).
- What effects/ direct impacts has the sector you are responsible for experienced through the expansion of gaming?
- How do you know that? (After verbal response, again ask for any written documents that can be used to support this view)
- How has the sector(s) you are responsible for reacted to these impacts?

3.) Follow questions

- Any questions that may arise from main part, eg.
  - answers given by the interviewee that are not completely clear to interviewer and need further exploration
  - issues/ topics that have been touched upon by interviewee, and are important for this study (but did not fit into the above categories) will be explored further at this stage by interviewer

4.) Reflection

- Repeat main points back to interviewee, to ensure I have understood the issues - this may also lead to further valuable comments. **Please note:** Reflection is left to the discretion of the interviewer, depending on the time left available for the interview.

5.) Inconsistency Analysis

- Check any inconsistencies in given answers

6.) Conclusion

General data:

- Are you aware of any detailed data - in addition to what you have already been asked for - relevant to these matters? If so, would it be available for inclusion in the study?
- Do you have any other comments/ views on the issues which may be of value to the study?

- Thank you for your time …..

3.) Interview guide for tourism, entertainment and leisure providers

1.) Introduction:

- Thank interviewee for opportunity
- Refer to letter and explain purpose of interview again, by stating the objectives of the study and the credentials of AIGR.
- Check whether tape recording is o.k. with interviewee
- Check confidentiality issues - by asking: ' We (the AIGR) intend to use the interview data in our final report and wish to advise you of this before we begin. Should there be any information you wish not to be used, could you please indicate this at the appropriate point in the interview? '

2.) Body

Establishing the nature of the business/ enterprise:

- What services does your organisation provide (After a verbal response, ask for an Annual Report or document which summarises of lists these responsibilities)?
- What is the target market(s) for your services (eg ask for examples of target markets)?
- Do you provide any gaming activity as part of the services?
- If so, what sort?
- Do you see your organisation primarily as a tourism service provider, a leisure service provider or an entertainment provider?
- What are your target markets?
- What is your marketing strategy

Consumer behaviour:

- Have there been any changes in the level of use of your services or those of your competitors , especially since 1992?
- If so, what are these changes?
- What are the consequences of these changes for your industry in terms of:
    - Turnover
    - Traffic
    - Industry closures
    - Crime
    - New developments

- What are the factors that you consider that have caused these perceived changes? Read out the following examples:
    - Changes in lifestyles (less leisure time, more a chore)
    - Increased choice of home entertainment (cable TV, video, Internet)
    - Changes in work conditions (longer working hours, static wages, dual income families)
    - Increase of tourism attractions, activities in general
    - Increased gaming opportunities

Spatial issues:

- Have there been any major shifts between people's preferred gaming locations?
- If so, what are these changes?
- Are there any significant differences between areas/ localities/ precincts in the extent to which your industry has experienced these changes?
    - Country and metropolitan experiences (if applicable)
    - Metropolitan regions:
        - Western

- Northern
- Eastern
- South Eastern
- Inner and CBD
- Melbourne Precincts

Your organisation/ enterprise & the gaming industry:

- Has there been any sponsoring or donations from the gambling industry?
- If so, what are the criteria's to receive sponsoring/ donations and what effect has it had(ie on community)? (Ask for evidence if applicable)
- How would you describe the relationship b/w your organisation/ enterprise and gaming?
- Have your got any views about the expansion of gaming in Victoria? (After verbal response, ask interviewee for any written documents which outline these views, eg newsletter, submissions, research reports, etc.).
- What effects/ direct impacts has organisation/ enterprise experienced through the expansion of gaming?
- How do you know that? (After verbal response, again ask for any written documents that can be used to support this view)
- How has your organisation/ enterprise reacted to these impacts?

3.) Follow questions

- Any questions that may arise from main part, eg.
  - answers given by the interviewee that are not completely clear to interviewer and need further exploration
  - issues/ topics that have been touched upon by interviewee, and are important for this study (but did not fit into the above categories) will be explored further at this stage by interviewer

4.) Reflection

- Repeat main points back to interviewee, to ensure I have understood the issues - this may also lead to further valuable comments. **Please note:** Reflection is left to the discretion of the interviewer, depending on the time left available for the interview.

5.) Inconsistency Analysis

- Check any inconsistencies in given answers

6.) Conclusion

General data:

- Are you aware of any detailed data - in addition to what you have already been asked for - relevant to these matters? If so, would it be available for inclusion in the study?
- Do you have any other comments/ views on the issues which may be of value to the study?

- Thank you for your time …..

4.) Interview guide for gaming providers

1.) Introduction:

- Thank interviewee for opportunity
- Refer to letter and explain purpose of interview again, by stating the objectives of the study and the credentials of AIGR.
- Check whether tape recording is o.k. with interviewee
- Check confidentiality issues - by asking: 'We (the AIGR) intend to use the interview data in our final report and wish to advise you of this before we begin. Should there be any information you wish not to be used, could you please indicate this at the appropriate point in the interview?'

2.) Body

Establishing the nature of the business/ organisation:

- What services does your organisation provide (After a verbal response, ask for an Annual Report or document which summarises of lists these responsibilities)?
- What is the target(s) market for your services (eg ask for examples of target markets)?
- Would you see you organisation as primarily a tourism service provider, a leisure service provider or an entertainment provider?
- What are your target markets?
- What is your marketing strategy

Consumer behaviour:

- Have there been any changes in the level and type of use of your services by your clients, especially since 1992?
- If so, what are these changes?
- What are the consequences of these changes for your clients in terms of:
    - Turnover
    - Traffic
    - Industry closures
    - Crime
    - New developments

- What are the factors that you consider that have caused these perceived changes? Read out the following examples:
    - Changes in lifestyles (less leisure time, more a chore)
    - Increased choice of home entertainment (cable TV, video, Internet)
    - Changes in work conditions (longer working hours, static wages, dual income families)
    - Increase of tourism attractions, activities in general
    - Increased gaming opportunities

Spatial issues:

- Have there been any major shifts between people's preferred gaming locations?
- If so, what are these changes?
- Are there any significant differences between areas/ localities/ precincts in the extent to which your industry has experienced these changes?
    - Country and metropolitan experiences (if applicable)
    - Metropolitan regions:

- Western
- Northern
- Eastern
- South Eastern
- Inner and CBD
- Melbourne Precincts

Gaming industry:

- Has there been any sponsoring or donations from the gambling providers such as yourself?
- If so, what are the criteria's to receive sponsoring/ donations and what effect has it had(ie on community)? (Ask for evidence if applicable)
- How would you describe the relationship between you as a gaming provider and the tourism, entertainment and leisure industry?
- What effects/ direct impacts does gaming have on the tourism, entertainment and leisure industry? (After verbal response, ask interviewee for any written documents which outline these views, eg newsletter, submissions, research reports, etc.).
- Why do you believe that is so? (After verbal response, again ask for any written documents that can be used to support this view)

3.) Follow questions

- Any questions that may arise from main part, eg.
    - answers given by the interviewee that are not completely clear to interviewer and need further exploration
    - issues/ topics that have been touched upon by interviewee, and are important for this study (but did not fit into the above categories) will be explored further at this stage by interviewer

4.) Reflection

- Repeat main points back to interviewee, to ensure I have understood the issues - this may also lead to further valuable comments. **Please note:** Reflection is left to the discretion of the interviewer, depending on the time left available for the interview.

5.) Inconsistency Analysis

- Check any inconsistencies in given answers

6.) Conclusion

General data:

- Are you aware of any detailed data - in addition to what you have already been asked for - relevant to these matters? If so, would it be available for inclusion in the study?
- Do you have any other comments/ views on the issues which may be of value to the study?

- Thank you for your time …..

APPENDIX C: IMPACT OF THE CROWN CASINO COMPLEX ON CITY AREAS AND ACTIVITY SECTORS

The study found that the overall impact of the CEC on City areas as a whole was positive. Whilst the impact of the CEC varied among the different City areas, the negative impacts in some areas were more than offset by the gains in others(See Table 7 and 8).

It is important to note that the impact of CEC in some City areas is somewhat significant in percentage terms but in monetary terms, the impact may be relatively marginal.

City Areas	Retail	Restaurants	Accommodation	Entertainment	Total
Retail Core	$37.7	-$11.8	$2.4	-$12.1	$16.3
Chinatown	$0.4	-$5.4	$0.0	-$3.1	-$8.1
Uptown	$0.0	-$0.8	$1.7	-$1.2	-$0.3
West End	$0.0	-$0.9	$2.9	-$6.0	-$4.0
South Bank	$1.3	$1.7	$2.7	-$1.7	$3.9
QVM Area	$9.9	-$0.2	$1.7	-$0.1	$11.3
Lygon Street	-$0.4	-$5.6	$1.6	-$4.1	-$8.4
Rest of CDB	$4.9	-$2.6	$10.1	-$-5.3	$7.1
Total - City (excluding CEC)	**$53.8**	**-$25.6**	**$23.0**	**-$33.4**	**$17.8**

Note: The totals may not add up due to rounding
Source: 1998 CEC Impact Study

City Areas	Retail	Restaurants	Accommodation*	Entertainment	Total
Retail Core	3.3%	-21.8%	10.0%	-35.7%	1.3%
Chinatown	10.7%	-27.8%	0.0%	-62.2%	-29.0
Uptown	0.0%	-1.3%	10.0%	-3.1%	-0.2%
West End	0.0%	-2.2%	10.0%	-58.3%	-3.6%
South Bank	4.0%	8.3%	10.0%	-1.3%	1.9%
QVM Area	10.9%	-0.8%	10.0%	-1.3%	8.3%
Lygon Street	-0.4%	-12.9%	10.0%	-13.2%	-4.4%
Rest of CDB	2.0%	-2.6%	10.0%	-3.9%	1.2%
Total - City (excluding CEC)	**3.2%**	**-7.2%**	**10.0%**	**-8.5%**	**0.7%**

Note: The model estimates a 10% increase in the Accommodation sector for all areas except Chinatown. For a detailed explanation of the estimation, refer to 'Method of Analysis' on pages 4-5. The totals may not add up due to rounding.
Source: 1998 CEC Impact Study

Source: City of Melbourne Strategic Research Branch 1998 *City Dynamics*, Stage 3, [Post-Opening Impact Assessment of the Crown Entertainment Complex conducted by National Institute of Economic and Industry Research], Melbourne, City of Melbourne, p.17.