

# research snapshot

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## Decreasing local gaming venues in Australia may reduce the number of people suffering from financial distress

### What this research is about

Gambling disorder is repetitive gambling behaviour that leads to serious negative consequences. One of these negative consequences is financial distress. Financial distress is when people do not have enough money to pay their bills and may also have debts. People may suffer serious negative consequences from playing electronic gaming machines (EGMs). EGMs are devices that have many different games on them. Unlike some other countries, Australia allows EGMs in gaming venues that are outside of casinos such as bars and hotels.

Evidence suggests that as the number of EGMs in an area increases, the proportion of people with problem gambling (PG) also increases. PG includes gambling disorder as well as less severe but still problematic gambling behaviours. There may be reasons to explain this relationship. For example, areas that lack support groups or have low socio-economic status may have more EGMs and people with PG. Many researchers do not consider reasons such as these when exploring the numbers of EGMs in local areas and rates of PG.

Studies that explore the relationship between gambling and financial distress in the United States have focused on casinos. The U.S. context is, thus, different from Australia where EGMs can be found outside of casinos. One Canadian study showed that removing EGMs from bars reduced the number of people living close to the bar that filed for bankruptcy. Bankruptcy is when people legally declare that they cannot repay their debts.

In this study, the researchers investigated how changes in the number of gaming venues in local areas might be associated with changes in the

### What you need to know

In this study, the researchers investigated the relationship between the number of gaming venues in local areas in Australia and the number of people who file for insolvency. Insolvency refers to when people cannot pay their debt. The researchers analyzed administrative records from Victoria, New South Wales, and Queensland for the years 2011–2018. They considered several variables in their analysis that might have affected the relationship between gaming venues and insolvencies. The researchers found that closing a gaming venue in a local area reduced the number of people who filed for insolvency by 1.8. Policy makers can use this research to decide whether or not to approve gaming licenses for local businesses.

proportion of people experiencing insolvency. Insolvency is a severe type of financial distress where people cannot repay their debt. It includes bankruptcy and other legal agreements on how debts should be repaid.

### What the researchers did

The researchers analyzed data in administrative records from three states in Australia for the years 2011–2018. These states were Victoria, New South Wales, and Queensland. The data were grouped into 225 local areas that had similar socio-economic characteristics and the same local government. These local areas also had access to the same business and transportation services.

The researchers calculated the number of gaming venues in each local area. They defined a gaming venue as a business such as a pub, hotel, or club that operated at least one EGM. The researchers got data about the number of personal insolvencies from the Australian Financial Security Authority. Insolvencies include bankruptcies, debt agreements, and personal insolvency agreements. Debt and personal insolvency agreements are legal documents that people sign to pay off their debt to creditors. People often enter into insolvency agreements when they have no other way to pay off their debt.

The researchers considered other reasons to explain the relationship between the number of gaming venues and insolvencies. These reasons included percentage of people over the age of 60, the population density of each local area, the proportion of people who spoke a language other than English, and the proportion of people without a job (unemployment rate). The researchers considered whether the gaming venues were spread out in the local area or if they were clustered close to each other. They also considered the economic situation of each local area by looking at the values of all buildings in the area and people's average income.

### What the researchers found

The more gaming venues there were in a local area, the more people that had declared insolvency. Closing one gaming venue in a local area reduced the number of people who filed for insolvency by 1.8 per year. Reducing the number of gaming venues in an area might make it harder for people to access EGMs. It might take people more time and money to travel to the closest gaming venue. As a result, they might spend less time and money gambling on EGMs. Thus, their risk of insolvency decreases.

The researchers also found some evidence that local areas with more EGMs that were clustered close to each other had more people filing for insolvency. The economic situation of a local area and other local area characteristics did not seem to have an effect.

### How you can use this research

Policy makers can use this research to decide if they should approve gaming licenses for local businesses. Gaming licenses allow business owners to operate EGMs. Researchers can use this research to further explore the relationship between the number of gaming venues in an area and the number of people who file for insolvency. Future research may also consider capturing milder types of financial distress.

### About the researchers

**Samia Badji, Nicole Black, and David W. Johnston** are affiliated with the Centre for Health Economics at Monash University in Caulfield East, Victoria, Australia. For more information about this study, please contact David W. Johnston at [david.johnston@monash.edu](mailto:david.johnston@monash.edu).

### Citation

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### About Gambling Research Exchange (GREO)

Gambling Research Exchange (GREO) has partnered with the Knowledge Mobilization Unit at York University to produce Research Snapshots. GREO is an independent knowledge translation and exchange organization that aims to eliminate harm from gambling. Our goal is to support evidence-informed decision making in safer gambling policies, standards, and practices. The work we do is intended for researchers, policy makers, gambling regulators and operators, and treatment and prevention service providers.

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