

# Gaming after Lockdowns: Return to the Slots

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Australia has the distinction of possessing more electronic gaming machines (EGMs) per capita and distributing them more widely than any other member nation in the Organization for Economic Cooperation and Development (OECD). In the 2017-18 financial year there were approximately 181,120 EGMs registered in Australian hotels and clubs. These accounted for close to 50% of the total Australian gaming expenditure (player loss) and provide a significant source of tax revenue to the state governments. This wide availability of EGMs has come at a price, recent evidence suggests that among those who regularly gamble on the pokies, 15% are problem gamblers and a further 15% are considered as “moderate risk” (Australian Productivity Commission 2009). However, the coronavirus pandemic resulted in the introduction of government - imposed restrictions that often required land-based gaming venues to close.

The first wave of the COVID-19 pandemic saw a consistent pattern of "lockdowns" across all Australia. At the end of March 2020 these lockdowns consisted of the suspension of all non-essential activities and businesses including land-based gaming venues. Towards the end of this wave however each Australian State began adopting their own approach with some easing restrictions faster than others and endorsing localised responses to any outbreaks.

In this paper we consider the impact on electronic gaming behaviour in Queensland and Victoria. Victoria and Queensland, two major states in Australia regularly publish online monthly electronic gaming machine data by local government area (LGA) for gaming machines located in hotels and clubs. Both States had quite different pandemic experiences. Gaming venues were closed in both Queensland and Victoria from late March 2020. In Queensland they re-opened after 4 months whereas breaches in hotel quarantine led to a second wave emerging in Victoria in May 2020 and consequently gaming venues did not re-open again for 7 months. On re-opening density limit restrictions were also imposed. It was widely speculated that the re-opening of these venues after this extended gaming venue closure would generate a spike in gaming expenditure. Potential explanations for this include to alleviate loneliness and stress resulting from lockdown, the availability of increased funds for gambling through stimulus payments and even to engage in money laundering opportunities.

Additional waves of COVID-19 led to both States experiencing further lockdown periods. In late 2020 and mid- 2021 brief “snap lockdowns” were introduced in both States to contain the spread. The outbreak of the Delta variant during June 2021 in New South Wales led to new record daily cases resulting in extended lockdowns in Victoria and brief localized lockdowns in Queensland. The Omicron variant followed in December 2021 and led to further records of infections although due to high double dose vaccination rates many public health restrictions were lifted. What happens to gaming expenditure when gaming venues re-open after each additional lockdown?

We provide two sets of forecasts for player loss for both States using monthly data by LGA from 2018:7 to 2022:1 on the total amount lost by players of EGMs and the number of EGMs. In the first set we assume there was no pandemic. In the second set we impose restrictions that gaming venues have been subject to, that is to account for either gaming venue closures or density limit restrictions after the re-opening of venues. Comparing these forecasts with the actual data we do find evidence of a spike in player loss when gaming venues re-opened in both States following the initial extended March 2020 lockdown. Given that density limits were also imposed on land-based gaming venues with re-opening this suggests that electronic gaming machines (EGMs) were being used more intensively.

Overall, taking into account all further lockdowns since gaming venues re-opened after the March 2020 lockdown until February 2022 we estimate that actual player loss is around 25% higher

in Queensland and 11% higher in Victoria compared to what would have been predicted given the imposition of density limit restrictions. However, compared to if there had been no pandemic we estimate that actual player loss is around 11% higher in Queensland but 27% lower in Victoria. We also estimate though that for the period March 2020 - January 2022 gaming expenditure for Queensland is \$331 million dollars less and Victoria \$2.66 billion dollars less than compared to what would have been predicted if there had been no Covid-19 pandemic. States and Territories in Australia have come to rely on gaming expenditure as a significant source of tax revenue. We also examine the degree to which the Covid-19 pandemic has had an impact on taxation revenue collected in Queensland and Victoria.

**Key Words**

COVID-19, Slot machines, EGM, Gambling, Lockdowns, Restrictions, Player Loss