

PROBLEM GAMBLING KEY STATISTICS

Outcome 3.1 – Financial Management

KEY POINTS

Key Statistics from the Productivity Commission Report (2010)

GAMBLING

- Around 70 per cent of Australians participated in some form of gambling in the past year. (overview)
- Around \$19 billion was spent by consumers on Australian gambling products in 2008-09 compared to \$23 billion on footwear and clothing. (chapter 2.2)

PROBLEM GAMBLING

- Around 15 per cent (95,000) of regular EGM players are problem gamblers. They are estimated to make up 40 per cent of total EGM spending. A further 15 per cent of regular gamblers are at 'moderate' risk of being problem gamblers. (pg 2 overview)
- The Productivity Commission estimates that there are between 80,000 and 160,000 problem gamblers (0.7 per cent estimated prevalence rate). In addition there are between 230,000 and 350,000 people at moderate risk (1.7 per cent prevalence rate). (pg 11 overview)
- In context, 0.15 per cent of the population is admitted to hospital each year for traffic accidents and around 0.2 per cent of the population are estimated to have used heroin in the preceding year. (pg 11 overview).
- There is evidence from many different sources to suggest a significant connection between greater geographic accessibility — particularly to gaming machines — and higher prevalence of problem gambling. (chapter 14.1)
- Regular gaming machine players (those playing at least once a week) are estimated to spend on average around \$7,000-

8,000 per annum, a sizeable share of household incomes.
(pg 13 overview)

- Prevalence surveys confirm that problem gamblers can average around \$21,000 expenditure annually. (chapter 5.33)
- Only 8-15 per cent of problem gamblers seek help in any one year (80,000 to 160,000 adults). (pg 7.3)

SOCIAL COST

- The significant social cost of problem gambling is estimated to be at least \$4.7 billion a year. (pg 2 overview)
- For each problem gambler, several others are affected — including family members, friends, employers and colleagues. (chapter 7.2)
- 'High intensity' punters can spend \$1,500 or more in an hour. (chapter 11.6)
- A 2008 survey found that gambling was the most common motivation for fraud and that the average loss was \$1.1 million per incident. (chapter 16)

EGM UPGRADES TO IMPLEMENT A PRE-COMMITMENT SYSTEM

- In submissions to the PC report, industry participants noted that, where harm minimisation policies require upgrades to gaming machine software, the compliance cost for industry is much reduced (in some cases, almost completely negated) if the upgrades follow the normal replacement cycle for EGMs. (chapter 19.11)
- This would entail new features or specifications of machines being introduced to the market only as new machines were purchased. (chapter 19.11)
- The PC report noted the uncertainty regarding how long a natural replacement cycle might be. The Commission heard the following from industry participants on this issue:
 - the depreciable life of a gaming machine for taxation purposes is five years (after which its asset value is simply its scrap value);

- a major hotelier estimated that some high revenue earning hotels would buy new EGMs every four to five years, while others could take twice as long;
 - some venues are much less inclined to replace their machines at anywhere near the average industry depreciation period, and it could also be expected that recently-purchased EGMs might last even longer into the future; and
 - one gaming manufacturer noted that the replacement cycle of EGMs held by its customers was around 12 years. (chapter 19.11)
- New machines cost between \$15 000 and \$25 000 or more. (chapter 19.4)
- Gaming Technologies Association (GTA) advised that to implement the measures proposed over 20 000 game software sets would require to be redeveloped, and:
 - about half or more of all EGMs (100 000 or so) could probably be made to comply with the new environment by way of software upgrades costing about \$2000 each;
 - another 50 000 EGMs would require major hardware and software retrofits, at a cost of about \$9000 each; and
 - about one-quarter of the total stock of EGMs would need to be replaced due to obsolescence (about 50 000 EGMs at a cost of about \$18 000 each).
- Together, the GTA said that these costs would amount to about \$1.55 billion, with additional costs for in-venue and monitoring systems to implement a full pre-commitment system (a total cost of over \$2 billion) (GTA, sub. DR344, p. 3).
- The correct annual cost of an EGM is not the one-off purchase value, but should take account of the fact that EGMs last for many years. (Many venues turn their machines over every five years)

VENUES

- Hotels derived 28 per cent of their revenue from gambling, clubs 61 per cent and casinos 78 per cent. (pg 6 overview)
- The share for big clubs often exceeds 80 per cent. The 12 biggest clubs in NSW had gaming machine revenue of \$580 million in 2007. (pg 6 overview)
- There were more than 50 000 licensed gaming staff in casinos, clubs and 'pubs' in 2005 and this number has probably grown since. (pg 7 overview)
- Single casinos, like Crown and Burswood, are the largest single site employers in their respective states. (pg 7 overview)
- In 2008, gambling facilities employed an average of 3.2 persons per \$1 million in gambling income, 8.3 persons per \$1 million income from sales of liquor and other beverages and 20 persons per million income from meal and food sales. (Source: Australia Centre for Economic Studies (2008) Commissioned by the Tasmanian Department of Treasury)

REVENUE

- Total Australian gambling revenue in 2008-09 was just over \$19 billion and the share of household consumption was 3.1 per cent. (pg 6 overview)
- State tax revenue from gambling was \$5 billion in 2008-09 (or 10 per cent of all state tax revenue), with Victoria having the highest tax dependence (13 per cent), and Western Australia the lowest (4 per cent). (pg 6 overview)
- Player expenditure was just over \$19 billion in 2008-09, about the same as alcohol sales. (pg 2 overview)
- Real spending per electronic gaming machines (EGMs) gambler has grown strongly. For example, in Victoria, average annual spending on gaming machines by those who play them has risen in real terms from around \$1,750 per person in 1999 to nearly \$3,100 in 2008 (and in NSW from \$2645 to \$3700). (pg 8 overview)

ONLINE GAMBLING

- Evidence suggests that online gambling (incl. illegal gambling) could be worth 4 per cent of gambling expenditure estimated at over \$790 million per year. (overview).

Expenditure (losses)

In 2007-08:

- Gaming machines accounted for 62% of total gambling expenditure.
- Proportion of total gambling expenditure from gaming machines in each state and territory ranged from 16% in the Northern Territory to 73% in the Australian Capital Territory.

Government Revenue from Total Gambling – 2007-08

State/ Territory	Value (\$ million)		Total Revenue (%)	
	Gambling	Gaming	Gambling	Gaming
ACT	59.8	50.8	6.0	5.2
NSW	1,550.6	1,402.8	9.4	8.5
NT	71.3	51.2	17.0	12.6
QLD	880.1	780.3 *	9.6	9.2
SA	414.1	422.2	13.2	13.0
TAS	86.1	81.4	10.9	10.9
VIC	1,568.3	1,404.6	13.1	12.0
WA	320.4 *	264.2	5.7	4.6
Australia	4,950.7	4,549.8 *	10.1	9.3

* Total revenue is incomplete due to some unavailable revenue figures that are used to derive this number.

Sources: *Australian Gambling Statistics, 26th Edition 2010*, Office of Economic and Statistical Research, Queensland Treasury; ABS (2009) *Taxation Revenue, 2007-08* (Cat. No. 5506.0)

Total Gaming Machines Operating at 30 June 2008

State/ Territory	Gaming Machines	%
ACT	5,179	2.6
NSW	98,872	49.4
NT	1,920	1.0
QLD	45,274	22.6
SA	13,560	6.8
TAS	3,665	1.8
VIC	29,779	14.9
WA	1,750	0.9
Australia	199,999	100.0

Source: *Australian Gambling Statistics, 26th Edition 2010*, Office of Economic and Statistical Research, Queensland Treasury.

	Action Officer	Group Manager
Name:	Robyn Oswald	Caroline Edwards
Position:	Branch Manager	Group Manager
Branch/Group:	Problem Gambling Taskforce	Problem Gambling Taskforce
Work phone number:	02 6244 1357	02 6244 6577
Mobile phone number:	547F	547F Personal Privacy
Cleared by Group Manager	Yes <input type="checkbox"/> No <input type="checkbox"/> Date:	GM Initial