Western Australia
Millions Won. Thousands Helped.

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8 March 1999

Mr John Williams
Productivity Commission Gambling Inquiry
PO Box 80
BELCONNEN ACT 2616

Dear Mr Williams

The State Government owned and operated members of the National Lotto Bloc [Bloc], namely Golden Casket Lottery Corporation; NSW Lotteries Corporation; Lotteries Commission of South Australia; and the Lotteries Commission of Western Australia have pleasure in presenting to the Productivity Commission the findings of an independent study commissioned by the National Lotto Bloc members in late 1997, entitled The Economic Significance of the Lotteries Industry in Australia [the DATAB report]

While this DATAB report has already been provided to the Productivity Commission on a confidential basis, the report is now provided as a public document except for Chapter 9 - *Revenue Forecasts* - which is deemed commercially sensitive. We therefore seek your undertaking not to make any part of Chapter 9 publicly available.

Members of the Australian lottery industry have provided individual submissions to the Productivity Commission. It was felt that any other matters of relevance not covered in the DATAB report would be presented in those submissions.

It is the belief of the National Lotto Bloc members that the Productivity Commission's Inquiry will provide an important central focus for the wide range of research currently being undertaken on gaming and gambling on a State by State basis, and looks forward with interest to the final report.

The attached research document should provide valuable information on the importance of the Australian Lotteries Industry to Australia, while making the clear distinction between lotteries and other forms of gambling.

Internet: www.lottery.wa.gov.au Email: lottery@lottery.wa.gov.au

Should you have any queries with respect to the DATAB report or the Australian Lotto Blocs please do not hesitate to call me on (08) 9340 5121.

We are looking forward to receiving a copy of your preliminary findings when they become available.

Yours sincerely

Jan Stewart

JAN STEWART
Chief Executive Officer

[on behalf of members of the Australian lotteries industry]

enc

THE ECONOMIC SIGNIFICANCE OF THE LOTTERIES INDUSTRY IN AUSTRALIA.

November 1997

DATAB Pty Ltd
in association with:

National Institute of
Economic and Industry
Research &
Jim Lang & Associates

National Lotto Bloc

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GLOSSARY OF TERMS

Since the source of gambling statistics in this publication come from the Tasmanian Gaming Commission, Australian Gambling Statistics publication, many of the definitions used in that publication are sourced from this publication and are as follows:

Casino Turnover : (or handle) is the term used in the casino gaming industry to describe the value of money exchanged for gaming chips.

Expenditure: is the term used to describe the net amount lost, or in other words, the amount wagered less the amount won, by people who gamble. Conversely, by definition, it is the gross profit (or gross winnings) due to the operators of each particular form of gambling.

GDP (Gross Domestic Product): is the total market value of goods and services produced in Australia within a given period after deduction of the cost of goods and services used up in the process of production but before deducting allowances for the consumption of fixed capital.

GSP: (Gross State Product): is produced by summing factor incomes i.e. wages, salaries and supplements, and gross operating surplus, plus indirect taxes less subsidies.

Gaming: refers to all legal forms of gambling other than racing, such as lotteries, poker and gaming machines, casino gaming, football pools and minor gaming (which is the collective name given to raffles, bingo, lucky envelopes and the like).

Gambling: is considered to be the (lawful) placement of a wager or bet on the outcome of a future uncertain event. It is treated as an activity that can be clearly divided into two distinct areas - racing related and gaming related. Gambling therefore refers to the combined racing and gaming activities.

Household Disposable Income: household income less direct taxes, fees, fines, etc.charged to persons by general government, consumer debt interest and unrequited transfers overseas.

Income multiplier: is increase in income divided by the increase in expenditure generating that income.

Industry gross product: is defined as sales of goods and services plus government subsidies plus capital work done by own employees for own use or for rental or lease minus purchases and selected expenses.

Keno: in the context of the Tasmanian Gaming Commission statistics Keno expenditure or turnover relates to this product being provided in hotels and clubs (and excluding casinos, but sometimes linked to casinos as part of a State-wide draw). In 1995-96 in NSW this product is provided by AWA Ltd, in Victoria by Tattersalls, in South Australia by the Lotteries Commission of South Australia and by Australian National Hotels in Tasmania.

Lotteries: in this report this has been defined as all products provided by Lottery Operators (i.e. Draw Lotteries, Lotto, Soccer Pools, Instant Lotteries) and also includes the Keno product provided in hotels and clubs in some States/Territories, even though this may not in all jurisdictions be provided in areas outside of casinos by the Lottery Operators.

Lottery Operators: includes the following organisations only: NSW Lotteries, Tattersalls, Golden Casket Lottery Corporation, Lotteries Commission of South Australia and the Lotteries Commission of Western Australia.

Non-employing Business: a business run solely by an own account worker or in partership which has no employees.

Nominal or Current Values: this refers to the actual value in any particular year, and does not allow for the effects of inflation on the value of expenditure over time.

Operating Profit before Tax (OPBT): is a measure of profit before extraordinary items are brought to account and prior to the deduction of income tax and appropriations to owners (e.g. dividends paid).

Operating Profit Margin: the percentage of sales of goods and services available as operating profit, i.e. OPBT times 100 divided by sales of goods and services.

Population/Per Capita: refers to the population 18 years and over.

Racing: in this context, comprises legal betting with bookmakers and totalisers, both on racecourses and off-course (TAB). It is related to betting on the outcome of horse and greyhound races, and in recent times, on some other specified sporting events, such as football matches.

Real Values: refers to data which has had the effects of inflation removed, using the Consumer Price Index to deflate each years figures to the base year of 1995-96. This means that all data in any table showing real or constant 1995-96 prices may be directly compared as the effects of inflation over time has been removed.

Turnover: is an expression used to describe the amount wagered. This does not include any additional charges that may be paid at the point of purchase, such as selling agents commission in the case of Lotteries.

CHAPTER 1: EXECUTIVE SUMMARY

This report examines changes in the gambling market between 1992-92 and 1995-96 and builds upon a previous titled the Economic Significance of Lotteries report undertaken in 1993[1], which analysed the changes in gambling over the period from 1972-73 to 1991-92.

In particular, this report examines the effect that the increased availability of new gaming options in most States and Territories, especially with electronic gaming machines (EGMs) and casinos, may be having on the lotteries industry.

It also examines the direct and indirect economic significance of the Lotteries Industry and provides forecasts of turnover and government revenue for each major gambling product on an individual State/Territory basis to the year 2003.

This chapter, **Chapter 1**, provides an Executive Summary of the report.

Chapter 2 examines changes in the gambling market since 1992.

The period since 1992 has been one of dramatic change associated with the establishment of six new casinos with at least one casino now operating in each State/Territory and two mega-casinos either operating or about to open in Melbourne and Sydney respectively. This has seen casino turnover increase from $2.9 billion in 1991-92 to $12.1 billion in 1995-96, by 317 per cent or at an average annual rate of 43 per cent.

Apart from this, a much larger change has come from the availability of gaming machines outside of casinos in every State and Territory, including now in Tasmania from the 1st January 1997, but still excluding Western Australia to at least the year 2000 . The number of gaming machines has increased from around 75 000 in June 1992 to 132 600 by June 1996 (or by 77 per cent), while turnover has increased from $14 billion in 1991-92 to $45.2 billion in 1995-96, by 223 per cent or at an average annual rate of 34 per cent.

In this vastly increased competitive environment, lotteries turnover has increased at an average annual rate of 5.4 per cent and racing gambling by only 1.2 per cent. While turnover on the more traditional forms of lotteries had either declined (particularly with Instant Lotteries) or showed only slow growth, Keno gaming increased significantly, although this product which is provided in hotels and clubs in many States is not always provided by the traditional Lottery Operators.

Similarly with racing gambling, while TAB turnover showed some marginal growth since 1992, bookmakers' and on-course turnover has continued to decline.

The above is a broad national perspective. For the individual States and Territories some variations in performance in gambling and with lotteries turnover has occurred and these are documented in Chapters 3 and 4.

Finally, the expansion of gambling has seen its share of Household Disposable Income increase by just over one per cent between 1991-92 and 1995-96, from 2.07 per cent to 3.08 per cent.

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[1] Report to the Lotto Bloc on the Economic Significance and Impact of the Lotteries Industry in Australia, DATAB Pty Ltd, May 1993.

Chapter 3 examines changes in the market shares of racing, lotteries and other forms of gaming over the period from 1992-93.

The market share of racing turnover of total gambling in Australia has decreased from 29.7 per cent in 1992-93 to 15.9 per cent in 1995-96, while lotteries share has also halved from 7.9 per cent to 4.8 per cent over the same period. However, with the introduction of both casinos and gaming machines (in this latter case in 1995-96 in all States and Territories apart from Tasmania and Western Australia) their combined share of the gambling market has increased from almost 61 per cent in 1992-93 to around 80 per cent in 1995-96.

In terms of gaming turnover only, a similar trend is evident, with lotteries overall halving its share, but within this, Keno gradually increasing its share and with gaming machines and casinos combined accounting for 93.5 per cent of total gaming in 1995-96.

This national trend generally mirrors the situation in most States and Territories over this period with a few exceptions. New South Wales has been able to hold the share of lotteries of total gambling due to a continued increase in sales coming mainly from its recent participation in the national OzLotto and Powerball lotto and from its own Lotto Strike draws. This is also the case in the Australian Capital Territory and the Northern Territory. It is interesting to note that in all three of these areas where the relatively newer forms of gaming have been introduced over a more extended time period that the impact of these on racing and lotteries gambling has not been as great.

Also in Western Australia, and Tasmania possibly from a combination of better promotions and other lottery specific measures and from no gaming machines being introduced into these areas by 1995-96 there has only been a marginal decline in lotteries share of total gambling. Tasmania has however introduced gaming machines into hotels and clubs from the 1st January 1997, while in Western Australia gaming machines outside of the casino will not be introduced until at least the year 2000 and then legislative impediments will still need to be resolved.

Since the market share of an individual product can be influenced by both a decline in turnover as well it not growing at the same rate as other products, **Chapter 4** provides information on the real changes in turnover over each decade since 1972-73 and especially over the period from 1992-93 to 1995-96.

On a national basis, over the period since 1992-93, the data shows that racing gambling turnover has decreased at an average annual rate of 1.1 per cent, but TAB turnover has increased at an average annual rate of 0.2 per cent, while on-course tote turnover declined by 6.5 per cent per annum and bookmakers' turnover by 3.8 per cent. This was caused by a decline in on-course racecourse attendances and increased competition from the TAB with bookmakers and on-course totes through both telephone betting and increased services provided by agencies, including televised races. Apart from these market changes, racing gambling turnover has also been affected by being a mature product, increased competition with the opening of new casinos and to some extent from the greater availability of gaming machines and an increase in other leisure choices.

Since 1992-93 lotteries turnover has increased at an average annual rate of 3.3 per cent, but this has largely come from increased turnover on Lotto (up 4.2 per cent per annum), especially recently from Ozlotto and Powerball, and on Keno (up 25.4 per cent per annum), while the sales of most other products, particularly Soccer Pools and Instant Lotteries, has declined.

Since 1992-93, national gaming machine turnover has increased at an average annual real rate of 29 per cent, while casino handle has increased at a rate of 51 per cent per annum, but the turnover from bingo and other forms of minor gaming has decreased.

Overall gaming turnover has increased at an average annual real rate of just over 29 per cent since 1992-93, while total gambling turnover has increased by 21.8 per cent per annum.

Table 1.1 below provides an overview of the average annual real rate of change in turnover by main gambling form for each State and Territory.

Table 1.1: Average Real Rate of Change in Turnover By Gambling Form, 1992-93 to 1995-96, Percentage Change Per Annum

State/ Territory	Total Racing	Total Lotteries	Gaming Machines	Casino	Total Gaming	Total Gambling
NSW	-2.3	8.1	16.4	na	18.4	14.2
Victoria	-2.2	-0.8	65.1	na	65.1	43.3
Queensland	-1.1	-0.07	25.7	34.1	23.8	16.6
S. Australia	-4.1	-3.7	na	-11.8	54.3	34.2
W. Australia	6.4	6.2	na	14.5	20.8	16.1
Tasmania	1.7	15.4	na	51.6	42.3	28.0
ACT	2.0	2.4	19.3	11.9	17.8	15.8
N. Territory	26.2	8.0	15.4	24.5	22.1	23.1
Australia	-1.1	3.3	29.2	50.8	29.4	21.8

Source: Derived from Tasmanian Gaming Commission, Australian Gambling Statistics

This table shows that racing turnover has decreased in NSW, Victoria, Queensland and South Australia, but increased elsewhere. In both Western Australia and Northern Territory there was an increase in all forms of racing gambling turnover.

In the lotteries area, strong growth occurred in NSW, with this coming from the Lotto (mainly from OzLotto and Powerball), Pools and Keno products, but declined in Victoria and particularly South Australia and grew only marginally in Queensland. In Western Australia strong growth in lottery turnover came from the Lotto and Instant Lottery, mostly from the extended play crosswords and bingo instant ticket products while in Tasmania strong growth occurred with Keno.

In all States and Territories which had gaming machines in operation very strong growth in turnover had occurred in this area, including those States/Territories which have had gaming machines for a significant period of time.

Finally in terms of casinos, strong growth was recorded in most areas, apart from South Australia which has possibly been more affected than the others by the opening of Crown Casino in Melbourne and other local factors.

Chapter 5 brings together information from a number of public and internal Lottery Operators reports on the market segmentation of the gambling market and the associated attributes and perceptions of various products.

Information is also provided on the newer luck-based and other lottery type products not being provided by the traditional Lottery Organisations, which are emerging to analyse the degree of competition these have or may have in the future on existing lotteries.

Publicly available information provided by the Victorian Casino and Gaming Authority (VCGA, January 1997)[2] shows that in that State the introduction of both EGMs and the casino, together with some lotteries specific factors, did initially decrease the population participation rate in lotteries. However the rate subsequently increased, although the average spend is still lower. It is particularly evident that Instant Lottery sales have been affected more than the other lottery forms from the expansion in new gaming forms. A more lasting impact has however been felt by the racing gambling sector. This is similar to what has been found in the areas which have introduced newer forms of gambling, particularly Queensland and South Australia.

Market segmentation information contained in the above mentioned VCGA report shows that while lotto draws it appeal from both the Occasional Gamblers as well as the Heavy Gamblers segments, only *above* average interest (i.e. a participation rate which is above their share of the total population) and expenditure on lotteries is evident amongst the Occasional Gamblers segment. Furthermore the research and segmentation information would seem to suggest that lotto forms only a part of the overall wider gambling habits and participation levels of Heavy Gamblers.

The above information is supported by market research undertaken by the SA Lotteries Commission (1995)[3] which showed that:

- the purchase of Saturday Lotto usually planned and not discretionary;
- the amount spent each week is part of the overall household budget and decision making process;
- since the game is played on weekends, the whole family can participate in viewing the draw and checking the results; and
- while instant tickets and keno may be more impulse buying products, spending in this area is still constrained in the context of an overall weekly household budget.

However it is also evident that the participation rate in lotteries increases with the size of first prize, especially with jackpot draws.

Also of relevance to lotteries is that:

- People playing lotto and scratch tickets are motivated more by the dream of winning and it is relatively inactive form of gambling compared to the other forms such, as casino and TAB and even to some extent EGMs where the motivations are again related to winnings, but are more associated with social and entertainment and boredom and atmosphere, excitement and buzz aspects and the associated potential to being seen to be a winner in a more public place/way/manner.

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[2] VCGA (January 1997), Fourth Survey of Gambling Patterns, Volumes 1 & 2, Melbourne, Victoria..

[3] Lotteries Commission of South Australia, Internal Lotteries Market Research Report, February 1995.

While the expansion in new forms of gaming may be having some effect on lottery sales (particularly with Instant Lotteries) and growth, some other factors which are also currently relevant to consider are as follows:

- While lotteries has a high weekly participation/commitment to playing, it involves a low monetary outlay each time;
- The life cycle of lotteries in general, and particularly of individual products such as instant lotteries, draw lotteries etc. tends to suggest that they are now mature and low growth products. Although the interest in Keno seems to be on the increase as a newly introduced product in most States/Territories;
- The actual amount won is relatively small, or the prize and odds structure for winning is such that people perceive that "they never seem to win" and over time lose the dream or motivation to participate;
- The frequency of purchase of some products is falling as well as the average spend per purchase, especially in areas such as Instant Tickets;
- There are now a lot more lotto draws both on a national basis (OzLotto and Powerball) as well as individual State lotto draws to choose from;
- In the recent past, changes to the Saturday Lotto draw which saw both an increase in price and a double draw concept, did not appeal to some existing players and met with consumer resistance; and
- Both Jackpot and large first prize draws, in any weekday or weekend Lotto draw have greater appeal.

The combination of the above factors may actually be leading in the medium term to a lottery market which will have a lower level of population participation and with a greater degree of spontaneity in purchases, against the former habitual playing.

However lotteries, in defining their market niche in the gambling market, have the distinct advantage of being perceived by players as:

- Not being seen as a form of gambling, or at least as a "hard" or serious form of gambling (i.e. TAB or casino);
- Many seeing it as a normal part of life.
- With some States lotteries funds being specifically targeted towards distribution to community and charitable organisations, even if players lose, they still see benefit in their money having gone to support a worthwhile cause;
- Having an image of being fair and with money being also distributed fairly, and
- Not going too far in encouraging gambling.

In terms of the average expenditure people are willing to outlay each time they play, VCGA (January, 1997)[4] research shows that for:

- Lotto/keno it is around $8;
- Scratch tickets it is around $4;
- Casinos it is $44;
- Horse racing it is $28
- Gaming Machines it is $28

[4]Victorian Casino and Gaming Authority, Fourth Survey of Gambling Patterns, Volumes 1 & 2, Melbourne, Victoria

- Sports betting is it $21
- Bingo it is $16 and
- Footy bet is $11.

These amounts are similar to what occurs in most other States/Territories with like forms of gambling.

Overall the market research points lotteries having problems typically associated with any product being at a mature stage in their lifecycle, that is having a low or declining growth rate. However Keno as a more recent and technologically-linked product, which also provides aspects associated with instant gratification, has increased its sales.

In terms of the future competitive environment for lotteries, from other luck based and lottery-type products not under the control of the Lottery Operators, the potential major competitors in the near future are seen as coming from:

- the jackpot linked EGMs in casinos and pubs/clubs;
- the Mystery Bet type products offered by the TABs, especially if presented to people in an interactive way in their homes, via their TV or computer; and
- Possibly sports betting, again presented by TABs, if presented in the same way to households as indicated above for Mystery Bets.

Both these latter products are being specifically developed by the TABs as lottery-type products of interest to the infrequent, inexperienced and young gambler. Significant growth in turnover is being obtained from these products but they only currently have a small share of total TAB turnover. However, research undertaken in the context of this report, shows that all State TABs will in the near future have the potential to introduce a much broader range of Mystery Bet products in a variety of formats, similar to what has already occurred in NSW.

Raffles are not seen as major competitors under the existing very strict and restrictive regulatory environment which operate in most States.

Trade Promotions, however, are generally not regulated but may be in the near future.

The Lotteries Industry is facing increasing levels of competition based around using new technology, but this provides both a threat and an opportunity to Lottery Operators. The threat is that the new technology will allow for national and international "borderless" gaming opportunities associated with the Internet based around new and existing products. This is also a threat to all other forms of gambling in Australia.
The opportunities however relate to the Lotteries Operators actively taking account of this emerging technology, involving smartcards, interactive TV, Pay-TV and the Internet, and other technologies, to develop new modes of delivery giving access to new markets for their existing and new products.

Chapter 6 examines the direct effect of the Lotteries Industry on employment, income and government revenue.

In 1995-96, the Lotteries Industry is estimated to have made a direct contribution to Australia's Gross Domestic Product of $1206.3 million, of which $1027.7 million came from Lottery Operators and $178.4 million from commissions and handling fees paid to selling agents. This was around 0.3 per cent of total GDP. The industry's contribution to State GSPs was found to have varied from 0.2 per cent to 0.3 per cent.

In 1995-96 the industry was also estimated to have had a direct employment impact of 8 185 jobs, with 743 coming from employment by the Lottery Operators and a further 7 442 jobs from their agents.

Total direct employment attributed to lottery sales by State is estimated at:

- Over 2000 jobs each in NSW and Victoria.
- Around 1800 jobs in Queensland.
- Almost 1150 jobs in Western Australia; and
- Around 750 jobs in South Australia.

On the basis of direct contribution of various industries to Australia's GDP, the Lotteries Industry was found to be slightly larger than the Gas Industry and slightly smaller than the Forestry and Fishing Industry. Also it is around half the size of the Rail Industry, and one third the size of both the Wood and Paper Industry and the Water Industry.

In terms of revenue collected by governments from gambling in 1995-96, the lotteries industry accounted for:

- 37.1 per cent of all gaming revenue (but with this varying from 70 per cent in the Northern Territory, to 65 per cent in Western Australia, and 51 per cent in both Queensland and Tasmania).
- 30 per cent of all gambling revenue (with this varying from 61 per cent in the Northern Territory, 52 per cent in Western Australia and between 40 and 41 per cent in each of Queensland and Tasmania).
- The lotteries industry overall accounted for around 3.2 per cent of total taxes, fees and fines revenue collected by State and Territory Governments.

The indirect benefits associated with the Lotteries Industry comes in three ways:

- Firstly from the revenue raised by governments being a more efficient way than most other forms of revenue raising may affect overall industry competitiveness or have a greater negative effect on the economy.
- Secondly, with lotteries expenditure being usually partly financed through household savings it leads to a relatively greater stimulus to economic activity; and
- Finally there are the flow-on input supply effects to other industries which supply goods and services to the Lotteries Industry and some of these effects will also flow across State borders.

Taking into account these factors, **Chapter 7**, found that:

- the indirect effects associated with lotteries expenditure equates to an overall increase of $947 million in Australia's GDP;
- with employment increased by 17 420 jobs; and
- Household incomes by $686 million.

In **Chapter 8** the estimate of the impact of the new forms of gambling introduced since 1992 can only be outlined in the context of a comprehensive study undertaken on this area by the NIEIR for the Victorian Casino and Gaming Authority [5](August 1997).

Due to the complex nature of this study, it is unable to be duplicated for each State, however it is seen as providing a useful guide to what may have occurred in the other States.

The study found that:

- Victoria's Gross State Product was $2.4 billion greater in 1995-96 from the introduction of the casino and gaming machines.
- However $0.7 billion of this impact came from construction related expenditure to providing new gaming facilities at hotels and clubs and with the new casino.
- Also the study found that the direct State income multiplier associated with the newer forms of gaming was 1.5, meaning that, on average, each $1 spent in gaming machines and casinos had a direct flow on-effect on State income of $1.50.
- The study also found that while Victoria's employment had increased by 44 000 from these newer forms of gaming, 55 per cent of these jobs were part- time or casual.
- Finally it was also estimated that the newer forms of gambling displaced around $300 million in the other forms of gambling including racing, bingo, raffles and lotteries, to some extent.

Overall, using this Victorian study as a benchmark, it is estimated that the introduction of gaming machines and casinos since 1992 had increased Australia's GDP by between $7 billion and $9 billion in 1995-96.

In **Chapter 9** forecasts of racing, lotteries, minor gaming, EGMs and casinos expenditure is provided for each State/Territory based on their economic outlook as well as from factors such as population growth, the effects of gambling substitution and from the continuing growth and expansion of the existing forms of gaming.

Overall to the year 2003, it is expected that the strongest growing economies will be the resources rich ones of Queensland, Western Australia and Northern Territory. New South Wales and Victoria, are seen as being more mature economies which are facing greater changes coming from industrial structural change effects and therefore will grow at just under the national average.
The remaining economies are expected to grow at between one half and one third the rate of the others. It is also expected that Australia will enter a recessionary phase in the years 2001 and 2002.

Based on the above, it is forecast that total real gambling expenditure will increase from $9.6 billion in 1995-96 to $12.6 billion in 2002-03, which represents an average annual growth rate of 3.5 per cent, but which is still above the overall economic growth rate over this period.

Real per capita gambling expenditure per annum is expected to rise from $709 in 1995-96 to $857 in 2002-03, or by an average annual rate of 2.3 per cent (compared with 9 per cent per annum from 1990 to 1996).

[5] VCGA, The Effects of Gambling on Employment in Victoria, Melbourne, August 1997.

On a State basis, it is expected that New South Wales, Western Australia and Tasmania will record the strongest growth in gambling expenditure, with an increase of 4 per cent per annum between 1997 and 2002. Tasmania has only starting to introduce gaming machines outside of the casino since the 1st January 1997 and this will provide strong growth in gaming expenditure.

The weakest growth in gambling expenditure is expected to occur in South Australia and the ACT, coming from weaker growth in incomes and in employment.

Estimated Future Lotteries Expenditure

In terms of the lottery market, it is estimated that, nationally, this will increase at an average annual real rate of 0.9 per cent between 1997 and 2003, with the actual level of expenditure increasing from $1.3 billion to $1.4 billion. Overall, on a per capita basis, lottery expenditure is forecast to decrease from $96 to $93.

However lottery expenditure is still expected to increase strongly in Western Australia, with an average annual rate of 3.4 per cent, mainly due to EGMs not being introduced outside of the casino, and real per capita lottery expenditure is forecast to increase from $124 in 1996 to $135 in 2003.

Other areas showing stronger than average growth in real lotteries expenditure include the ACT and the NT. Queensland's real lottery expenditure is estimated to grow at an average annual rate of 2.3 per cent

NSW is expected to only show marginal real growth of 0.6 per annum, but Victoria, South Australia and Tasmania are forecast to show declining real growth rates of between 0.2 per cent and 3.4 per cent per annum, mainly due to strong competition from EGMs and the casinos and other factors.

Future Estimated Racing Expenditure

The value of racing industry expenditure is expected to remain constant, in real terms, at around $1.6 billion to the year 2003 but real per capita expenditure is forecast to fall by an average 1.2 per cent per annum, from $124 in 1996 to $114 in 2003. However racing gambling expenditure in Queensland and the Northern Territory is still expected to grow at between 3 per cent and 6.2 per cent and by between 0.9 per cent and 1.2 per cent per annum in both the ACT and Western Australia. Decreases in racing expenditure is expected in the other States.

Estimated Future EGM Expenditure

The EGM market is expected to continue to show strong growth with expenditure estimated to increase from $4.6 billion in 1996 to $5.9 billion in 2003 or at an average rate of 3 per cent per annum, with the strongest growth occurring in Tasmania, New South Wales and Queensland, but followed closely by Victoria and the ACT.

Estimated Future Casino Expenditure

In terms of the casino market, real expenditure is forecast to rise from $1.8 billion in 1996 to $3.4 billion in 2003, representing an annual average growth of 8 per cent. Real per capita growth is expected to increase by 6.6 per cent per annum from $133 in 1996 to $228 in 2003.

The strongest growth in casino expenditure is expected to occur in New South Wales and Victoria with their mega-casinos coming into operation and in Western Australia due to its casino's strategic location in relation to the Asian market together with some casinos in Queensland. Many casinos had reported that between 30 to over 50 per cent of their expenditure comes from the Asian premium market player. However the recent financial market turmoil in some South East Asian countries highlighted the vulnerability of some casinos with their expenditure and profitability from being too closely aligned to or reliant on the Asian premium player market.

Real Government Revenue from Gambling

Overall national projections of real government revenue from gambling show that revenue is expected to increase from $3.24 billion in 1996 to $3.85 billion in 2003. Decreased revenue is however expected to occur from racing gambling and the other minor forms of gambling but strong increases are expected from EGMs and casinos. The revenue from lotteries is expected to increase slightly.

Social Impacts of Gambling

Finally the overall and relative social impact coming from gambling is contained in **Chapter 10.**

The main finding here is that problem gamblers by and large do not come from lottery customers as the motivations and perceptions associated with lottery gambling is more related to the dream of winning money than of excitement, enjoyment of the environment and thrill of winning which are more closely associated with most other forms of gambling. Other research seems to indicate that persons having gambling problems with lotteries are likely to be heavy gamblers across all the various forms of gambling.

The social impact associated with gambling overall come in a number of areas including crime from "in-house" crime by employees, to illegal possession of EGMs, armed robbery of venues and organised and white collar crime associated with gambling problems.

Problem gambling has been defined and measured in a number of ways. The extent of problem gambling has been estimated at between 1 and 3 per cent of the Australian population, but one study in Western Australia puts the problem gambling rate in that State of 0.32 per cent, possibly due to the non-availability of gaming machines outside of the casino.
The impact of problem gambling comes in a number of ways including depression amongst problem gamblers, family break ups, violence, substance abuse, bankruptcies, increased white collar crime (fraud and embezzlement) and with the associated impact on employers including from the loss of productivity.

The Melbourne University School of Social Work (1996)[6] found the typical profile of problem gamblers to be 51 per cent male, 49 per cent female; just over half having incomes under $20 000 and a further 37 per cent having between $20 000 and $40 000, 78 per cent playing EGMs, 83 per cent having financial problems and 25 per cent committing "illegal acts" to finance their gambling. The results from a later study undertaken by the same organisation is

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[6] Analysis of Clients Presenting to Problem Gambling Services from 1 July 1995 to 30 June 1996, Melbourne University School of Social Work, 1997

yet to be released but now show that women comprise a greater proportion of problem gamblers and that the proportion of problem gamblers who had performed "illegal acts" to finance their habit has increased to 30 per cent.

More recently an increase in the number of gambling related suicides has been noted and is being investigated further.

However there are also many other positive social affects associated with gambling, especially in terms of its entertainment and other values.

CHAPTER 2: CHANGES IN THE GAMBLING MARKET SINCE 1992.

2.1: INTRODUCTION

The gambling market in Australia has undergone significant expansion and change since 1992 as governments have sought to tap into new revenue sources and actively compete with the existing and new forms of gambling available in other States/Territories.

Over the last five years the most significant changes have occurred from the introduction of casinos (with mega-casinos being built in both Sydney and Melbourne) and the expansion of gaming machines into hotels and clubs in all states, apart from Western Australia.

Both the growth of pre-existing gambling products and from the introduction of the newer products is shown in the tables contained in this chapter.

In short, what has occurred has been:

- In nominal terms (i.e. not taking into account inflation), gambling turnover has almost doubled in five years, but this has mainly come from the areas of gaming machines up (125 per cent) and casinos (up 274 per cent).

- In terms of lotteries, the major growth area was Keno (up 186 per cent), but which is only controlled by the Lottery Operators in South Australia and Victoria. Overall lottery turnover increased by only one fifth of the overall increase in gambling, but this was still far better than that achieved by racing gambling which only increased by 6 per cent.

Table 2.1 Gambling Turnover by Major Product Area, 1991-92 to 1995-96

Gambling Form	1991-92 $m	1995-96 $m	% Change 91-92 to 95-96
RACING			
TAB	7934.8	8739.6	10.1
On-Course Tote	1060.6	950.0	-10.4
Bookmakers	1967.7	1914.8	-2.7
Total	10963.1	11604.4	5.9
GAMING			
LOTTERIES			
Lotto	1870.2	2244.1	20
General Lotteries	174.1	163.6	-6.0
Instant Lotteries	648.2	557.8	-14.0
Pools	21.1	19.7	-6.6
Keno	174.1	497.7	185.9
Total	2887.7	3482.9	20.6

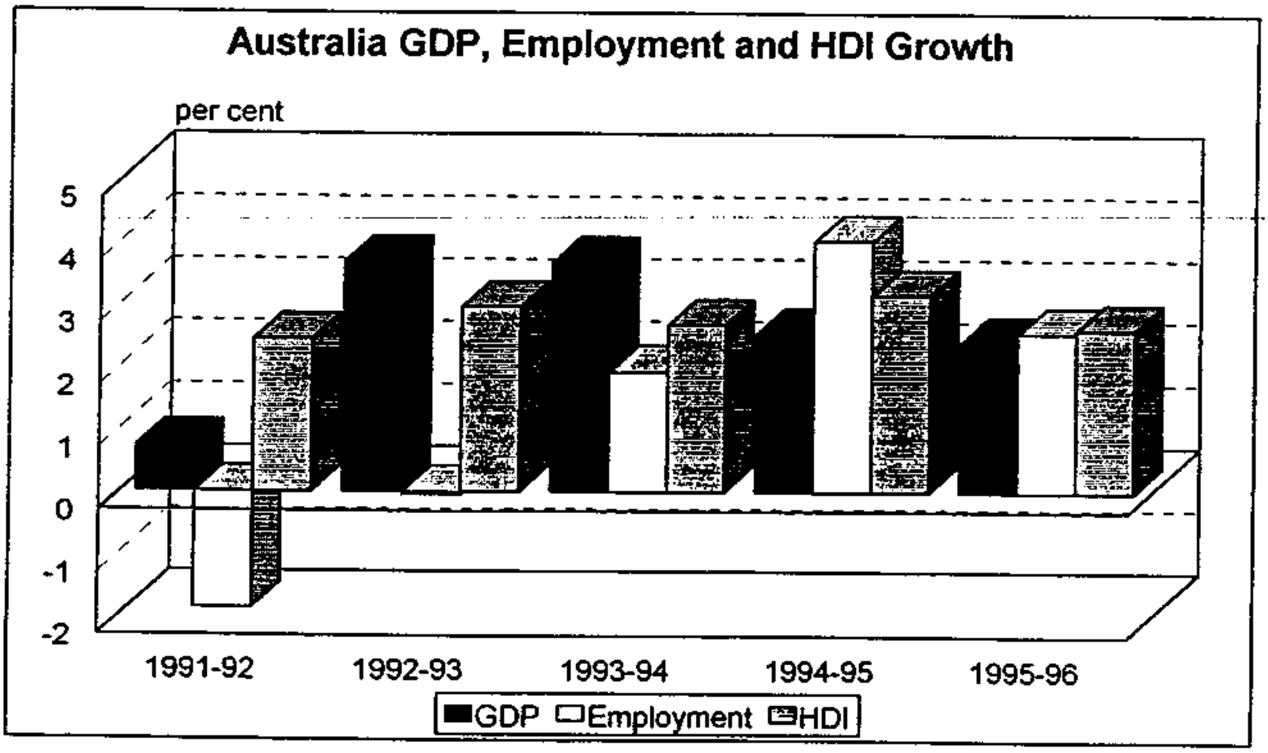
Table 2.1:
(Continued)

OTHER GAMING			
Gaming Machines	20093.9	45194.5	124.9
Casinos	3226.9	12066.2	273.9
Minor Gaming	609.1	523.5	-14.1
Total	23929.9	57784.2	141.5
GRAND TOTAL	36856.1	72871.3	97.7

Source: Tasmanian Gaming Commission, *Australian Gambling Statistics*, 1993-1997.

2.2:THE ECONOMIC ENVIRONMENT IN AUSTRALIA FROM 1991-92

This section highlights the economic environment faced by the Lotteries Industry in each State and Territory over the period of analysis from 1991-92 to 1995-96.



The characteristics of the Australian economic environment over the 1991-92 to 1995-96 period were as follows.

- Australia was in recession in 1991-92 and employment growth fell by 2.0 per cent and household disposable income (HDI) growth rose by 2.5 per cent.

- The Australian economy commenced a recovery phase in 1992-93 but growth was still relatively weak with employment growth being stagnated.

- Stronger growth occurred over the two years from 1993-94 to 1994-95, with employment growing at 2.0 and 4.0 per cent respectively. For the same period HDI grew between 2.7 and 3.2 per cent.

- Modest growth occurred in 1995-96 as activity in the dwelling construction sector declined.

Table 2.2: Real GDP Growth by State 1991-92 to 1995-96

	1992	1993	1994	1995	1996	1991-96
New South Wales	1.1	2.0	3.9	2.2	2.0	2.3
Victoria	-2.7	4.7	2.1	2.2	2.8	1.8
Queensland	4.2	7.3	4.2	3.3	1.3	4.0
South Australia	-1.0	2.4	4.3	0.9	2.1	1.7
Western Australia	4.4	2.9	6.0	4.2	5.2	4.5
Tasmania	1.8	2.4	-0.6	3.5	2.4	1.9
Northern Territory	-4.3	-1.6	-0.8	5.4	0.3	-0.3
Australian Capital Territory	3.4	4.4	7.6	1.0	0.6	3.4

Source: National Institute of Economic and Industry Research.

- Queensland and Western Australia were the fastest growing States with average GDP growth rates at 4.0 and 4.5 per cent. Over the period 1991 to 1996, Queensland experienced the peak of growth in 1993 when its annual growth rate reached just over 7.0 per cent. Growth in Western Australia peaked in 1994 with an annual growth rate of 6.0 per cent.

- Victoria, South Australia, Tasmania and the Northern Territory were below average over 1991-92 to 1995-96. Negative growth was recorded in 1992 for Victoria and South Australia. The Northern Territory experienced three consecutive years of negative growth from 1992 to 1994, which resulted in a negative average growth rate for the five years to 1996.

- New South Wales and the Australian Capital Territory performed at average levels during the period under study. Growth in New South Wales was steady from 1991-92 to 1993-94 and remained at 2.0 per cent for 1994-95 to 1995-96. Growth in the Australian Capital Territory was strong and steady for the three years to 1993-94, with a growth rate of 7.6 per cent. 1995 and 1996 saw a plunge of growth in the Australian Capital Territory with growth rates barely above 1.0 per cent, partly reflecting the consequences of spending cuts in the public sector by the federal government.

Table 2.3 below presents the changes in average expenditure per capita per annum which has occurred between 1991-92 and 1995-96.

As would be expected, this follows much the same trends as detailed in Table 2.1 above.

Other figures provided by the Tasmanian Gaming Commission[7] showed that the:

- Average expenditure per capita on total gambling increased from $402.21 in 1991-92 to $708.96 in 1995-96;
- This represented an average weekly outlay of $7.73 in 1991-92 and $13.63 in 1995-96;
- While the average weekly expenditure per capita on lotteries over this period increased from $1.60 to $1.85, the expenditure on gaming machines increased from $2.54 to $6.54 and in casinos from $0.82 cents to $2.55.
- Average weekly expenditure per capita on racing was $2.23 in 1991-92 and $2.38 in 1995-96.

[7] Tasmanian Gaming Commission, Australian Gambling Statistics, 1972-73 to 1995-96, 1997.

Fig 2.1 Gambling Turnover by Major Product

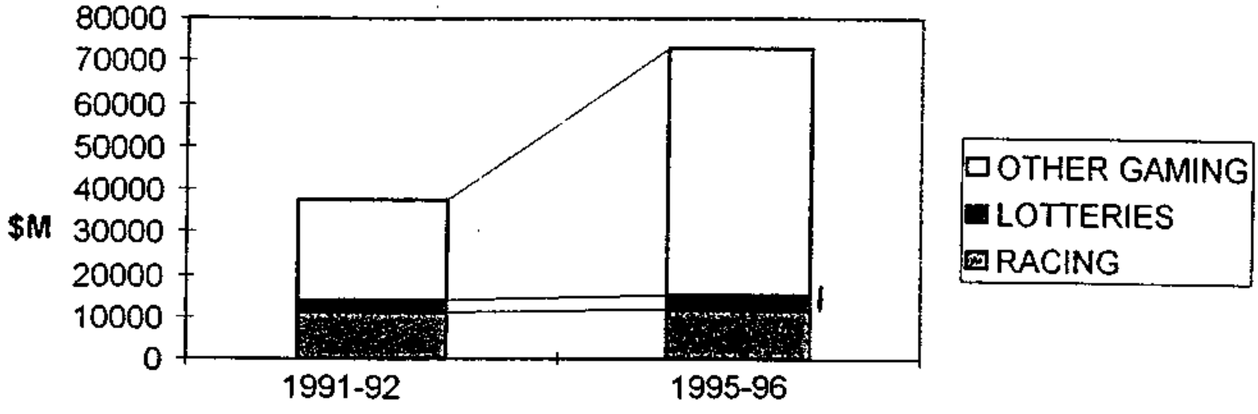


Fig. 2.2 Average Expenditure Per Capita by Major Product

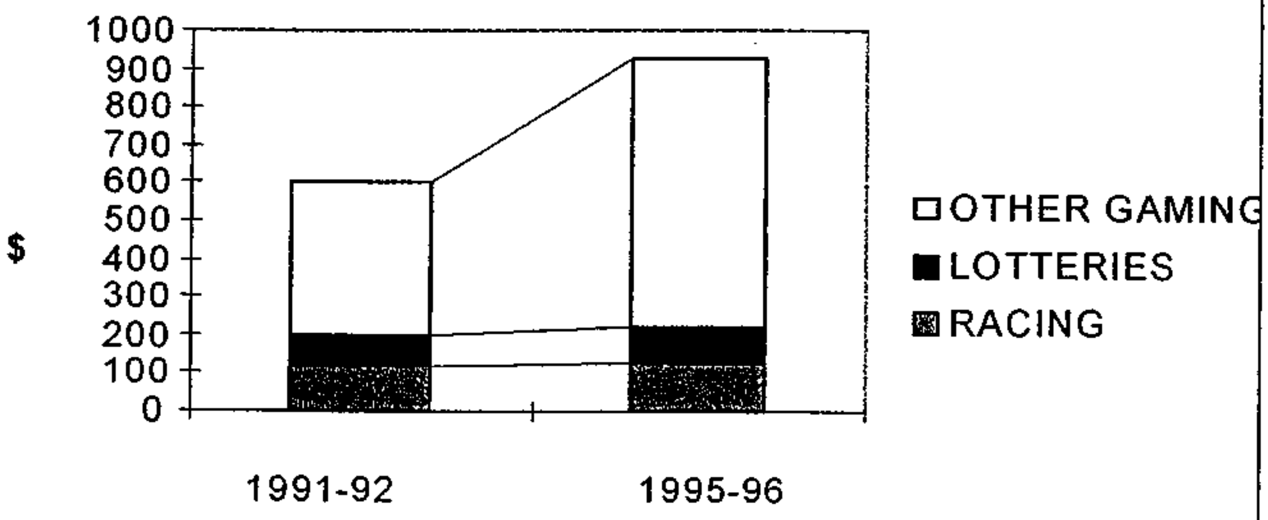


Table 2.3: Average Expenditure Per Capita by Major Product Area 1991-92 to 1995-96

Gambling Form	1991-92 $	1995-96 $	% Change 91-92 to 95-96
RACING			
TAB	92.94	104.72	12.7
On-Course Tote	13.35	11.40	-14.6
Bookmakers	10.14	7.64	-24.7
Total	116.06	123.75	6.6
GAMING			
LOTTERIES			
Lotto	58.51	66.22	13.2
General Lotteries	4.55	4.26	-6.4
Instant Lotteries	19.33	15.92	-12.5
Pools	0.80	0.73	-8.8
Keno	0.00	8.85	na
Total	83.19	95.98	15.4
OTHER GAMING			
Gaming Machines	131.98	339.89	157.5
Casinos	42.78	132.67	210.1
Minor Gaming	23.79	16.68	-29.9
Total	402.21	708.96	76.3
GRAND TOTAL	36856.1	72871.3	97.7

Source: Tasmanian Gaming Commission, *Australian Gambling Statistics*, 1993-1997.

Finally Table 2.4 presents the changes in the proportion of Household Disposable Income to gambling and shows that this has increased by just over one per cent from 2.07 per cent in 1991-92 to 3.08 per cent in 1995-96.

Table 2.4: Proportion of Household Disposable Income, 1991-92 and 1995-96

	1991-92	1995-96
Racing	0.60	0.54
Gaming	1.47	2.55
Total	2.07	3.08

Source: Tasmanian Gaming Commission, *Australian Gambling Statistics*, 1993-1997.

2.3: MAJOR CHANGES BY PRODUCT AREA

The above information highlights the changes which have broadly occurred by product area. The information below presents more detail on why these changes have occurred.

2.3.1: Casinos

The history of the casino industry in Australia since the first casino opened in Tasmania in 1973 is as follows:

Table 2.5: History of Casino Establishment in Australia

Year/Date Opened	Casino and State
1973	Wrest Point, Hobart, Tasmania
1979	Darwin Beach Casino, Darwin, Northern Territory
1982	Lassiters Casino, Alice Springs, Northern Territory
1982	Country Club Casino, Launceston,Tasmania
1985	Burswood Casino, Perth, W.A.
1985	Jupiter's Casino, Gold Coast,Queensland
1986	Adelaide Casino, South Australia
1986	Breakwater Island Casino,Townsville, Queensland
1992	Temporary Casino, Canberra Casino,ACT
1993	Christmas Island Casino
1994	Temporary Crown Casino,World Trade Centre, Melbourne,Victoria.
1994	Permanent Canberra Casino
1995	Treasury Casino, Brisbane, Queensland
	Temporary Sydney Casino, New South Wales
1996	Reef Casino, Cairns, Queensland
1997(May)	Permanent Crown Casino,South Bank, Melbourne, Victoria
1997 (26th Nov)	Permanent Sydney Casino (Planned Opening), New South Wales.

Source: DATAB Pty Ltd.

Over time the casino industry has moved from the small casinos to medium sized casinos to mega-casinos/entertainment venues of international size and significance in both Melbourne and Sydney.

As at 1997, the industry has 14 casinos operated by 10 companies and since 1992, six new casinos have opened.

Together with the growth in numbers and size of the newer casinos, industry turnover has also increased rapidly.

The Tasmania Gaming Commission statistics show that in constant 1995-96 dollars, the turnover of casinos increased from $57.3 million in 1972-73 to $12066 million in 1995-96, or at around an average real rate of 26 per cent per annum over this period.

Since 1985-86, with real rate of growth in casino handle has still averaged 26 per cent per annum even with a doubling in the number of casinos in operation.

The following table highlights the growth in nominal casino handle since 1991-92.

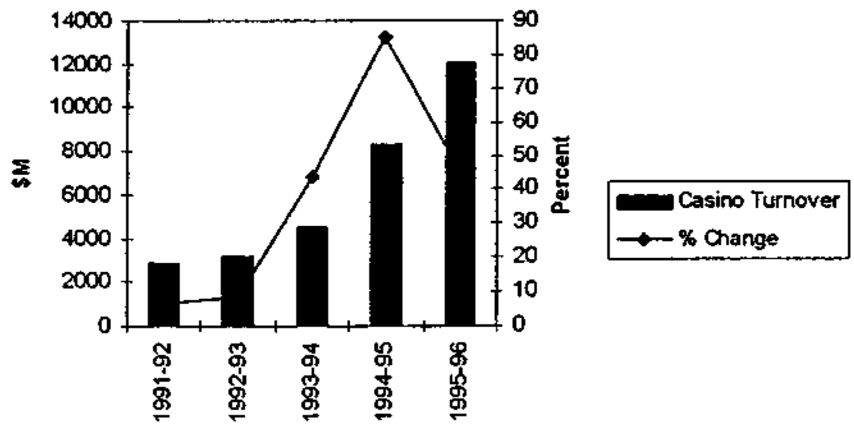
Table 2.6: Casino Handle/Turnover, Actual, $M

Year	Casino Turnover/Handle $M	% Change
1991-92	2 895	+ 6.4
1992-93	3 126	+ 8.0
1993-94	4 491	+43.7
1994-95	8 313	+85.1
1995-96	12 066	+45.2
Average Nominal Rate of Growth in Turnover/Handle		42.9 %

Source: Tasmanian Gaming Commission, *Australian Gambling Statistics*, 1993-1997.

According to Table 2.5 the handle of the casino industry increased from $2895 million in 1991-92 to $12066 million in 1995-96, or at an average nominal rate of 42.9 per cent per annum.

Fig 2.3 Casino Handle/Turnover



The casino industry in most States/Territories have the benefits listed below:

- gaming machines, which can provide linked jackpots;
- preferential tax treatment on domestic and international premium players, in all except currently in Sydney;

- attracting a high proportion of turnover from international premium players, particularly from the Asian region, which the Crown Casino, Melbourne reports as accounting for between 40 and 50 per cent of gaming turnover. This, however, is an exceptionally high proportion and while it means a relatively higher economic impact comes from these casinos it has made them vulnerable to the financial situation in these countries, as was seen recently.

Casinos are also perceived by most gamblers as being part of an overall entertainment experience.

Due to the market and marketing power of these newer mega-casinos, the operators in many smaller states have recently seen their turnover decline or their rate of growth in turnover decrease.

It is expected that further financial and operator rationalisation will occur in this industry over the next five years.

The casino industry is facing significant potential competition from on-line casinos and other forms of gambling and leisure/entertainment experiences, which will accelerate once the security and certainty aspects of gambling on the World Wide Web are resolved. As at March 1997, the International Gaming and Wagering Business[8] magazine reported that there were 27 casino sites operating on the Internet, of which at least 10 listed the ability to play for real money.

These sites offer a low cost of entry into the industry by operators as well as of operation (and possibly higher rates of return to players and/or operators) but may lack the atmosphere of a real casino. Regulation of this area is however still in its infancy and present potential major tax revenue losses to governments.

The size of the world market for on-line casinos expenditure is estimated by the above magazine "most-likely" be around $169 million in 1996 but with the potential to be as large as $8.7 billion by the year 2000 (and possibly as high as $25.4 billion), especially if the major existing casino operators move into this market and software and credit card number security improvements give players a heightened sense of security.

2.3.2: EGMs

This area has been one of most significant change and growth since 1991-92. While New South Wales has had poker/gaming machines in clubs since 1956 and in hotels since 1984, and which were introduced into the ACT in 1976-77, most other states (apart from Western Australia) have introduced them during or since the last economic recession in 1990-91.

New South Wales is credited with having the second largest slot machine jurisdiction in the World, with around 75 000 machines, as at June 1997.

The NSW Government has also recently allowed for an expansion of electronic gaming machines (as distinct from card based, draw poker machines) into hotels.

[8] International Gaming & Wagering Business, Vol 8, No 3, March 1997, Pp 17.

Both Victoria (as part of the Tabaret concept) and the Northern Territory introduced gaming machines in 1990-91, Queensland followed in 1991-92 and South Australia introduced machines into their State in 1994-95.

Tasmania has approved gaming machines in hotels and clubs from the 1st January 1997.

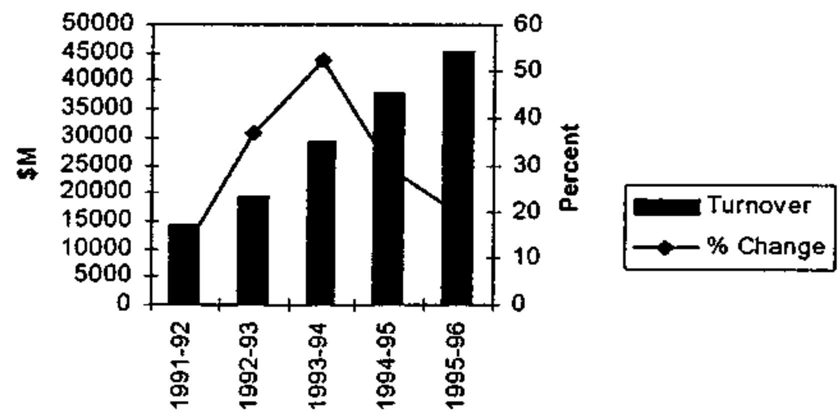
According to Table 2.6 gaming machine turnover has increased from $13.99 billion to $45.2 billion in 1995-96, which represented an average annual growth rate of 34.1 per cent.

Table 2.7: Gaming Machine Turnover, Actual, $M

Year	Gaming Machine Turnover $M	% Change
1991-92	13 987	+11.4
1992-93	19 169	+ 37.0
1993-94	29 260	+52.6
1994-95	37 847	+ 29.3
1995-96	45 194	+ 19.4
Average Annual Nominal Rate of Change (%)		+ 34.1

Source: Tasmanian Gaming Commission, *Australian Gambling Statistics*, 1993-1997.

Fig 2.4 Gaming Machine Turnover



The following table provides an overview of gaming machines in each State/Territory as at the 30th June 1992 and 1996.

Table 2.8: Gaming Machines - Number of Devices and Turnover 30th June 1992 and 30th June 1996.

State/Territory	Number of Devices		Turnover	
	As At June		$Million	$Million
	1992	1996	1992	1996
NSW	67 234	75 755	12854	24376
Victoria	*	22 982	273	13367
Queensland	4 848	20 442	193	3590
South Aust.	0	9 262	0	2622
Western Aust.	0	0	0	0
Tasmania	0	0	0	0
NT	75	236	43	75
ACT	2 835	3 921	624	1164
Total	74 992	132 598	13987	45195

* Gaming machines introduced as part of the Tabaret concept. Widely distributed gaming machines and licensing of venues occurred in this year with gaming machine venues officially launched on the 16th July 1992.
Source: 1997 Australia & New Zealand Gambling Report, International Gaming & Wagering Business, March 1997 & DATAB Pty Ltd.

Under government regulations, until late-1997, gaming machine numbers in Victoria are currently limited to a maximum of 25 000 devices excluding Crown Casino which has an additional 2 500 machines.

Both operators of gaming machines outside of the casino (i.e. Tattersalls and Tabcorp Holdings Ltd) have separately linked the machines under their control to provide larger jackpots across their networked EGMs. In Victoria gaming machines are also limited to half each for Tattersalls and Tabcorp and half between hotels and clubs industry. As well, 75 per cent of machines can be allocated to metropolitan clubs and hotels with the remainder having to go to regional centres. There may be some increase in the EGM ceiling by the end of 1997/early 1998 following an announced government review and report.

In most other states clubs have been given preference over hotels for the installation of gaming machines. Many hotels, however, are limited to around 10 machines per establishment, apart from Victoria where a maximum of 105 machines are allowed in either hotels or clubs. In Queensland, seven operators, including Tattersalls and the Golden Casket Corporation have recently been selected as operators for gaming machine on-line monitoring and support of hotels and clubs as well as the sale or leasing of machines, as required.

2.3.3: Lotteries

The turnover of this industry in 1995-96 was $3492 million, including keno, and in 1996-97 the estimated turnover was $3460 million representing a nominal rate of decline in industry turnover of around 2.5 per cent due to the vastly increased competitive environment for gambling and other lottery specific factors outlined later.

The trading performance of lotteries is expected to improve in 1997-98 with the improved economic conditions, increased number of weekly jackpot draws in early 1997-98 in both OzLotto and Power Ball and increased promotional and other efforts by the Lottery Operators.

In terms of the recent experience of the Lotteries Industry, over the period from 1991-92 to 1996-97 it is estimated that the annual average real rate of growth was 2 per cent, compared to an estimated average annual real GDP growth of 3.6 per cent over the same period.

The most significant factors affecting lottery sales over this period has been:

- the effect of the introduction of gaming machines, particularly on Instant Lottery ticket sales, as they are seen as providing the same attraction to gamblers of instant gratification and are therefore competing for the same expenditure (See Chapter 5 for further discussion);
- All Lotto Bloc participants, apart from NSW which was not initially a member of this group, from late-November 1995 introduced an additional 10 cents per game (i.e. from 30 cents to 40 cents) for Saturday Lotto entries and provided a second first prize draw on that night.
- NSW has since become a member of both the national Powerball and Ozlotto draws.
- Ozlotto was introduced .
- Since May 1996 Mid-Week lotto draws were re-launched as Powerball, offering a greater number of prize divisions and higher average prize amounts due to the greater odds of winning.
- Other initiatives such as the introduction of a two draw Saturday Lotto, also at a higher entry price, was discontinued from February 1997 due to some rejection to this new format. A single draw has resumed for Saturday draws, but the higher entry price has been retained.

Given the highly competitive operating environment, the Lottery Operators have since 1992 sought to continue to be more innovative and to link onto new technology to both retain and increase the interest level of gamblers.

Some of the initiatives have included:

- Overall continuing market research into lotteries and the gambling market in total as a basis for new promotional and advertising strategies;
- Increased technical support, training and retailer licence agreements for agents, as well as adopting a common corporate image and product branding in each State;
- New on-line computer hardware and software technology, including on-line prize validation for most products;
- New technology in the form of swipe cards which is a player and wager registration system based on the use of a convenient plastic card;
- New extended play instant lottery tickets such as Bingo and Crosswords have been introduced, which in WA at least accounts for 40 per cent of Instant Lottery sales; and
- Televised prize draws for Instant Lottery purchasers have been tried.

Apart from Keno operated by Lottery Operators in South Australia and Victoria, Keno is also available outside of casinos and as a product in hotels and clubs, with gaming machines, sometimes by other private companies.

Since 1993-94, Keno has been made available ijn Victoria by Tattersalls, while in Queensland Jupiters Ltd, the Brisbane and Gold Coast casino operator has just commenced providing Keno throughout that State, after purchasing the rights to this product in Far North Queensland from Breakwater Island Trust, the casino operator in Townsville, which is also partly owned by Jupiters.

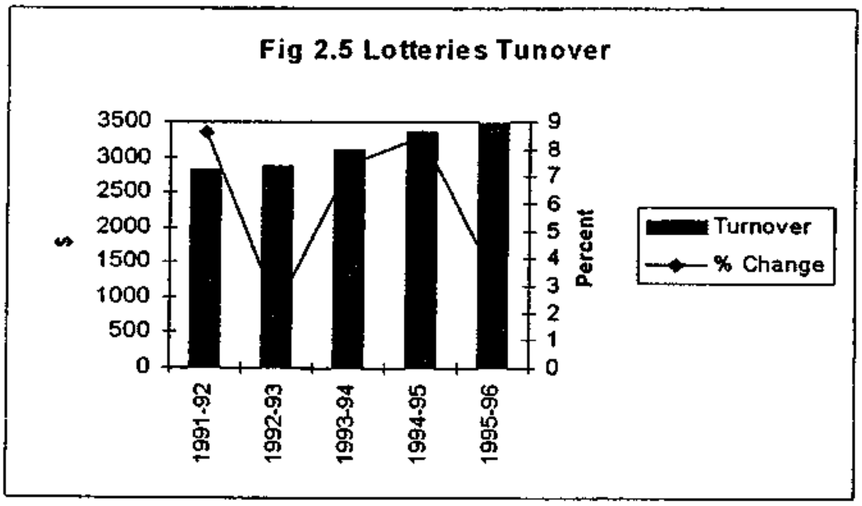
Since 1991-92 in New South Wales Keno has been provided by the publicly listed company, AWA Ltd, while in South Australia the product has been provided by the Lotteries Commission since 1992-93, after taking it over from the casino and in Tasmania Auatralian National Hotels provides linked Keno draws in both the casino and clubs and hotels throughout the State.

In 1995-96 total Keno turnover was around $498 million, up from $80 million in 1991-92, representing a nominal increase of 54 per cent per annum.

Table 2.9: Lotteries Turnover, Actual $M

Year	Turnover $M	Percentage Change
1991-92	2 824	8.6
1992-93	2 888	2.3
1993-94	3 105	7.5
1994-95	3 368	8.5
1995-96	3 483	3.4
Average Annual Rate of Change (%)		5.4

Source: Tasmanian Gaming Commission, *Australian Gambling Statistics*, 1993-1997



The proposed introduction of Interactive TV is expected to allow for direct lottery subscriptions by TV. The Internet also currently technically allows for internationally linked lottery sales, but government regulations may mean this activity is currently illegal. The area of Internet gambling is being reviewed by the Federal and State Governments but with the outcome likely to be to accommodate these new products rather than banning them.

This area provides both a threat to Lottery Operators as well as an opportunity with lottery sales able to be made across State and National boundaries. This may make the current government legislation relating to the single and state-based operations and licenses obsolete. However it may provide an opportunity for the existing Lottery operators, using their technology and expertise (as well as their excellent reputations) to expand and compete on an international basis.

In the short term the further commercialisation and privatisation of Lottery Operators may occur. Licenses to operate lotteries may also be put out to tender.

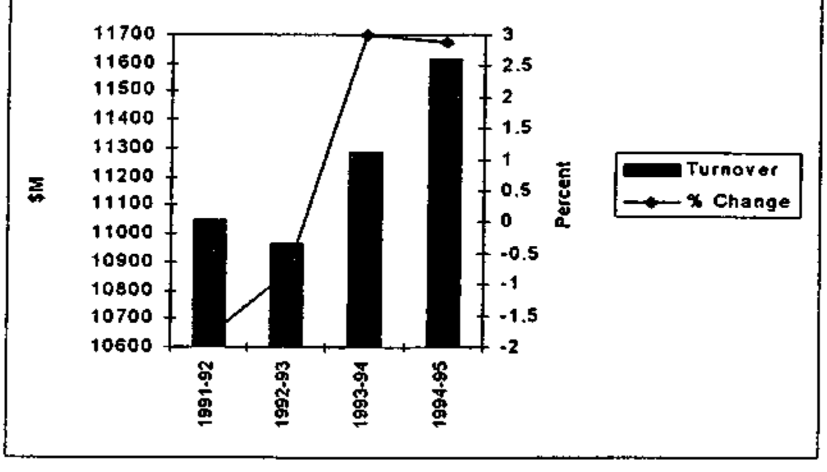
4.0: RACING GAMBLING

TABLE 2.10: Racing Gambling Turnover, Actual, $M

Year	Turnover $M	Percentage Change
1991-92	11 048	-1.8
1992-93	10 964	-0.8
1993-94	11 288	3.0
1994-95	11 617	2.9
1995-96	11 604	-0.1
Average Annual Rate of Change (%)		1.2

Source: Tasmanian Gaming Commission, *Australian Gambling Statistics*, 1972-1996

Fig 2.6 Racing Gambling Turnover



Since 1991-92 the racing industry overall has achieved only marginal growth in turnover. The answer for this is evident from the further disagreggated racing turnover tables given below.

4.1: TAB TURNOVER

Since 1992, the Victorian TAB has been publicly floated as TabCorp Holdings Pty Ltd. This company shares racing revenue with the racing industry on a 75:25 per cent split and also holds the other licence to operate gaming machines in Victoria.

The NSWTab is planned to be publicly floated by mid-1998 with a licence to link gaming machines in that State so that jackpots can be operated.

While the TAB revenue has continued to grow, albeit slowly, bookmaker revenue has continued to decrease from a combination of declining on-course race attendances. Also on-course phone betting has not worked as well as first hoped.

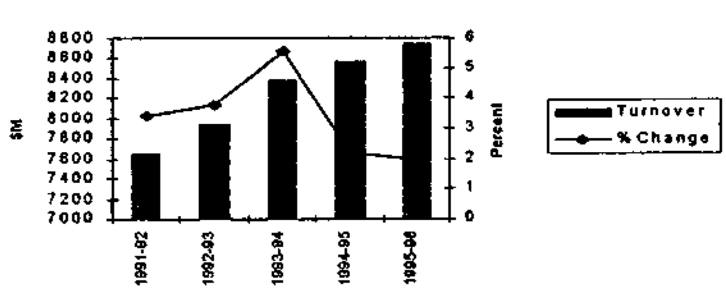
Annual TAB turnover and growth is shown below.

TABLE 2.11: TAB Turnover, Actual, $M

Year	Turnover $M	Percentage Change
1991-92	7 647	+3.4
1992-93	7 935	+3.8
1993-94	8 383	+5.6
1994-95	8 569	+2.2
1995-96	8 740	+2.0
Average Annual Rate of Change (%)		+3.4

Source: Tasmanian Gaming Commission, Australian Gambling Statistics, 1972-1996

Fig. 2.7 TAB Turnover



4.2: ON-COURSE TOTALISATOR

TABLE 2.12: On-Course TOTE Turnover, Actual, $M

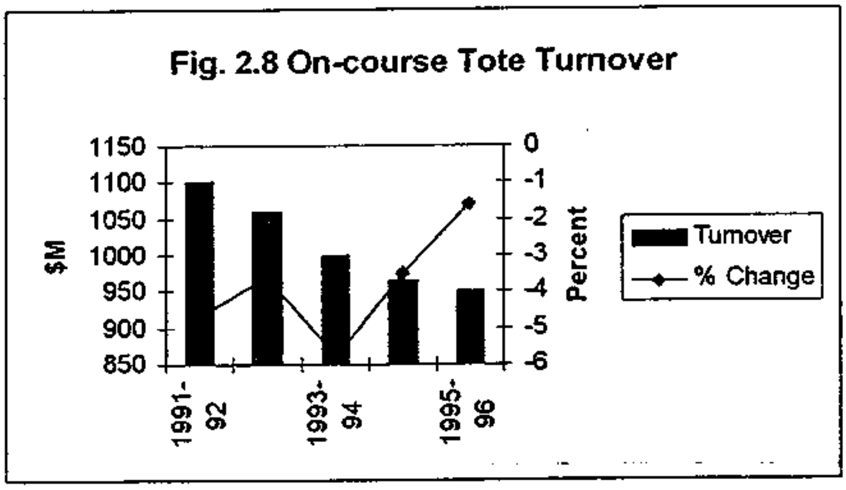
Year	Turnover $M	Percentage Change
1991-92	1 101	-4.7
1992-93	1 061	-3.6
1993-94	1 000	-5.8
1994-95	965	-3.5
1995-96	950	-1.6
Average Annual Rate of Change (%)		-3.6

Source: Tasmanian Gaming Commission, Australian Gambling Statistics, 1972-1996.

TAB gambling, due to the profile of these gamblers and the attributes of casino gaming being similar, has been most recently affected by the opening of casinos in each State.

Annual TAB turnover has recently declined in Victoria, South Australia and Tasmania but has shown relatively stronger growth in the other States

The TABs have expanded their services recently into providing sports betting on football and rugby mainly with some expanding into other sports, and mystery bets on racing. However these products while still representing a small part of TAB betting has significant future growth potential. This is explored further in Chapter 5.



TABs have had some competition from overseas bookmaking establishments located in countries, such as Vanuatu, and operating in Australia.

4.3: ON-COURSE BOOKMAKERS

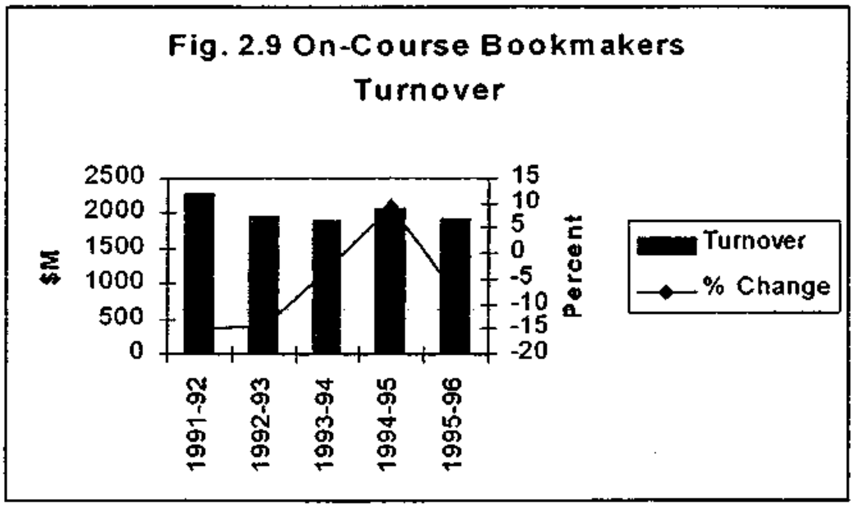
On-course bookmakers' turnover has decreased rapidly since 1991-92, despite the introduction, in some states, of on-course phone betting in some States in 1994-95.

The industry is only thriving in Darwin with the introduction of Sports Betting on virtually any Australian or international sporting event or result. The industry, at least, on the East Coast of Australia, has also had to compete with off-shore bookmakers establishing in countries such as Vanuatu. The overall trend in on-course bookmaker turnover is shown below.

Table 2.13: On-Course Bookmakers Turnover, Actual, $M

Year	Turnover $M	Percentage Change
1991-92	2 292	-14.8
1992-93	1 962	-14.4
1993-94	1 900	- 3.1
1994-95	2 077	+ 9.3
1995-96	1 911	- 8.0
Average Annual Rate of Change (%)		-4.4

Source: Tasmanian Gaming Commission, Australian Gambling Statistics, 1972-1996.



Over the period from 1991-92 to 1995-96, the average annual nominal rate of decline in bookmakers' turnover has been 4.4 per cent and this occurred in each State/Territory, apart from the Northern Territory where it has increased and is most likely related to increased national interest in sports and events betting and using bookmakers in the Northern Territory to place these bets.

4.4: CONCLUSION

In conclusion, the above shows that the gambling market has undergone significant change since 1992, particularly in the gaming with the introduction of casinos and gaming machines in most States.

Overall the expansion in gaming opportunities has led to slower growth in the mature areas of lotteries and TABs against the newer areas of gaming machines and casinos. However not all States have performed the same and some products within the lotteries and TAB industry have continued to grow.

The expansion of gaming opportunities has led to:

- a closer association now of some forms of gaming with entertainment and as a social experience - sharing actual and potential success in an out of home environment; and

- possibly a greater segmentation of the gambling market, not only by major form of gambling but by individual products offered, than has ever been seen before.

The above highlights that the gambling market will remain very competitive and this will lead to further and increasing rationalisation both amongst products and operators. This rationalisation will also occur across the various gambling forms, with operators such as TabCorp Holdings Ltd already expressing interest in buying into the Sydney Casino management company and possibly purchasing another privatised TAB operator in another State.

CHAPTER 3: MARKET SHARES OF GAMBLING BY PRODUCT AND STATE.

3.1: INTRODUCTION

This chapter analyses the changes in gambling trends from 1972-73 to 1995-96 in the context of:

- the shift in the respective market share of the total gambling market of racing, lottery, casinos, gaming machine turnover by State/Territory; and

- the shift in the market shares of the total gaming market of lottery turnover and other gaming products by State and Territory from 1972-73 to 1995-96.

QUALIFIER

It should be realised that a decline in the market share of an individual product can occur due a decline in turnover of this product or from the rate of growth of a product not keeping pace with the overall rate of growth of gambling turnover.

The analysis has been undertaken for four individual years, 1972-73, 1982-83, 1992-93 and 1995-96.

Turnover has been used in this chapter as it is commonly used by operators to define the market size and their individual relative market share within and between gambling forms.

3.1: AUSTRALIA - TOTAL GAMBLING MARKET

Table 3.1: Market Share by Product of the Total Gambling Turnover
Australia, 1972-93, 1982-83, 1992-93 and 1995-96

Racing/ Gaming	1972-73 %	1982-83 %	1992-93 %	1995-96 %
RACING				
TAB	26.4	23.4	21.5	12.0
On-CourseTote.	4.7	4.9	2.9	1.3
Bookmakers	26.6	19.9	5.3	2.6
Total Racing	57.6	48.2	29.7	15.9
GAMING				
Gen. Lotteries	3.2	1.5	0.5	0.2
Lotto	0.3	5.8	5.1	3.1
Instant Lotteries	0.0	2.1	1.8	0.8
Pools	0.0	0.3	0.06	0.03
Keno	0.0	0.0	0.5	0.7
Total Lotteries	3.5	9.4	7.9	4.8
OTHER GAMING				
Gaming Machines	38.5	40.0	52.0	62.0
Casinos	0.3	1.2	8.8	16.6
Minor Gaming	0.1	1.2	1.7	0.7
Total Gaming	42.4	52.1	70.3	84.1
Grand Total	100.0	100.0	100.0	100.0

Source: Derived from Tasmanian Gaming Commission, *Australian Gambling Statistics*, 1973 to 1996

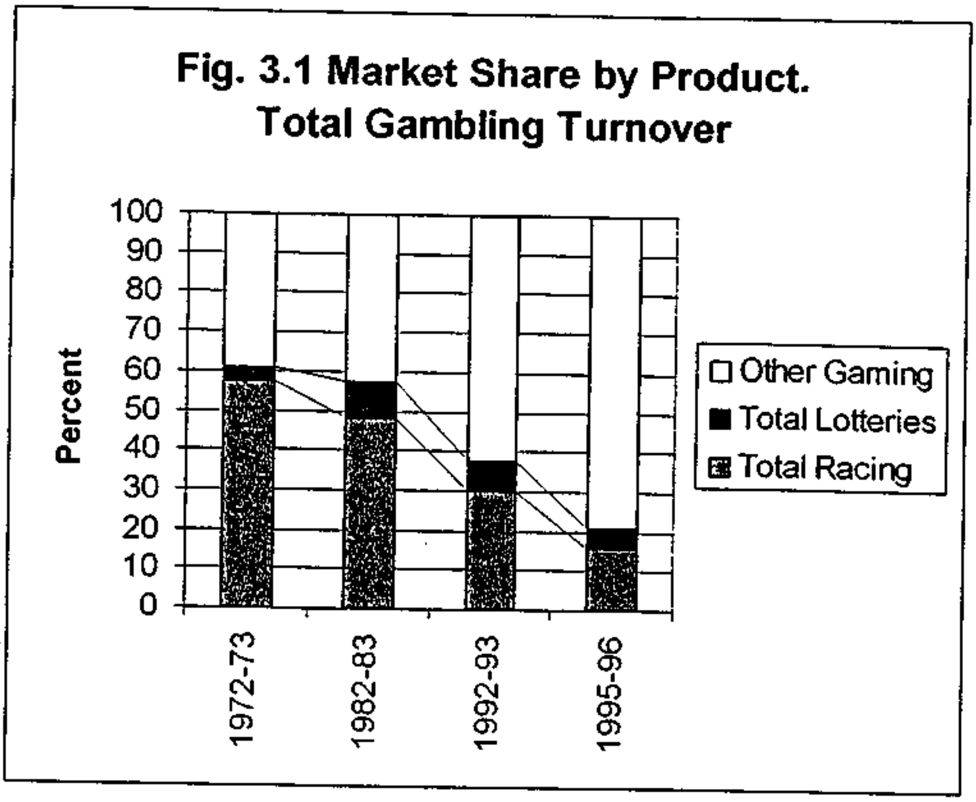


Table 3.1 shows that racing's overall market share as a proportion of total gambling turnover decreased from 57.7 per cent in 1972-73 to 29.7 per cent in 1992-93 and further to 15.9 per cent in 1995-96. This resulted from the significant reduction in bookmaker's turnover as well as from on-course tote gambling, which are both related to the decreased on-course attendances, and increased competition between bookmakers and the TAB.

For lotteries turnover, while its market share increased to 1982-83 and registered only a small decline in 1992-93, its recent overall market share has decreased to 4.8 per cent in 1995-96, with a significant decrease share in all product areas apart from the newest lottery product, Keno, which only in some States is provided by the traditional Lottery Operators.

However strong competition from and significant growth from both the EGMs and casinos is evident, with a share of 62 per cent for gaming machines and 16.6 per cent for casinos in 1995-96, which is double their share in 1992-93. In 1995-96 both of these areas accounted for 79 per cent of total gambling turnover.

Table 3.2: Market Share by Product of Total Gaming Turnover Australia, 1972-93, 1982-83, 1992-93 and 1995-96

Gaming	1972-73 %	1982-83 %	1992-93 %	1995-96 %
LOTTERIES				
Gen. Lotteries	7.4	2.2	0.7	0.3
Lotto	0.8	11.2	7.2	3.7
Instant Lotteries	0.0	4.0	2.5	0.9
Pools	0.0	0.6	0.1	0.03
Keno	na	na	0.7	0.8
Total Lotteries	8.2	18.0	11.1	5.7
OTHER GAMING				
Gaming Machines	91.0	77.4	74.0	73.7
Casinos	0.6	2.3	12.5	19.7
Minor Gaming	0.2	2.3	2.4	0.9
Total Other	91.8	82.0	88.9	94.3
Grand Total	100.0	100.0	100.0	100.0

Source: Derived from Tasmanian Gaming Commission, *Australian Gambling Statistics*, 1973 to 1996

Table 3.2 shows that in terms of gaming turnover only, the market share held by lotteries has almost halved since 1992-93 due mainly to the much stronger growth which has occurred in both casino and EGM turnover. These latter products held almost 94 cents out of every dollar of gaming turnover in 1995-96.

Strong growth is expected to continue to occur in both the casino and EGM areas with the further expansion of gaming machines in Victoria and since the 1st January 1997 the introduction of these machines outside of the casino in Tasmania. The effects also of the opening of the mega-casinos in both Sydney and Melbourne will begin to be felt from late-1997. However these casinos are also having some negative effect on casino turnover in some of the other States and Territories.

3.3: STATE/TERRITORY MARKET SHARE ANALYSIS

This section provides an analysis of market shares by products both for the total gambling and gaming only for individual States/Territories.

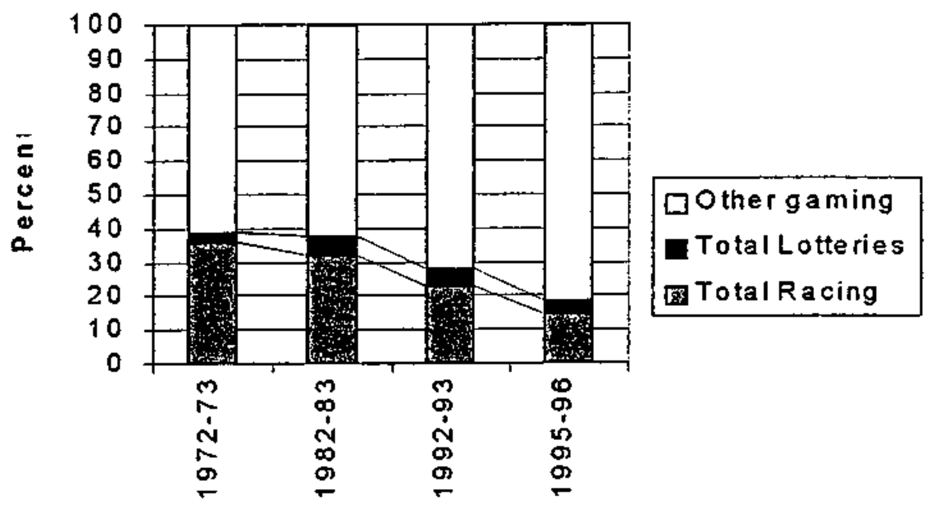
3.3.1 New South Wales Total Gambling Market

Table 3.3: Market Share by Product of the Total Gambling Turnover New South Wales, 1972-93, 1982-83, 1992-93 and 1995-96

Racing/ Gaming	1972-73 %	1982-83 %	1992-93 %	1995-96 %
RACING				
TAB	16.5	15.4	16.4	11.2
On-CourseTote.	3.2	3.5	2.5	1.3
Bookmakers	16.3	13.3	4.4	2.2
Total Racing	36.0	32.2	23.3	14.7
GAMING				
Gen. Lotteries	2.8	0.9	0.7	0.4
Lotto	0.0	2.9	2.1	1.8
Instant Lotteries	0.0	1.7	0.9	0.02
Pools	0.0	0.2	0.03	0.5
Keno	0.0	0.0	0.9	1.1
Total Lotteries	2.8	5.7	4.6	3.8
OTHER GAMING				
Gaming Machines	61.2	62.1	72.1	76.3
Casinos	0.0	0.0	0.0	5.2
Minor Gaming	0.0	0.0	0.0	0.0
Total Gaming	64.0	67.8	76.7	85.3
Grand Total	100.0	100.0	100.0	100.0

Source: Derived from Tasmanian Gaming Commission, *Australian Gambling Statistics*, 1973 to 1996

Fig. 3.2 New South Wales Market Share by Product



Gambling in New South Wales continues to be dominated by EGM turnover, with 76 cents in every dollar of gambling turnover accounted for by this product. EGMs have also increased their market share of total gambling turnover from 72.1 per cent in 1992-93 to 76.3 per cent in 1995-96.

The recent expansion of EGMs into the hotel industry will ensure that this product will continue to have a dominant share of the NSW gambling market.

In terms of the casino, the 1995-96 figure only accounts for part year operation of the Sydney Casino at its temporary site and its market share is also expected to increase once it commences operating from its larger, permanent site from the 26th November 1997.

In this environment racing's market share has fallen by 9 percentage points (from 23.3 per cent to 14.7 per cent) since 1992-93 which has been mainly caused by the significant decline in the share of bookmaker's turnover, although the TAB's share has also fallen by over 5 percentage points between 1992-93 and 1995-96.

Lottery turnover continued to grow but mainly in the areas of OzLotto, Powerball and the Lotto Strike products. Due to this the market share of lotteries in NSW has been relatively stable compared with the other States.

Table 3.4: Market Share by Product of Total Gaming Turnover New South Wales, 1972-93, 1982-83, 1992-93 and 1995-96

Gaming	1972-73 %	1982-83 %	1992-93 %	1995-96 %
LOTTERIES				
Gen. Lotteries	4.3	1.4	0.9	0.5
Lotto	0.0	4.3	2.7	2.1
Instant Lotteries	0.0	2.5	1.2	0.6
Pools	0.0	0.3	0.04	0.03
Keno	0.0	0.0	1.2	1.3
Total Lotteries	4.3	8.5	6.0	4.5
OTHER GAMING				
Gaming Machines	95.7	91.5	94.0	89.4
Casinos	0.0	0.0	0.0	6.1
Minor Gaming	0.0	0.0	0.0	0.0
Total Other	95.7	91.5	94.0	95.5
Grand Total	100.0	100.0	100.0	100.0

Source: Derived from Tasmanian Gaming Commission, *Australian Gambling Statistics*, 1973 to 1996

Table 3.4 again reinforces the continued dominance of EGMs of the gaming market in New South Wales, with this area accounting for 90 cents of every dollar of gaming turnover, although this was slightly down from 94 cents in 1992-93. Keno, which is provided by AWA Ltd in NSW, has performed relatively better in the lotteries area as has overall Lotto sales in NSW, relative to other States.

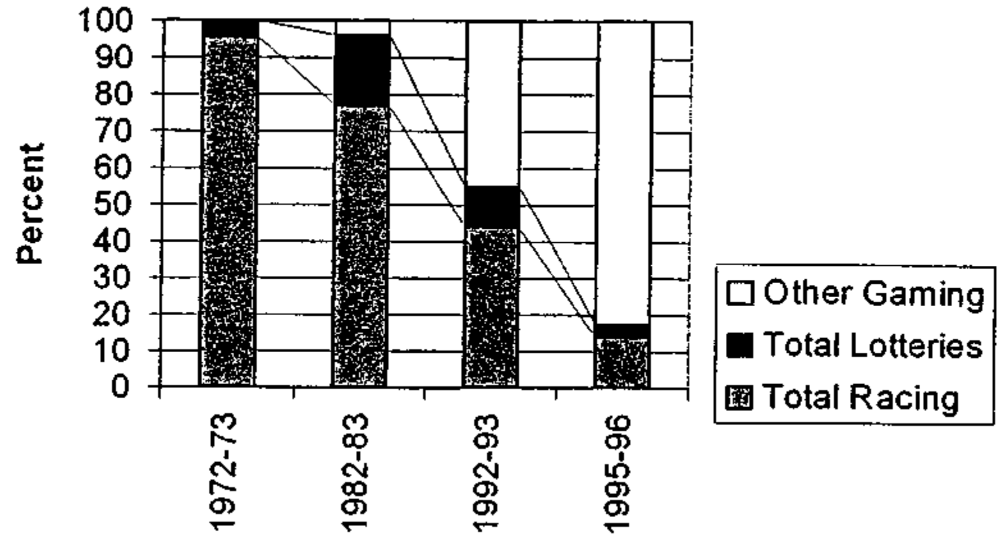
3.3.2: Victoria - Total Gambling Market

Table 3.5: Market Share by Product of the Total Gambling Turnover Victoria, 1972-93, 1982-83, 1992-93 and 1995-96

Racing/ Gaming	1972-73 %	1982-83 %	1992-93 %	1995-96 %
RACING				
TAB	50.8	40.5	33.7	10.7
On-CourseTote.	8.9	9.3	4.3	1.1
Bookmakers	36.0	27.0	5.7	2.1
Total Racing	95.7	76.8	43.7	13.9
GAMING				
Gen. Lotteries	2.6	0.4	0.2	0.06
Lotto	1.7	15.6	9.7	3.3
Instant Lotteries	0.0	3.2	1.6	0.3
Pools	0.0	0.4	0.06	0.02
Keno	0.0	0.0	0.0	0.15
Total Lotteries	4.3	19.6	11.6	3.8
OTHER GAMING				
Gaming Machines	0.0	0.0	41.0	62.7
Casinos	0.0	0.0	0.0	18.7
Minor Gaming	0.0	3.6	3.7	0.9
Total Gaming	4.3	23.2	56.3	86.1
Grand Total	100.0	100.0	100.0	100.0

Source: Derived from Tasmanian Gaming Commission, *Australian Gambling Statistics*, 1973 to 1996

Fig. 3.3 Victorian Market Share by Product



In 1995-96 both the racing and lottery shares of the total gambling market were almost a third of what they were in 1992-93 due to the rapid growth in both EGM and casino turnover, which together accounted for just over 81 cents of total gambling turnover.

Keno sales have however had a small impact on the Lotteries Industry turnover share since its introduction, but the share of all other lottery products has declined.

The once dominant share of the gambling market held by the racing industry in the early 1970s (when it accounted for 96 cents in every dollar spent) has declined rapidly.

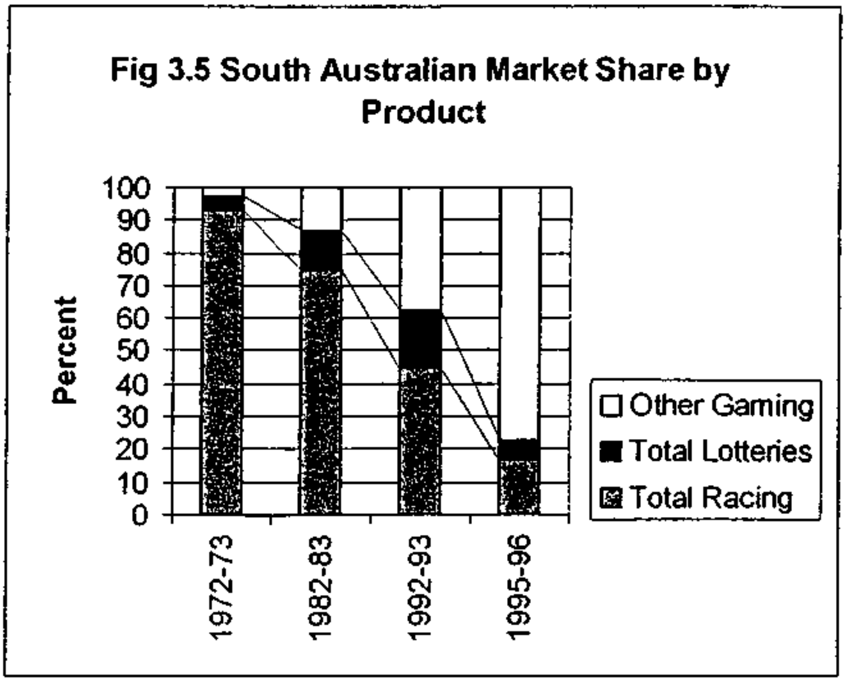
The impact of the full year operation of the Crown Casino at its permanent site where it opened in May 1997 and the expected further expansion, although at a slower rate, of EGMs from the 25 000 approved for installment to the end of 1997 is expected to continue to affect the gambling market's growth and individual product shares over the next few years.

3.3.4: South Australia- Total Gambling Market

Table 3.9: Market Share by Product of the Total Gambling Turnover South Australia, 1972-93, 1982-83, 1992-93 and 1995-96

Racing/ Gaming	1972-73 %	1982-83 %	1992-93 %	1995-96 %
RACING				
TAB	32.0	32.0	34.1	12.7
On-Course Tote.	6.4	6.6	3.8	1.4
Bookmakers	54.9	36.0	7.0	2.3
Total Racing	93.3	74.6	44.9	16.4
GAMING				
Gen. Lotteries	4.4	1.1	0.0	0.0
Lotto	0.0	7.4	14.3	4.2
Instant Lotteries	0.0	3.7	3.0	0.6
Pools	0.0	0.6	0.1	0.02
Keno	0.0	0.0	0.0	1.6
Total Lotteries	4.4	12.8	17.4	6.4
OTHER GAMING				
Gaming Machines	0.0	0.0	0.0	67.3
Casinos	0.0	0.0	31.0	8.8
Minor Gaming	2.3	12.6	6.6	1.1
Total Gaming	6.7	25.4	55.0	83.6
Grand Total	100.0	100.0	100.0	100.0

Source: Derived from Tasmanian Gaming Commission, *Australian Gambling Statistics*, 1973 to 1996



South Australia offers the full range of racing and gaming products currently available in Australia.

In 1995-96, both the TAB and Lotteries shares of the total gambling market turnover are about a third of what they were in 1992-93. However Keno has attained a 1.6 per cent share of the State's gambling market turnover in 1995-96.

South Australia's casino has been affected by the opening of the larger Crown Casino in Melbourne, to a lesser extent by Keno being re-assigned to the Lotteries Commission and other factors, including the introduction of EGMs in hotels and clubs. The casino's share of gambling turnover is now a quarter of what it was in 1992-93.

EGMs however accounted for just over two thirds of gambling turnover in 1995-96.

Gaming products overall have a market share of almost 84 per cent of the State's total gambling turnover in 1995-96.

Total Gaming Market - South Australia

Table 3.10: Market Share by Product of Total Gaming Turnover South Australia, 1972-93, 1982-83, 1992-93 and 1995-96

Gaming	1972-73 %	1982-83 %	1992-93 %	1995-96 %
LOTTERIES				
Gen. Lotteries	65.3	4.2	0.0	0.0
Lotto	0.0	29.2	26.0	5.0
Instant Lotteries	0.0	14.4	5.5	0.7
Pools	0.0	2.3	0.2	0.02
Keno	0.0	0.0	0.0	2.0
Total Lotteries	**65.3**	**50.1**	**31.7**	**7.7**
OTHER GAMING				
Gaming Machines	0.0	0.0	0.0	80.4
Casinos	0.0	0.0	56.3	10.6
Minor Gaming	34.7	49.9	12.0	1.3
Total Other	**34.7**	**49.9**	**68.3**	**92.3**
Grand Total	100.0	100.0	100.0	100.0

Source: Derived from Tasmanian Gaming Commission, *Australian Gambling Statistics*, 1973 to 1996

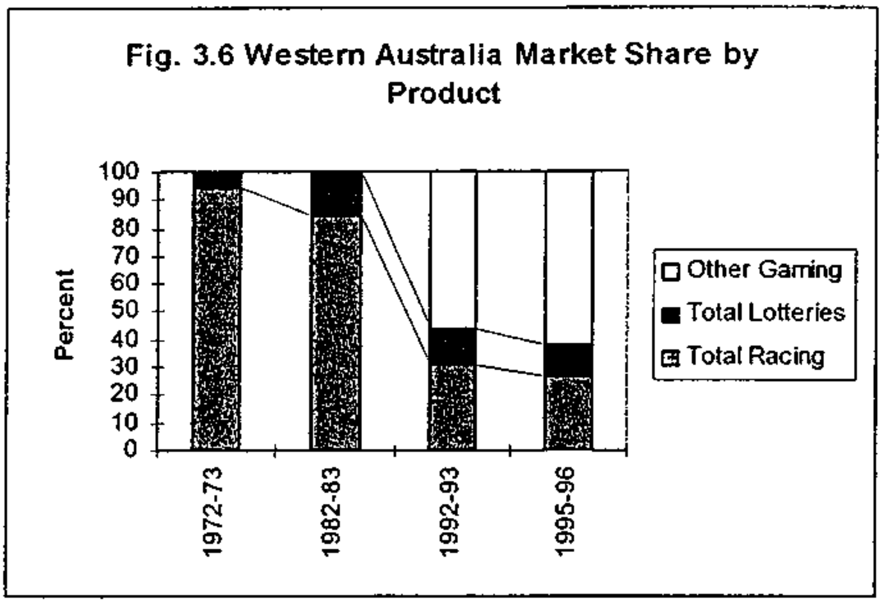
Since 1992-93 the gaming market in South Australia has been transformed from one dominated by lotto, casino and bingo and other minor lotteries to one dominated largely by EGMs and now to a far lesser extent by the casino. EGMs accounted for 80 cents in every dollar spent on gaming activities in 1995-96 in South Australia.

3.3.5: Western Australia - Total Gambling Market

Table 3.11: Market Share by Product of the Total Gambling Turnover Western Australia, 1972-93, 1982-83, 1992-93 and 1995-96

Racing/ Gaming	1972-73 %	1982-83 %	1992-93 %	1995-96 %
RACING				
TAB	53.4	52.5	22.6	19.2
On-Course Tots.	10.4	8.4	2.2	2.0
Bookmakers	30.6	23.8	5.7	5.8
Total Racing	94.4	84.7	30.6	27.0
GAMING				
Gen. Lotteries	5.6	2.7	0.03	0.0
Lotto	0.0	6.5	9.8	9.1
Instant Lotteries	0.0	6.1	3.0	2.3
Pools	0.0	0.0	0.1	0.1
Keno	0.0	0.0	0.0	0.0
Total Lotteries	5.6	15.3	12.9	11.5
OTHER GAMING				
Gaming Machines	0.0	0.0	0.0	0.0
Casinos	0.0	0.0	54.2	59.6
Minor Gaming	0.0	0.0	2.3	1.9
Total Other	5.6	15.3	56.5	61.5
Grand Total	100.0	100.0	100.0	100.0

Source: Derived from Tasmanian Gaming Commission, *Australian Gambling Statistics*, 1973 to 1996



The lack of competition from EGMs in Western Australia in 1995-96 sees most forms of gambling retaining their respective market shares of 1992-93.

Although the casino has increased its share to just under 60 per cent (from 54 per cent in 1992-93), lotteries have only lost marginally (i.e. a 1.4 percentage point decline in their share) with most of this coming from decreased instant lottery ticket sales in most prize ranges, apart from the extended play crosswords and bingo products, while racing has lost 3.6 percentage points in its share (with nearly all of this coming from the TAB).

GAMING ONLY - WESTERN AUSTRALIA

Table 3.12: Market Share by Product of Total Gaming Turnover Western Australia, 1972-93, 1982-83, 1992-93 and 1995-96

Gaming	1972-73 %	1982-83 %	1992-93 %	1995-96 %
LOTTERIES				
Gen. Lotteries	100.0	17.5	0.04	0.0
Lotto	0.0	42.5	14.1	12.4
Instant Lotteries	0.0	40.0	4.4	3.1
Pools	0.0	0.0	0.2	0.1
Keno	0.0	0.0	0.0	0.0
Total Lotteries	**100.0**	**100.0**	**18.7**	**15.6**
OTHER GAMING				
Gaming Machines	0.0	0.0	0.0	0.0
Casinos	0.0	0.0	78.1	81.8
Minor Gaming	0.0	0.0	3.2	2.6
Total Other	0.0	0.0	81.3	84.4
Grand Total	100.0	100.0	100.0	100.0

Source: Derived from Tasmanian Gaming Commission, *Australian Gambling Statistics*, 1973 to 1996

In 1995-96 the combined share of gaming turnover of total gambling decreased from almost 19 per cent in 1992-93 to around 16 per cent, with this coming from some lotto products, apart from Ozlotto and Powerball, and instant lotteries, apart from the multiplay crosswords and bingo games.

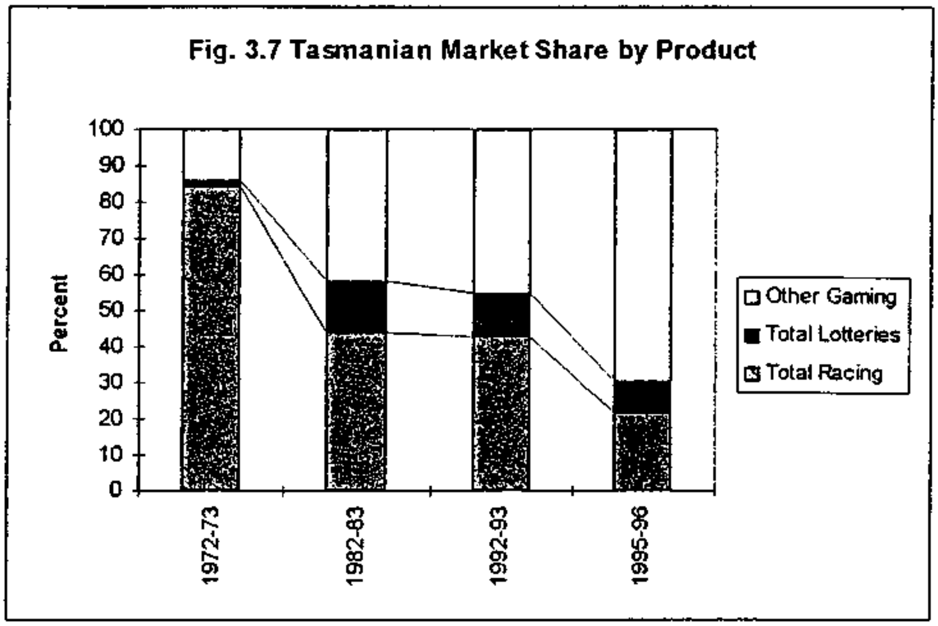
The Burswood Casino, which opened in 1985, accounted for just under 82 cents in the dollar spent on gaming in Western Australia in 1995-96.

3.3.6: Tasmania - Total Gambling Market

Table 3.13: Market Share by Product of the Total Gambling Turnover Tasmania, 1972-93, 1982-83, 1992-93 and 1995-96

Racing/ Gaming	1972-73 %	1982-83 %	1992-93 %	1995-96 %
RACING				
TAB	0.0	24.8	35.2	19.3
On-CourseTote.	2.0	2.5	2.0	1.1
Bookmakers	82.2	16.7	5.8	1.2
Total Racing	84.2	44.0	43.0	21.6
GAMING				
Gen. Lotteries	0.0	0.2	0.2	0.09
Lotto	1.8	10.3	9.1	4.0
Instant Lotteries	0.0	3.3	2.5	0.8
Pools	0.0	0.8	0.09	0.02
Keno	0.0	0.0	0.0	3.8
Total Lotteries	1.8	14.6	11.9	8.7
OTHER GAMING				
Gaming Machines	0.0	0.0	0.0	0.0
Casinos	14.0	35.6	40.9	67.9
Minor Gaming	0.0	5.8	4.3	1.9
Total Gaming	15.8	56.0	57.0	78.4
Grand Total	100.0	100.0	100.0	100.0

Source: Derived from Tasmanian Gaming Commission, *Australian Gambling Statistics*, 1973 to 1996



Tasmania, along with Western Australia, did not have EGMs outside of the casino in 1995-96. However EGMs started to be introduced into Tasmanian hotels and clubs from early 1997.

Therefore the shares of individual products within its overall gambling market is expected to change significantly from 1997-98 onwards, with EGMs expected to rapidly increase their share.

The market share of racing gambling of total gambling turnover in Tasmania has halved since 1992-93 and this has been mainly felt by the TAB.

Lotteries by comparison have only had a marginal decrease in their market share, but mainly due to the popularity of Keno, which is provided on a linked basis between the casinos and hotels and clubs on a State-wide basis by Australian National Hotels.

The casinos still have a 70 per cent share of the gambling market in 1995-96, despite the effect of the opening of the temporary Crown Casino establishment in Melbourne. This share may however decrease with the permanent Crown Casino at South Bank opening in May 1997.

TASMANIA: GAMING MARKET SHARES

Table 3.14: Market Share by Product of Total Gaming Turnover Tasmania, 1972-93, 1982-83, 1992-93 and 1995-96

Gaming	1972-73 %	1982-83 %	1992-93 %	1995-96 %
LOTTERIES				
Gen. Lotteries	0.0	0.3	0.3	0.1
Lotto	11.6	18.3	16.0	5.0
Instant Lotteries	0.0	5.9	4.3	1.0
Pools	0.0	1.5	0.2	0.03
Keno	0.0	0.0	0.0	4.9
Total Lotteries	**11.6**	**26.0**	**20.8**	**11.0**
OTHER GAMING				
Gaming Machines	0.0	0.0	0.0	0.0
Casinos	88.4	63.5	71.7	86.6
Minor Gaming	0.0	10.5	7.6	2.4
Total Other	**88.4**	**74.0**	**79.2**	**89.0**
Grand Total	100.0	100.0	100.0	100.0

Source: Derived from Tasmanian Gaming Commission, *Australian Gambling Statistics*, 1973 to 1996

In terms of total gaming turnover, the market share of the casinos has increased since 1982-83. The share of lotteries has decreased, but the share of Keno in 1995-96 was almost 5 per cent.

Bingo and other forms of gaming have lost market share since 1982-83.

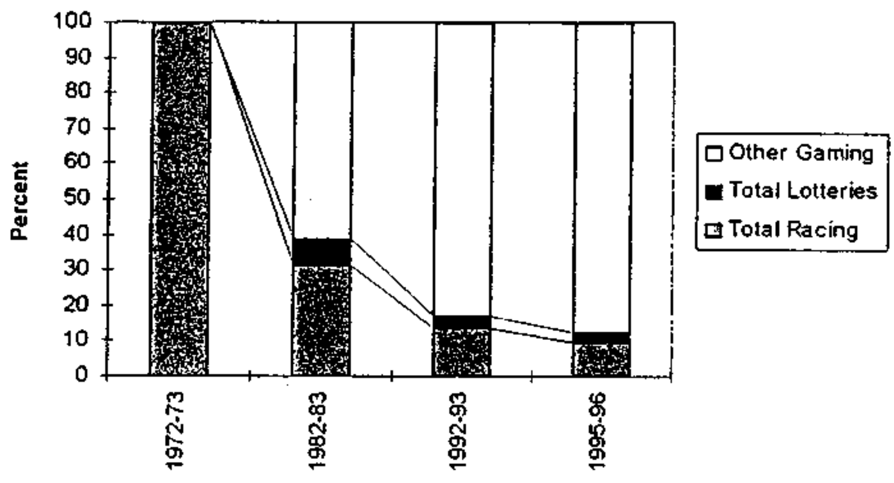
3.3.7: Australian Capital Territory - Total Gambling Market Shares

Table 3.15: Market Share by Product of the Total Gambling Turnover Australian Capital Territory, 1972-93, 1982-83, 1992-93 and 1995-96

Racing/ Gaming	1972-73 %	1982-83 %	1992-93 %	1995-96 %
RACING				
TAB	60.0	13.9	9.1	6.9
On-Course Tote.	2.4	1.0	0.8	0.5
Bookmakers	37.0	16.3	3.8	2.4
Total Racing	100.0	31.2	13.7	9.8
GAMING				
Gen. Lotteries	0.0	0.5	0.3	0.2
Lotto	0.0	5.3	2.6	2.1
Instant Lotteries	0.0	1.4	0.7	0.4
Pools	0.0	0.2	0.02	0.02
Keno	0.0	0.0	0.0	0.0
Total Lotteries	0.0	7.4	3.6	2.7
OTHER GAMING				
Gaming Machines	0.0	61.4	69.0	78.1
Casinos	0.0	0.0	11.4	9.5
Minor Gaming	0.0	0.0	2.2	na
Total Gaming	0.0	68.8	86.2	90.2
Grand Total	100.0	100.0	100.0	100.0

Source: Derived from Tasmanian Gaming Commission, *Australian Gambling Statistics*, 1973 to 1996

Fig. 3.8 ACT Market Share by Product



In the Australian Capital Territory while EGMs have increased their share of the total gambling dollar from 69 per cent to 78 per cents, lotteries have experienced only a marginal decline from 3.6 per cent to 2.7 per cent, and Lotto has retained its share.

The TAB, and racing gambling overall, in the ACT has the smallest share of the gambling market of any States or Territory and appears to be in decline.

The Canberra Casino has lost share due to some recent problems associated with being in a small market and facing increased competition from both the much larger Sydney and Melbourne casinos. Also, the casino, under its license agreement, does not have EGMs and therefore has significant competition from this area of gaming.

Australian Capital Territory - Gaming Market Shares

Table 3.16: Market Share by Product of Total Gaming Turnover Australian Capital Territory, 1972-93, 1982-83, 1992-93 and 1995-96

Gaming	1972-73 %	1982-83 %	1992-93 %	1995-96 %
LOTTERIES				
Gen. Lotteries	0.0	0.7	0.4	0.2
Lotto	0.0	7.7	3.1	2.3
Instant Lotteries	0.0	2.0	0.8	0.4
Pools	0.0	0.3	0.02	0.02
Keno	0.0	0.0	0.0	0.0
Total Lotteries	**0.0**	**10.7**	**4.3**	**3.0**
OTHER GAMING				
Gaming Machines	0.0	89.3	80.0	86.5
Casinos	0.0	0.0	13.2	10.5
Minor Gaming	0.0	0.0	2.6	0.0
Total Other	**0.0**	**89.3**	**95.7**	**97.0**
Grand Total	0.0	100.0	100.0	100.0

Source: Derived from Tasmanian Gaming Commission, *Australian Gambling Statistics*, 1973 to 1996

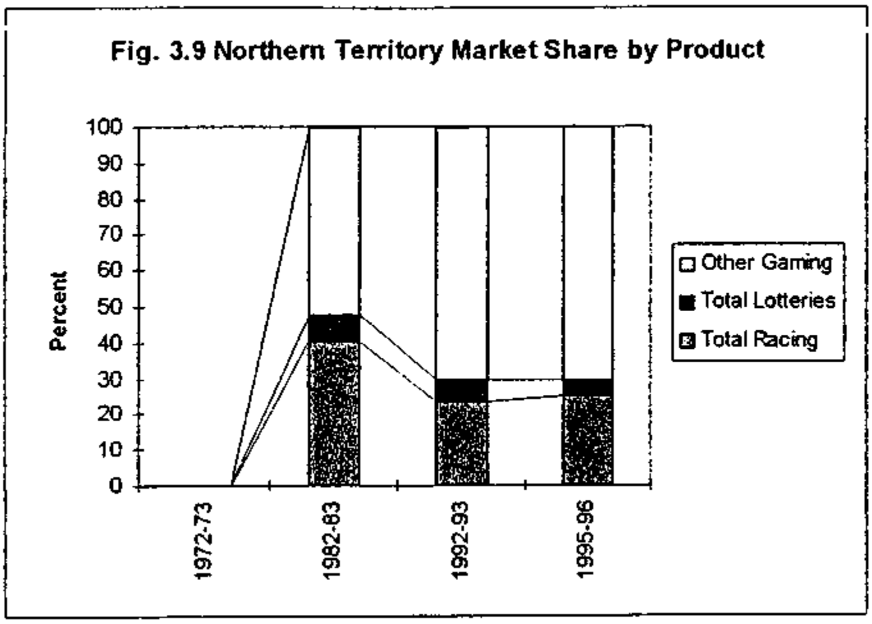
Most of the comments relating to the gaming market in the ACT have already been made above.

3.3.8: Northern Territory - Total Gambling Market

Table 3.17: Market Share by Product of the Total Gambling Turnover Northern Territory, 1972-93, 1982-83, 1992-93 and 1995-96

Racing/ Gaming	1972-73 %	1982-83 %	1992-93 %	1995-96 %
RACING				
TAB	0.0	0.0	12.7	8.5
On-Course Tote.	0.0	0.04	1.6	1.3
Bookmakers	0.0	40.5	9.1	15.5
Total Racing	0.0	40.5	23.4	25.3
GAMING				
Gen. Lotteries	0.0	2.5	0.6	0.4
Lotto	0.0	3.3	4.5	3.5
Instant Lotteries	0.0	1.6	1.1	0.4
Pools	0.0	0.08	0.2	0.01
Keno	0.0	0.0	0.0	0.0
Total Lotteries	0.0	7.5	6.4	4.3
OTHER GAMING				
Gaming Machines	0.0	0.0	10.8	8.9
Casinos	0.0	51.4	59.5	61.6
Minor Gaming	0.0	0.7	na	na
Total Gaming	0.0	59.6	76.6	74.8
Grand Total	0.0	100.0	100.0	100.0

Source: Derived from Tasmanian Gaming Commission, *Australian Gambling Statistics*, 1973 to 1996



Compared to the other States/Territories, since 1992-93 the gambling market in the Northern Territory has some very different trends.

Firstly the share of EGMs has decreased and racing gaming has increased, but with this mainly coming from the increased popularity of betting with bookmakers. This may largely be due to the popularity of sports betting and its attractiveness also with interstate residents placing bets with NT bookmakers.

Both Lotto and casinos have held their share of gambling turnover, although both of the casinos have only recently been purchased by new operators since 1992-93, after being for sale for some time.

Northern Territory - Gaming Market Shares

Table 3.18: Market Share by Product of Total Gaming Turnover Northern Territory, 1972-93, 1982-83, 1992-93 and 1995-96

Gaming	1972-73 %	1982-83 %	1992-93 %	1995-96 %
LOTTERIES				
Gen. Lotteries	0.0	4.2	0.7	0.6
Lotto	0.0	5.5	5.8	4.6
Instant Lotteries	0.0	2.7	1.4	0.5
Pools	0.0	0.1	0.3	0.01
Keno	0.0	0.0	0.0	0.0
Total Lotteries	**0.0**	**12.5**	**8.3**	**5.7**
OTHER GAMING				
Gaming Machines	0.0	0.0	14.1	11.9
Casinos	0.0	86.4	77.6	82.4
Minor Gaming	0.0	1.1	0.0	0.0
Total Other	**0.0**	**87.5**	**91.7**	**94.3**
Grand Total	0.0	100.0	100.0	100.0

Source: Derived from Tasmanian Gaming Commission, *Australian Gambling Statistics*, 1973 to 1996

Finally in terms of the total gaming market in the Northern Territory, EGMs and casinos still account for a 94 per cent share. Lotteries share has decreased from 8.3 per cent in 1992-93 to 5.7 per cent in 1995-96, but lotto has not lost its share to any great extent.

3.4: CONCLUSION ON MARKET SHARES

The broad conclusions from the above analysis is that over the period from 1992-93 to 1995-96, is that both racing and lottery based gambling shares have decreased, while EGMs and casinos shares have increased, particularly in those States which have only recently introduced these products.

However in those areas which have had EGMs for a significant time period, the effect on lotteries has not been as great.

Specifically in the lotteries area, it is evident that EGMs have affected Instant Lottery sales, but that the newer Keno product is performing much better, although this product, where it is available outside of the casinos, is not always under the control of the traditional Lottery Operators.

In conclusion, lotteries have lost their market share due to this product group not growing to the same extent as either casino or EGM turnover since 1992-93.

A further indicator of trends within the gambling industry is provided by the next chapter which looks at real growth rates for each major gambling product for various periods since 1972-73.

CHAPTER 4: REAL GAMBLING TURNOVER BY PRODUCT AND STATE/TERRITORY

4.1: INTRODUCTION

As indicated in the conclusion to the previous chapter, in a rapidly changing and fast growing market due to the introduction of new gaming products, such as casinos and EGMs, a significant decline in market share of a particular gaming or racing product can still occur, even if the turnover of these products may have increased.

This chapter examines on a national and state and territory basis the relative rate of growth in the real turnover of lotteries, racing, other gaming forms (including gaming machines and casinos) over the following time periods:

- 1972-73 to 1995-96;
- 1972-73 to 1982-83;
- 1982-83 to 1992-93; and
- 1992-93 to 1995-96.

In each case, the turnover values are as provided in the Tasmanian Gaming Commission, Australian Gambling Statistics[9], which have been adjusted to constant 1995-96 prices using the Australian Bureau of Statistic's Consumer Price Index series.

These real value figures, therefore, take out the effects of inflation over this 23 year period and gives a more accurate picture of actual industry growth rates.

In this chapter, turnover figures have again been used since this provides a better indicator of overall turnover and individual product growth.

[9] Tasmanian Gaming Commission, Australian Gambling Statistics, 1972-73 to 1995-96, 1997

4.2: AUSTRALIA AND STATE/TERRITORY ANALYSIS

4.2.1 Australia

Table: 4.1: Australia: Racing Gambling, Real Turnover and Percentage Change, $Million, Constant 1995-96 Prices

Year	TAB $m	On-Course Tote $m	Bookmakers $m	Total Racing $m
1972-73	5668.8	1002.3	5712.1	12383.2
1982-83	5770.9	1213.0	4920.0	11903.9
1992-93	8685.0	1161.4	2153.7	12000.1
1993-94	9014.8	1074.8	2048.7	12138.3
1994-95	8929.3	1005.1	2170.1	12104.5
1995-96	8739.6	950.0	1914.8	11604.4

Average Annual Real Rate of Change	%	%	%	%
1972-73 to 1995-96	1.9	-2.3	-4.6	-0.3
1972-73 to 1982-83	0.2	1.9	-1.5	-0.4
1982-83 to 1992-93	4.2	-0.4	-7.9	0.08
1992-93 to 1995-96	0.2	-6.5	-3.8	-1.1

Source: Derived from Tasmanian Gaming Commission, *Australian Gambling Statistics*, 1973 to 1996

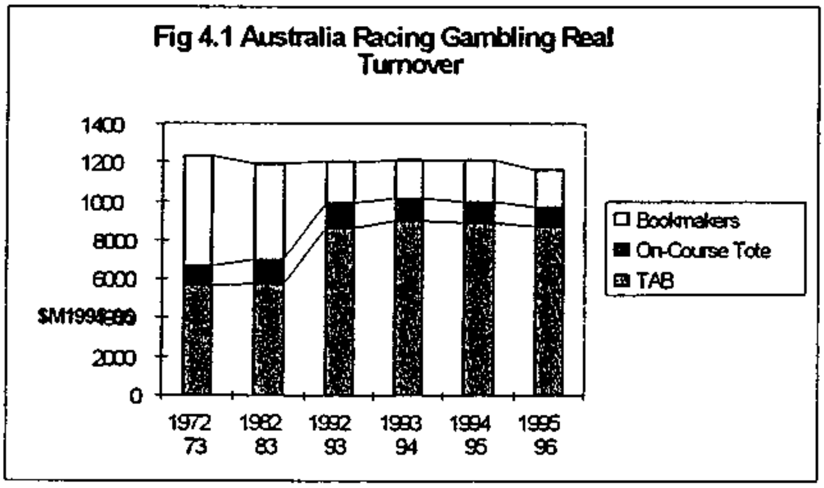


Fig 4.1 Australia Racing Gambling Real Turnover

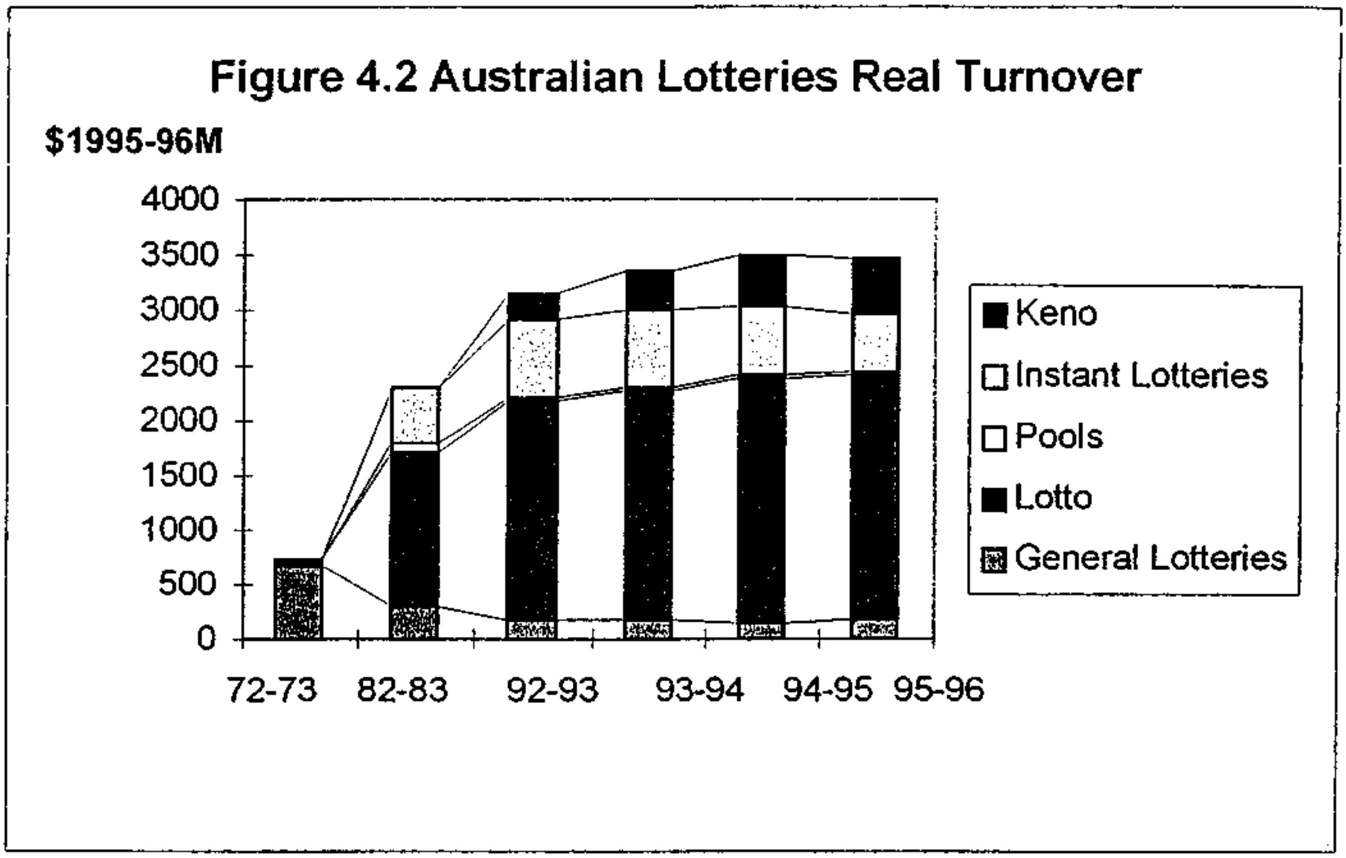
Table 4.1 shows that in real terms TAB turnover in Australia increased at an average annual rate of 1.9 per cent between 1972-73 and 1995-96. However only marginal growth occurred between 1992-93 and 1995-96.

Racing gambling in the past has shown a greater sensitivity to changes in the level of economic activity, compared to lotteries and gaming, but also, as indicated in the table, racing turnover has been affected by the rapid decline in bookmaker's turnover and to a greater extent by decreased on-course tote turnover caused by declining race meeting attendances as well as this form of gambling being a very mature product. There has also been an increase in competition with these forms of betting and the TABs.

Table 4.2: Australia: Lotteries, Real Turnover and Percentage Change $Million, Constant 1995-96 Prices.

Year	General Lotteries	Lotto	Pools	Instant Lotteries	Keno	Total Lotteries
	$m	$m	$m	$m	$m	$m
1972-73	675.8	70.4	na	na	na	746.2
1982-83	284.9	1428.6	73.8	511.6	na	2298.9
1992-93	190.5	1984.8	23.1	709.5	252.7	3160.6
1993-94	180.8	2093.5	31.8	680.9	351.9	3338.9
1994-95	153.3	2227.8	19.1	623.0	486.6	3509.8
1995-96	163.6	2244.1	19.7	557.8	497.7	3482.9
Average Annual Real Rate of Change	%	%	%	%	%	%
1972-73 to 1995-96	-6.0	16.2	na	na	na	6.9
1972-73 to 1982-83	-8.3	35.1	na	na	na	11.9
1982-83 to 1992-93	-3.9	3.3	-11.0	3.3	na	3.2
1992-93 to 1995-96	-5.0	4.2	-5.2	-7.7	25.4	3.3

Source: Derived from Tasmanian Gaming Commission, *Australian Gambling Statistics*, 1973 to 1996



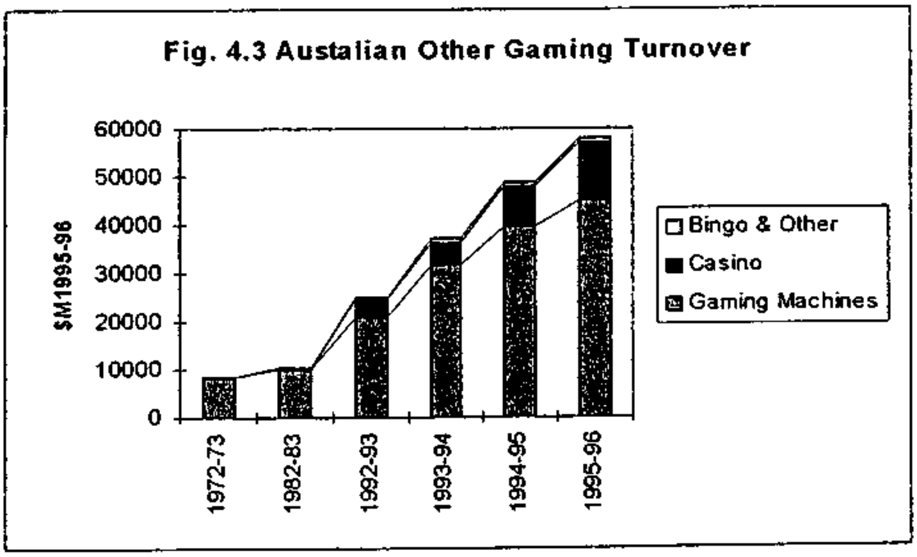
Compared to the recent real decline in racing turnover, real lotteries turnover in Australia has increased at an average annual rate of just over 3 per cent, mainly due to the continued popularity of both Lotto, particularly Ozlotto and Powerball, and Keno.

Between 1992-93 and 1995-96 overall real lotteries turnover increased at an average annual real rate of 3.3 per cent, Lotto turnover increased by 4.2 per cent and Keno by 25.4 per cent per annum. Instant lotteries declined at an average annual rate of 7.7 per cent and has been particularly affected by the introduction of EGMs. This is discussed in more detail in Chapter 5.

Table 4.3: Australia: Other Gaming & Total Gambling - Real Turnover and Percentage Change, $Million, Constant 1995-96 Prices.

Year	Gaming Machines	Casino	Bingo & Other	Total Gaming	Total Racing & Gaming
	$m	$m	$m	$m	$m
1972-73	8263.3	57.3	20.4	9087.1	21470.2
1982-83	9866.0	286.6	293.3	12744.7	24648.6
1992-93	20981.6	3520.2	644.8	28307.2	40307.3
1993-94	31464.0	4829.7	615.0	40247.7	52386.0
1994-95	39436.4	8662.3	551.5	52160.0	64264.5
1995-96	45194.5	12066.2	523.5	61267.0	72871.3
Average Annual Real Rate of Change	%	%	%	%	%
1972-73 to 1995-96	7.7	26.2	15.2	8.7	5.5
1972-73 to 1982-83	1.8	17.5	30.6	3.4	1.4
1982-83 to 1992-93	7.8	28.5	8.2	8.3	5.0
1992-93 to 1995-96	29.2	50.8	-6.7	29.4	21.8

Source: Derived from Tasmanian Gaming Commission, *Australian Gambling Statistics*, 1973 to 1996



Between 1992-93 and 1995-96 overall real gaming turnover (including lotteries) increased at an average annual rate of 29.2 per cent mainly caused by EGMs (with turnover increasing at a annual average rate of 29 per cent) and casinos (with a rate of 50.8 per cent). This period however coincides with the opening of six casinos and EGMs beginning to operate in Victoria, Queensland and South Australia. Bingo and other forms of gaming have declined in popularity.

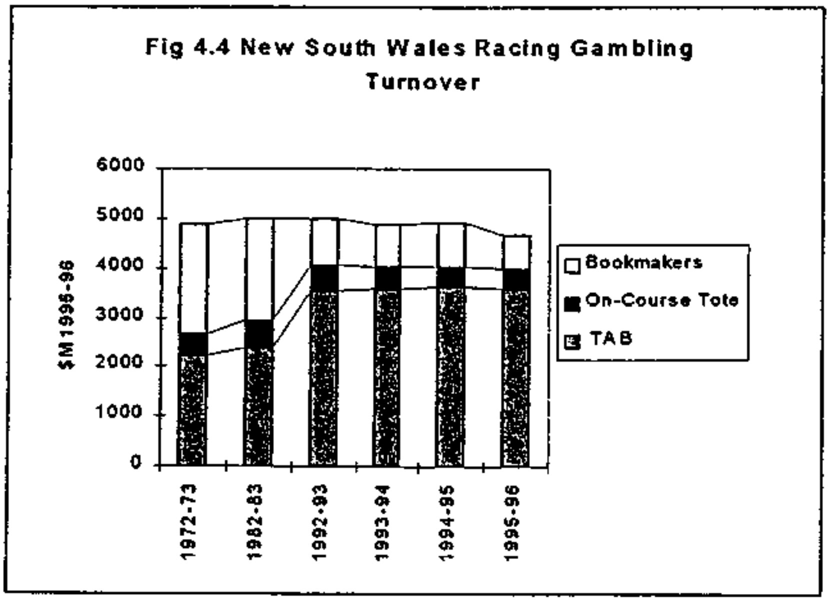
Between 1992-93 and 1995-96 overall real gambling turnover increased at an average annual rate of 21.8 per cent, again with the significant increase in gaming turnover influencing this result.

4.2.2 NEW SOUTH WALES

Table: 4.4: New South Wales: Racing Gambling, Real Turnover and Percentage Change, $Million, Constant 1995-96 Prices

Year	TAB $m	On-Course Tote $m	Bookmakers $m	Total Racing $m
1972-73	2230.8	428.8	2195.9	4855.6
1982-83	2382.0	544.7	2060.2	4987.0
1992-93	3526.0	529.1	951.5	5006.6
1993-94	3580.0	451.6	838.8	4870.4
1994-95	3613.6	423.2	868.8	4905.6
1995-96	3574.3	405.4	691.5	4671.2
Average Annual Real Rate of Change	%	%	%	%
1972-73 to 1995-96	2.1	-0.2	-4.9	-0.2
1972-73 to 1982-83	0.7	2.4	-0.6	0.3
1982-83 to 1992-93	4.0	-0.3	-0.7	0.04
1992-93 to 1995-96	0.5	-8.5	-10.1	-2.3

Source: Derived from Tasmanian Gaming Commission, *Australian Gambling Statistics*, 1973 to 1996

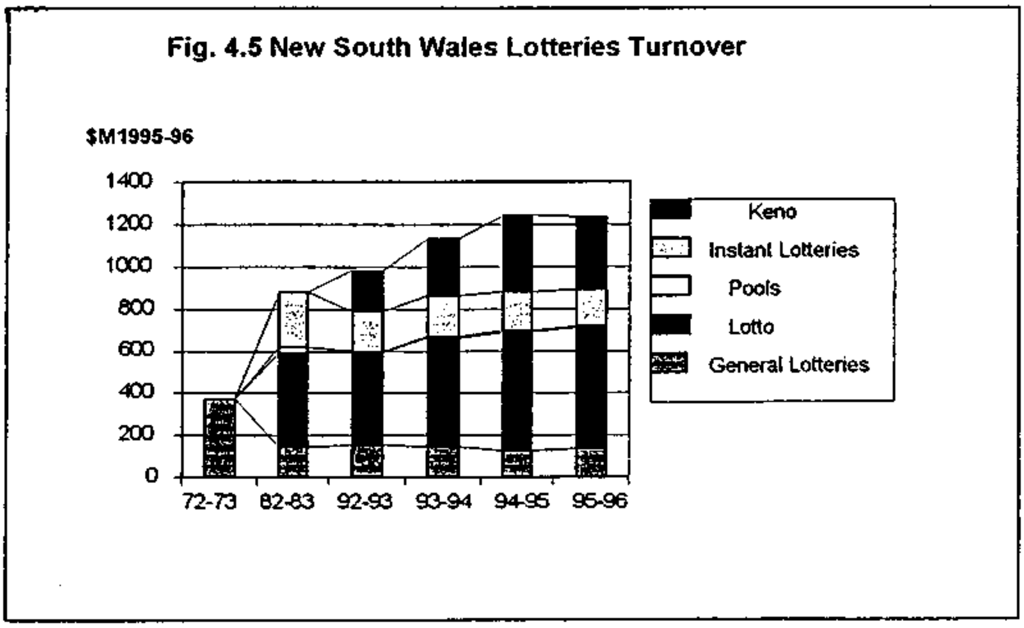


With the turnover of the NSWTab accounting for over 40 per cent of total Australian TAB turnover, the real rate of growth of the TAB in this State mirrors the overall national trend for this industry sector. NSW has however experienced larger rates of decline in both on-course totalisator and bookmaker's turnover compared to the overall results for Australia.

Table 4.5: New South Wales: Lotteries - Real Turnover and Percentage Change, $Million, Constant 1995-96 Prices.

Year	General Lotteries	Lotto	Pools	Instant Lotteries	Keno	Total Lotteries
	$m	$m	$m	$m	$m	$m
1972-73	374.4	na	na	na	na	374.4
1982-83	143.4	446.1	25.7	262.5	na	877.7
1992-93	151.5	442.1	6.5	190.8	190.6	981.5
1993-94	147.3	512.5	12.1	193.1	268.4	1133.4
1994-95	123.6	569.3	7.9	185.0	364.0	1249.8
1995-96	133.0	575.4	7.8	170.6	352.1	1238.9
Average Annual Real Rate of Change	%	%	%	%	%	%
1972-73 to 1995-96	-4.4	na	na	na	na	5.3
1972-73 to 1982-83	-9.2	na	na	na	na	8.9
1982-83 to 1992-93	0.6	-0.09	-12.8	-3.1	na	1.1
1992-93 to 1995-96	-4.3	9.2	6.3	-3.7	22.7	8.1

Source: Derived from Tasmanian Gaming Commission, *Australian Gambling Statistics*, 1973 to 1996



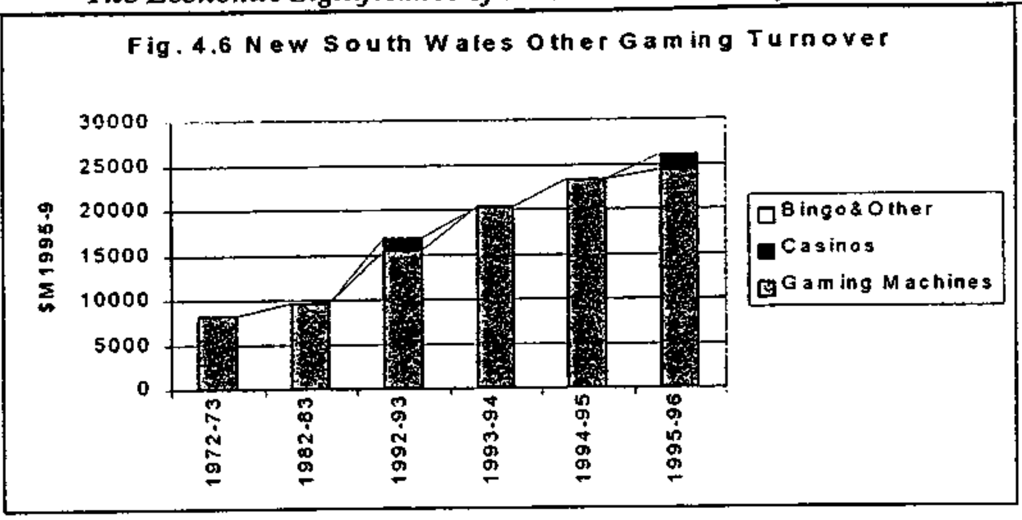
Between 1992-93 and 1995-96 lotteries turnover in New South Wales showed an average annual real rate of growth of just over 8 per cent, which was much higher than the 3.3 per cent recorded nationally over the same period.

New South Wales lotteries growth has been influenced by the significant increase in lotto, pools and Keno turnover (the latter product provided in hotels and clubs by AWA Ltd), but draw lotteries and instant lotteries turnover has decreased, in real terms.

Table 4.6: New South Wales: Other Gaming & Total Gambling - Real Turnover and Percentage Change $Million, Constant 1995-96 Prices.

Year	Gaming Machines	Casino	Bingo & Other	Total Gaming	Total Racing & Gaming
	$m	$m	$m	$m	$m
1972-73	8263.3	na	na	8637.7	13493.2
1982-83	9616.3	na	na	10494.0	15480.9
1992-93	15468.0	1363.8	na	16449.4	21455.9
1993-94	20303.2	na	na	21436.7	26307.1
1994-95	23430.9	na	na	24680.9	29586.4
1995-96	24376.0	1650.0	na	27264.8	31936.0
Average Annual Real Rate of Change	%	%	%	%	%
1972-73 to 1995-96	4.8	na	na	5.1	3.8
1972-73 to 1982-83	1.5	na	na	2.0	1.4
1982-83 to 1992-93	4.9	na	na	4.6	3.3
1992-93 to 1995-96	16.4	na	na	18.4	14.2

Source: Derived from Tasmanian Gaming Commission, *Australian Gambling Statistics*, 1973 to 1996



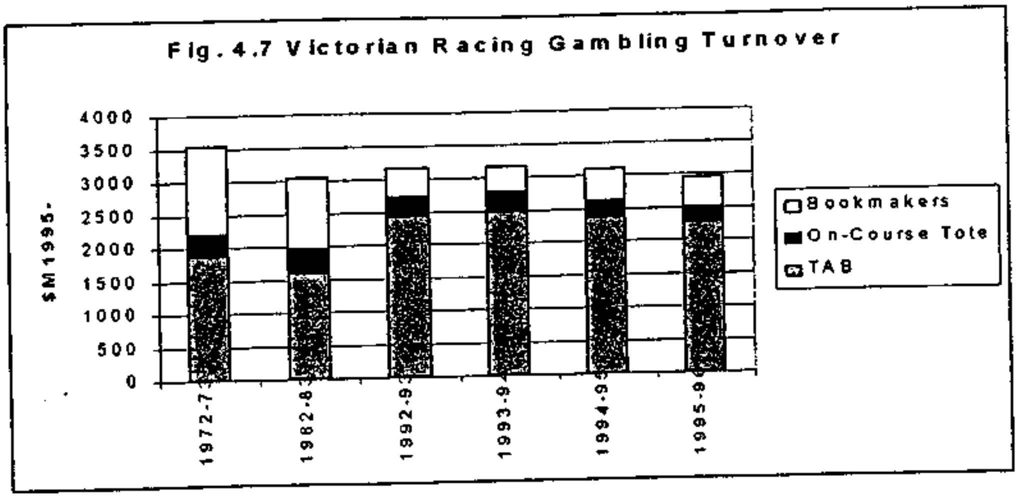
Despite EGMs being in place in NSW since 1956, this product continues to show significant growth and has increased at an average annual real rate of just over 16 per cent since 1992-93.

4.2.3: VICTORIA

Table: 4.7: Victoria: Racing Gambling, Real Turnover and Percentage Change, $Million, Constant 1995-96 Prices

Year	TAB $m	On-Course Tote $m	Bookmakers $m	Total Racing $m
1972-73	1879.2	329.6	1332.7	3541.4
1982-83	1610.3	371.5	1075.8	3057.6
1992-93	2441.8	311.6	410.7	3164.1
1993-94	2499.0	296.4	372.0	3167.4
1994-95	2361.9	258.4	476.5	3096.8
1995-96	2283.5	235.1	443.3	2961.9
Average Annual Real Rate of Change	%	%	%	%
1972-73 to 1995-96	0.9	-1.5	-4.7	-0.8
1972-73 to 1982-83	-1.5	1.2	-2.1	-1.5
1982-83 to 1992-93	4.3	-1.7	-9.2	0.34
1992-93 to 1995-96	-2.2	-9.0	2.6	-2.2

Source: Derived from Tasmanian Gaming Commission, *Australian Gambling Statistics*, 1973 to 1996



Since 1992-93 while NSW TAB turnover showed marginal real growth, Victoria's real TAB turnover growth rate declined at an average annual rate of just over 2 per cent.

On-course tote turnover decreased by 9 per cent per annum, but bookmakers' turnover increased in real terms by 2.6 per cent per annum, due to the introduction of on-course phone betting with bookmakers. While this had a significant effect on bookmakers turnover in 1994-95 their turnover decreased again in 1995-96.

Table 4.8: Victoria: Lotteries, Real Turnover and Percentage Change $Million, Constant 1995-96 Prices.

Year	General Lotteries	Lotto	Pools	Instant Lotteries	Keno	Total Lotteries
	$m	$m	$m	$m	$m	$m
1972-73	96.6	62.9	na	na	na	159.5
1982-83	13.8	622.0	15.0	126.4	na	777.2
1992-93	14.1	703.9	4.1	119.2	na	841.3
1993-94	13.5	685.3	4.7	110.5	8.6	822.6
1994-95	12.9	706.3	3.1	87.3	41.6	851.2
1995-96	12.5	702.8	3.5	72.4	31.3	822.5
Average Annual Real Rate of Change	%	%	%	%	%	%
1972-73 to 1995-96	-8.5	11.1	na	na	na	7.4
1972-73 to 1982-83	-17.7	25.8	na	na	na	17.2
1982-83 to 1992-93	0.2	1.2	-12.2	-0.6	na	0.8
1992-93 to 1995-96	-3.9	-0.05	-5.1	-15.3	na	-0.8

Source: Derived from Tasmanian Gaming Commission, *Australian Gambling Statistics*, 1973 to 1996

In terms of lotteries turnover, between 1992-93 and 1995-96 Victoria showed a real rate of decrease of 0.8 per cent compared to 3.3 per cent increase nationally. A real decrease in the growth rate was felt by all lottery products but with lotto being least affected and instant lotteries the most.

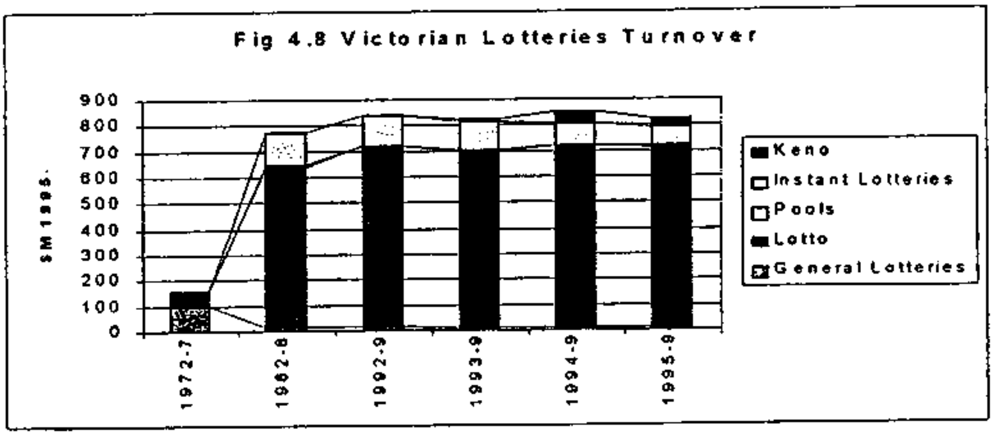
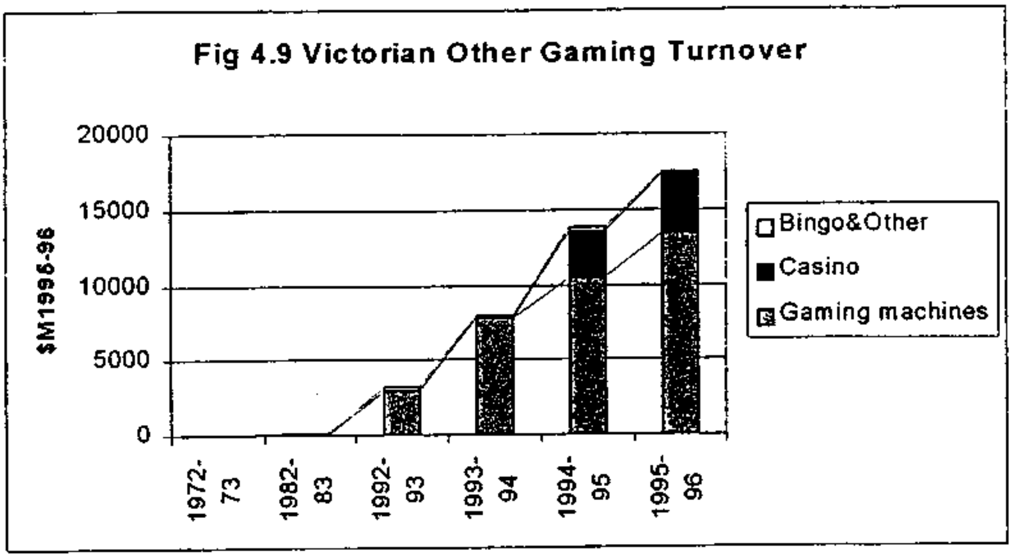


Table 4.9: Victoria: Other Gaming & Total Gambling - Real Turnover and Percentage Change, $Million, Constant 1995-96 Prices.

Year	Gaming Machines	Casino	Bingo & Other	Total Gaming	Total Racing & Gaming
	$m	$m	$m	$m	$m
1972-73	na	na	na	159.5	3701.0
1982-83	na	na	141.3	918.4	3976.0
1992-93	2972.1	na	268.0	4081.3	7245.4
1993-94	7774.8	na	226.2	8823.5	11990.9
1994-95	10514.3	3049.0	224.0	14638.5	17735.3
1995-96	13367.2	3991.9	188.7	18370.3	21332.2
Average Annual Real Rate of Change	%	%	%	%	%
1972-73 to 1995-96	na	na	na	22.9	7.9
1972-73 to 1982-83	na	na	na	19.1	0.7
1982-83 to 1992-93	na	na	6.6	16.1	6.2
1992-93 to 1995-96	65.1	na	-11.0	65.1	43.3

Source: Derived from Tasmanian Gaming Commission, *Australian Gambling Statistics*, 1973 to 1996



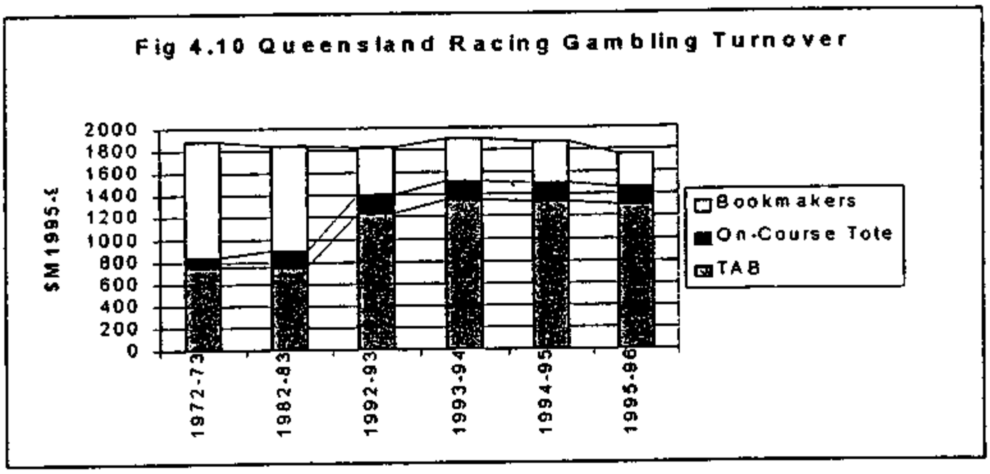
Overall gaming turnover in real terms, increased at an average annual rate of 65 per cent per annum since 1992-93, which matches the rate of growth of EGM turnover over this period. In real terms, between 1994-95 and 1995-96 casino turnover grew by 31 per cent and is expected to show further strong growth in the short term.

QUEENSLAND

Table 4.10: Queensland: Racing Gambling, Real Turnover
Percentage Change, $Million, Constant 1995-96 Prices

Year	TAB $m	On-Course Tote $m	Bookmakers $m	Total Racing $m
1972-73	745.5	87.3	1056.6	1889.4
1982-83	755.6	131.5	954.4	1841.5
1992-93	1228.9	174.6	419.4	1822.9
1993-94	1343.3	168.7	386.5	1898.6
1994-95	1334.9	171.3	362.0	1868.2
1995-96	1298.0	157.6	307.3	1762.9
Average Annual Real Rate of Change	%	%	%	%
1972-73 to 1995-96	2.4	2.6	-5.2	-0.3
1972-73 to 1982-83	0.13	4.2	-1.0	-0.3
1982-83 to 1992-93	5.0	2.9	-7.9	-0.1
1992-93 to 1995-96	1.8	-3.4	-9.9	-1.1

Source: Derived from Tasmanian Gaming Commission, *Australian Gambling Statistics*, 1973 to 1996

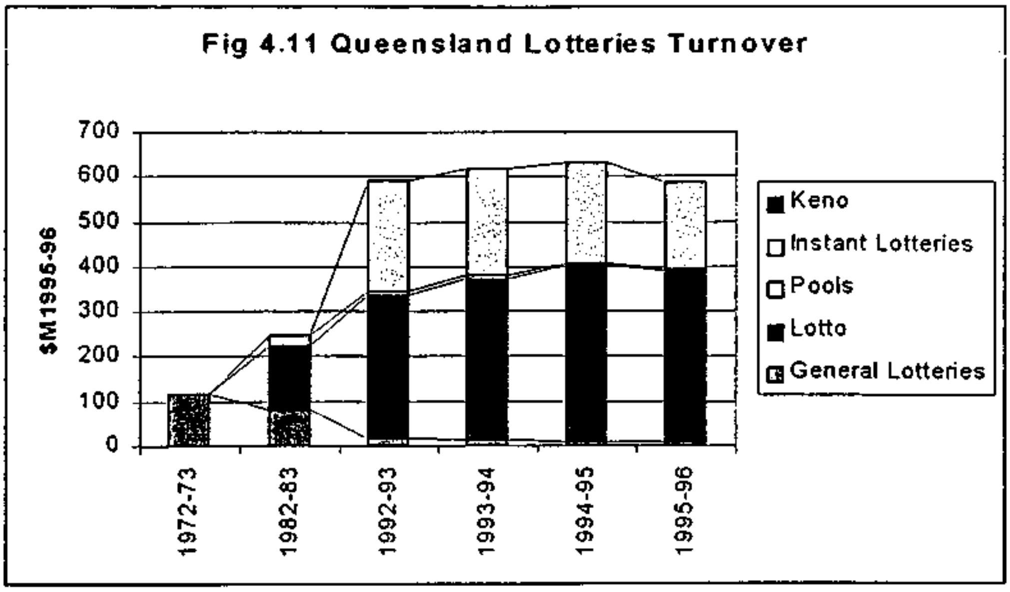


Queensland's real rate of TAB turnover continued to show significant growth since 1992-93 and achieved an average rate of growth of 1.8 per cent per annum, compared to a national rate of growth of 0.2 per cent. Much of this growth came from the TAB as both bookmakers and the on-course tote betting decreased significantly.

Table 4.11: Queensland: Lotteries - Real Turnover and Percentage Change $Million, Constant 1995-96 Prices.

Year	General Lotteries	Lotto	Pools	Instant Lotteries	Keno	Total Lotteries
	$m	$m	$m	$m	$m	$m
1972-73	118.9	na	na	na	na	118.9
1982-83	81.6	144.1	22.7	na	na	248.4
1992-93	17.2	319.7	6.6	247.1	na	590.6
1993-94	13.3	361.1	7.7	237.0	na	619.1
1994-95	10.5	393.1	4.8	224.4	na	632.8
1995-96	10.4	382.0	4.7	192.3	na	589.4
Average Annual Real Rate of Change	%	%	%	%	%	%
1972-73 to 1995-96	-10.1	na	na	na	na	7.2
1972-73 to 1982-83	-3.7	na	na	na	na	7.7
1982-83 to 1992-93	-14.4	3.5	-11.6	na	na	9.1
1992-93 to 1995-96	-15.4	6.1	-10.7	-8.0	na	-0.07

Source: Derived from Tasmanian Gaming Commission, *Australian Gambling Statistics*, 1973 to 1996



Since 1992-93 there has been virtually no real growth in lottery turnover, due mainly to decreased popularity of general lotteries, pools and instant lotteries. Lotto turnover however increased significantly, compared to both the national average growth rate and what has occurred in Victoria over the same period.

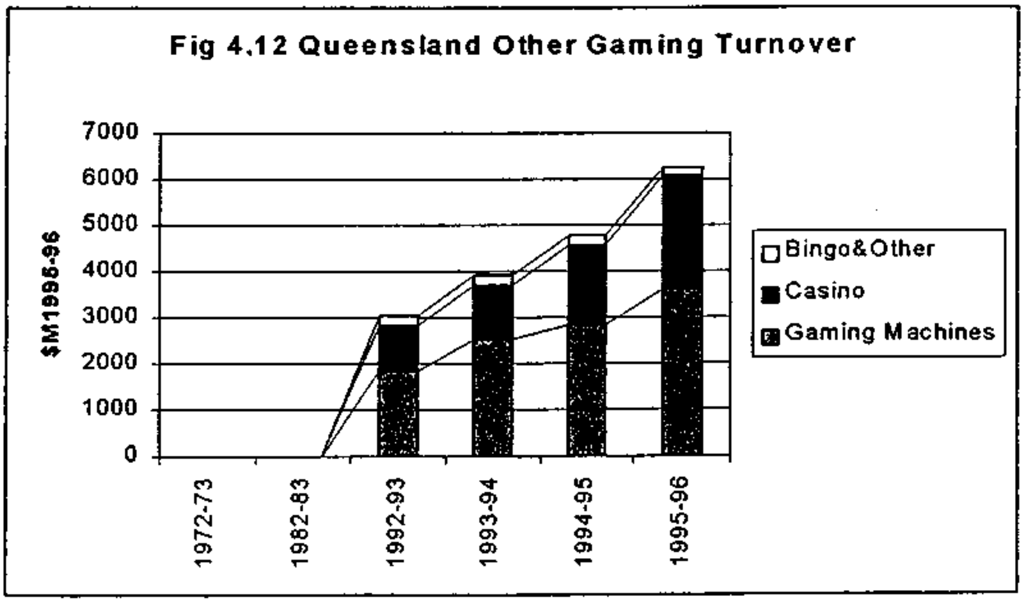
Only NSW has achieved a higher real growth rate in lotto sales since 1992-93.

This higher growth rate has been caused by the introduction of extra Lotto draws in Queensland as well as the popularity of the national OzLotto and Powerball draws.

Table 4.12: Queensland: Other Gaming & Total Gambling - Real Turnover and Percentage Change $Million, Constant 1995-96 Prices.

Year	Gaming Machines	Casino	Bingo & Other	Total Gaming	Total Racing & Gaming
	$m	$m	$m	$m	$m
1972-73	na	na	na	118.9	2008.3
1982-83	na	na	na	248.3	2089.8
1992-93	1807.2	1028.5	186.1	3612.4	5435.3
1993-94	2512.0	1195.3	196.8	4523.2	6421.8
1994-95	2811.3	1763.0	192.7	5399.8	7268.0
1995-96	3590.7	2479.8	201.4	6861.1	8624.0
Average Annual Real Rate of Change	%	%	%	%	%
1972-73 to 1995-96	na	na	na	19.3	6.5
1972-73 to 1982-83	na	na	na	7.6	0.4
1982-83 to 1992-93	na	na	na	30.7	10.0
1992-93 to 1995-96	25.7	34.1	2.7	23.8	16.6

Source: Derived from Tasmanian Gaming Commission, *Australian Gambling Statistics*, 1973 to 1996



The average annual real rate of growth in EGM turnover since 1992-93 has been just under 26 per cent. Real casino turnover has also increased at an average real rate of 34 per cent, although two new casinos have opened over this period.

Total gaming turnover in Queensland grew at an average annual real rate of 23.8 per cent between 1992-93 and 1995-96, compared to 29.4 per cent for Australia over the same period.

4.2.5: SOUTH AUSTRALIA

Table 4.13: South Australia: Racing Gambling, Real Turnover and Percentage Change, $Million, Constant 1995-96 Prices

Year	TAB $m	On-Course Tote $m	Bookmakers $m	Total Racing $m
1972-73	280.2	56.1	481.7	818.0
1982-83	308.8	63.4	348.2	720.4
1992-93	550.8	61.4	113.7	725.9
1993-94	566.5	65.3	159.2	791.0
1994-95	534.8	59.4	139.7	733.9
1995-96	496.4	53.0	90.8	640.2
Average Annual Real Rate of Change	%	%	%	%
1972-73 to 1995-96	2.5	-0.3	-7.0	-1.1
1972-73 to 1982-83	1.0	1.2	-3.2	-1.3
1982-83 to 1992-93	6.0	-0.3	-10.6	0.1
1992-93 to 1995-96	-3.4	-4.8	-7.2	-4.1

Source: Derived from Tasmanian Gaming Commission, *Australian Gambling Statistics*, 1973 to 1996

The real rate of growth in South Australia's TAB turnover has decreased since 1992-93, after showing above average growth over the 10 year period from 1982-83. Overall racing-gambling has decreased at an average annual rate of 4 per cent and all areas of racing have been affected by the increased competition from EGMs since 1993-94 and other local factors.

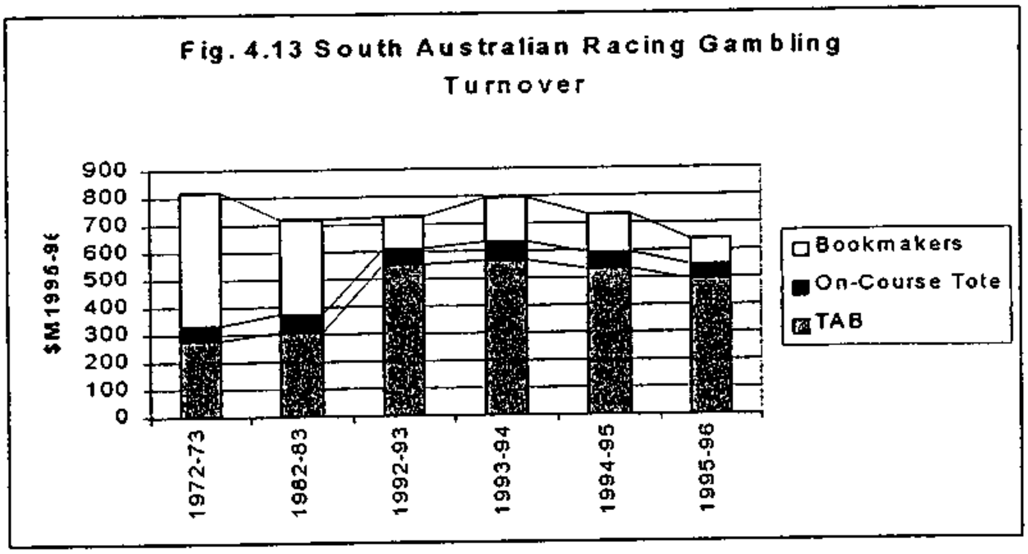
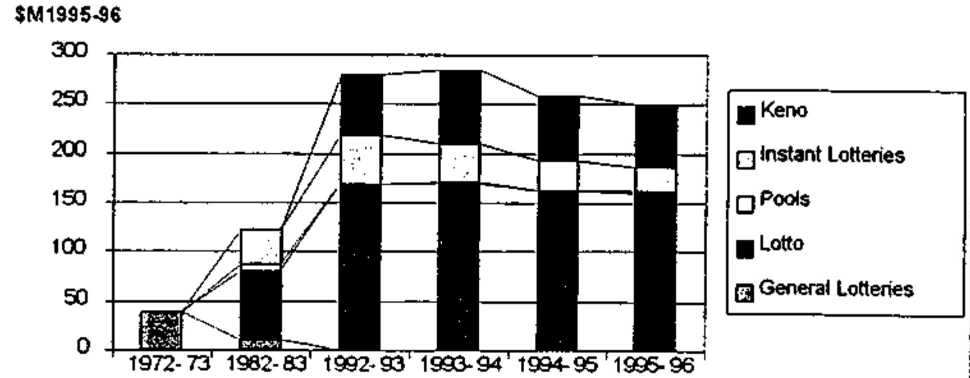


Table 4.14: South Australia Lotteries - Real Turnover and Percentage Change, $Million, Constant 1995-96 Prices.

Year	General Lotteries	Lotto	Pools	Instant Lotteries	Keno	Total Lotteries
	$m	$m	$m	$m	$m	$m
1972-73	38.4	na	na	na	na	38.4
1982-83	10.3	71.2	5.5	35.2	na	122.2
1992-93	na	168.5	1.4	48.4	62.2	280.5
1993-94	na	169.5	2.3	38.0	75.0	284.8
1994-95	na	162.6	0.8	28.5	66.8	258.7
1995-96	na	161.6	0.7	24.3	64.1	250.7
Average Annual Real Rate of Change	%	%	%	%	%	%
1972-73 to 1995-96	na	na	na	na	na	8.5
1972-73 to 1982-83	-12.3	na	na	na	na	12.2
1982-83 to 1992-93	na	3.7	-12.8	3.2	na	8.7
1992-93 to 1995-96	na	-1.4	-20.6	-20.5	1.0	-3.7

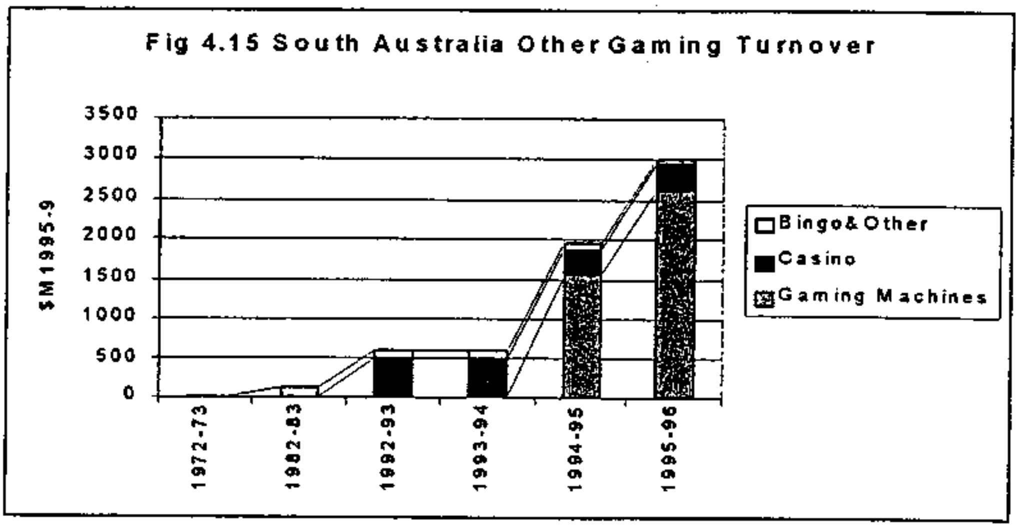
Source: Derived from Tasmanian Gaming Commission, *Australian Gambling Statistics*, 1973 to 1996



Similarly most areas of lottery turnover have been affected by the increased competition from EGMs since 1994-95. Lotto has however shown only a marginal real decrease and Keno turnover has increased. There has however been a significant decline in Pools and Instant Lotteries.

Table 4.15: South Australia: Other Gaming & Total Gambling - Real Turnover and Percentage Change $Million, Constant 1995-96 Prices.

Year	Gaming Machines	Casino	Bingo & Other	Total Gaming	Total Racing & Gaming
	$m	$m	$m	$m	$m
1972-73	na	na	20.4	58.8	876.8
1982-83	na	na	121.8	244.0	964.4
1992-93	na	500.9	107.0	888.4	1614.3
1993-94	na	491.9	108.6	885.3	1676.2
1994-95	1550.0	333.1	49.0	2190.9	2924.8
1995-96	2621.7	344.2	43.9	3260.5	3900.7
Average Annual Real Rate of Cnge.	%	%	%	%	%
1972-73 to 1995-96	na	na	3.4	19.1	6.7
1972-73 to 1982-83	na	na	19.6	15.3	1.0
1982-83 to 1992-93	na	na	-1.3	13.8	5.3
92-93 to 95-96	na	-11.8	-25.7	54.3	34.2



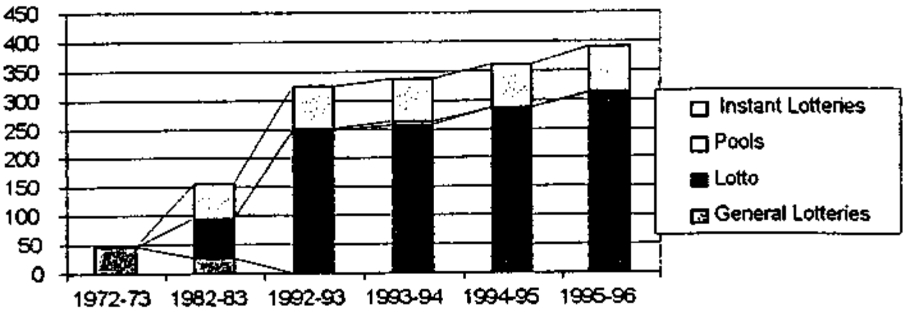
Real casino turnover in South Australia has declined by 11.8 per cent since 1992-93 due to local factors including the introduction of EGMs and from increased competition from other casinos in other States and other local factors.

However EGM turnover has increased at a real rate of 69 per cent between 1994-95 and 1995-96.

Gaming in the other minor areas also declined recently.

Since 1992-93 overall gaming turnover increased at an average real rate of 54 per cent per annum.

Fig. 4.17 Western Australian Lotteries Turnover

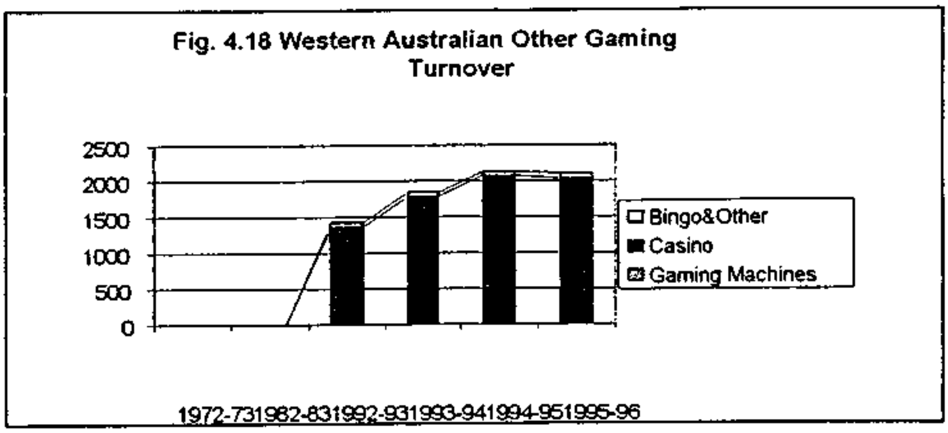


Similar strong growth was recorded with both lotto and instant lotteries turnover and in both categories the real rate of growth achieved was the second highest behind NSW over the period since 1992-93.

Table 4.18: Western Australia: Other Gaming & Total Gambling - Real Turnover and Percentage Change $Million, Constant 1995-96 Prices.

Year	Gaming Machines	Casino	Bingo & Other	Total Gaming	Total Racing & Gaming
	$m	$m	$m	$m	$m
1972-73	na	na	na	47.4	853.7
1982-83	na	na	na	156.0	1022.4
1992-93	na	1363.8	56.7	1747.2	2516.3
1993-94	na	1787.4	58.3	2182.9	3043.5
1994-95	na	2077.0	58.4	2497.6	3394.3
1995-96	na	2045.6	65.3	2502.2	3429.1
Average Annual Real Rate of Change	%	%	%	%	%
1972-73 to 1995-96	na	na	na	97.4	6.2
1972-73 to 1982-83	na	na	na	12.7	1.8
1982-83 to 1992-93	na	na	na	24.7	7.9
1992-93 to 1995-96	na	14.5	4.8	20.8	16.1

Source: Derived from Tasmanian Gaming Commission, *Australian Gambling Statistics*, 1973 to 1996



The recent strong growth in racing and lottery turnover has been achieved despite the strong growth in casino turnover.

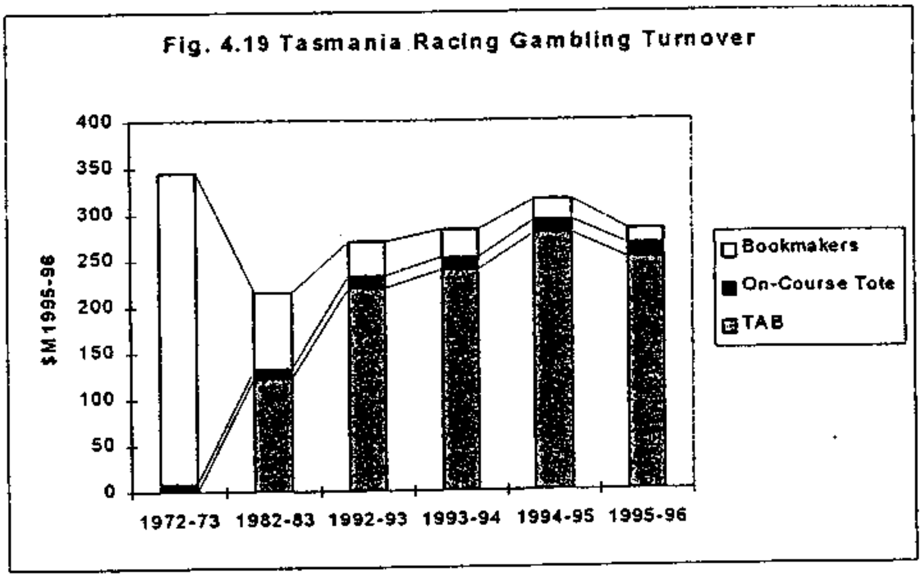
4.2.7: TASMANIA

Table 4.19: Tasmania: Racing Gambling, Real Turnover and Percentage Change

$Million, Constant 1995-96 Prices

Year	TAB $m	On-Course Tote $m	Bookmakers $m	Total Racing $m
1972-73	na	8.3	336.6	344.9
1982-83	121.2	12.0	81.8	215.0
1992-93	220.1	12.3	36.6	269.0
1993-94	238.2	14.3	29.8	282.3
1994-95	278.3	14.8	21.1	314.2
1995-96	253.2	14.1	15.4	282.6
Average Annual Real Rate of Change	%	%	%	%
1972-73 to 1995-96	na	13.1	-12.6	-0.9
1972-73 to 1982-83	na	3.8	-13.2	-4.6
1982-83 to 1992-93	6.2	0.3	-7.7	2.3
1992-93 to 1995-96	4.8	4.7	-25.1	1.7

Source: Derived from Tasmanian Gaming Commission, *Australian Gambling Statistics*, 1973 to 1996



Since 1992-93 only Tasmania, Western Australia, the ACT and NT have been able to record positive real growth rates in overall racing turnover.The growth in this area in Tasmania came from both increased TAB turnover and on-course tote turnover, even though bookmakers' turnover decreased significantly, although their turnover is only small.

Table 4.20: Tasmania: Lotteries - Real Turnover and Percentage Change $Million, Constant 1995-96 Prices.

Year	General Lotteries	Lotto	Pools	Instant Lotteries	Keno	Total Lotteries
	$m	$m	$m	$m	$m	$m
1972-73	na	7.5	na	na	na	7.5
1982-83	0.94	50.2	4.0	16.1	na	71.2
1992-93	1.2	57.0	0.5	15.5	na	74.2
1993-94	1.1	56.6	0.6	15.1	na	73.4
1994-95	1.1	55.8	0.4	12.9	14.2	84.4
1995-96	1.2	51.9	0.3	10.5	50.2	114.1
Average Annual Real Rate of Change	%	%	%	%	%	%
1972-73 to 1995-96	na	8.8	na	na	na	12.6
1972-73 to 1982-83	na	20.9	na	na	na	25.2
1982-83 to 1992-93	2.5	1.3	-18.8	-0.4	na	0.4
1992-93 to 1995-96	0.0	-3.1	-15.7	-12.2	na	15.4

Lotteries turnover has however decreased recently in all areas apart from Keno, which has shown strong growth.

Table 4.21: Tasmania: Other Gaming & Total Gambling - Real Turnover and Percentage Change $Million, Constant 1995-96 Prices.

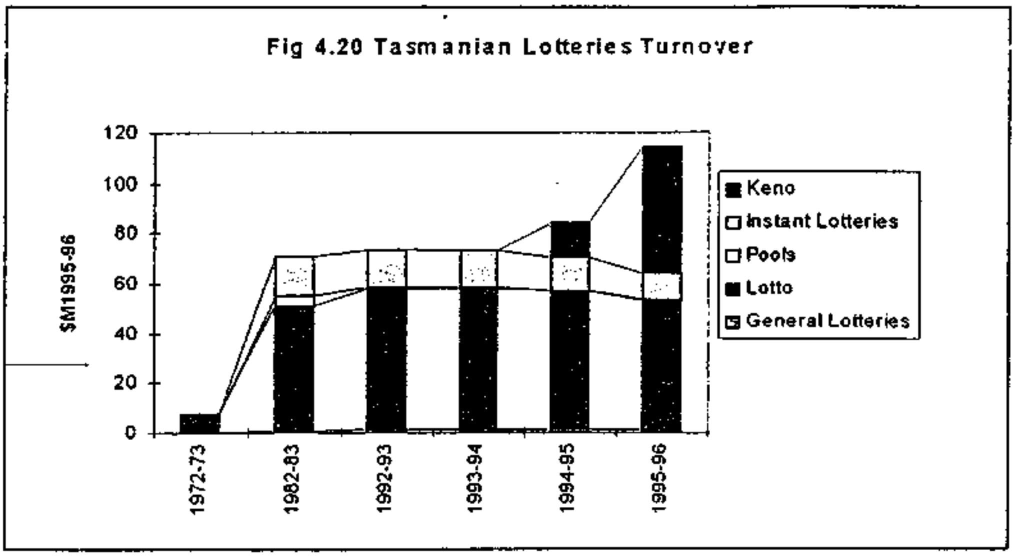
Year	Gaming Machines	Casino	Bingo & Other	Total Gaming	Total Racing & Gaming
	$m	$m	$m	$m	$m
1972-73	na	57.3	na	64.8	409.7
1982-83	na	174.2	28.8	274.2	489.1
1992-93	na	256.1	27.1	357.3	626.3
1993-94	na	864.4	25.0	962.7	1245.0
1994-95	na	898.0	27.5	1009.9	1324.1
1995-96	na	891.9	24.3	1030.2	1312.8
Average Annual Real Rate of Change	%	%	%	%	%
1972-73 to 1995-96	na	12.7	na	12.8	5.2
1972-73 to 1982-83	na	11.8	na	45.4	1.8
1982-83 to 1992-93	na	3.9	-0.6	2.7	2.5
1992-93 to 1995-96	na	51.6	-3.6	42.3	28.0

Source: Derived from Tasmanian Gaming Commission, *Australian Gambling Statistics*, 1973 to 1996

Overall average annual real casino turnover increased by around 51 per cent since 1992-93.

The rate of growth of the casinos in Tasmania may be affected in the future by the mega-casinos operating in Sydney and Melbourne and from the introduction of EGMs in hotels and clubs in that State from early 1997.

Overall gaming turnover grew at an average real rate of 42 per cent over the period since 1992-93.

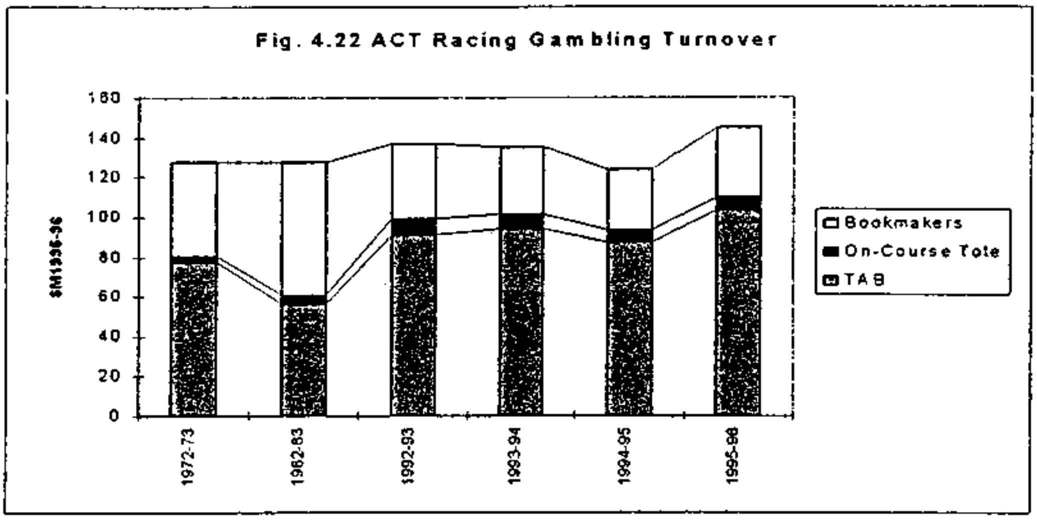


4.2.8: AUSTRALIAN CAPITAL TERRITORY

Table 4.22: ACT: Racing Gambling, Real Turnover and Percentage Change $Million, Constant 1995-96 Prices

Year	TAB $m	On-Course Tote $m	Bookmakers $m	Total Racing $m
1972-73	77.4	3.1	47.1	127.6
1982-83	56.7	4.2	66.5	127.4
1992-93	90.6	8.4	37.5	136.5
1993-94	93.8	7.9	33.7	135.4
1994-95	87.0	6.1	30.8	123.9
1995-96	102.6	6.9	35.5	145.0
Average Annual Real Rate of Change	%	%	%	%
1972-73 to 1995-96	1.2	3.5	-1.2	0.6
1972-73 to 1982-83	3.1	3.1	3.5	0.0
1982-83 to 1992-93	4.8	7.2	-5.6	0.7
1992-93 to 1995-96	4.2	-6.4	-1.8	2.0

Source: Derived from Tasmanian Gaming Commission, *Australian Gambling Statistics*, 1973 to 1996

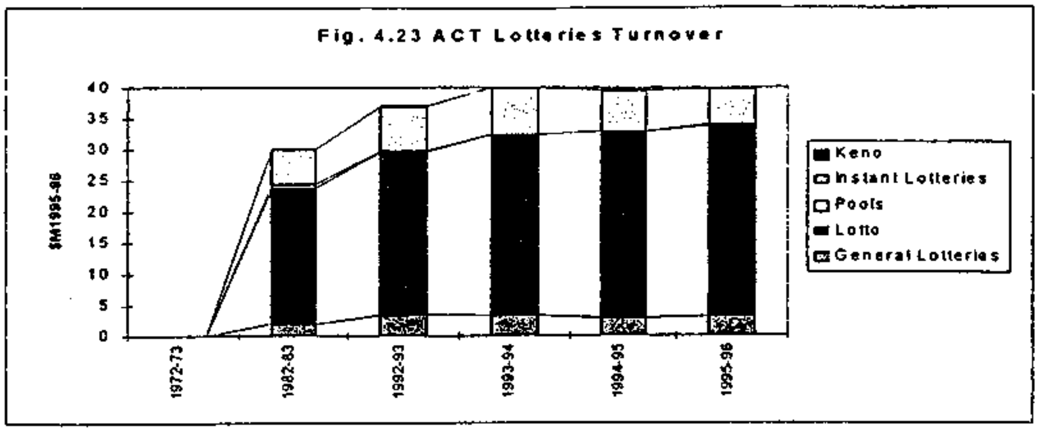


The Australian Capital Territory was also one of the few areas to have shown real positive racing turnover growth recently. This all came from increased TAB turnover.

Table 4.23: ACT Lotteries, Real Turnover and Percentage Change $Million, Constant 1995-96 Prices.

Year	General Lotteries	Lotto	Pools	Instant Lotteries	Keno	Total Lotteries
	$m	$m	$m	$m	$m	$m
1972-73	na	na	na	na	na	na
1982-83	2.0	21.6	0.8	5.5	na	29.9
1992-93	3.4	26.2	0.2	7.2	na	37.0
1993-94	3.2	29.1	0.2	7.5	na	40.0
1994-95	2.8	30.0	0.1	6.6	na	39.5
1995-96	3.0	30.8	0.2	5.7	na	39.7
Average Annual Real Rate of Change	%	%	%	%	%	%
1972-73 to 1995-96	na	na	na	na	na	na
1972-73 to 1982-83	na	na	na	na	na	na
1982-83 to 1992-93	5.5	2.0	-12.9	2.7	na	2.2
1992-93 to 1995-96	-4.1	5.5	0.0	-7.5	na	2.4

Source: Derived from Tasmanian Gaming Commission, *Australian Gambling Statistics*, 1973 to 1996

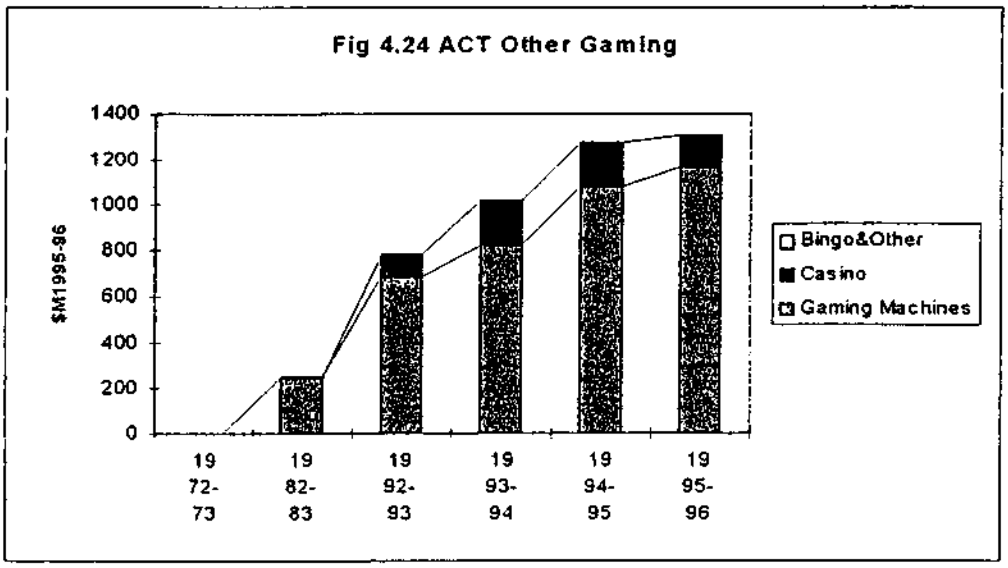


The Australian Capital Territory also had real turnover growth in lotteries of 2.4 per cent since 1992-93, but this again all came from strong growth in lotto turnover.

Table 4.24: ACT: Other Gaming & Total Gambling, Real Turnover and Percentage Change $Million, Constant 1995-96 Prices.

Year	Gaming Machines	Casino	Bingo & Other	Total Gaming	Total Racing & Gaming
	$m	$m	$m	$m	$m
1972-73	na	na	na	na	127.6
1982-83	249.7	na	na	279.7	407.1
1992-93	685.5	101.0	na	823.5	960.0
1993-94	824.8	191.8	na	1056.6	1192.0
1994-95	1079.0	199.2	na	1317.7	1441.7
1995-96	1163.6	141.5	na	1344.8	1489.9
Average Annual Real Rate of Change	%	%	%	%	%
1972-73 to 1995-96	na	na	na	na	11.3
1972-73 to 1982-83	na	na	na	na	12.3
1982-83 to 1992-93	10.6	na	na	11.4	9.0
1992-93 to 1995-96	19.3	11.9	na	17.8	15.8

Source: Derived from Tasmanian Gaming Commission, *Australian Gambling Statistics*, 1973 to 1996



Since 1992-93 overall real gaming turnover has increased at almost 18 per cent per annum in the Australian Capital Territory and has mainly been caused by strong growth in EGM and casino turnover. Although the casino turnover decreased by 29 per cent between 1994-95 and 1995-96 due to significantly increased competition from the Sydney and Melbourne casinos and other local economic factors.

4.2.9: NORTHERN TERRITORY

Table 4.25: Northern Territory: Racing Gambling, Real Turnover and Percentage Change, $Million, Constant 1995-96 Prices

Year	TAB $m	On-Course Tote $m	Bookmakers $m	Total Racing $m
1972-73	na	na	na	na
1982-83	na	0.09	88.7	88.8
1992-93	57.8	7.0	41.4	106.2
1993-94	65.2	6.6	60.9	132.7
1994-95	72.1	8.0	85.1	165.2
1995-96	72.0	10.7	130.9	213.6
Average Annual Real Rate of Change	%	%	%	%
1972-73 to 1995-96	na	na	na	na
1972-73 to 1982-83	na	na	na	na
1982-83 to 1992-93	na	54.6	-7.3	1.8
1992-93 to 1995-96	7.6	15.2	46.8	26.2

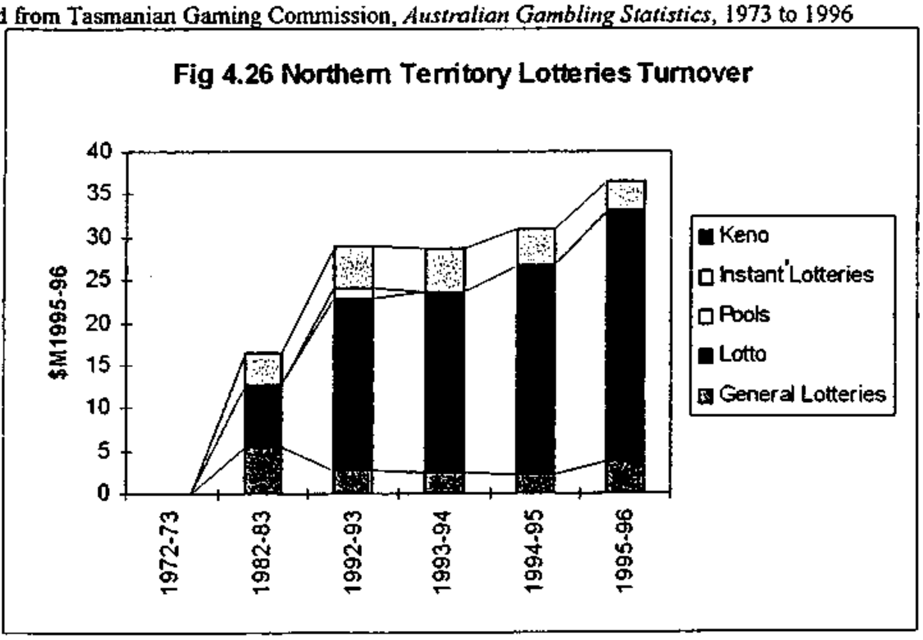
Source: Derived from Tasmanian Gaming Commission, *Australian Gambling Statistics*, 1973 to 1996

The Northern Territory is also only one of four States/Territories to have shown strong real growth in racing turnover, except that a large contribution came from increased bookmaker's turnover, mainly caused by the increased interest in sports betting.

Table 4.26: Northern Territory: Lotteries - Real Turnover and Percentage Change, $Million, Constant 1995-96 Prices.

Year	General Lotteries	Lotto	Pools	Instant Lotteries	Keno	Total Lotteries
	$m	$m	$m	$m	$m	$m
1972-73	na	na	na	na	na	na
1982-83	5.5	7.2	0.17	3.5	na	16.4
1992-93	2.6	20.3	1.1	5.0	na	29.0
1993-94	2.4	21.1	0.13	5.0	na	28.6
1994-95	2.3	24.4	0.08	4.2	na	31.0
1995-96	3.6	29.4	0.09	3.4	na	36.5
Average Annual Real Rate of Change	%	%	%	%	%	%
1972-73 to 1995-96	na	na	na	na	na	na
1972-73 to 1982-83	na	na	na	na	na	na
1982-83 to 1992-93	-7.2	10.9	20.5	-3.6	na	5.9
1992-93 to 1995-96	11.5	13.1	-56.6	-12.1	na	8.0

Source: Derived from Tasmanian Gaming Commission, *Australian Gambling Statistics*, 1973 to 1996

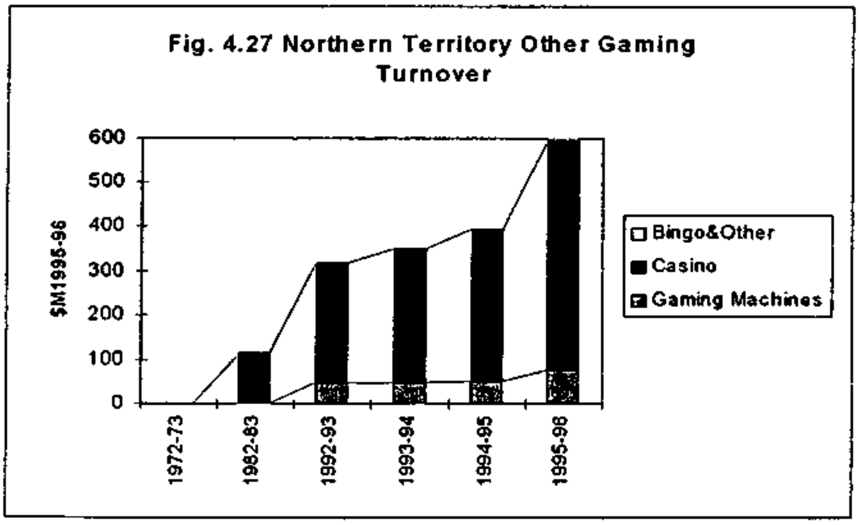


The Northern Territory has also been one of the few areas which has recently shown a renewed interest in draw lotteries and lotto turnover has also increased strongly. The overall real rate of growth in lotteries turnover has averaged 8 per cent since 1992-93, which was around one and a half times the national increase over this period.

Table 4.27: Northern Territory: Other Gaming & Total Gambling - Real Turnover and Percentage Change $Million, Constant 1995-96 Prices.

Year	Gaming Machines	Casino	Bingo & Other	Total Gaming	Total Racing & Gaming
	$m	$m	$m	$m	$m
1972-73	na	na	na	na	na
1982-83	na	112.5	1.5	130.2	218.9
1992-93	48.9	269.9	na	347.7	453.8
1993-94	49.3	298.8	na	376.7	509.4
1994-95	50.9	343.0	na	424.8	590.0
1995-96	75.2	521.4	na	633.1	846.7
Average Annual Real Rate of Change	%	%	%	%	%
1972-73 to 1995-96	na	na	na	na	na
1972-73 to 1982-83	na	na	na	na	na
1982-83 to 1992-93	na	9.2	na	10.3	7.6
1992-93 to 1995-96	15.4	24.5	na	22.1	23.1

Source: Derived from Tasmanian Gaming Commission, *Australian Gambling Statistics*, 1973 to 1996



In terms of overall gaming turnover, both EGMs and casinos have contributed strongly to the overall annual average real rate of growth of 22 per cent since 1992-93. Overall real gambling turnover growth has averaged 23 per cent per annum since 1992-93.

4.3: CONCLUSION

The tables above clearly show the changes and impact which have occurred in most States/Territories from the expansion of gaming since 1992-93.

Overall in broad terms, it can be stated that while nationally TABs have shown some marginal real growth in turnover, in both Victoria and South Australia real TAB turnover has declined and only marginal growth occurred in NSW which accounts for over 40 per cent of national TAB turnover.

In the racing gambling area only Western Australia and the Northern Territory showed positive growth, whether in TABs, on-course and with bookmakers. These latter forms of gambling have mainly been affected in most States by declining on-course attendance, from significant competition from the TABs and from both of these being mature products in the gambling market, thereby leading to slow or declining growth.

Victoria and Tasmania did however see some real growth in bookmakers' turnover, caused by the allowing of on-course phone betting with bookmakers.

In terms of lotteries, it has been mainly Keno and Lotto (particularly the newer, Australia wide, products of OzLotto and Powerball and which also offer greater potential for larger first division prizes) which have retained their relative popularity, against the general fall in interest in instant lotteries, draw lotteries and pools in most States and Territories.

Instant lotteries have been more affected by the introduction of gaming machines as it is more closely related to the offer of instant gratification which is common to both products. This is discussed further in the Chapter 5.

Further information on market perceptions relating to the various forms of gambling is contained in the next chapter.

CHAPTER 5: MARKET RESEARCH ON AND OTHER COMPETITORS TO LOTTERIES.

5.1: INTRODUCTION

This chapter is based around various market research material on gambling held by both the Lottery Operators in each State as well as reports released by the Victorian Casino and Gaming Authority (VCGA) and other research undertaken by the consultants.

This chapter:

- Examines the profile of lottery players relative to players in the other forms of gambling;
- Examines the extent, if any, of overlap in players of and competition for lotteries from the other forms of gambling;
- Provides details on TAB Mystery and Sports Bets and on other luck-based gambling products; and
- Provides details on the operation and regulation of other lottery-based products, such as raffles and trade promotions, and evaluate the extent to which these compete with lotteries provided by the Lottery Operators.

5.2: OVERALL PARTICIPATION IN GAMBLING

Before examining the market segments involved in gambling, it is useful to firstly outline the overall population participation rates for the various forms of gambling.

The following information while being based on Victorian information is broadly similar to the confidential research/survey data held by the individual Lottery Operators in each State/Territory to which the consultants have had access. However, in this chapter areas are highlighted where individual State or Territory actual results may vary from this general picture.

The VCGA (1997)[10] report examined population participation rates in various forms of gambling and changes over time from May 1992 to August 1996. This information is summarised below.

[10] Victorian Casino & Gaming Authority, Fourth Survey of Gambling Patterns, Vols. 1 & 2, January 1997.

TABLE 5.1: Population Participation Rates in Various Gambling Forms, in Previous 12 Month Period, Victoria, May 1992 to August 1996.

Gambling Form	May 1992	June 1994	June 1995	August 1996
LOTTERIES				
Lotto/Keno	66	66	60	65
Soccer Pools	1	1	1	0.5
Scratch Ticket	28	37	35	35
RACING				
Horse	19	21	15	17
Greyhounds	2	3	3	2
Trots	3	5	5	6
SportsBet	na	na	2	1
FootyBet	3	3	3	4
CASINO	7	7	22	22
EGMs	20	41	32	40
OTHER				
Raffles	na	na	na	54
Informal Cards	10	8	9	14
Bingo	8	8	7	6

Source: Derived from Victorian Casino and Gaming Authority, Fourth Survey of Gambling Patterns 1997, Pp. 8

The table shows that the overall participation in Lotto in Victoria had been initially affected by the increased choice in gaming, particularly with the opening of the casino, but had subsequently returned to the high participation rate by August 1996. The table also shows that lotto has the highest population participation rate of all forms of gambling and across all States/Territories the participation rate in lotto over a 12 month period is consistently around 70 per cent.

The table also shows that the introduction of the casino or EGMs, has had a greater, and more sustained, effect on racing gambling, bingo and to some extent on sports betting.

Table 5.2 examines the degree of commitment/loyalty to each gambling product over the same time period in terms of having participated in that activity within the month prior to the survey period and this does show some changes recently.

TABLE 5.2: Regular (i.e. Played in the Past Month) Participation By Activity, Victoria - May 1992 to August 1996.

Gambling Form	May 1992	June 1994	June 1995	August 1996
LOTTERIES				
Lotto/Keno	79	79	83	77
Soccer Pools	75	50	87	71
Scratch Ticket	59	59	62	44
RACING				
Horse	42	46	41	49
Greyhounds	58	46	56	55
Trots	34	35	46	49
SportsBet	na	na	56	33
FootyBet	81	72	80	53
CASINO	3	3	17	14
EGMs	6	36	40	34
OTHER				
Raffles	na	na	na	37
Informal Cards	44	54	65	54
Bingo	53	49	56	56

Source: Derived from Victorian Casino and Gaming Authority, Fourth Survey of Gambling Patterns 1997, Pp. 8

This table shows that most products have a loyal following of regular monthly participants, although to varying degrees.

In Victoria, the introduction of the casino and EGMs has coincided with some reduced participation in lotto/keno (although only marginally) as well as in soccer pools, informal card games played at home or elsewhere apart from the casino, scratch tickets, footy and other sports betting.

It is difficult to say whether the opening of the casino and the introduction of EGMs were the only factors influencing this trend since the introduction over this period of the double draw with Saturday Lotto (and at an increased cost) was not well received by some lotto players and participation rates in this draw had declined.

The table however does seem to indicate that once a casino or EGMs are introduced that the novelty factor may eventually wear off for some people and an overall lower level of dedicated gamblers for each of these gaming form emerges.

Within the lotteries area, information from Lottery Operators annual reports indicate that Saturday/Monday Lotto draws has a very high population participation rate which can be as high as 40 per cent, but the other lotto draws have participation rates under 10 per cent. As indicated in Chapter 1, if the prize pool jackpots in any draw increases significantly than the rate of participation also increases substanially.

The next section looks at a more detailed segmentation of the gambling market to assist in providing some further details.

5.3: SEGMENTATION OF THE GAMBLING MARKET

The Victorian Casino and Gaming Authority [11] has segmented the Victorian gambling market, according to gambling behaviour and attitudes. It is likely that these groups would also apply nationally, although the proportion of the population in each group may vary. The groups are:

- ***Disinterested Gamblers***: Display a low level of gambling activity and participate mostly in lotto. These people represent 25 per cent of the population. The segment has a female bias, has a larger proportion over 50 years of age with over half not being in paid- employment, they are spread throughout all suburbs and are mostly older singles and couples.Finally they tend to have lower than average incomes and spend around 5 per cent of their income on gambling.

- ***Occasional Gamblers***: Display a low level of gambling activity and participate mostly in lotto, EGMs and casino gambling, however, they participate occasionally in a variety of different gambling activities. These people represent 36 per cent of the population and the segment has both males and females. It has a higher than average proportion of upper white ~~collar workers, has mostly couples with or without dependent children, who have higher~~ than average incomes and are spread throughout all suburbs. They spend around 7 per cent of their income on gambling.

- ***Social Gamblers***: Display a medium level of gambling activity, with the highest level of EGM and casino gamblers. This segment is heavily motivated in their gambling by social reasons. They represent 7 per cent of the population. It has a higher proportion of females, has a young age profile with people mostly in the workforce and in upper blue collar employment, is evenly distributed amongst all suburbs and has a higher than average household income and around 10 per cent of their income is spent on gambling.

- ***Acknowledged Heavy Gamblers***: Display a high level of gambling activity and participate regularly in EGM, casino, lotto, raffles and scratch ticket gambling. They are most likely to admit that they conceal their gambling and are criticised by family and friends. This group represents 9 per cent of the population, and has both males and females It has a slightly younger than average age profile, includes all occupation categories similar to the population as a whole, has a higher than average number occurring in the relatively lower to average income suburbs, has mostly families with average incomes, and spend around 18 per cent of their income on gambling.

[11]Ibid, VCGA, Section 1: The Research Program, Vol 1, Pp 1-6, 1997

- ***Committed Heavy Gamblers***: Display a high level of gambling activity and participate regularly in lotto and horses, but are also heavily involved with trotting and greyhounds gambling. This group represents 9 per cent of the population and there is a strong male bias. It has both a younger than average age group as well as a core of people aged 60 years and over, it includes all occupations, and has a higher than average singles component but are mostly families with above average household incomes. One third of their income is spent on gambling.

- ***Non-Gamblers***: represent 12 per cent of the population and there is no gender bias. They are of average age to the population overall and all occupations are included, most are older singles older couples or young singles and have lower than average incomes.

Further information contained within the above report shows that while lotto draws it appeal from both the Occasional Gamblers as well as the Heavy Gamblers spectrum, only *above* average (i.e. above the average across all groups) interest and expenditure on lotteries is evident amongst the Occasional Gamblers. Furthermore the research and segmentation would seem to suggest that lotto forms only a part of the overall wider gambling habits and participation levels of Heavy Gamblers.

The above information is supported by market research undertaken by the SA Lotteries Commission [12](January 1995) which showed that:

- the purchase of Saturday Lotto usually planned and not discretionary;
- the amount spent each week is part of the overall household spending budget and decision making process;
- since the game is played on weekends, the whole family can participate in viewing the draw and checking the results; and
- while instant tickets and keno may be more impulse buying products, spending in this area is still constrained in the context of an overall weekly household budget and savings.

However it is also evident that the participation rate in lotteries increases with the size of first prize, especially if it jackpots.

But also of relevance to lotteries is that:

- People playing lotto and scratch tickets are motivated more by the thrill or dream of winning and is a relatively inactive form of gambling compared with other forms such as casino and TAB and even to some extent EGMs where the motivations are again related to winnings, but also are associated with social and entertainment/boredom and atmosphere/excitement/buzz aspects and the associated potential to being seen to be a winner in a more public place/way/manner.

This is supported by research undertaken by AGB McNair (and documented further in Chapter 10 and Appendix E of this report) for the VCGA[13] which showed that people perceive lotto to be totally different from other forms of gambling, but that racing, casino and EGM gambling

[12] Lotteries Commission of South Australia, Internal Market Research Report, 1995

[13] Victorian Gaming Commission, Community Gambling Patterns, Volume 2, AGB McNair, 1995

are seen to be similar. While card playing and bingo are also seen to be different they are seen as being more closely allied to gaming machines. Again lotteries are perceived as being more in tune with "may get lucky" or "thrill/dream/reward" than other motivations such as beating the odds, atmosphere, excitement, social or boredom/pass the time.

This is also supported by other work undertaken by the VCGA[14] (1997) which showed that high involvement gambling activities such as going to the races/trots, playing EGMs, going to the casino and betting at the TAB have low appeal to lottery players.

It could be expected then that overall lotteries would not be greatly affected by competition from other forms of gambling such as casinos, TAB or EGMs.

However within the lotteries group, products such as Instant Tickets seem to have been affected by the introduction of newer forms of gambling, especially gaming machines, as they compete in the same area of low outlay and instant gratification. This is supported by VCGA (1997)[15] research which showed that Instant Ticket players highlighted the thrill/dream of winning and the belief in luck similar to lotteries players but also ranked the atmosphere/excitement/buzz and boredom/pass the time as motivational factors, which do not apply to the other lottery products.

While the above relates to lottery sales in total, both overall lottery and individual lottery product sales may also be affected by competition from a number of other forms of gaming and this is examined further in the next section.

5.4: COMPETITION TO LOTTERIES FROM OTHER FORMS OF GAMING

5.4.1: Lotteries and Competition from Casinos

From the information contained in the previous and this chapter, the impact on lotteries of the opening of casinos is suggested to have been marginal, if at all.

This observation mainly comes from the details provided in this chapter which is supported below.
Victorian information, but expected to apply nationally (or as a proxy).

The VCGA (1997, Pp iv)[16] report highlighted the following:

" the profile of casino gamblers and regular casino gamblers is different from other forms of gambling with a male bias amongst regulars, a stronger belief that gambling does more good than harm amongst regulars, a younger age profile, a higher concentration in metropolitan areas and a higher proportion of Social Gamblers, Acknowledged Heavy Gamblers and Committed Gamblers".

[14] VCGA, Fouth Survey of Community Gambling Habits, Vol 1 & 2, January 1997

[15] ibid, Section 5, Pp 63-64

[16] ibid, Pp (iv)

The main motivation for casino players is social reasons, followed by thrill or dream of winning.

Therefore casinos are attractive to the small number of heavier gamblers, relative to lottery players.

While it could be stated that EGMs at casinos are attractive to lottery players, the VCGA report found that they were not always perceived, by casino players, as the main activity attracting them to the casino. EGMs at casinos were most likely to be an ancillary activity for many visitors and it is perceived that winnings on cards/table games is substantially higher than from returns on the EGMs at the casino.

5.4.2: Lotteries and Competition from EGMs.

The profile of users of EGMs are mainly Social Gamblers and Acknowledged Heavy Gamblers (or Committed Gamblers amongst regulars). In Victoria's case the highest area of participation in EGMs is in hotels/pubs, followed by licensed clubs, then the EGMs at the casino (where there are 2500 machines). This is due to the unique situation in Victoria of allowing up to 105 gaming machines in hotels/pubs and a 50:50 split of overall machines between hotels and clubs. In the other States (apart from WA), due to the more clubs basis and focus for EGM installation, these would be expected to be the more favoured venues.

The primary motivations for playing EGMs was found, in order, to be social reasons, followed by the thrill/dream of winning, boredom and atmosphere/buzz.

Outlays on EGMs not at the Victorian casino averages $15 per week, while the use of these machines at the casino averages out at $6 per week.

Again the profile of gamblers tends to suggest that EGMs may not be direct competitors to the lotteries industry, but it may have some impact at the margin in areas such as linked jackpot EGMs, whether in hotels, clubs or in the casinos, but further research is required in this area as this product is offered in all States/Territories over the next two years.

5.4.3: Lotteries and Competition from TAB Luck-Based Products

Mystery Bets

Nationally over the last 10 years, all TABs have introduced a number of luck-based products (promoted usually under the Mystery Bet name). This product is based around using computer generated numbers to pick race winners mainly on Trifectas. However in NSW and some other States Mystery Bets are being extended to include any form of racing, any race meeting and on any betting format. The numbers chosen by the computer usually do have some in-built bias towards selecting some race favourites, in line with the betting market at the point in time of entry of the Mystery Bet.

These luck-based products are aimed mainly at the younger 18-25 year olds, for existing clients who spend time in a TAB or ClubTAB or PubTAB watching and betting on races as well as for novice TAB bettors around major events such as the Sydney, Melbourne or Perth Cups. It is intended to be an impulse purchase.

The NSW Tab offers the most extensive range of Mystery Bet types with these operating on every race and on every betting format (i.e. win, trifecta, etc). Gamblers can also select the race meeting and which race to place the bet on, rather than in a few other States where the bet is automatically applied to the next TAB covered race from the time the wager is laid.

The NSWTab is to shortly introduce a "3-Up" product, where $3 is placed on three randomly generated number with the first $1 allocated to picking the number of the race winner only, the second $1 allocated to picking the first and second place getters and the third $1 towards picking the numbers of the first three place getters.

In Victoria due to the limits associated with its current computer-system, TabCorp is limited to offering only three versions of its Mystery Bet. A $1 Trifecta where horses or greyhounds have to finish in the order of numbers given, a $3 Trifecta where they can finish in any order and a $6 QuickSix which picks the numbers of winners of six consecutive numbers.

There is also some consideration being given to shortly introducing a Quadrella Mystery Bet. When the new computer system is installed, TabCorp Holdings Ltd is expected to expand its range of Mystery Bet products.

In Queensland the TAB basically offers two main forms of betting. One is Mystery Bet costing $3 with this going onto the next broadcast race (whether in Queensland or elsewhere) and with the computer drawing two numbers from the five most favoured horses/greyhounds according to the odds and one other number from the entire field. The other product is Mystery Pick where there are around 11 main types of bets available for varying prices from $1 to $6 and even a horse race and football bet combination. The advantage of this product is that the person can select both the race and the meeting.

In this State Mystery Bets turnover only increased significantly once the Mystery Pick was introduced. Turnover in 1996-97 was around $8 million (or 0.6 per cent of total TAB turnover) but is expected to increase to around $12 million in 1997-98 (or 0.9 per cent of total turnover).

In Western Australia, the TAB operates a Mystery Bet based around Trifectas on the next covered race and a $3 Mystery Win which picks the winner of a race. These products are increasing in popularity and betting in this form is also available through the WATab's Internet site.

Finally in South Australia, Mystery Bets apply to Trifectas and can be placed on the next race covered by the TAB or any selected race. Turnover in this area was indicated to be stable at around $5 million (or around 1 per cent of total turnover). The product is specifically targeted at small outlay gamblers and younger players.

In some States Mystery Bet gambling is made more attractive to punters by the pooling of funds across a number of states and through jackpotting.

In most States the information on Mystery Bets turnover is merged in normal bets on races and therefore it is difficult to obtain an overall idea of the popularity and rate of growth of this product. However where the TAB's were able to provide this information, Mystery Bets currently accounts for between 0.6 and 1 per cent of the total turnover.

Indications are that this product is growing strongly from a small base and by offering new variations. This form of betting seems to be particularly well suited to the development with interactive forms of gambling, such as on TV or via the Internet.

Due to its lottery-based format and the potential to develop this product further and in an in-home environment, this product may have some future impact on lotteries expenditure, since it is a close substitute with the potential to build on the desire for instant gratification from gaming by some people.

TAB Sports Betting

The TAB in all States also operate Sportsbetting on a variety of events.

Information on the turnover from this product from the individual TAB Annual Reports generally shows that apart from New South Wales and Victoria, the turnover may be lower than on its Mystery Bet product.

The 1995-96 Annual Report for TabCorp Holdings Ltd shows that sportsbetting turnover in that year increased by 32.8 per cent to $19.6 million and this was achieved mainly through the expansion of the number of events as well as the distribution network (to 21 venues) and in the introduction of a new sportsbetting computer system, which now provides greater efficiency in accepting fixed price betting.

The 1995-96 Annual Report for the NSW Tab showed that Sportsbetting decreased from $19.8 million in 1994-95 to $15.9 million in 1995-96, which represented 0.44 per cent of total turnover.

Similarly in Queensland in 1995-96, the TAB turnover on Sportsbetting decreased by 15.7 per cent to a turnover of $2.8 million on 86 events.

Turnover in both NSW and Queensland during 1995-96 was affected by the upheaval associated with changes to teams in the Rugby competition in those States.

Football betting offered by the SA TAB increased slightly from $2.06 million in 1994-95 to $2.2 million in 1995-96.

Finally Sportsbetting in WA increased by 15 per cent from $10.1 million in 1994-95 to $11.63 million in 1995-96.

The level of turnover in sportsbetting is supported by the VCGA (1997)[17] research which showed that in Victoria the population participation rate in Sportsbet in August 1996 was only 1 per cent and had actually decreased from 2 per cent in June 1995.

However in Victoria the participation rate in Footybet was higher at 4 per cent, but with this form of betting attracting a higher proportion of males in white collar occupations who live in the metropolitan area and are more likely to be Committed Gamblers. The average outlay per time is between $11 and $4 per week. The motivations for gambling on this product were similar to those for TAB gambling.

[17] VCGA, Fourth Survey of Gambling Patterns, Vol 1& 2, January 1997.

5.5: COMPETITION FROM OTHER LOTTERY-TYPE PRODUCTS

5.5.1: Introduction

This section examines the possible competition from raffles and trade promotions (i.e. raffles, including Art Unions, and scratch-type prize tickets) to lotteries. It firstly provides an outline of the regulations which apply to these form of gambling in each State/Territory and then examines the market research material relating to raffle and other forms of gambling.

5.5.2: Some General Points

Most State and Territory Governments separately regulate raffles and trade promotions, but it is typical for the following conditions to apply across all jurisdictions:

- a separate permit must be obtained to operate a raffle in each State/Territory;
- it is illegal to advertise a raffle in any State or other State/Territory without the relevant permit;
- organisations can mail raffle tickets to persons in other States and can have a direct mail or mail box drop of promotional material in other States/Territories; and
- prizes cannot include bonds, stocks, debentures, shares in a body corporate or other securities and including animals, tobacco, alcohol, ammunitions or weapons.

Specific details of regulations relating to raffles and trade promotions in each State is given below.

5.5.3: Raffles

Generally a permit to hold a raffle will only be issued to an organisation which is involved in educational, religious, charitable or benevolent activities. Eligible organisations include those involved in sporting, recreation, amusement, conservation, environment, cultural heritage, animal welfare or providing medical treatment or providing attention for the physical, mental or intellectually disabled, as well as organisations involved in literature, science and the arts.

In most cases permits are not required if the proceeds are less than $500.

The permit generally sets out the conditions for sale of the tickets, that is when tickets are to be sold, all tickets to be accounted for, specification of prizes and their value and the procedures involved if the raffle does not have sufficient sales to cover its costs.

5.5.4: Trade Promotions (Including 0055 Call Numbers)

Trade promotions are a new area of activity in most States and Territories and are not regulated currently, although meetings between the representatives of each State/Territory have occurred and it is likely that uniform regulation of this activity will apply shortly.

Trade promotions are competitions, raffles, draws etc. for prizes, cash which are operated by commercial organisations and are used to promote the sale of a good or service and which usually do not involve a direct entry fee.

As indicated above permits for these activities are not required in most States/Territories currently.

However, Section 54 of the Federal Trade Practices Act, 1994 still applies and this prohibits the offering of free gifts or prizes in connection with the supply of any goods or services if it is intended that these goods and services will not be supplied or the actual prizes given differ from what was originally offered.

5.5.5. Raffles Regulations

New South Wales

Raffles are highly regulated in NSW with the total value of prizes limited to $20 000. Due to this low upper limit, no permit is required to conduct a raffle. However charity organisations may have to be registered under the Charities Fundraising Act. A further restriction on raffles is that expenses and prizes cannot exceed 60 per cent of the gross proceeds.

Permits are required for trade promotions and a fee of between $50 and $1000 is payable depending on the retail value of the prizes.

An overall maximum of value of prizes of $250 000 has been set for non-cash prizes and $50 000 for cash prizes.

Also from the 1st January 1996 if trade promotions prize values exceeds $20 000 then the draw and the announcement of the prize winner is to be scrutinised by an independent person and a Statutory Declaration must be filled in and submitted by the scrutineer.

Victoria

Raffles are regulated by the Victorian Casino and Gaming Authority under the Lotteries Gaming and Betting Act, 1966 and the Lotteries Gaming and Betting (Raffles and Bingo Permits) Regulations, 1992.

Raffles can only be conducted by organisations registered as community purpose organisations, clubs or political parties.

Victoria- Raffles under $5000 in Prize Value

In general the regulations do not apply to raffles which have prizes valued at less than $5000 and in which all tickets will be sold within a three month period. However, the total tickets available for sale must be at least twice the retail value of the prizes and must not exceed six times this value. So for a $5000 prize draw, a minimum of 10 000 tickets must be sold and the maximum number of tickets cannot exceed 30 000 tickets.

The specification of the minimum number of tickets to be sold as well as a maximum time period for sales can make it difficult for small organisations to successfully run a raffle and meet all conditions.

Other regulations relate to not being able to sell tickets in the street without prior consent of the municipality, publication of the results in the local newspapers and keeping accurate accounts etc.

Victoria: Raffles over $5000 in Prize Value

For raffles over $5000 a permit must be obtained on the prescribed form and the fee is set at 2 per cent of the total retail value of prizes to a maximum of $1000.

It is *suggested* that the number of tickets should be at least twice the value of the prizes.

The regulations are stricter in this area in that it ensures that the description of prizes for land, travel, motor vehicles etc. are clearly specified on the tickets.

Queensland

Queensland is the state which still has a large contingent of Art Unions and charitable raffles (by size of ticket sales).

This is in part historic in nature, with the large Art Unions, such as Mater Hospital and the Endeavour Foundation, being used to fund charitable and hospital developments in that State.

Queensland - Major Art Unions

In Queensland "Major Art Unions" are those which have total ticket sales of greater than $5000. A separate Permit is required for each Art Union.

Other conditions which apply are:

- The maximum period for a single Art Union permit, which is defined as a raffle where there is only one final draw to determine the prize winner(s), is 4 months or 10 months for a multiple draw (where there are two draws on separate days, with intermediate winners only participating in the second draw);

- For first time Art Unions (or for draws which exceed the value of prizes of previous draws, or which have only sold 85 per cent of tickets in a previous draw) a permit will only be issued on the basis of a written submission, specifying how the art union will be conducted and managed , where the prize is to be purchased and if the prize value exceeds $10 000, then a bank guarantee may be required to be lodged by the management committee.
- Similar to other States, the tickets must specify the name of the association conducting the art union, the closing date of the art union, the time, date and place of the drawings, the title and date of the publication in which the prize winners will be advertised, the name and address of the promoter, the price of a ticket, the words " Authorised by the Arts Union Division, Queensland Treasury" and "winners notified by certified mail" must be on the ticket, the number of the ticket, the number of the permit and each major prize and its retail value.

- A major difference with regulations in Queensland is that they specify the financial targets for an operator in that the total retail value of the prizes offered (excluding the value of incentive prizes) must be an amount which is at least 20 per cent of the estimated gross proceeds of the art union. Also the allowable expenses of an art union (i.e. overheads, marketing & promotion etc.) must not be more than amount specified in the permit and the minimum net proceeds must be at least 30 percent of the estimated gross proceeds.

- From discussions with some major operators of Art Unions, the proportions can be set at a third in each area- one-third to prizes, one-third to expenses and one-third to net proceeds/profits and this is actually an advantage and incentive to operators in Queensland to operate Art Unions/Major Raffles, which does not apply in the other States/Territories.

- Other regulations apply to the procedures involved in dealing with unclaimed prizes, keeping proper accounts, time limits and extensions, cancellation of a draw, audits and the time required to keep records.

South Australia

The main unique regulations covering raffles in South Australia are :

- A Major Lottery is specified as one in which the prizemoney exceeds $500;
- A permit application fee of $5 applies;
- 4 per cent of the gross proceeds is payable to the government;
- The administrative expenses of conducting the lottery must not exceed an amount equivalent to 10 per cent of the gross proceeds of the lottery;
- The total value of the prizes in the lottery must not be less than 20 per cent or more than 50 per cent of the total face value of all tickets in the lottery; and
- Actual lottery ticket sales must, in most cases, not exceed 4 months in time.

Trade Promotions are regulated in this State.

Western Australia

Standard Lotteries/Raffles

Raffles are regulated in this State if tickets are sold over more than one day and if the prizes are valued at more than $10 000, then a guarantee is required. This is termed a "Standard Lottery".

The permit fee varies according to the value of prizes.
Currently, permits are not required for other raffles or Trade Promotions.

Tasmania

In Tasmania, raffles offering prizes of more than $500 in retail value are required to obtain a permit. The raffle should not extend over more than a three month ticket sale period and the total retail value of prizes must equal at least 33 per cent of the total income from ticket sales.

The permit fee varies from $20 for raffles offering prizes of retail value of more than $500 to less than $1999, to 1 per cent of the value of prizes for raffles of between $2000 and $9999 in value and than a flat fee and between one half and one quarter of one per cent of the value of prizes for raffles offering over $10 000 in prize value.

5.5.6: Operation of Raffles

In most cases due to the strict regulation of costs etc. (apart from in Queensland), most charities and organisations run their own raffles, through members, volunteers or may use cheaper forms of selling tickets say by using a telemarketing company or having their volunteers telephone households at random. Some organisations may also build up a database of households from the details provided with the purchase of a ticket.

In Queensland the regulations allow for the use of professional companies in selling tickets.

5.5.7: Market Research on Raffles.

Market research available from the VCGA (1997)[18] showed that there is a high rate of participation of the population in raffles, which is only second to lotteries, but it is not a favoured way to participate in gambling.

The motivations are also different, with it being seen more in terms of a donation to charity but with the dream of winning still being relevant. However the expectation of actually winning is very low.

Raffle gamblers also have little attraction to the casino, TAB or playing EGMs.

5.5.8: Conclusion on Lotteries and Raffles

The degree of regulation of raffles and trade promotions in each State and Territory and the actually perceived and motivations behind purchasing a raffle ticket are such that this area is unlikely to be strong competitors to lotteries.

5.6: OVERALL CONCLUSIONS

The overall conclusions from this chapter is that lotteries in terms of participants is not really perceived as a form of gambling and many lottery players do not participate in the harder forms of gambling, including TABs, EGMs or at the casino.

However there is some evidence from Victorian research that the introduction of both a casino and EGMs over a very short time period may have had some small effect on lottery sales overall, particularly on Instant Lotteries. This is similar to what has been experienced in Queensland and South Australia, but not to any great extent in NSW, the Northern Territory and the ACT which have had EGMs for a significant length of time and have gradually introduced newer forms of gambling.

[18] VCGA, Fourth Survey of Community Gambling Patterns, Vol 1, January 1997, Pp 67

The market research points to possible other problems associated with lotteries which stem from the mature stage of these products in their lifecycle. However Keno as a more recent and technologically-linked product which provides some instant gratification has increased its sales.

In terms of the competitive environment for lotteries, from other gaming forms as well as lottery-type products, the potential major competitors in the near future are seen as possible coming from:

- the jackpot linked EGM's in casinos and pubs/clubs;
- the Mystery Bet type products, especially if presented to people in an interactive way in their homes, via their TV or computer; and
- Possibly sports betting if presented in the same way to households as indicated above for Mystery Bets.

Both these latter products are being specifically developed as lottery-type products of interest to the infrequent, inexperienced and young gambler. Significant growth in turnover is being obtained from these products, but it is not being given much attention due to their current small share of total TAB turnover. However all States will in the near future have the potential to introduce a range of new Mystery Bet products with a variety of formats, similar to what has already occurred in NSW.

Raffles are not seen as major competitors under the existing very strict and restrictive regulatory environment which operates in most States. Trade Promotions, however, are generally not regulated but may be in the near future.

In general, the lottery industry is faced with competition coming from new technology, but this provides both a threat and an opportunity to operators. The threat is that the new technology will allow for national and international "borderless" gambling opportunities through areas such as the Internet. This is also a threat to all other forms of gambling in Australia.

The opportunities however relate to the Lotteries industry actively taking account of this emerging technology, which currently, or shortly will, involve smartcards, interactive TV, Pay-TV and the Internet, and other technologies as they emerge, to develop new modes of delivery and access to new markets from the existing products as well as the development of new products.

CHAPTER 6: THE DIRECT ECONOMIC SIGNIFICANCE OF THE LOTTERIES INDUSTRY

This chapter outlines the direct significant of the lotteries industry in Australia and in each state. It shows the direct significance of the industry in terms of:

- direct income;
- gross product;
- returns to government; and
- employment.

Information in this section is principally drawn from the following sources:

- the Australian Bureau of Statistics (ABS) Survey of Gambling Industries in 1994-95; and
- the annual reports of Lottery operators/organisations operating in each state.

The indirect impact of the lotteries industry and the total impact is outlined in Chapter 7.

6.1: THE VALUE OF THE LOTTERIES INDUSTRY

The direct value of the lotteries industry in Australia can be measured in terms of its contribution to Australian gross domestic product.

The ABS in its 1994-95 survey of gambling industries published details of the value of the Lotteries industry in Australia for 1994-95. The survey however, does not provide state estimates of gross product for lotteries and also excluded certain businesses who provide gambling services to the lottery industry in Australia. The ABS survey did not include data about non-employing businesses, such as some lottery agencies, and also excluded the commission income of lottery agency operations such as newsagents.

This part outlines the ABS survey results for 1994-95 and also provides state estimates of gross product estimated directly from the lottery commission/organisation annual reports.

6.1.1 The Value of the Lotteries Industry in Australia

Selected summary statistics for the Australian Lotteries Industry for 1994-95 are presented in Table 6.1. These data were sourced from the ABS survey of gambling industries in 1994-95.

Table 6.1 Selected summary statistics for the Australian lotteries industry – 1994-95

	Lottery operation	Lottery agency	Total	Total gambling
Number of businesses (number)	9	169	178	2041
Employment (number)	np	np	2006	32 062
Total income ($ million)	np	np	4 134.4	15 511.1
Operating profit before tax ($ million)	np	np	801.7	1 327.0
Operating profit margin (per cent)	19.7	4.4	19.4	8.4
Industry gross product ($ million)	np	np	866.6	2 110.8

Note: n.p. Not separately published.
Source: ABS Gambling Industries, Australia (catalogue no. 2684.0) Table 4 and 11.

Table 6.1 indicates the following for the Australian lotteries industry in 1994-95:

- the ABS survey included only 169 agents from an estimated 5,500 agents operating on behalf of lottery operators/organisations in 1994-95;
- the lotteries industry in Australia generated $4,134.4 million in total income;
- the lotteries industry has the highest operating profit margin of all gambling industries surveyed at 19.4 per cent compared to an average of 8.4 per cent for the industry as a whole. This reflects a lower prize payout in the lotteries industry.
- operating profit before tax was $801.7 million or 60.4 per cent of total gambling industry operating profit; and
- the Australian lotteries industry had an industry gross product of $866.6 million in 1994-95. This represents 41 per cent of total surveyed gambling industry gross product.

6.1.2 The Value of the Lotteries Industry by State

State estimates of gross industry product for lotteries are not available from the 1994-95 ABS survey of gambling industries in Australia. However state estimates can be estimated from the individual annual reports of the Lottery Operators in each State.

The total industry product for the lottery industry is derived below as the sum of:

- direct lottery operator industry product in each state; and
- gross product associated with commissions and handling fees by agents for the industry by State.

The total Australian estimate is, of course, larger than the corresponding ABS estimate for 1994-95 reflecting:

- the coverage of all lottery agents; and
- the additional year, being 1995-96.

Table 6.2 shows gross product for 1995-96 for Australian Lottery Operators on a State basis. The separate contribution of Lottery Operators in Tasmania, the Australian Capital Territory, and the Northern Territory are not available given the agents agreements for these areas are with Tattersalls.

This means that the Territories and Tasmania are effectively included in the Victorian figures. Table 6.2 shows the industry gross product contribution from the Lotteries Industry in 1995-96 was $1,027.7 million.

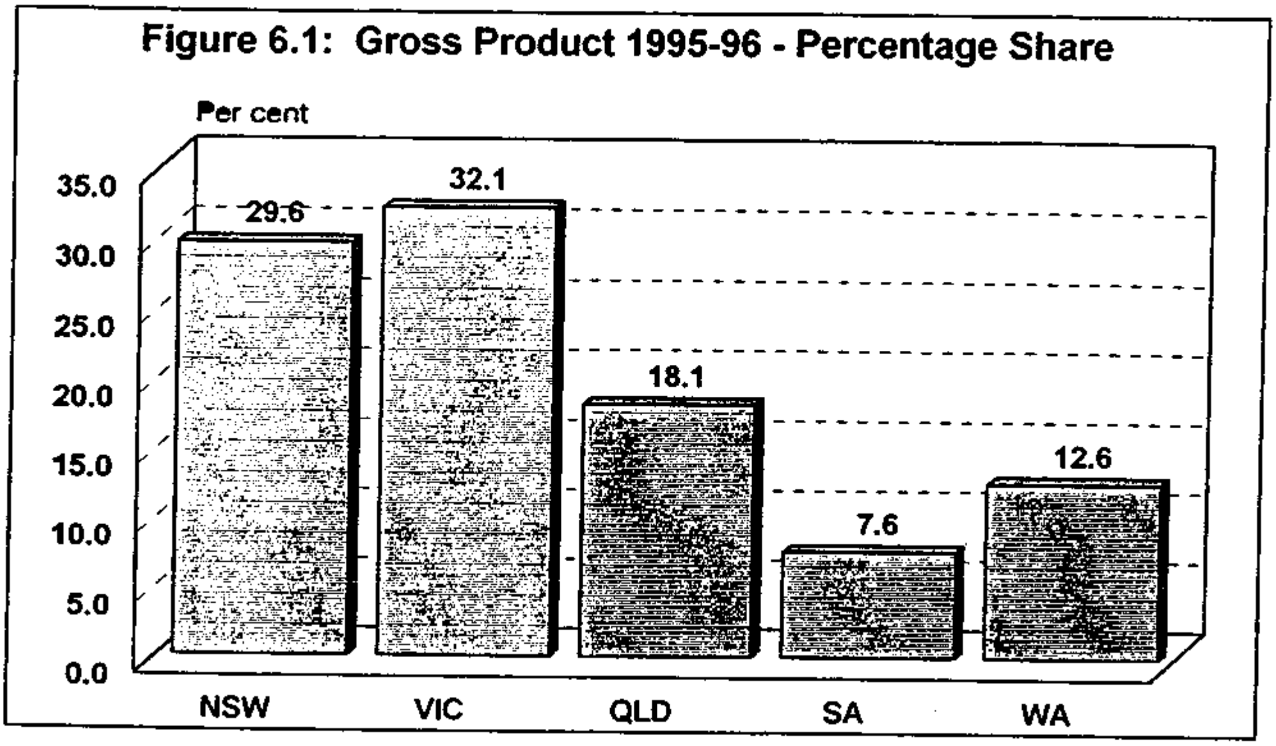


Table 6.2 The Australian Lotteries Industry – Gross Product, 1995-96

	Lottery Operators	
	Lottery Operators $ million	Percentage share
New South Wales	303.9	29.6
Victoria	329.5	32.1
Queensland	186.3	18.1
South Australia	78.0	7.6
Western Australia	130.0	12.6
Tasmania	na	na
Northern Territory	na	na
Australian Capital Territory	na	na
Australia	**1 027.7**	**100.0**

Notes: na – not published separately.
Sources: Lottery Commission's and La Fleur's 1997 World Lottery Almanac.

Commissions and handling fees paid to agents in 1995-96 are summarised in Table 6.3 A total of $223.3 million was paid in 1995-96. Agencies for the Lotteries Industry are spread across a diverse range of industries with concentrations in newsagents, grocery, and other convenience stores.

Using information in the 1991-92 retail census, it was estimated that around 80 per cent of commissions received by agents was related to gross product (i.e., in terms of wages and salaries and net operating surplus). Using this assumption the total direct contribution of the Lotteries Industry in Australia by state and summarised in Table 6.4.

The estimated direct contribution of the Lotteries Industry to Australian gross product in 1995-96 was $1,206.3 million, or 0.29 per cent of Australian GDP in that year.

Table 6.3 Commissions and Handling Fees Paid by State and Territory, 1991-92 and 1995-96

State/Territory	1991-92 $ million	1995-96 $ million
New South Wales	42.9	54.4
Victoria	60.2	69.7
Queensland	47.4	49.0
South Australia	18.7	19.8
Western Australia	24.2	30.4
Tasmania	5.2	na
Australian Capital Territory	2.7	na
Northern Territory	1.7	na
Total	**202.9**	**223.3**

Sources: Lottery Operator's Annual Reports and La Fleur's 1997 World Lottery Almanac.

Table 6.4 The Australian Lotteries Industry – Total Direct Gross Industry Product, 1995-96

	Lottery Operators $ million	Lottery agents $ million	Total $ million	Total lottery gross product as a % of total State GSP per cent
New South Wales	303.9	43.5	347.4	0.2
Victoria	329.5	55.8	385.3	0.3
Queensland	186.3	39.2	225.5	0.3
South Australia	78.0	15.8	93.8	0.3
Western Australia	130.0	24.3	154.3	0.3
Tasmania	na	na	na	na
Australian Capital Territory	na	na	na	na
Northern Territory	na	na	na	na
Australia	**1 027.7**	**178.6**	**1 206.3**	**0.3**

Notes: na – not available separately.
Sources: Estimates based on Lottery Operator's Annual Reports, 1991-92 Retail Census and La Fleur's 1997 World Lottery Almanac.

6.2: GOVERNMENT REVENUE FROM THE LOTTERIES INDUSTRY

The Lotteries Industry in Australia makes significant direct contributions to state government revenue. Table 6.5 shows total direct government revenue from the Lotteries Industry in 1995-96 as well as total gaming and total gambling revenue. Figure 6.2 shows lotteries government revenue as a share of total direct government gambling revenue by State and Territory.

As indicated in Table 6.5, the lotteries industry in Australia contributed $969.2 million directly into State government revenue in 1995-96. Thus, represented 37.1 per cent of total State government gaming revenue and 30 per cent of total state government gambling revenue.

Figure 6.2: Percentage Share of Lotteries State Government Revenue in Total Gambling Revenue by State 1995-96

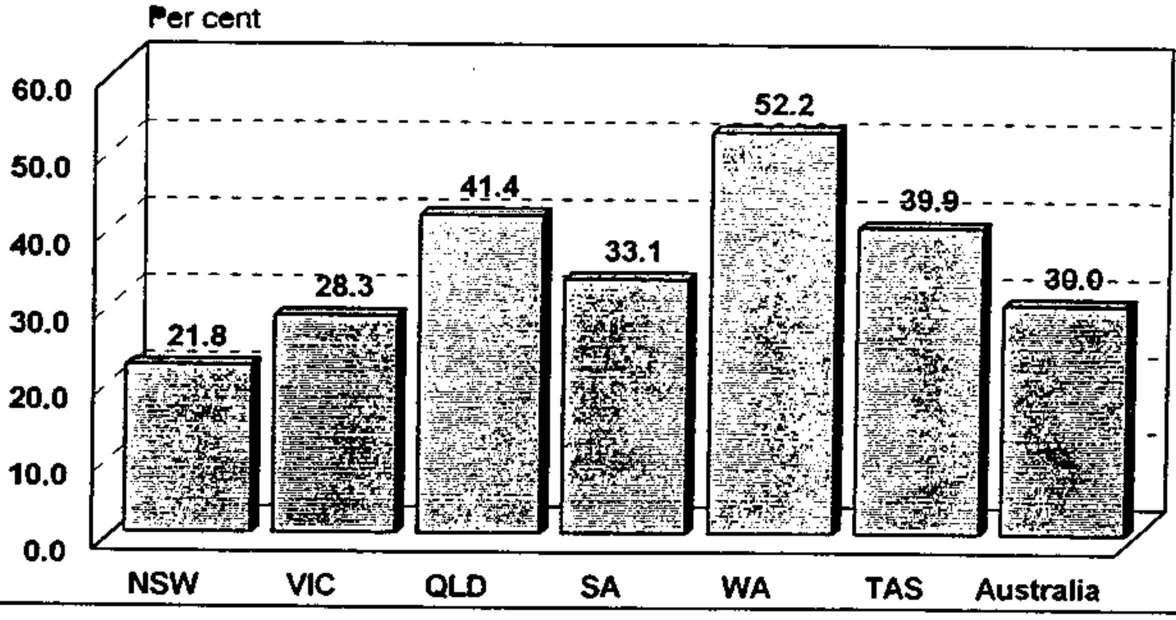


Table 6.5 Direct Government Revenue from Lotteries Industry – 1995-96

	$ million			Percentage share of	
	Lotteries	Total gaming	Total gambling	Total gaming	Total gambling
New South Wales[1]	259.1	851.4	1,187.6	30.4	21.8
Victoria	297.9	929.3	1,051.3	32.1	28.3
Queensland	172.6	338.7	416.6	51.0	41.4
South Australia	75.0	203.9	226.3	36.8	33.1
Western Australia	119.8	184.7	229.3	64.9	52.2
Tasmania	20.8	40.8	52.1	51.0	39.9
Northern Territory	11.6	16.5	19.1	70.3	60.7
Australian Capital Territory	12.4	46.3	53.0	26.8	23.4
Australia	**969.2**	**2 611.6**	**3 235.3**	**37.1**	**30.0**

Note: 1. Excludes a $23.9 dividend payment to the NSW Government in 1995-96.
Source: Australian Gambling Statistics 1972-1973 to 1995-96, Tasmania Gaming Commission, 1997.

Figure 6.3: Percentage Share of Direct Government Revenue From Lotteries to Total State Government Revenue - 1995-96

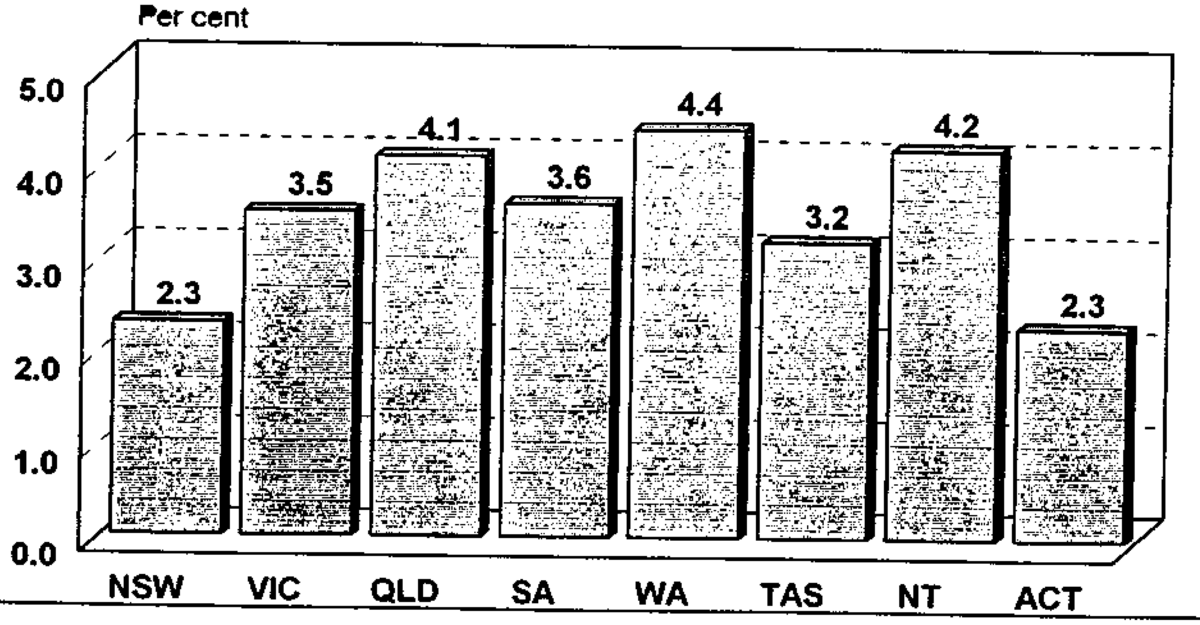


Figure 6.3 shows the percentage share of lottery government revenue in total State Government revenue from taxes, fees and fines. For Australia, lotteries contributed 3.2 per cent of total State Government revenue in 1995-96. As indicated in Figure 6.3, this share varies on a State basis from 2.3 per cent in New South Wales to 4.4 per cent in Western Australia.

6.3: DIRECT EMPLOYMENT IN THE LOTTERIES INDUSTRY

Direct employment in the Australian lotteries industry comprises of two components:

- direct employees of the lottery operators in Australia; and
- direct employment associated with sales of lottery products through lottery retailers and agents.

Employment estimates are presented for Australia based on the ABS survey of gambling industries in 1994-95 as well as state data for 1995-96 obtained from the lottery operators/operators in each state. Indirect employment figures (such as employment in suppliers to the lottery industry) are provided in Chapter 7.

6.3.1 Direct Employment in Lotteries – Australia

The ABS reported estimates of employment by Lottery Operators in its 1994-95 survey of gambling industries. This survey data did not include data about non-employing[1] businesses (such as some lottery agencies) or lottery agents.

Table 6.6 shows total employment and the characteristics of employment by full-time/part-time status for lotteries and other gambling industries in Australia at 30 June, 1995. Table 6.6 indicates that:

[1] A business run by an own account worker solely or in partnership, which has no employees.

- total lottery employment was 2006 persons or 6.3 per cent of Australian gambling services employment;
- full-time employees represented 65 per cent of total Australian lottery employment reported by the ABS; and
- lottery and lotto ticket sellers represented 28 per cent or 557 of the total lottery employment of 2006 persons.

Table 6.6 Employment in Gambling – Australia, end June 1995

	Number			Per cent share		
	Full-time	Part-time	Total	Full-time	Part-time	Total
Lotteries	1 313	693	2 006	8.4	4.2	6.3
Casinos	11 005	4 832	15 837	70.2	29.5	49.4
Gambling services nec	3 369	10 850	14 219	21.5	66.3	44.3
Total	**15 686**	**16 376**	**32 062**	**100.0**	**100.0**	**100.0**

Source: ABS Gambling Industries, 1994-95 (Catalogue No. 8684.0) Table 7.

As noted above, total direct lottery employment is understated by the ABS survey since it excludes persons employed by other businesses (e.g. newsagents.)

6.3.2 Direct Employment by Lottery Operators

Direct employment on a State basis is not available from the ABS survey due to confidentiality provisions, State estimates are presented in Table 6.7 below, sourced from the annual reports of Lottery Operators in Australia.

Table 6.7 Direct Employment in Lottery Activities by Lottery Operators – 1991-92 and 1995-96

	1991-92		1995-96	
Operators	Number	Percentage	Number	Percentage
NSW Lotteries	273	33.4	245	33.0
Tattersalls	96	11.8	90	12.1
Golden Casket Lottery Corporation	202	24.6	190	25.6
Lotteries Commission of SA	114	14.0	90	12.1
Lotteries Commission of WA	132	16.2	128	17.2
Total	**817**	**100.0**	**743**	**100.0**

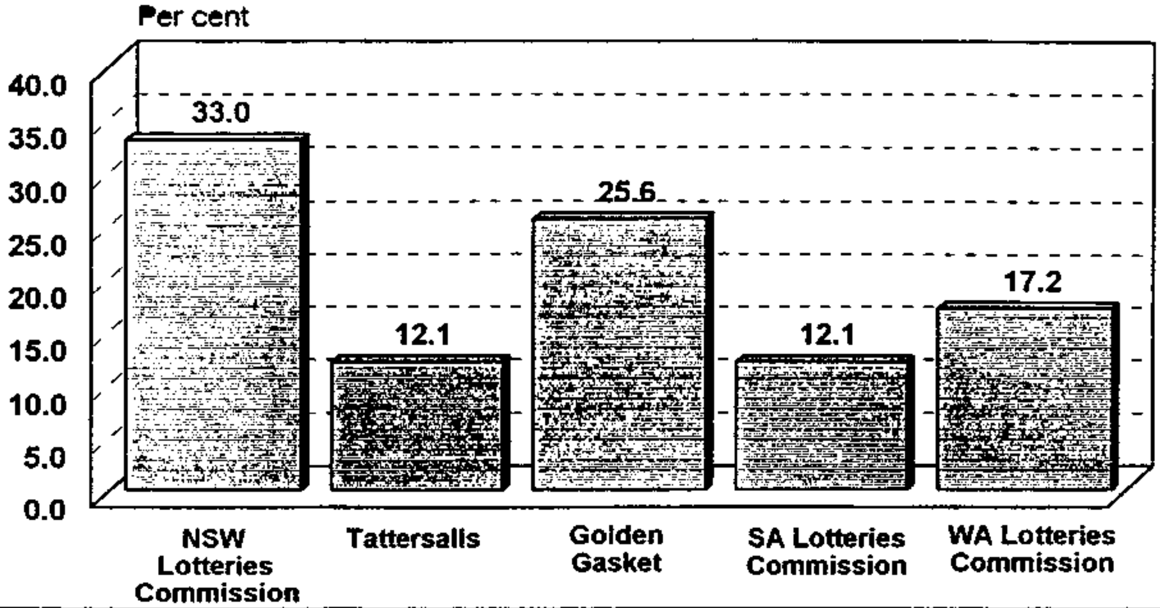
Source: Annual reports and lottery organisations.

Table 6.7 shows that the total number of people employed in lottery activities by Lottery Operators was 743 in 1995-96. This is 74 persons or 9 per cent fewer than in 1991-92. The decline in direct employment by lottery organisations in most states reflects a number of factors including:

- the slow growth in lottery based products over the period; and
- continued productivity increases, new technologies and different products.

On a full-time equivalent basis, it is estimated that Lottery Operators employed 670 FTE equivalent persons in 1995-96. Figure 6.4 shows the percentage share of direct employment by Lottery Operators by State for 1995-96.

Figure 6.4: Direct Employment by Lottery Operators by State - 1995-96



6.3.3 Direct Employment Generated by Agent's Commission and Handling Fees

The Lotteries Industry in Australia outlays significant monies directly to agents as commissions or handling fees for selling lottery products. In 1995-96, these amounted to $223.3 million nationally.

The relationship between commission income and employment is complex since many agencies offer gambling products on behalf of the lottery operators as only a part of their general business.Table 6.8 provides estimates of employment generated by commission income by State jurisdiction at lottery agencies. These figures are based upon the assumption that each position costs the agency an average of $30,000 per annum.

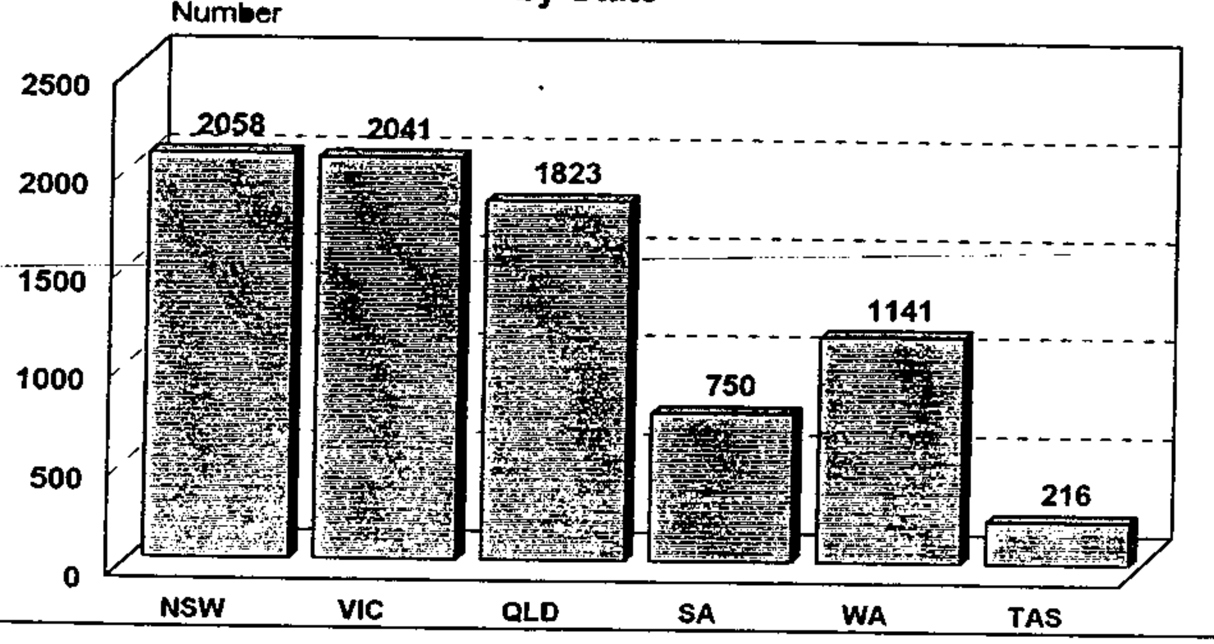
As indicated in Table 6.8, total direct lottery employment in Australia was 7,118 persons in 1995-96. Employment in both New South Wales and Victoria represented nearly 58 per cent of total direct lottery employment in Australia. Both States represented around 29 per cent of total Australian direct lottery employment.

Table 6.8 Estimated Total Direct Employment of Lottery Operators/Agents by State – 1995-96 (number)

State/Territory	Employment by lottery operators/ Tattersalls	Employment by agents	Total employment
New South Wales	245	1 813	2 058
Victoria	90	1 951	2 041
Queensland	190	1 633	1 823
South Australia	90	660	750
Western Australia	128	1 013	1 141
Tasmania	na	216	216
ACT/NT	na	156	156
Total	743	7 442	8 185

Notes: na – not available separately.

Figure 6.5: Total Direct Employment by Lottery Operators 1995-96 by State



6.4: THE SIZE OF THE LOTTERIES INDUSTRY RELATIVE TO OTHER INDUSTRIES.

The direct contribution of the Lotteries Industry to the Australian economy in 1995-96 has been estimated at $M1206.3. When converted to 1989/90 prices this is estimated at $M1054.4.

The ABS Quarterly National Accounts (ABS 5206.0) provide estimates of industry gross product at 1989/90 prices. These are used for comparison with the estimate of the lotteries industry provided above.

This analysis suggests the Lotteries Industry is slightly larger than the Gas Industry ($M841) and slightly smaller than the Forestry and Fishing Industry ($M1201).

6.5: CONCLUSIONS

This chapter examined the direct effect of the Lotteries Industry on employment, income and government revenue.

In 1995-96, the industry is estimated to have made a direct contribution to Australia's Gross Domestic Product of $1206.3 million, of which $1027.7 million came from Lottery Operators and $178.4 million from commissions and handling fees paid to selling agents. This was around 0.3 per cent of total GDP and the industries contribution to State GSP's was found to have varied from 0.2 per cent to 0.3 per cent.

In 1995-96 the industry was also estimated to have had a direct employment impact of 8 185 jobs, with 743 coming from employment by the Lottery Operators and a further 7 442 jobs from their agents.

Total direct employment attributed to lottery sales by State is estimated at over 2000 jobs in both NSW and Victoria, around 1800 jobs in Queensland and almost 1150 jobs in Western Australia. It accounted for around 750 jobs in South Australia.

CHAPTER 7: THE INDIRECT ECONOMIC EFFECTS OF THE LOTTERIES INDUSTRY

7.1: INTRODUCTION

Traditionally when measuring the indirect impact of an industry on the economy use is made of input-output tables or other economic models which attempt to measure the impact of an industry on other sectors and households within the economy.

7.1.1: Tax Linkage

One characteristic which differentiates the Lotteries Industry from most other industries is the characteristic that the majority of its direct value added contribution to the economy is as an income (or tax revenue) to government.

The Lotteries Industry is in effect a taxation collection vehicle for government. One measurement of the economic cost/benefit of lotteries on the economy can be calculated as the difference between collecting taxation revenue from lotteries compared to other forms of taxation. For example, other taxes that may be applied to industry can adversely effect industry competitiveness (both interstate and international) and as such have a greater negative impact on the economy than government revenue collected via lotteries. This economic cost/benefit is estimated in this analysis.

7.1.2: Funding of Lottery Subscriptions by Households

A second characteristic of the lotteries industry is the recent finding that lotteries expenditure are in part funded through lower savings rather than through diverting funds from other expenditures to lotteries. As a consequence savings are reduced in part to fund lotteries expenditure. If savings are reduced then total household expenditures are greater than they otherwise would be. This in the short term is a stimulus to demand in the economy. This aspect has also been taken into account in the analysis in this section.

7.1.3: Goods and Services Suppliers to Lotteries Industry

The third component of the analysis relates to the links of the Lotteries Industry with it goods and services suppliers in other industries. Also the development of lotteries in one State will have flow-on economic effects in other States as the State economies are inextricably linked by this myriad of supply/demand relationships. An increase or decrease in economic activity in one State will have flow-on effects to suppliers of goods and services in its own and other State economies. These effects are also allowed for the analysis.

Appendix A lists the methodology in detail as well as presents detailed results. Table 7.1 below provides a summary of the results.

7.2: The Total Indirect Benefits of the Lotteries Industry By State

Table 7.1: Total Indirect Benefit of Lotteries Industry on State/National Economies

State	GDP (1996 $ million)	Total employment (number)	Household income (1996 $ million)
NSW	302.8	5 465.7	213.6
VIC	301.1	5 010.8	187.6
QLD	155.2	3 042.3	122.0
SA	70.6	1 460.0	61.3
WA	86.8	1 802.4	73.9
TAS	14.0	305.3	12.3
ACT	7.7	158.7	6.6
NT	8.8	175.1	7.8
Total	**947.3**	**17 420.8**	**685.7**

The results show the Lotteries Industry has a strong positive impact on the economy and generate as follows:

An overall increase in Gross Domestic Product in Australia of $M947.3 (1995-96 prices). The ~~two larger States New South Wales and Victoria share equally in this increase each with 32~~ per cent of the increase followed by Queeensland with 16 per cent. Western Australia gains 9 per cent of this total, South Australia 8 per cent and the remaining States and Territories less than 2 per cent each;

Total employment is increased by 17 421 jobs, of which 31 per cent are in New South Wales, 29 per cent in Victoria, 17.5 per cent in Queensland, 8.4 per cent in South Australia and 10.3 per cent in Western Australia.

Household incomes is increased by $685.7 million, with 31 per cent in New South Wales, 27 per cent in Victoria, 18 per cent in Queensland, 9 per cent in South Australia and 11 per cent in Western Australia.

The study results were qualified with the following statements:

- the estimated contribution to employment peaked in 1995-96 as the completion of the Crown Casino complex will significantly reduce construction employment;
- in the long run, it is likely the casino and EGMs will have a significantly greater substitution effect other goods and services than that estimated for 1995-96; and
- the VCGA's retail study indicated that the decline in household savings would have long run substitution effects on the retail sector.

8.2.5 The Net Economic Impact

The VCGA study on new gaming in Victoria reached the following key conclusions in respect to the net economic impact over the 1992 to 1996 period:

- Victorian Gross State Product was $2.4 billion higher by 1995-96 as a result of new gaming in Victoria. This estimate included nearly $0.7 billion of direct construction expenditure associated with new gaming facilities and the casino complex;
- an income multiplier of 1.5 for new gaming was derived which was consistent with previous research[22]; and
- the total net impact on employment was estimated to be around 40,000 persons for 1995-96. It should be noted that the survey work in this study pointed out that nearly 55 per cent of total direct gambling employees were employed on a part time or casual basis.[23]

8.3: THE IMPACT OF NEW GAMING ON TOTAL GAMBLING EXPENDITURE

An empirical assessment of gambling expenditures by product and sector provides an indicative assessment of the net impact of new gaming in Australia. This assessment provides approximate estimates for:

- the total amount of traditional gambling expenditure displaced by new gaming activities; and
- the total amount of government revenue displaced from traditional gambling sectors by new gaming activities.

Table 8.1 shows the ratio of gambling expenditure to household disposable income by type and State for selected years. It shows that while the share of household income spent on gambling has increased significantly over the 1990s, it has partly been at the expense of traditional gambling particularly in racing and lotteries to a lesser extent. The total amount of expenditure displaced from racing and lotteries is difficult to estimate. One approach would be to trend forward the figures for lotteries as a per cent of household disposable income and to assume half of the decline in racing was due to new gaming. On this basis, the total expenditure displacement of racing and lotteries by new gaming would be around $300 million by 1995-96.

[22] The income multiplier refers to the ratio of gross State product to the direct change in income.

[23] VCGA, ibid, Table 5.2, pp. 65.

On this basis, new gaming activity has displaced around $170 million in traditional gambling government revenue particularly from racing and to some extent from lotteries.

Table: 8.1 Gambling Expenditure as a Percent of Household Disposable Income – States and Territories - Selected Years

	Racing	Lottery products[1]	Other	Gaming machines	Casinos	Total
New South Wales						
1972-73	0.73	0.21	–	1.65	–	2.69
1979-80	0.75	0.29	–	1.75	–	2.79
1989-90	0.74	0.27	–	1.88	–	2.62
1995-96	0.59	0.39	–	2.17	0.25	3.41
Victoria						
1972-73	0.92	0.13	–	–	–	1.06
1979-80	0.68	0.55	0.09	–	–	1.32
1989-90	0.61	0.54	0.11	–	–	1.27
1995-96	0.54	0.42	0.05	1.56	0.61	3.18
Queensland						
1972-73	0.77	0.18	–	–	–	0.95
1979-80	0.64	0.24	–	–	–	0.88
1989-90	0.60	0.49	–	–	0.46	1.55
1995-96	0.58	0.46	0.22	1.01	0.73	3.00
South Australia						
1972-73	0.51	0.10	0.07	–	–	0.68
1979-80	0.45	0.28	0.29	–	–	1.00
1989-90	0.50	0.42	0.23	–	0.45	1.60
1995-96	0.37	0.35	0.09	1.33	0.31	2.46
Western Australia						
1972-73	0.76	0.14	–	–	–	0.90
1979-80	0.69	0.17	–	–	–	0.87
1989-90	0.51	0.53	0.09	–	0.71	1.84
1995-96	0.47	0.54	0.10	–	1.47	2.58
Tasmania						
1972-73	0.55	0.07	0.00	–	0.22	0.84
1979-80	0.49	0.46	0.25	–	0.53	1.72
1989-90	0.55	0.46	0.14	–	0.77	1.92
1995-96	0.51	0.54	0.18	–	0.88	2.11
Northern Territory						
1972-73	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
1979-80	0.34	0.22	0.05	–	0.60	1.21
1989-90	0.46	0.37	0.03	–	0.55	1.41
1995-96	0.68	0.49	0.00	0.22	1.97	3.36
Australian Capital Territory						
1972-73	0.51	–	–	–	–	0.51
1979-80	0.37	0.24	0.00	0.67	–	1.28
1989-90	0.33	0.23	0.00	1.32	–	1.88
1995-96	0.24	0.23	0.00	1.70	0.42	2.60

Note: 1. Includes Keno and Soccer Pools.

Source: Tasmanian Gaming Commission, Australian Gambling Statistics.

8.4 THE TOTAL IMPACT OF NEW GAMING IN AUSTRALIA SINCE 1992

Using the results of the VCGA study, an indicative estimate of the impact of new gaming on the Australian economy can be estimated up to 1995-96. A credible estimate would require a detailed study of direct employment and expenditures on a State by State basis and then a modelling assessment using NIEIR's economic modelling systems.

Credible State based economic impact estimates cannot be derived without conducting a detailed State by State assessment of the direct and indirect effects of new gaming, impacts on traditional gambling, and surveys of gambling companies, organisations and gaming venues, and equipment suppliers to the industry (e.g. gaming machines manufacturers). This would require a cooperative approach by all sectors of the industry.

The net increase in gambling expenditure by 1995-96 in Australia is around \$3.8 billion. This figure excludes the \$300 million of traditional gambling revenue displaced by 1995-96. Using the Victorian Modelling results as a guide, the expansion in new gaming in Australia since 1992 has increased national Gross Domestic Product by between \$7 billion and \$9 billion by 1995-96.

While increased gambling expenditure up to 1996 does not appear to have been funded out of reduced household expenditure on other goods and services, this does not imply that:

- some geographical regions where gambling patrons are relatively more concentrated have/or will not experience substitution effects. This would be reflected in, for example, slow retail sales growth, reduced expenditure on other services and entertainment; and,

- in the long run, that household expenditure will not be diverted out of other areas of expenditure into gambling.

CHAPTER 9

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CHAPTER 10: THE SOCIAL IMPACTS OF DIFFERENT FORMS OF GAMBLING

10.1: INTRODUCTION

This chapter examines the social impacts of the major forms of gambling relative to lotteries. It also provides a summary of current national and international research pertaining to this area. The social impacts of gambling in a broad sense are first outlined, followed by a section on the different gambling codes. The main findings of the chapter are that:

- problem gamblers by and large do not come from lottery customers; and
- lotteries are not always seen as part of traditional gambling by participants.

10.2 SOCIAL IMPACTS OF GAMBLING

This section examines the main adverse social effects of gambling. The areas covered are distinct from the economic effects encompassing employment, gross value added, government revenue etc. For the purpose of this study the social impacts are classified into three broad categories:

- crime;
- problem gambling; and
- environmental social issues.

Any discussion of the social impact of gambling is heavily dominated by problem gambling, be it in the academic literature or mainstream media. Adverse social effects of gambling are often sensationalised by the media. Gambling activity provides a number of positive social effects as a long established form of recreation and entertainment.

10.3 CRIME AND GAMBLING

Criminal activity associated with gambling can be broken down into the following three broad headings:

- venue crime;
- organised crime; and
- white-collar crime.

The white-collar crime is a generic term for employees who commit crimes such as fraud and embezzlement to support their gambling habits, and will therefore be treated in the problem gambling section.

Venue crime or "in-house crime" represents the biggest portion of all reported crime associated with gambling. Although it is difficult to find data on venue crime previous studies provide some insight into the area:

- (Curran & Scarpitti) Crime in Atlantic City: Do Casinos Make A Difference? A statistical analysis of crime levels found there had been a significant increase in criminal activity since the opening of the casino in Atlantic City. They argue however these findings overestimate the level of crime because they fail to take into account visitors to the city and do not distinguish between crime in the community and in-house crime. They contend that the some of the increases in crime are attributable to resident casino crime. That is, it occurs on casino premises and casino patrons are its victims.

- In a review of EGMs in Victoria in 1994 the State Government was unable to measure changes in crime associated with EGMs other than specific offences such as possession of illegal machines.[24] In relation to this specific offence the number of prosecutions in this category has decreased by about 90 per cent to 9 offences since the introduction of the Gaming Control Act. Anecdotal evidence on venue crime suggests the anticipated increase had not occurred.

- In a 1990 study Pinto & Wilson argued that illegal gambling continues to flourish and to finance organised crime in Australia. They cite the Woodward, Steward, Costigan and Moffit Royal commissions as revealing links between illegal gambling, drug trafficking, and money laundering. The Connor Inquiry found that illegal bookmaking in Victoria was occurring at a substantial level. Horse racing has also come under criticism for doping and the use of ring-ins. A considerable amount of evidence has been reported on criminal activity within the racing industry.

10.3.1 Organised Crime and Gambling

Organised crime refers to the systematic corruption of administrative processes and structures in pursuit of illicit gain. Across the gambling codes this refers to corruption of political, judicial or police structures.

The legalisation and expansion of new gambling in Australia over the 1990s decline in criminal activity associated with illegal gambling. Evidence of this occurred after the legalisation of gaming machines in Victoria. Many examples of this can also be found from international experience. Once a major source of revenue for organised crime, the numbers racket (Lotteries) in the US has been legalised, thus cutting off funds, which financed more serious crimes.

10.4 PROBLEM GAMBLING

The term "problem gambling" could be defined in a number of ways. Disagreements over a definition of problem gambling compound the difficulty in estimating who is a problem gambler and what are the impacts for society at large.

[24] Review of Electronic Gaming Machines in Victoria, April 1994.

Bergler (1958)[25] was the first researcher to formally define problem gambling. He viewed problem gambling as a psychiatric disease and advanced six criteria for diagnosis.

1. Games of chance come to preclude other interests.
2. The gambler habitually takes risks.
3. The gambler is illogically optimistic, never learning from defeat.
4. The gambler cannot stop while winning and finds this harder than stopping while losing.
5. The gambler eventually risks excessive amounts of money.
6. Pleasurable-painful tension or thrill is experienced between the wager and its outcomes being known.

This study formed the basis for subsequent work in the area. Problem gambling was seen as an illness to be treated and controlled. Today the most widely accepted, and used definitions in the academic literature are the Southern Oaks Gambling Screen and the American Psychiatric Association's DSM-111[26]. These definitions are outlined below.

- SOGS (South Oaks Gambling Screen) – is a key measure of problem gaming. It consists of 20 items that are intended to assess various dimensions of problem gambling. The recent version of the screen asks respondents to answer questions if it ever applied to them (lifetime measures), as well as if it now applies to them (current measures). The questions address issues such as borrowing tendencies and the inability to stop gambling:

  - "Have you ever borrowed money from household money to finance gambling?"
  - "Have you ever thought of giving up gambling but didn't think you could ?"

  It is the only international measure with acceptable reliability and validity. Although care must be taken when applying this measure to countries with unique cultural associations with gambling. Findings in a recent study have suggested that the SOGS measure over estimates the extent of problem gambling when applied in the Australian context.[27]

- The American Psychiatric Association definition of problem gambling as set out in its diagnostic and Statistical manual DSM-111 is:

[25] Bergler, E. The Psychology of Gambling, Harrison, London, 1958.

[26] Lesieur, H. Blume, S. The Southern Oaks Gambling Screen: A new instrument for the identification of pathological gambling. American Journal of Psychiatry, 144, 1184-1188.

[27] Dickerson, M.G., Baron, E., Hong, S.M. and Cottrell, D. (1996), "Estimating the extent and degree of gambling related problems in the Australian population: A national survey", Journal of Gambling Studies, 12, 2, pp. 131-63.

The main features of problem gambling are chronic and progressive failures to resist impulses to gamble and gambling behaviour that compromises, disrupts or damages personal, family or vocational pursuits. The gambling preoccupation, urge and activity increase during periods of stress. Problems that arise as a result of gambling lead to an intensification of gambling behaviour. Characteristic problems include extensive indebtedness and consequent failure of debts and other financial responsibilities, inattention to work and financially motivated illegal activities to pay for gambling.

- The Australian Institute of Gambling Research in a study for the Victorian Casino and Gaming Authority (VCGA) recommended this definition for problem gambling:[28]

  "Problem gambling" refers to the situation where a person's gambling activity gives rise to harm to the individual player and/or to his or her family and may extend into the community.

The definitions of problem gambling provided above illustrate the complexity and difficulties in conducting research in this area.

Evidence on the incidence of problem gambling in Australia is provided below. Comparisons between studies whether international or Australian should be treated with caution.

- In Dickerson 1996, a conservative estimate of the extent of problem gambling in the Australian population was 1.16 per cent (plus/minus .34 per cent). This result was obtained using SOGS as a measure for problem gambling.

- The Australian Institute of Gambling Research in a study for the VCGA estimate 1 to 3 per cent of the Victorian population are problem gamblers, based on the definition provided above.

- The current prevalence of problem gaming in Western Australia was estimated at 0.32 percent of the population, significantly lower than the national average.[29] Perhaps a link between accessibility of gambling and problem gambling exists. This is a reference to the fact that Western Australia has no EGMs outside the casinos.

- Findings from eight provincial studies of gambling and problem gambling in Canada, showed an average of 4.05 percent of the constituent populations were either current problem or pathological gamblers.[30]

- A recent survey conducted on the adult population of Galicia found that 3.4 per cent of respondents can be classified as either problem or pathological gamblers.[31] This figure is in line with previous studies in Spain by Becona (1991,1993).

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28 Fourth Survey of Community Gaming Patterns, Victorian Casino and Gaming Authority, January 1997.

29 Dickerson, M., Baron, E., O'Conner, J., An assessment of the extent and degree of gambling related problems in the population of Western Australia.

30 Gambling in Canada – Gambling and Problem Gambling. *http://www.ccsa.gmbl.htm*, 1997

31 Becona et. al.

Based on the conservative estimates of problem gambling given above, it suggests the figures in Australia run into hundreds of thousands.

10.4.1 Impacts of Problem Gambling

The impact of problem gambling on society are diverse. These include:

- family breakdown and domestic violence;
- personal bankruptcy and debt;
- suicides; and
- loss of income (both personal and company).

Dickerson & Hinchy (1988)[32] in a study combining four surveys of Australia's population defined four increasing levels of excessive gambling. The most severe level, involving regular gambling, loss of control, unaffordable losses and difficulty in stopping, was estimated to be reached by 0.25 percent of the population. Such behaviour carries with it inevitable social costs, which will effect not only the individuals themselves but also dependents, family and friends. This can lead to depression, family break-ups, violence and in some cases substance abuse.

Lesieur (1989) described problem gambling the "hidden disease" because of the way it indirectly affects so many more people than just the problem gambler. Street (1991)[33] stated that between 5 to 10 other people are affected by the problem gambler's activities.

Whilst this may well be the case, no empirical evidence was provided.

10.4.2 Personal Finances, Debt and Gambling

One of the most noticeable themes running through the definitions of problem gambling is the compulsion to gamble irrespective of monetary concerns. Debt can often arise and cause serious problems, such as bankruptcy and the never ending need for funds can, and sometimes leads to crime.

Gambling related bankruptcy statistics are reported in the Annual Reports of the *Bankruptcy Act (1996)*. Figure 10.1 provides a graphical representation of gambling as a major case of bankruptcy in Australia over the 1991-92 to 1995-96 period. There are two official categories. Non-business related bankruptcy refers to where the bankrupt's occupation and cause of bankruptcy is not related to any proprietary interest in a business or a company. Business related bankruptcy refers to where an individual's bankruptcy is directly related to his or her proprietary interest in a business or a company.

[32] Dickerson M and Hinchy J, The prevalence of Excessive and Pathological Gambling in Australia, Journal of Gambling Behaviour, Volume 4(3), Fall 1988.

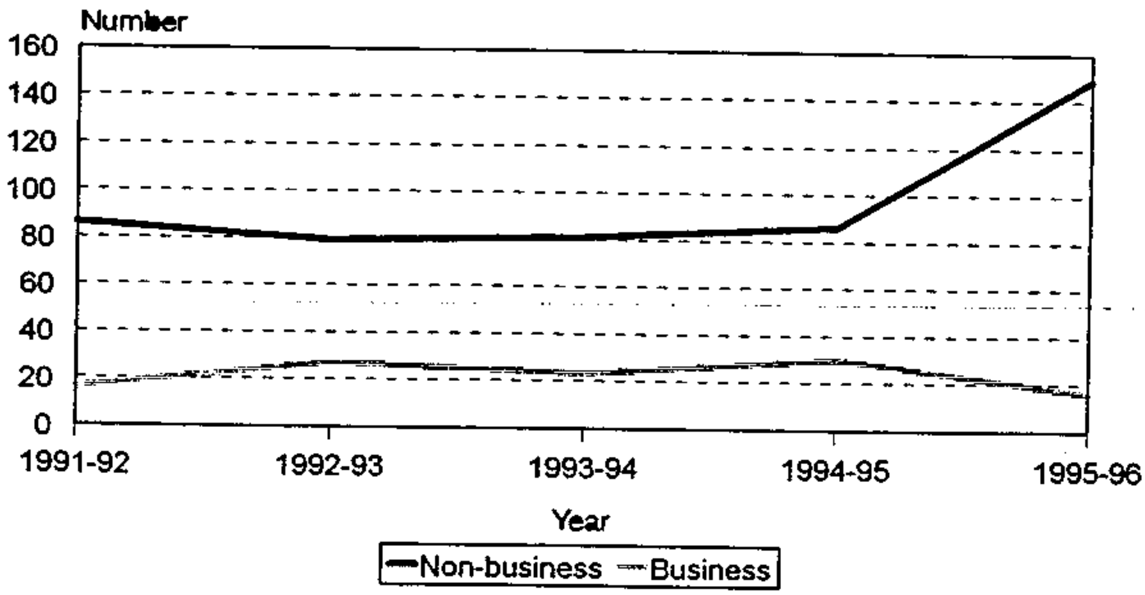
[33] Street, L., Inquiry into the Establishment and Operation of Legal Casinos in New South Wales, report, 1991.

Over the period 1991-92 to 1995-96 non-business gambling and speculation as a major cause of bankruptcy increased at an annual rate of 15 per cent. The total number of bankruptcies from all causes increased by little over 2 per cent.

As a major cause of bankruptcy business related gambling and speculation over the period 1991-92 to 1995-96 remained stable, and total bankruptcy decreased 3 per cent annually.

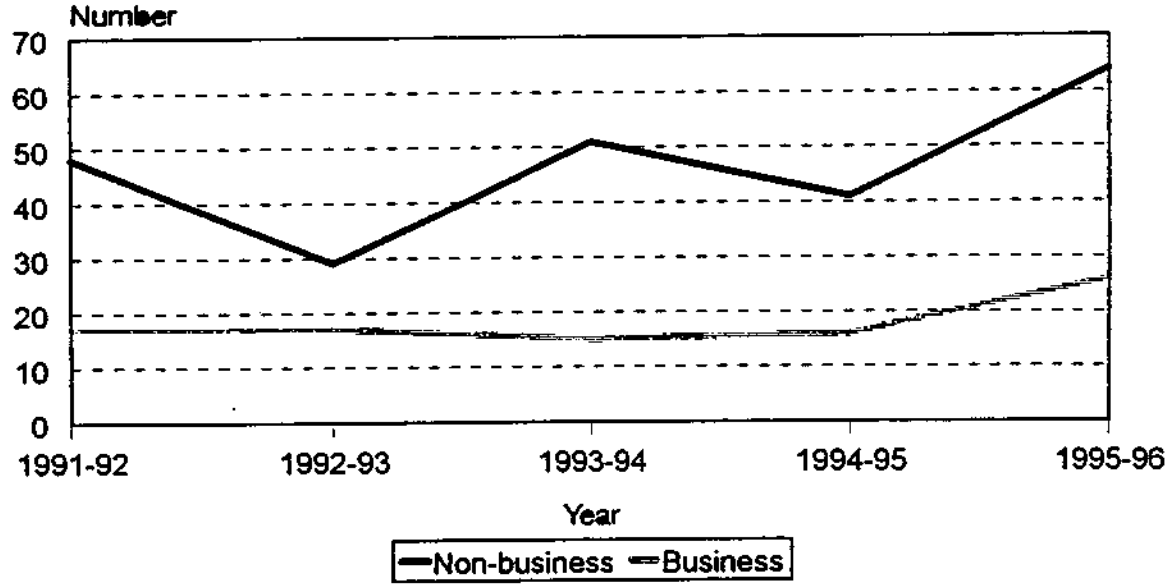
Figure 10.2 shows gambling as a contributing cause of bankruptcy in Australia over the period 1991-92 to 1995-96. As a contributing cause to non-business bankruptcy the gambling and speculation category increased by 7.5 per cent over the period compared to 2 per cent for the total. As a contributing factor gambling and speculation increased by 11 per cent annually, whilst the total number of bankruptcies fell 1.2 per cent annually. A state by state breakdown is provided in Appendix D. These figures support the premise that increasing gambling in Australia over the 1990s has contributed to an increase in bankruptcies.

Figure 10.1: Gambling as a Major Cause of Bankruptcy in Australia



Source: Bankruptcy Annual Reports.

Figure 10.2: Gambling as a Contributing Cause of Bankruptcy in Australia



Source: Bankruptcy Annual Reports.

The figures on gambling related bankruptcies should be treated with caution since there is definitional problem with the category gambling and speculation. It is also possible that gambling related bankruptcies are under-reported, due to the stigma attached to it. Leaving these problems aside, the data still suggests that there have been increased bankruptcies in Australia at a time when gambling has expanded significantly, specifically gaming machines and casinos.

Closely related to the bankruptcy issue is the personal debt and/or the expenditure of essential household income for the purposes of gambling. Statistics on both these areas are not available. Not all problem gamblers in Australia who accumulate debt due to gambling or spend a large proportion of household income on gambling declare themselves bankrupt.

Problem gambling has also been associated with "white-collar crime" such as fraud and embezzlement. This has serious implications for employers, productivity and correctional facilities. Police files are inadequate at indicating the rationale behind crimes for this reason it is not possible to investigate this issue comprehensively. Evidence of "white collar crime" associated with new gaming in Australia has been documented by the media, particularly since the opening of the new casinos around Australia over the 1990s.

Melbourne University School of Social Work undertook a survey in 1996 of 1300 problem gamblers seeking counselling assistance.[34] The profile of a problem gambler reported was as follows:

- gender: 51 per cent men 49 per cent women;
- income: just over half have incomes under $20,000, 37 per cent between $20,000 and $40,000;

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[34] Analysis of Clients Presenting to Problem Gambling Services form 1 July 1995 to 30 June 1996, Melbourne University School of Social Work, 1997.

- 78 per cent played poker machines; and
- the consequences: 83 per cent had financial problems. About 25 per cent had committed "illegal acts" to finance their gambling.

The follow-up study by Melbourne University in 1997 has not yet been released. Preliminary findings reported illegal acts to raise money for gambling had increased from 25 per cent to more than 30 per cent. Also of note is the increase in women problem gamblers, now making up the majority of people seeking counselling.

Lesieur & Puig (1987) found that 47 per cent of a sample of Gambling Anonymous members in the US reported perpetrating at least one insurance related crime. The results of a 1986 Salvation Army phone-in in Sydney, found that 19 per cent reported criminal activity and 7 per cent reported having been to prison for gambling related crime.

10.4.3 Women and Gambling

Research conducted by the Financial and Consumer Rights Council, found women predominantly gamble at local venues where they feel safe and almost exclusively play gaming machines. Women's gambling problems have increased in direct relation to the introduction and proliferation of gaming machines, the study found. Common reasons for gambling included boredom, financial reasons/depression and excitement.[35]

Empirical evidence associated with women and gambling is provided below.

- Dixey (1987) in a survey of 7166 bingo players in the UK found 85 per cent were women, and of these women 73 per cent reported bingo as their main activity outside the home.[36] ~~Arguably these results could be applied to gaming machines as they share~~ common characteristics.
- Dickerson (1996) found all women problem gamblers used gaming machines as their preferred form of gambling, where in the past it had been bingo.
- Problem Gambling is a factor in up to 20 per cent of cases where women seek crisis support for domestic violence, according to a Victorian domestic violence service. The coordinator, Ms Hana Assafiri, said the issue has surfaced over the last 18 months with women from non-English speaking backgrounds increasingly citing their partner's gambling problem as a factor in their abuse.
- She believed 50 to 60 per cent of clients were from this group. The women seek help for a range of problems, including suffering "financial abuse" where male partners refuse them money to buy food or clothes.[37]

[35] Gibson, R., The Melbourne Age, page 1, 15 August 1997.

[36] In The Social Impact of Gambling: A Literature Review, Victorian Gaming Commission, 1992.

[37] Gibson, R., The Melbourne Age, page 4, 19 June 1997.

10.4.4 Suicide and Gambling

Although this is a difficult area to analyse, (with all the complex contributing factors), anecdotal evidence suggests there are links between suicide and gambling. A number of international studies have all found a high incidence of suicide attempts among problem gamblers (Moran, 1970. Custer, 1978. McCormick 1984).[38]

In Victoria there has been an increase in gambling related suicides (it may not be the major contributing factor), from one in 1992 to 13 in 1996. Prompted by this, The Victorian Coroner's Office has begun a special project to monitor gambling related suicides.

10.5 POSITIVE SOCIAL IMPACTS AND ENVIRONMENTAL ISSUES

Gambling activity also generates positive social impacts. These include:

- the role gambling plays in society as a social outlet and form of enjoyment;
- the improvements to gambling venues and community infrastructure; and
- the important economic and social impacts as a result of additional government expenditure (financed from gambling taxes).

Gambling activity is a well established form of entertainment in Australia. Actual gambling activity can generate enjoyment, social interaction, the dream of winning, atmosphere and excitement. Gambling activity associated with lottery products can generate enjoyment and the dream of winning. Gambling activity at casinos and gaming venues can generate social interaction, atmosphere and excitement.

New buildings and improvements to gaming venues undoubtedly provide a positive externality (or side effect) for the immediate vicinity, providing a major entertainment activity that attracts large numbers of people. Larger crowds, light, noise and traffic congestion can generate strong negative externalities in the immediate neighbourhoods.

Politzer & Morrow (1980) argue every problem gambler has a negative effect on ten other people in society. The financial costs of gambling (i.e. money spent on enforcement, adjudication, detainment and incarceration and lost production as well as white collar crime was estimated at USD $30,000 million per annum.[39]

A similar estimation (Dickerson, 1984) for Australia was $1 billion per annum. These estimates translate into A$115 per capita and A$63 respectively.

If Dickerson's estimate of 1.16 percent of the population are problem gamblers is accurate, this would translate into nearly 2 percent of the labour force. This is based on the assumption that majority of problem gamblers can be found in the 15 to 65 age group. With such a

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[38] Moran, E., Gambling as a Form of Dependence, British Journal of Addiction, Volume 74, 1970. Custer, R., Profile of a Problem Gambler, Journal of Clinical Psychiatry, Volume 45, 1984. McCormick, R., Affective Disorders Among Problem Gamblers, American Journal of Psychiatry.

[39] Politzer, R., Morrow, J., Report of the Societal Cost of Problem Gambling and Cost – Benefit Analysis of Treatment, Fifth Annual Conference on Gambling and Risk Taking, Lake Tahoe, 1980.

figure the impacts of gambling from decreased productivity, reduced savings (and it resultant consequences on long term economic prosperity[40]) and "white collar crime" could be substantial.

A key finding of this section is that there is considerable scope for further research into all aspects of the social impact of gambling.

10.6 THE SOCIAL ATTRIBUTES OF DIFFERENT GAMBLING CODES

This section will address the differentiation of alternative types of gambling products. Concentrating on lottery products and the other major forms of gambling with the aim of establishing weather they are homogenous or heterogeneous products. The literature suggests that Lotto type products are less likely to be associated with problem gambling than EGMs and casinos.

The Australian Institute for Gambling Research published a paper on gambling shedding light on the community's perception of lottery verses the other forms of gambling. As part of the study a survey was conducted where regular weekly players of any gambling type, were split into two groups. One which played lotto/lottery/Instant lottery but were not weekly players on any other form of gambling (group defined as Lotto Only). And a second group who played weekly on any other form of gambling (Other).[41]

Discernible differences were noted in two areas. Firstly, in the motivations for gambling. Both groups described gambling as enjoyable, exciting, relaxing, a hobby and an interest. However the Lotto only group showed significantly lower endorsement than the group which favoured Other games. On top of this the Other group identified skill and excitement as a major motivational factor.

The second difference between gambling types is under the heading of negative impacts of gambling. The Other group gave significantly higher endorsements than Lotto only, which for whom negative impacts were rarely reported.

Based on clinical observations and limited survey data, a recent study argued against classifying all gambling forms as similar.[42] The authors suggest classifying forms of gambling as continuous and non-continuous.
The former characterised by gaming machines and casino games that permit a repeated cycle of stake, play, determination; with the latter characterised by lotteries where there may be a period of hours or days between stake and determination. The study found that none of the non-continuous Lotto (only) group was identified as problem gamblers (using the SOGS measure).

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40 Previous work by National institute of Economic and Industry Research (VCGA retail study, 1997), indicated that gambling expenditure was financed through a reduction in savings levels, not from current income. The consequences of such actions, if substantial, can have long term negative impacts for the nation's macroeconomic health.

41 Australian Institute of Gambling Studies.

42 Dickerson, M., Baron, E., Hong, S., Cottrell, D., Estimating the Extent and Degree of Gambling Related Problems in Australia: A National Survey, Journal of Gambling Studies Volume 12 (2), 1996.

A series of studies conducted by AGB McNair for the VCGA in 1995 tackle the issue from another perspective. To ascertain the community's perception of the different gambling forms a question was put to the respondents on their motivation for gambling.

A summary of the responses is provided below:[43]

Tattslotto/Pools/Keno – people play lotto games primarily to win money 80 per cent, no other reasons are prominent.

- EGMs – primarily for social interaction 42 per cent, and because they enjoy the environment 15 per cent. The desire to win is also an important factor 25 per cent, and atmosphere and excitement 14 per cent.

- Casino – the primary motivator is social reasons (49 per cent), and the thrill or dream of winning (37 per cent) with atmosphere and excitement (17 per cent).

- Horse Racing – social interaction 24 per cent, and the dream of winning 24 per cent are the primary motivators. Beating the odds is important (15 per cent) and so to is the atmosphere and excitement associated with the races (24 per cent).

These findings can be illustrated in a another way. The diagram in Appendix E displays the motivational differences by using a perceptual map. Perceptual mapping is a statistical technique that illustrates the relationships between attributes. The closer the distance from the statement to the activity, the stronger the association.

The main points to note are:

- lottery type games are strongly associated with the thrill/dream/reward and that the players may get lucky;

- horse racing is clearly associated to "in the family background" and "putting on a bet". It is also the only form of gambling positioned closely with "beating the odds/backing a winner"; and

- gaming machines are associated with the "social reasons" for participating, as are Cards, Bingo and Tabaret. These activities are also associated with "pass the time" and "alleviate boredom".

Another point worth mentioning in the study is the community's definition of gambling products. AGB McNair asked participants to nominate which gaming codes they consider were gambling. EGMs, Horse Racing and Casino were overwhelmingly cited as gambling. However, Tattslotto games were perceived as gambling by only some participants.
In line with the AGB McNair study on the Victorian population, an assessment of the extent and degree of gambling related problems in Western Australia, found similar perceptions. "Continuous forms of gambling such as wagering and gaming are associated both with greater levels of enjoyment and higher levels of negative consequences than gambling forms such as lotto, Scratch and Win and Lotteries (raffles)".[44]

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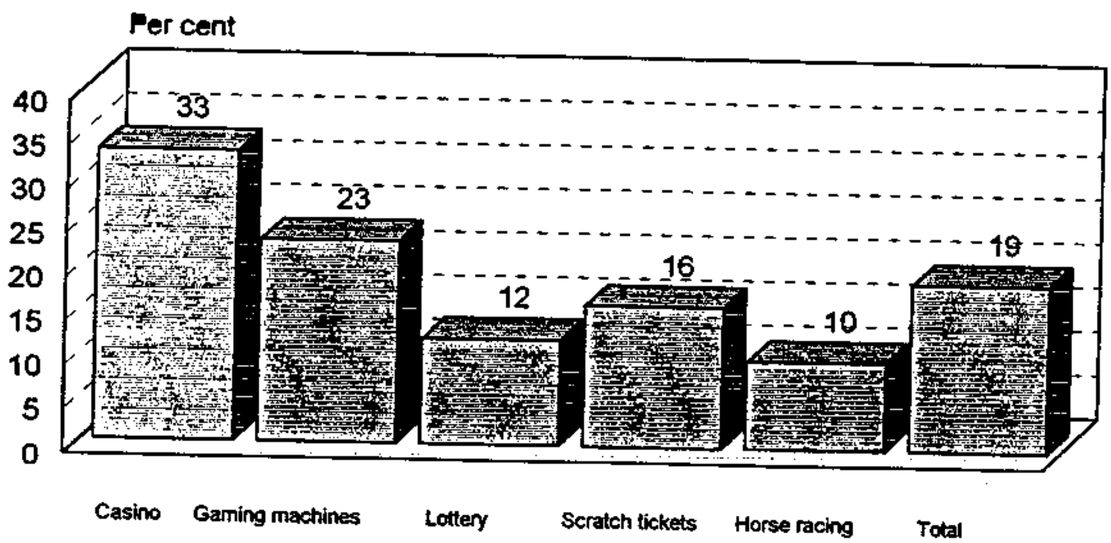
[43] AGB McNair. Community Gambling Patterns Volume 2, Victorian Casino and Gaming Authority.

[44] Dickerson, M., Baron, E., O'Conner, J., An assessment of the extent and degree of gambling related problems in the population of Western Australia.

A contrary argument is provided in literature on the prevalence of problem gambling in Europe (Becona 1996)[45] Three European countries are analysed, Germany, Holland and Spain. The author finds "Data from Holland and Spain suggest that slot machines and Lotto cause the greatest difficulties among individuals with gambling problems" No explanation is given for this connection of lotteries with problem gambling. In Spain, the Lotto, dominates the country's advertising arenas, perhaps accounting for the connection. No such cultural attribute is as clearly visible in Holland.

In the Fourth Survey of Community Gambling Patterns figures on heavy gamblers across different gambling codes are produced. The figures represent the percentage of users who perceive themselves as heavy gamblers.

Figure 10.3: Percentage of Acknowledged Heavy Regular Gamblers in Total Regular Gamblers, Victoria 1996



Source: Victorian Casino & Gaming Authority.

10.7: CONCLUSION

The main point is that casino and gaming machine users have a higher incidence of heavy gambling compared to the lottery and horse racing codes.

On the available evidence, it can be argued that Lotto type games are different from other forms of gambling. Motivations for playing each code differ, so to does the emotional experience (the continuous and non-continuous forms). Based on research available, there is little, if any, evidence of a strong linkage between problem gambling and participation in lotteries in Australia.

[45] Becona, Elisardo, Prevalence Surveys of Problem and Pathological Gambling in Europe: The Cases of Germany, Holland and Spain, Journal of Gambling Studies, Volume 12 (2), 1996.

APPENDIX A: METHODOLOGY RELATING TO ASSESSING THE INDIRECT ECONOMIC BENEFITS OF THE LOTTERIES INDUSTRY

The Lotteries Industry is different from most other industries in as far as the majority of its direct value added contribution to the economy is as an income (or tax revenue) to government. The lotteries industry is in effect a taxation collection vehicle for government. One of the economic benefits from lotteries can be then be calculated as the difference between the economic cost of alternative forms of taxation, compared with the economic cost of lotteries as a form of government revenue generation.

A second economic benefit of lotteries stems from the results of recent research by NIEIR on gambling in Australia which show that these expenditures are not just replacements of other expenditures but also reflect a reduction in household savings. Previously it was thought that the increased availability of gambling products will be financed through reductions in other expenditures. This is in part correct but it is also true that household savings are also reduced. A reduction in household savings will have a short term positive stimulus to the economy.

A third source of economic benefits relates to the Lotteries Industry's links with goods and services suppliers both in its own and other States which will have flow on effects on other State economies. Any positive or negative effect in one State will have flow on effects on other States as the State economies are linked through a myriad of supply/demand relationships.

The total indirect effects of the lotteries industry on the economy is estimated as the sum of these three effects.

Taxation Methodology

For the purpose of this study the benefits of household or lottery taxation can be calculated by comparing the effects of this form of taxation against taxes on business generally. This may take the form of payroll taxes or taxes on industrial electricity prices and so on.

The economic models of the Australian and State economies developed over the last twenty years by the National Institute of Economic and Industry Research (NIEIR) have been used to examine the implications of alternative taxation regimes. The models are used by developing a control solution from the models where taxes are set at given levels. Next, the models are re-run using new tax structures. The difference between the two model projections is calculated and is the effect resulting from the introduced tax change.

When undertaking the analysis, two different effects can be identified. They are:

- The direct effect (first model result); and
- The balance of payments constrained effect.

The Direct effect is the impact on the economy when all policy and market control instruments are left unchanged. Specifically the model is set so that the disturbed solution for interest rates, exchange rates, tax rates and average wage rates are the same as the control solution values. Accordingly what is been measured by the direct effect is the total impact on the economy of the change (in this cases taxes) uncomplicated by feedback market responses. Whether or not there will be feedback responses will depend on the economic environment prevailing at the time of the changes.

The balance of payments constrained effect will operate when the economy is operating in a balance of payments environment. This environment prevails when the economy cannot generate a level of demand to ensure full utilisation of its resources, in particular labour resources because:

- The current account deficit as a share of GDP is too high;
- The level of international debt is too high.

The Australian economy is currently operating in such an environment, particularly in the stronger growth phases of the business cycle. During these times any expansion in domestic demand designed to increase employment will flow into increasing the current account deficit, which will induce a market response. In the first instance interest rates will rise, which in turn through the political process will force governments to adopt contractionary fiscal policies. This analysis has assumed that during 50 per cent of the business cycle the economy is operating at a balance of payments constrained position.

For most of the second half of the 1980's the Australian economy was operating in a balance of payments constrained environment. The 1990-91 recession was the direct consequence of this environment. Through 1998 to 1990 the level of domestic demand (and employment) was higher than could be justified by balance of payments outcomes. The higher interest rates which resulted forced the economy back to more sustainable levels of activity and employment.

The balance of payments effect is developed from the direct effect by adjusting the levels of domestic demand to force the net trade outcome of the direct effect back to the control solution levels. Thus, if the direct effect produces a negative outcome in trade performance, then the balance of payments effect will restrict growth in domestic demand and the economy in order to neutralise the initial negative trade impact. The converse would be true if the direct effect measured an initial positive balance of payments effect.

In the context of the Lotteries Industry, if collecting taxation revenue from lotteries has a positive net trade effect compared to collecting taxation revenue by other means this will relieve somewhat the balance of payments constraint. This relief will enable the economy to grow at a faster rate and still maintain the same balance of payments outcome.

Employment or Expenditure Effect Methodology

The employment or expenditure effect is generated because it is now known that gambling expenditures are in part funded through reduced savings. Previously it was thought such expenditures were simply a transferal from other consumer items to gambling. This is only partly true. Recent NIEIR research show that these expenditures are in part funded by reduced savings. It is not known whether this is permanent or not.

This increase in consumer spending needs to be taken into account. We have adopted a conservative assumption to measure this. We have assumed that one half of the wage and salary income of persons directly employed in the lottery industry defines the extent of the net stimulus. Therefore this means that the remaining income generated by the lottery industry, namely:

- gross surplus of lottery enterprises;

- purchases of goods and services by lottery enterprises from other entities to support operations; and

- income generated by half the employed labour force in the lottery industry,

represents displaced income from other activities that would have been undertaken in the absence of lotteries. This methodological assumption could also be interpreted as capturing the impact on the economy of the relative labour intensive nature of the industry.

State Flow-on effects

The last effect that needs to be estimated is the net benefit to a State from lottery activity in other States. NIEIR's economic models provide estimates of these flow-on effects.

The Results

Tables 7.1(a) and 7.1(b) show the impact on four selected indicators of the relative economic benefits of lotteries as a form of tax revenue collections compared to other taxes levied on business generally. The direct effect in each State is shown in table 7.1(a) and the flow-on effects to other States is shown in table 7.1(b).

The results indicate that the larger the State then:

- the greater will be the impact on the State Gross Product relative to the national impact; and
- the greater the overall national impact.

In essence lotteries or household taxes have the smaller negative impact on GDP because they do not undermine State or national industry competitiveness. Generally industry taxes do adversely affect competitiveness to the extent that the trade oriented industries (both international and interstate) are affected.

In addition, the smaller the State, the greater will be the benefit/costs of taxes that will be transferred to other States as the smaller State economies are more dependent on the economies of the larger States for some of their goods and services.

Table 7.1(a)Relative Taxation Effect: States/Australia

State	GDP (1996 $ million)	Total employment (number)	Household income (1996 $ million)	State government revenue (1996 $ million)
NSW	128.2	1 039.4	42.4	4.9
VIC	163.9	1 406.2	51.6	5.9
QLD	50.1	220.1	15.3	1.7
SA	11.6	26.4	3.4	0.3
WA	19.8	48.4	5.9	0.6
TAS	2.6	4.6	0.7	0.0
ACT	1.0	1.2	0.2	0.0
NT	1.1	1.5	0.3	0.0
Total	378.5	2 748.2	120.0	13.9

Table 7.1(b) Relative Taxation Effect: Flow-on Effect Between States

State	GDP (1996 $ million)	Total employment (number)	Household income (1996 $ million)
NSW	127.2	2 371.2	121.3
VIC	97.3	1 813.7	92.8
QLD	77.9	1 452.5	74.3
SA	46.3	863.6	44.2
WA	51.8	965.7	49.4
TAS	8.8	164.8	8.4
ACT	5.0	94.2	4.8
NT	6.7	125.6	6.4
Total	421.4	7 851.7	401.9

Tables 7.2(a) and 7.2(b) show the employment or expenditure effect results on four selected economic indicators of the income generated by one half of the persons employed in the lottery industry. Table 7.2(a) shows that as a result of the 1029 persons in the New South Wales lottery total Gross State Product is enhanced by $M22.6 (1996-96 prices) and total employment is increased by 1 509. The 1 509 total includes the lottery industry employment level. The results for other States can be similarly interpreted.

Table 7.2(b) shows the increase in State economic indicators as a result of employment in the lottery industry in the other States. Adding the two New South Wales entries form tables

7.2(a) and 7.2(b) would indicate the expansion in New South Wales gross State product as a result of the national lottery industry.

The overall increase in national GDP due to the employment or expenditure effect is estimated at $M147.1.

Table 7.2(a)Direct Employment or Expenditure Effect: Individual States

State	Total employment (number)	Household income (1996 $ million)	State government revenue (1996 $ million)
NSW	1 509.2	34.3	1.6
VIC	1 360.6	30.9	1.4
QLD	1 154.5	26.2	1.2
SA	435.0	9.8	0.4
WA	676.9	15.4	0.7
TAS	119.5	2.7	0.1
ACT	41.0	0.9	0.0
NT	40.5	0.9	0.0
Total	5 337.0	121.4	5.9

Table 7.2(b) Direct Employment or Expenditure Impact: Flow-on Effect between States

State	GDP (1996 $ million)	Total employment (number)	Household income (1996 $ million)
NSW	24.7	545.8	15.5
VIC	19.5	430.1	12.2
QLD	9.7	215.0	6.1
SA	6.1	134.9	3.8
WA	5.0	111.2	3.1
TAS	0.7	16.3	0.4
ACT	1.0	22.2	0.6
NT	0.3	7.4	0.2
Total	67.2	1 483.2	42.2

Tables 7.3(a) and 7.3(b) sum the results in Tables 7.1(a), 7.1(b), 7.2(a) and 7.2(b). Table 7.4 gives the results of combining the estimates in Tables 7.3(a) and 7.3(b).

Table 7.4 shows that national GDP is increased by $947 million, in 1995-96 prices, total employment by 17,420 and household income by $686 million in 1995-96 prices. The distribution of benefit by State (based on the GSP) is:

	Per cent
New South Wales	32.0
Victoria	32.0
Queensland	16.0
South Australia	8.0
Western Australia	9.0
Tasmania	1.5
Australian Capital Territory	0.8
Northern Territory	0.9

Table 7.3(a)Total Effect: Individual States

State	GDP (1996 $ million)	Total employment (number)	Household income (1996 $ million)	State government revenue (1996 $ million)
NSW	150.8	2 548.6	76.7	6.5
VIC	184.3	2 766.9	82.5	7.4
QLD	67.4	1 374.7	41.5	3.0
SA	18.1	461.4	13.3	0.8
WA	29.9	725.4	21.3	1.4
TAS	4.4	124.1	3.4	0.2
ACT	1.6	42.3	1.2	0.0
NT	1.7	42.1	1.2	0.0
Total	458.6	8 085.8	241.5	19.7

Table 7.3(b) Total Indirect Effect Between States From Suppliers of Goods/Services to Lotteries Industry

State	GDP (1996 $ million)	Total employment (number)	Household income (1996 $ million)
NSW	152.0	2 917.0	136.9
VIC	116.8	2 243.8	105.0
QLD	87.7	1 667.6	80.4
SA	52.4	998.6	48.0
WA	56.8	1 077.0	52.6
TAS	9.5	181.2	8.9
ACT	6.0	116.4	5.4
NT	7.0	133.0	6.6
Total	488.7	9 335.0	444.1

Table 7.4 Total Overall Indirect Impact

State	GDP (1996 $ million)	Total employment (number)	Household income (1996 $ million)
NSW	302.8	5 465.7	213.6
VIC	301.1	5 010.8	187.6
QLD	155.2	3 042.3	122.0
SA	70.6	1 460.0	61.3
WA	86.8	1 802.4	73.9
TAS	14.0	305.3	12.3
ACT	7.7	158.7	6.6
NT	8.8	175.1	7.8
Total	947.3	17 420.8	685.7

APPENDIX B: EQUATIONS RELATING TO CHAPTER 9: FORECASTS

Appendix Methodology

Data

The data is sourced from Tasmanian Gambling Statistics publication. For each State, Territory and Australia, data on gambling expenditure, gambling turnover and government revenue were collected. Total gaming turnover is available in nominal as well as real term (1995-96 dollars), which helps to derive the implicit CPI to deflate other series. The following forms of gambling are included in the publication:

Racing
Lotteries
Electronic Gaming Machines
Casino
Minor Gaming.

Variables

The dependent variables in the regression model are specified as the growth rates of expenditures on racing gambling, lottery gambling, electronic gaming machines gambling, casino gambling and total gaming gambling. The explanatory variable is the growth rate of household disposable income. For racing and lottery gambling, a dummy variable is introduced as the second explanatory variable to take into account the impact of electronic gaming machines on them. That is, the value of the dummy variable will be set to 1 for the years when the operation of electronic gaming machines is in place, and to zero for other years.

Estimation

The statistical relationships between the dependent variable the independent variable was estimated using the ordinary least squares method. In addition to the two right hand side variables mentioned above, a second set of dummy variables was included simply to smooth over sample irregularities caused by outliers.

Since the estimates of the coefficients of the equations will be unaffected whether to use nominal or real series so long as the series on both sides of the equation are on the same prices base, nominal series were used. In the following tables, some estimation results are reported for each State and Territory. DEP1 denotes the growth rate of total racing gambling expenditure, DEP2 the growth rate of total lottery gambling expenditure and DEP3 the growth rate of total gaming gambling expenditure. Where the wrong sign and/or implausible size of a coefficient occurred they were replaced by estimate results from other states for forecasting purposes.

REGRESSION RESULTS

RACING EXPENDITURE

NEW SOUTH WALES

				t-statistic	
DEP1	=	-7.1014	A0	(-2.108)	RSQ = 0.678
		+1.6819	A1	(4.644)	DW = 1.39
		+0.0000	A2	(0.000)	
		+13.2683	A16	(2.631)	
		-8.6838	A17	(-1.857)	

VICTORIA

				t-statistic	
DEP1	=	0.5457	A0	(0.186)	RSQ = 0.831
		+0.8660	A1	(3.181)	DW = 1.80
		-2.3132	A2	(-1.016)	

QUEENSLAND

				t-statistic	
DEP1	=	4.4269	A0	(1.244)	RSQ = 0.715
		+0.5811	A1	(1.904)	DW = 1.88
		-4.1529	A2	(-1.632)	
		+25.0394	A15	(5.938)	
		-12.0450	A16	(-2.839)	

SOUTH AUSTRALIA

				t-statistic	
DEP1	=	-1.9046	A0	(-0.511)	RSQ = 0.736
		+1.3223	A1	(3.352)	DW = 2.02
		-9.1911	A2	(-1.943)	

WESTERN AUSTRALIA

				t-statistic	
DEP1	=	0.5853	A0	(0.207)	RSQ = 0.861
		+0.6383	A1	(2.471)	DW = 1.62
		+0.0000	A2	(0.000)	
		+10.1372	A5	(2.198)	
		-7.4381	A13	(-1.636)	

TASMANIA

				t-statistic	
DEP1	=	-3.2219	A0	(-1.170)	RSQ = 0.801
		+1.4602	A1	(4.205)	DW = 1.22
		+0.0000	A2	(0.000)	
		-14.3515	A4	(-3.434)	
		+9.2800	A9	(2.322)	

NORTHERN TERRITORY

				t-statistic	
DEP1	=	24.3618	A0	(4.783)	RSQ = 0.862

	-1.0287	A1	(-2.222)	DW = 2.73
	-3.3984	A2	(-0.560)	
	-20.4874	A15	(-2.033)	
	+17.5183	A16	(1.715)	

AUSTRALIAN CAPITAL TERRITORY

			t-statistic	
DEP1 =	-13.9091	A0	(-2.710)	RSQ = 0.794
	+2.0698	A1	(4.445)	DW = 1.52
	+0.0000	A2	(0.000)	
	+11.1211	A14	(1.572)	

LOTERRY EXPENDITURE

NEW SOUTH WALES

			t-statistic	
DEP2 =	8.4939	B0	(3.834)	RSQ = 0.694
	-0.3634	B1	(-1.473)	DW = 1.82
	+0.0000	B2	(0.000)	
	+39.6597	B4	(11.569)	

VICTORIA

			t-statistic	
DEP2 =	0.3557	B0	(0.067)	RSQ = 0.878
	+0.9546	B1	(1.896)	DW = 2.60
	-4.2382	B2	(-1.028)	
	+11.6561	B3	(2.272)	
	-13.5362	B7	(-2.670)	

QUEENSLAND

			t-statistic	
DEP2 =	3.5267	B0	(0.318)	RSQ = 0.692
	+0.9594	B1	(0.988)	DW = 1.10
	-10.5679	B2	(-1.508)	
	+42.1181	B3	(3.722)	
	+58.9133	B6	(5.538)	
	+8.8398	B15	(0.789)	
	+7.8430	B16	(0.694)	

SOUTH AUSTRALIA

			t-statistic	
DEP2 =	-3.7622	B0	(-0.594)	RSQ = 0.891
	+1.7102	B1	(2.619)	DW = 1.77
	-8.5896	B2	(-1.105)	
	+13.9095	B8	(1.344)	

WESTERN AUSTRALIA

t-statistic

DEP2	=	3.0036	B0	(0.363)	RSQ = 0.769
		+1.4469	B1	(1.683)	DW = 2.11
		+0.0000	B2	(0.000)	
		+62.6618	B4	(4.294)	
		-18.3345	B6	(-1.260)	

TASMANIA

				t-statistic	
DEP2	=	-2.9199	B0	(-0.724)	RSQ = 0.865
		+0.9682	B1	(1.925)	DW = 2.04
		+0.0000	B2	(0.000)	
		+27.9379	B3	(4.626)	

NORTHERN TERRITORY

				t-statistic	
DEP2	=	11.6378	B0	(2.062)	RSQ = 0.785
		+0.8465	B1	(1.571)	DW = 1.42
		-5.0868	B2	(-0.916)	
		-46.9560	B5	(-4.311)	

AUSTRALIAN CAPITAL TERRITORY

				t-statistic	
DEP2	=	-0.9635	B0	(-0.199)	RSQ = 0.877
		+1.0909	B1	(2.280)	DW = 1.33
		+0.0000	B2	(0.000)	
		-12.8335	B7	(-1.766)	

TOTAL GAMING EXPENDITURE

NEW SOUTH WALES

				t-statistic	
DEP3	=	12.9715	C0	(5.125)	RSQ = 0.792
		-0.4394	C1	(-1.496)	DW = 1.20
		+0.0000	C2	(0.000)	
		+15.7733	C10	(3.866)	

VICTORIA

				t-statistic	
DEP3	=	14.6553	C0	(1.243)	RSQ = 0.882
		-0.2807	C1	(-0.255)	DW = 2.17
		+30.6213	C2	(3.464)	
		-35.4358	C13	(-2.991)	

QUEENSLAND

				t-statistic	
DEP3	=	42.4748	C0	(3.744)	RSQ = 0.785
		-1.4805	C1	(-1.497)	DW = 2.37
		-10.9860	C2	(-1.553)	

		+43.0292	C3	(3.583)	
		+37.4038	C6	(3.296)	

SOUTH AUSTRALIA

				t-statistic	
DEP3	=	9.6085	C0	(1.773)	RSQ = 0.743
		+0.2480	C1	(0.432)	DW = 2.28
		+28.9836	C2	(4.210)	
		+48.3383	C7	(5.320)	

WESTERN AUSTRALIA

				t-statistic	
DEP3	=	20.4398	C0	(1.847)	RSQ = 0.791
		+0.3258	C1	(0.300)	DW = 2.08
		+0.0000	C2	(0.000)	
		+62.1157	C4	(3.192)	
		+54.3268	C7	(2.958)	

TASMANIA

				t-statistic	
DEP3	=	6.0106	C0	(2.331)	RSQ = 0.793
		+0.3148	C1	(0.961)	DW = 1.96
		+0.0000	C2	(0.000)	
		+11.9357	C3	(3.086)	
		+10.5639	C5	(2.730)	

NORTHERN TERRITORY

				t-statistic	
DEP3	=	19.6802	C0	(1.189)	RSQ = 0.786
		+0.3420	C1	(0.237)	DW = 1.87
		-8.0975	C2	(-0.543)	
		-73.8836	C11	(-2.779)	
		+96.0098	C12	(3.349)	

AUSTRALIAN CAPITAL TERRITORY

				t-statistic	
DEP3	=	14.1256	C0	(2.098)	RSQ = 0.773
		+0.2862	C1	(0.469)	DW = 1.81
		+0.0000	C2	(0.000)	
		+15.6937	C15	(1.708)	
		-16.8318	C17	(-1.828)	

APPENDIX C: ADDITIONAL TABLES RELATING TO CHAPTER 9 : STATE FORECASTS

TABLE 15 GOVERNMENT REVENUE FROM RACING GAMBLING BY STATE

	New South Wales	Victoria	Queensland	South Australia	Western Australia	Tasmania	Northern Territory	Australian Capital Territory	Australia
UNIT	******************************				$M	******************************			
1980	103.16	66.88	27.37	10.02	16.12	2.84	0.76	0.26	227.41
1981	108.99	73.53	30.35	9.23	18.28	3.17	0.92	0.33	244.80
1982	121.01	79.18	27.01	8.94	20.15	3.37	0.90	0.60	261.16
1983	131.28	85.72	29.76	10.58	21.38	3.31	0.88	1.82	284.73
1984	148.97	95.10	34.63	13.03	25.23	3.65	0.85	1.84	323.30
1985	162.95	106.37	35.88	14.74	27.88	3.96	1.15	2.06	355.01
1986	187.28	119.69	40.52	17.04	28.91	4.34	0.85	3.27	401.89
1987	205.16	129.54	42.55	17.07	29.47	4.55	0.85	3.59	432.77
1988	230.32	143.26	47.79	20.29	33.36	5.43	1.07	4.96	486.47
1989	266.03	156.41	55.40	24.31	32.05	6.19	0.77	6.07	547.23
1990	290.98	178.78	59.50	26.75	33.47	7.13	1.03	7.19	604.82
1991	311.61	170.72	64.00	28.84	32.03	8.00	2.13	6.40	623.74
1992	309.47	174.16	67.62	26.70	31.64	9.37	2.23	5.62	626.82
1993	320.37	179.56	69.65	26.85	35.24	10.18	1.97	5.83	649.65
1994	321.32	182.68	74.71	26.98	39.70	10.09	2.25	5.86	663.58
1995	332.92	141.57	77.44	23.50	42.33	12.02	2.78	5.52	638.07
1996	336.20	122.00	77.91	22.41	44.61	11.31	2.59	6.71	623.75
1997	325.40	118.10	79.50	22.80	46.10	11.70	2.69	5.60	611.90
1998	320.40	115.00	80.70	23.00	48.20	12.07	2.78	5.50	607.65
1999	335.73	118.91	85.25	23.22	50.78	12.52	2.98	5.78	635.18
2000	363.19	125.29	90.95	23.78	54.11	13.16	3.21	6.33	680.04
2001	381.10	128.69	95.89	23.96	56.70	13.54	3.44	7.10	710.43
2002	365.56	125.53	98.36	23.16	57.36	13.29	3.55	7.08	693.88
2003	362.62	125.75	101.93	22.82	58.53	13.31	3.67	6.64	695.26
PERCENTAGE CHANGES									
1980	15.57	5.32	9.03	6.55	4.59	6.89	47.01	−2.22	10.33
1981	5.66	9.94	10.91	−7.94	13.40	11.70	21.10	23.86	7.65
1982	11.03	7.68	−11.02	−3.13	10.25	6.34	−2.60	83.79	6.68
1983	8.49	8.25	10.19	18.40	6.10	−1.84	−1.78	202.50	9.03
1984	13.47	10.95	16.35	23.19	17.97	10.43	−4.19	1.32	13.55
1985	9.38	11.84	3.64	13.13	10.54	8.46	36.13	11.89	9.81
1986	14.93	12.53	12.92	15.59	3.67	9.49	−26.71	58.42	13.21
1987	9.55	8.22	5.00	0.16	1.94	4.77	0.83	9.92	7.68
1988	12.26	10.59	12.32	18.85	13.21	19.36	25.12	38.20	12.41
1989	15.50	9.18	15.91	19.82	−3.93	14.12	−27.58	22.42	12.49
1990	9.38	14.30	7.40	10.05	4.43	15.16	32.90	18.43	10.52
1991	7.09	−4.51	7.58	7.83	−4.31	12.24	107.50	−11.04	3.13
1992	−0.69	2.02	5.65	−7.42	−1.22	17.05	4.84	−12.15	0.49
1993	3.52	3.10	3.00	0.54	11.37	8.67	−11.74	3.67	3.64
1994	0.30	1.74	7.26	0.50	12.66	−0.92	14.06	0.51	2.15
1995	3.61	−22.50	3.65	−12.93	6.62	19.20	23.59	−5.77	−3.84
1996	0.99	−13.83	0.61	−4.61	5.40	−5.94	−6.66	21.58	−2.24
1997	−3.21	−3.20	2.04	1.74	3.34	3.45	3.91	−16.53	−1.90
1998	−1.54	−2.62	1.51	0.88	4.55	3.18	3.12	−1.79	−0.69
1999	4.79	3.40	5.64	0.97	5.36	3.72	7.30	5.06	4.53
2000	8.18	5.37	6.68	2.40	6.55	5.14	7.74	9.63	7.06
2001	4.93	2.71	5.44	0.77	4.78	2.86	7.11	12.11	4.47
2002	−4.08	−2.45	2.57	−3.38	1.16	−1.86	3.11	−0.31	−2.33
2003	−0.80	0.17	3.63	−1.43	2.04	0.14	3.44	−6.26	0.20
COMPOUND GROWTH RATE(PERCENT) –									
1980–1990	10.93	10.33	8.08	10.32	7.58	9.65	3.01	39.16	10.28
1990–1996	2.44	−6.17	4.60	−2.91	4.90	7.99	16.70	−1.15	0.51
1997–2003	1.82	1.05	4.23	0.02	4.06	2.17	5.28	2.87	2.15
VARIABLE	Y(5371)	Y(5372)	Y(5373)	Y(5374)	Y(5375)	Y(5376)	Y(5377)	Y(5378)	Y(5380)

All data are for the financial year ending in June of the year specified.

TABLE 16 GOVERNMENT REVENUE FROM LOTTERY GAMBLING BY STATE

	New South Wales	Victoria	Queensland	South Australia	Western Australia	Tasmania	Northern Territory	Australian Capital Territory	Australia
UNIT	************************************				$M	************************************			
1980	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1981	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1982	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1983	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1984	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1985	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1986	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1987	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1988	168.70	225.84	36.77	50.12	74.23	16.73	6.14	6.80	585.33
1989	172.00	234.95	38.89	60.04	62.14	17.07	8.80	6.75	600.65
1990	179.80	277.83	110.90	66.69	82.59	20.05	9.06	7.77	754.70
1991	185.20	296.05	131.94	76.50	89.67	21.33	9.76	8.55	819.00
1992	199.68	301.19	153.03	82.90	93.54	21.90	9.06	10.04	871.34
1993	216.31	290.00	130.34	78.73	98.52	21.91	8.36	10.28	854.46
1994	257.36	290.33	140.75	75.99	92.68	22.02	8.07	11.33	898.55
1995	248.40	296.62	175.07	74.32	103.95	21.65	9.44	11.73	941.19
1996	259.08	297.90	172.60	74.97	119.79	20.84	11.59	12.36	969.12
1997	267.20	299.00	182.40	70.60	126.47	20.90	12.30	12.51	991.38
1998	272.70	282.90	191.30	68.40	136.41	21.52	12.96	12.70	998.88
1999	290.13	297.79	206.87	70.09	149.19	22.37	14.59	14.02	1065.05
2000	318.09	321.61	229.80	73.35	166.53	23.84	16.58	16.21	1166.03
2001	338.86	336.50	248.70	74.62	180.35	24.41	18.69	19.20	1241.32
2002	332.13	329.85	252.26	70.58	183.08	22.90	19.82	20.03	1230.65
2003	335.76	334.52	262.38	69.06	188.85	22.31	21.13	19.54	1253.56
PERCENTAGE CHANGES									
1980	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1981	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1982	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1983	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1984	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1985	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1986	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1987	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1988	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1989	1.96	4.03	5.78	19.79	-16.29	2.04	43.32	-0.74	2.62
1990	4.53	18.25	185.15	11.08	32.92	17.46	2.95	15.21	25.65
1991	3.00	6.56	18.97	14.70	8.56	6.40	7.73	10.01	8.52
1992	7.82	1.74	15.99	8.37	4.32	2.65	-7.22	17.42	6.39
1993	8.33	-3.71	-14.83	-5.03	5.33	0.05	-7.68	2.38	-1.94
1994	18.98	0.11	7.99	-3.48	-5.93	0.52	-3.44	10.24	5.16
1995	-3.48	2.17	24.38	-2.20	12.16	-1.72	17.00	3.54	4.75
1996	4.30	0.43	-1.41	0.88	15.23	-3.72	22.68	5.36	2.97
1997	3.13	0.37	5.68	-5.83	5.58	0.29	6.16	1.19	2.30
1998	2.06	-5.38	4.88	-3.12	7.86	2.96	5.35	1.52	0.76
1999	6.39	5.26	8.14	2.47	9.38	3.95	12.63	10.40	6.62
2000	9.64	8.00	11.09	4.65	11.62	6.58	13.63	15.61	9.48
2001	6.53	4.63	8.22	1.73	8.29	2.38	12.67	18.47	6.46
2002	-1.98	-1.98	1.43	-5.42	1.52	-6.20	6.08	4.30	-0.86
2003	1.09	1.42	4.01	-2.14	3.15	-2.58	6.62	-2.42	1.86
COMPOUND GROWTH RATE(PERCENT) -									
1980-1990	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1990-1996	6.28	1.17	7.65	1.97	6.39	0.64	4.18	8.04	4.26
1997-2003	3.88	1.89	6.25	-0.37	6.91	1.09	9.44	7.72	3.99
VARIABLE	Y(5381)	Y(5382)	Y(5383)	Y(5384)	Y(5385)	Y(5386)	Y(5387)	Y(5388)	Y(5390)

All data are for the financial year ending in June of the year specified.

TABLE 17 GOVERNMENT REVENUE FROM MINOR GAMBLING BY STATE

	New South Wales	Victoria	Queensland	South Australia	Western Australia	Tasmania	Northern Territory	Australian Capital Territory	Australia
UNIT	***********************************				$M	***********************************			
1980	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1981	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1982	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1983	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1984	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1985	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1986	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1987	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1988	0.38	4.96	3.46	1.33	0.00	1.21	0.00	0.07	11.41
1989	0.43	5.80	3.24	1.37	0.37	1.14	0.00	0.09	12.44
1990	0.44	7.28	3.41	1.44	0.42	1.17	0.00	0.30	14.45
1991	0.59	9.06	3.78	1.45	0.52	1.16	0.00	0.36	16.91
1992	0.69	10.32	3.60	1.45	0.52	1.13	0.00	0.40	18.11
1993	0.73	9.71	3.90	1.45	0.51	1.05	0.00	0.42	17.78
1994	0.81	8.41	3.49	1.54	0.52	1.05	0.00	0.50	16.32
1995	0.94	7.58	3.54	1.13	0.53	1.18	0.00	0.57	15.46
1996	1.10	11.90	3.85	0.89	0.46	1.00	0.00	0.64	19.83
1997	1.10	12.07	3.90	0.90	0.47	1.00	0.00	0.64	20.07
1998	1.10	12.27	3.97	0.91	0.48	1.00	0.00	0.64	20.37
1999	1.10	12.86	4.16	0.96	0.50	1.00	0.00	0.64	21.21
2000	1.10	13.61	4.40	1.01	0.53	1.00	0.00	0.64	22.29
2001	1.10	14.48	4.69	1.08	0.56	1.00	0.00	0.64	23.54
2002	1.10	14.75	4.77	1.10	0.58	1.00	0.00	0.64	23.93
2003	1.10	14.79	4.79	1.10	0.58	1.00	0.00	0.64	23.98
PERCENTAGE CHANGES									
1980	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1981	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1982	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1983	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1984	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1985	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1986	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1987	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1988	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1989	13.72	16.91	-6.47	3.01	0.00	-5.62	0.00	23.19	8.96
1990	2.78	25.50	5.16	5.18	13.86	2.10	0.00	252.94	16.24
1991	33.18	24.51	10.92	0.55	23.15	-0.51	0.00	18.67	17.00
1992	17.63	13.84	-4.79	0.14	0.19	-2.33	0.00	12.92	7.09
1993	4.90	-5.84	8.53	-0.34	-0.39	-7.59	0.00	4.98	-1.85
1994	11.68	-13.45	-10.55	6.43	1.75	-0.10	0.00	18.72	-8.18
1995	15.50	-9.84	1.26	-26.56	0.76	12.72	0.00	12.97	-5.29
1996	17.15	56.99	8.91	-21.66	-12.12	-15.35	0.00	12.19	28.30
1997	0.00	1.40	1.40	1.40	1.40	0.00	0.00	0.00	1.21
1998	0.00	1.70	1.70	1.70	1.70	0.00	0.00	0.00	1.47
1999	0.00	4.80	4.80	4.80	4.80	0.00	0.00	0.00	4.16
2000	0.00	5.80	5.80	5.80	5.80	0.00	0.00	0.00	5.05
2001	0.00	6.40	6.40	6.40	6.40	0.00	0.00	0.00	5.62
2002	0.00	1.90	1.90	1.90	1.90	0.00	0.00	0.00	1.68
2003	0.00	0.23	0.23	0.23	0.23	0.00	0.00	0.00	0.20
COMPOUND GROWTH RATE(PERCENT) -									
1980-1990	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1990-1996	16.37	8.54	2.07	-7.80	1.71	-2.56	0.00	13.31	5.41
1997-2003	0.00	3.45	3.45	3.45	3.45	0.00	0.00	0.00	3.01
VARIABLE	Y(5391)	Y(5392)	Y(5393)	Y(5394)	Y(5395)	Y(5396)	Y(5397)	Y(5398)	Y(5400)

All data are for the financial year ending in June of the year specified.

TABLE 18 GOVERNMENT REVENUE FROM ELECTRONIC GAMING MACHINE GAMBLING BY STATE

	New South Wales	Victoria	Queensland	South Australia	Western Australia	Tasmania	Northern Territory	Australian Capital Territory	Australia
UNIT	**********************************				$M	**********************************			
1980	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1981	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1982	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1983	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1984	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1985	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1986	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1987	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1988	266.50	0.00	0.00	0.00	0.00	0.00	0.00	3.83	270.33
1989	288.10	0.00	0.00	0.00	0.00	0.00	0.00	6.12	294.22
1990	341.10	0.00	0.00	0.00	0.00	0.00	0.00	8.57	349.67
1991	358.70	6.43	0.00	0.00	0.00	0.00	0.00	11.76	376.89
1992	361.49	10.92	4.82	0.00	0.00	0.00	0.00	15.05	392.28
1993	380.84	102.00	47.36	0.00	0.00	0.00	0.38	16.45	547.04
1994	430.79	263.19	70.08	0.00	0.00	0.00	0.41	18.64	783.11
1995	497.74	391.61	79.95	62.60	0.00	0.55	0.34	23.02	1055.81
1996	529.16	509.10	90.82	110.11	0.00	2.15	1.61	25.75	1268.70
1997	532.00	589.40	100.30	133.50	0.00	16.00	1.61	26.00	1398.81
1998	629.00	657.00	104.60	149.90	0.00	36.00	1.61	26.00	1604.11
1999	680.28	712.61	116.27	161.01	0.00	36.00	1.77	28.46	1736.40
2000	764.52	794.10	131.94	175.28	0.00	36.00	1.96	32.59	1936.39
2001	828.22	848.24	144.01	184.31	0.00	36.00	2.14	38.21	2081.13
2002	808.05	834.89	143.93	178.40	0.00	36.00	2.14	39.58	2042.99
2003	818.39	855.23	148.47	179.11	0.00	36.00	2.15	38.44	2077.80
PERCENTAGE CHANGES									
1980	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1981	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1982	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1983	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1984	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1985	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1986	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1987	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1988	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1989	8.11	0.00	0.00	0.00	0.00	0.00	0.00	59.93	8.84
1990	18.40	0.00	0.00	0.00	0.00	0.00	0.00	40.04	18.85
1991	5.16	0.00	0.00	0.00	0.00	0.00	0.00	37.22	7.78
1992	0.78	69.80	0.00	0.00	0.00	0.00	0.00	27.95	4.08
1993	5.35	834.27	882.78	0.00	0.00	0.00	0.00	9.29	39.45
1994	13.12	158.02	47.97	0.00	0.00	0.00	6.75	13.31	43.15
1995	15.54	48.79	14.08	0.00	0.00	0.00	-17.03	23.52	34.82
1996	6.31	30.00	13.60	75.90	0.00	294.86	370.97	11.86	20.16
1997	0.54	15.77	10.44	21.24	0.00	643.49	0.00	0.95	10.25
1998	18.23	11.47	4.29	12.28	0.00	125.00	0.00	0.00	14.68
1999	8.15	8.46	11.15	7.41	0.00	0.00	10.13	9.46	8.25
2000	12.38	11.44	13.48	8.87	0.00	0.00	10.73	14.50	11.52
2001	8.33	6.82	9.15	5.15	0.00	0.00	9.10	17.26	7.47
2002	-2.43	-1.57	-0.05	-3.21	0.00	0.00	0.06	3.58	-1.83
2003	1.28	2.44	3.15	0.40	0.00	0.00	0.76	-2.88	1.70
COMPOUND GROWTH RATE(PERCENT) -									
1980-1990	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1990-1996	7.59	0.00	0.00	0.00	0.00	0.00	0.00	20.12	23.96
1997-2003	7.44	6.40	6.76	5.02	0.00	14.47	5.02	6.73	6.82
VARIABLE	Y(5401)	Y(5402)	Y(5403)	Y(5404)	Y(5405)	Y(5406)	Y(5407)	Y(5408)	Y(5410)

All data are for the financial year ending in June of the year specified.

TABLE 19 GOVERNMENT REVENUE FROM CASINO GAMBLING BY STATE

	New South Wales	Victoria	Queensland	South Australia	Western Australia	Tasmania	Northern Territory	Australian Capital Territory	Australia
UNIT	******************************				$M	******************************			
1980	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1981	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1982	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1983	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1984	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1985	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1986	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1987	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1988	0.00	0.00	24.90	12.42	11.90	5.02	2.04	0.00	56.28
1989	0.00	0.00	29.40	15.25	17.12	6.20	2.68	0.00	70.65
1990	0.00	0.00	34.15	16.74	21.54	6.43	1.40	0.00	80.26
1991	0.00	0.00	36.02	17.49	31.25	7.84	2.46	0.00	95.06
1992	0.00	0.00	38.41	17.85	30.54	8.89	2.67	0.00	98.36
1993	0.00	0.00	39.49	20.20	39.26	9.03	2.44	5.73	116.14
1994	0.00	0.00	46.65	25.47	53.12	11.89	2.74	11.08	150.95
1995	0.00	67.77	49.34	20.34	59.26	14.61	3.00	10.89	225.19
1996	62.08	110.40	71.48	17.91	64.43	16.77	3.28	7.50	353.87
1997	83.90	138.40	74.00	17.80	56.00	18.00	3.43	4.10	395.63
1998	135.00	174.40	73.60	17.50	57.00	16.50	3.48	4.00	481.48
1999	231.45	187.33	82.05	18.31	65.56	17.67	3.90	4.25	610.52
2000	265.32	206.05	93.43	19.32	77.92	19.40	4.41	4.65	690.50
2001	291.35	218.37	102.23	19.95	88.19	20.47	4.89	5.16	750.60
2002	285.18	215.34	102.17	19.60	89.23	19.93	4.89	5.27	741.60
2003	289.45	219.95	105.48	19.65	93.35	20.01	4.94	5.17	758.00
PERCENTAGE CHANGES									
1980	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1981	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1982	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1983	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1984	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1985	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1986	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1987	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1988	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1989	0.00	0.00	18.08	22.78	43.86	23.52	31.37	0.00	25.54
1990	0.00	0.00	16.17	9.77	25.78	3.58	−47.76	0.00	13.59
1991	0.00	0.00	5.47	4.49	45.09	22.04	75.71	0.00	18.45
1992	0.00	0.00	6.64	2.05	−2.27	13.39	8.54	0.00	3.47
1993	0.00	0.00	2.79	13.18	28.55	1.54	−8.69	0.00	18.08
1994	0.00	0.00	18.15	26.09	35.31	31.69	12.31	93.27	29.97
1995	0.00	0.00	5.76	−20.16	11.54	22.90	9.50	−1.73	49.18
1996	0.00	62.91	44.88	−11.95	8.74	14.79	9.47	−31.07	57.14
1997	35.14	25.36	3.52	−0.60	−13.09	7.32	4.50	−45.36	11.80
1998	60.91	26.01	−0.54	−1.69	1.79	−8.33	1.49	−2.44	21.70
1999	71.45	7.41	11.48	4.63	15.01	7.10	12.18	6.18	26.80
2000	14.63	10.00	13.88	5.53	18.86	9.78	12.90	9.40	13.10
2001	9.81	5.98	9.41	3.23	13.18	5.50	10.93	11.14	8.70
2002	−2.12	−1.38	−0.05	−1.75	1.17	−2.63	0.05	2.02	−1.20
2003	1.50	2.14	3.24	0.25	4.62	0.42	0.91	−1.92	2.21
COMPOUND GROWTH RATE(PERCENT) –									
1980–1990	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1990–1996	0.00	0.00	13.10	1.13	20.04	17.34	15.26	0.00	28.05
1997–2003	22.92	8.03	6.09	1.66	8.89	1.78	6.26	3.93	11.45
VARIABLE	Y(5411)	Y(5412)	Y(5413)	Y(5414)	Y(5415)	Y(5416)	Y(5417)	Y(5418)	Y(5420)

All data are for the financial year ending in June of the year specified.

TABLE 20 GOVERNMENT REVENUE FROM TOTAL GAMING GAMBLING BY STATE

	New South Wales	Victoria	Queensland	South Australia	Western Australia	Tasmania	Northern Territory	Australian Capital Territory	Australia
UNIT	******************************				$M	******************************			
1980	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1981	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1982	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1983	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1984	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1985	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1986	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1987	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1988	435.58	230.80	65.13	63.88	86.13	22.96	8.18	10.69	923.35
1989	460.53	240.75	71.53	76.66	79.63	24.42	11.48	12.95	977.96
1990	521.34	285.11	148.46	84.88	104.55	27.64	10.46	16.65	1199.08
1991	544.49	311.55	171.74	95.44	121.43	30.34	12.22	20.67	1307.88
1992	561.87	322.43	199.86	102.20	124.60	31.92	11.73	25.50	1380.10
1993	597.88	401.72	221.09	100.38	138.30	31.99	11.18	32.88	1535.43
1994	688.97	561.93	260.98	103.00	146.33	34.96	11.22	41.55	1848.94
1995	747.09	763.58	307.89	158.39	163.74	37.98	12.78	46.21	2237.66
1996	851.42	929.30	338.75	203.88	184.68	40.76	16.47	46.26	2611.52
1997	884.20	1038.87	360.60	222.80	182.89	55.90	17.33	43.24	2805.84
1998	1037.80	1126.57	373.47	236.71	193.86	75.02	18.04	43.33	3104.82
1999	1202.93	1210.56	409.26	250.36	215.34	77.04	20.27	47.39	3433.14
2000	1348.98	1335.38	459.54	268.98	245.05	80.24	22.95	54.06	3815.20
2001	1459.60	1417.62	499.52	279.96	269.15	81.68	25.71	63.21	4096.65
2002	1426.21	1394.70	503.34	269.66	272.86	79.82	26.85	65.58	4039.02
2003	1444.59	1424.31	521.13	268.92	282.68	79.31	28.22	63.99	4113.15
PERCENTAGE CHANGES									
1980	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1981	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1982	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1983	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1984	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1985	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1986	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1987	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1988	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1989	5.73	4.31	9.83	20.02	-7.55	6.34	40.34	21.13	5.91
1990	13.20	18.42	107.55	10.71	31.30	13.21	-8.89	28.50	22.61
1991	4.44	9.27	15.68	12.45	16.15	9.74	16.83	24.18	9.07
1992	3.19	3.49	16.38	7.08	2.61	5.23	-4.05	23.34	5.52
1993	6.41	24.59	10.62	-1.78	11.00	0.19	-4.62	28.99	11.25
1994	15.24	39.88	18.04	2.61	5.81	9.30	0.34	26.36	20.42
1995	8.44	35.89	17.98	53.77	11.89	8.64	13.92	11.21	21.02
1996	13.97	21.70	10.02	28.72	12.79	7.32	28.87	0.10	16.71
1997	3.85	11.79	6.45	9.28	-0.97	37.13	5.20	-6.51	7.44
1998	17.37	8.44	3.57	6.25	6.00	34.20	4.11	0.21	10.66
1999	15.91	7.46	9.58	5.76	11.08	2.69	12.32	9.35	10.57
2000	12.14	10.31	12.29	7.44	13.80	4.16	13.24	14.08	11.13
2001	8.20	6.16	8.70	4.08	9.83	2.04	12.03	16.92	7.38
2002	-2.29	-1.62	0.77	-3.68	1.38	-2.51	4.42	3.75	-1.41
2003	1.29	2.12	3.53	-0.27	3.60	-0.64	5.11	-2.42	1.84
COMPOUND GROWTH RATE(PERCENT) -									
1980-1990	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1990-1996	8.52	21.77	14.74	15.73	9.95	6.69	7.86	18.57	13.85
1997-2003	8.53	5.40	6.33	3.19	7.53	6.00	8.47	6.75	6.58
VARIABLE	Y(5421)	Y(5422)	Y(5423)	Y(5424)	Y(5425)	Y(5426)	Y(5427)	Y(5428)	Y(5430)

All data are for the financial year ending in June of the year specified.

TABLE 21 GOVERNMENT REVENUE FROM TOTAL GAMBLING BY STATE

	New South Wales	Victoria	Queensland	South Australia	Western Australia	Tasmania	Northern Territory	Australian Capital Territory	Australia
UNIT	***********************************				$M	***********************************			
1980	103.16	66.88	27.37	10.02	16.12	2.84	0.76	0.26	227.41
1981	108.99	73.53	30.35	9.23	18.28	3.17	0.92	0.33	244.80
1982	121.01	79.18	27.01	8.94	20.15	3.37	0.90	0.60	261.16
1983	131.28	85.72	29.76	10.58	21.38	3.31	0.88	1.82	284.73
1984	148.97	95.10	34.63	13.03	25.23	3.65	0.85	1.84	323.30
1985	162.95	106.37	35.88	14.74	27.88	3.96	1.15	2.06	355.01
1986	187.28	119.69	40.52	17.04	28.91	4.34	0.85	3.27	401.89
1987	205.16	129.54	42.55	17.07	29.47	4.55	0.85	3.59	432.77
1988	665.90	374.06	112.92	84.16	119.49	28.39	9.25	15.65	1409.82
1989	726.56	397.17	126.92	100.97	111.68	30.61	12.25	19.03	1525.19
1990	812.32	463.89	207.95	111.63	138.02	34.77	11.49	23.84	1803.91
1991	856.10	482.26	235.74	124.29	153.46	38.34	14.35	27.07	1931.61
1992	871.34	496.59	267.48	128.91	156.24	41.29	13.96	31.11	2006.92
1993	918.25	581.28	290.74	127.23	173.54	42.17	13.15	38.71	2185.07
1994	1010.29	744.60	335.69	129.99	186.03	45.05	13.47	47.41	2512.52
1995	1080.01	905.15	385.33	181.88	206.07	50.01	15.56	51.73	2875.73
1996	1187.63	1051.30	416.66	226.29	229.30	52.07	19.07	52.97	3235.28
1997	1209.60	1156.97	440.10	245.60	229.00	67.60	20.03	48.85	3417.74
1998	1358.20	1241.57	454.17	259.71	241.87	87.08	20.82	48.83	3712.26
1999	1538.67	1329.45	494.58	273.57	266.04	89.56	23.25	53.20	4068.31
2000	1712.17	1460.69	550.57	292.77	299.10	93.41	26.16	60.38	4495.25
2001	1840.67	1546.30	595.46	303.93	325.84	95.42	29.15	70.30	4807.07
2002	1791.88	1520.26	601.40	292.81	330.28	93.11	30.40	72.74	4732.89
2003	1807.11	1549.91	622.88	291.72	341.24	92.62	31.89	70.85	4808.22
PERCENTAGE CHANGES									
1980	15.57	5.32	9.03	6.55	4.59	6.89	47.01	-2.22	10.33
1981	5.66	9.94	10.91	-7.94	13.40	11.70	21.10	23.86	7.65
1982	11.03	7.68	-11.02	-3.13	10.25	6.34	-2.60	83.79	6.68
1983	8.49	8.25	10.19	18.40	6.10	-1.84	-1.78	202.50	9.03
1984	13.47	10.95	16.35	23.19	17.97	10.43	-4.19	1.32	13.55
1985	9.38	11.84	3.64	13.13	10.54	8.46	36.13	11.89	9.81
1986	14.93	12.53	12.92	15.59	3.67	9.49	-26.71	58.42	13.21
1987	9.55	8.22	5.00	0.16	1.94	4.77	0.83	9.92	7.68
1988	224.57	188.77	165.38	393.05	305.48	524.46	985.21	336.17	225.76
1989	9.11	6.18	12.40	19.97	-6.54	7.82	32.51	21.54	8.18
1990	11.80	16.80	63.84	10.55	23.59	13.61	-6.25	25.29	18.27
1991	5.39	3.96	13.36	11.34	11.19	10.25	24.93	13.55	7.08
1992	1.78	2.97	13.47	3.72	1.81	7.70	-2.73	14.95	3.90
1993	5.38	17.05	8.70	-1.30	11.07	2.11	-5.76	24.41	8.88
1994	10.02	28.10	15.46	2.17	7.20	6.83	2.39	22.47	14.99
1995	6.90	21.56	14.79	39.92	10.77	11.01	15.53	9.11	14.46
1996	9.96	16.15	8.13	24.41	11.27	4.13	22.53	2.39	12.50
1997	1.85	10.05	5.63	8.53	-0.13	29.82	5.04	-7.78	5.64
1998	12.29	7.31	3.20	5.75	5.62	28.82	3.97	-0.02	8.62
1999	13.29	7.08	8.90	5.34	9.99	2.84	11.65	8.93	9.59
2000	11.28	9.87	11.32	7.02	12.43	4.30	12.54	13.50	10.49
2001	7.50	5.86	8.15	3.81	8.94	2.15	11.43	16.43	6.94
2002	-2.65	-1.68	1.00	-3.66	1.36	-2.42	4.27	3.47	-1.54
2003	0.85	1.95	3.57	-0.37	3.32	-0.53	4.91	-2.59	1.59
COMPOUND GROWTH RATE(PERCENT) -									
1980-1990	22.92	21.37	22.48	27.26	23.95	28.48	31.15	56.88	23.01
1990-1996	6.54	14.61	12.28	12.50	8.83	6.96	8.81	14.23	10.23
1997-2003	6.92	4.99	5.96	2.91	6.87	5.39	8.06	6.40	5.85
VARIABLE	Y(5431)	Y(5432)	Y(5433)	Y(5434)	Y(5435)	Y(5436)	Y(5437)	Y(5438)	Y(5440)

All data are for the financial year ending in June of the year specified.

TABLE 22 RATIO OF RACING GAMBLING EXPENDITURE TO HOUSEHOLD DISPOSABLE INCOME BY STATE

	New South Wales	Victoria	Queensland	South Australia	Western Australia	Tasmania	Northern Territory	Australian Capital Territory	Australia
UNIT	%	%	%	%	%	%	%	%	%
1980	0.75	0.68	0.64	0.45	0.69	0.49	0.34	0.37	0.67
1981	0.71	0.65	0.61	0.42	0.69	0.52	0.31	0.35	0.64
1982	0.69	0.62	0.61	0.42	0.67	0.51	0.36	0.35	0.62
1983	0.66	0.62	0.61	0.42	0.61	0.45	0.30	0.32	0.61
1984	0.66	0.64	0.63	0.44	0.66	0.45	0.29	0.31	0.61
1985	0.68	0.63	0.65	0.45	0.61	0.47	0.27	0.30	0.62
1986	0.72	0.65	0.67	0.43	0.58	0.48	0.25	0.34	0.64
1987	0.73	0.64	0.64	0.41	0.55	0.47	0.30	0.34	0.63
1988	0.73	0.64	0.66	0.46	0.54	0.52	0.40	0.34	0.64
1989	0.76	0.64	0.64	0.49	0.52	0.53	0.42	0.34	0.65
1990	0.74	0.61	0.60	0.50	0.51	0.55	0.46	0.33	0.63
1991	0.75	0.60	0.60	0.50	0.48	0.55	0.49	0.32	0.63
1992	0.71	0.60	0.59	0.47	0.44	0.58	0.53	0.29	0.61
1993	0.65	0.60	0.56	0.46	0.45	0.58	0.64	0.29	0.58
1994	0.60	0.57	0.68	0.45	0.47	0.56	0.55	0.27	0.57
1995	0.65	0.56	0.59	0.43	0.47	0.54	0.65	0.24	0.57
1996	0.59	0.54	0.58	0.37	0.47	0.51	0.68	0.24	0.54
1997	0.58	0.52	0.58	0.35	0.46	0.51	0.70	0.23	0.53
1998	0.57	0.51	0.58	0.33	0.46	0.50	0.74	0.22	0.52
1999	0.56	0.49	0.58	0.31	0.45	0.49	0.77	0.22	0.51
2000	0.55	0.48	0.57	0.30	0.43	0.48	0.81	0.21	0.50
2001	0.55	0.47	0.57	0.29	0.42	0.47	0.86	0.21	0.49
2002	0.53	0.46	0.59	0.28	0.42	0.48	0.90	0.20	0.49
2003	0.52	0.46	0.61	0.28	0.42	0.47	0.96	0.19	0.49
PERCENTAGE CHANGES									
1980	2.73	-3.48	-0.88	2.11	-7.56	-1.34	-13.04	-11.84	-0.77
1981	-4.90	-3.77	-5.02	-7.78	-1.24	5.65	-10.48	-6.21	-4.33
1982	-2.52	-4.62	-0.22	0.42	-2.87	-2.39	15.46	0.30	-2.38
1983	-4.42	0.74	-0.39	0.35	-8.66	-11.35	-14.57	-7.48	-2.91
1984	-0.76	1.92	2.92	3.18	7.96	-0.26	-4.93	-4.45	1.27
1985	3.87	-0.30	4.46	3.06	-7.32	3.93	-5.82	-1.92	1.53
1986	5.14	2.80	2.55	-4.35	-4.59	3.53	-7.49	13.28	2.65
1987	1.91	-1.58	-3.92	-5.42	-5.57	-2.15	20.26	-1.12	-0.84
1988	-0.76	-0.20	2.90	13.94	-1.99	8.93	31.52	-0.58	1.07
1989	5.21	0.19	-3.23	6.40	-3.71	1.79	4.45	0.58	1.88
1990	-2.97	-4.94	-6.91	1.64	-0.74	3.60	9.69	-3.69	-3.53
1991	0.45	-1.60	0.48	0.05	-6.30	0.71	7.64	-2.41	-0.48
1992	-4.55	0.11	-2.09	-7.18	-8.99	5.61	8.11	-8.93	-3.38
1993	-8.76	-0.97	-4.65	-1.51	3.09	0.23	21.25	1.15	-4.46
1994	-7.25	-3.77	22.00	-1.57	4.42	-4.41	-13.96	-9.35	-0.62
1995	8.20	-2.80	-13.15	-4.48	0.67	-2.82	17.80	-11.76	-0.42
1996	-9.58	-3.48	-1.73	-13.14	-1.03	-6.15	3.74	1.37	-5.94
1997	-1.81	-3.02	-0.38	-7.03	-1.14	-0.18	3.94	-3.36	-1.98
1998	-1.57	-2.72	-0.02	-5.42	-1.90	-1.47	4.64	-2.95	-1.75
1999	-1.43	-2.70	-0.84	-4.93	-2.35	-1.68	4.83	-2.99	-1.81
2000	-1.12	-2.72	-1.14	-4.22	-2.99	-2.22	5.14	-2.65	-1.73
2001	-1.41	-2.24	0.33	-3.36	-2.01	-1.35	5.33	-2.41	-1.35
2002	-2.36	-1.33	3.61	-1.79	0.19	0.67	5.67	-3.48	-0.55
2003	-2.00	-1.75	2.49	-2.31	-0.42	-0.23	5.66	-3.97	-0.62
COMPOUND GROWTH RATE(PERCENT) –									
1980–1990	-0.08	-1.01	-0.76	0.97	-2.97	0.98	2.86	-1.27	-0.59
1990–1996	-3.78	-2.09	-0.39	-4.75	-1.48	-1.21	6.79	-5.13	-2.57
1997–2003	-1.65	-2.24	0.72	-3.68	-1.58	-1.05	5.21	-3.08	-1.30
VARIABLE	T(4821)	T(4822)	T(4823)	T(4824)	T(4825)	T(4826)	T(4827)	T(4828)	T(4830)

All data are for the financial year ending in June of the year specified.

TABLE 25 RATIO OF ELECTRONIC GAMING MACHINE GAMBLING EXPENDITURE TO HOUSEHOLD DISPOSABLE INCOME BY STATE

	New South Wales	Victoria	Queensland	South Australia	Western Australia	Tasmania	Northern Territory	Australian Capital Territory	Australia
UNIT	******	******	******	******	%	******	******	******	******
1980	1.75	0.00	0.00	0.00	0.00	0.00	0.00	0.67	0.66
1981	1.78	0.00	0.00	0.00	0.00	0.00	0.00	0.72	0.67
1982	1.66	0.00	0.00	0.00	0.00	0.00	0.00	0.74	0.63
1983	1.53	0.00	0.00	0.00	0.00	0.00	0.00	0.80	0.57
1984	1.44	0.00	0.00	0.00	0.00	0.00	0.00	0.88	0.54
1985	1.42	0.00	0.00	0.00	0.00	0.00	0.00	0.92	0.53
1986	1.36	0.00	0.00	0.00	0.00	0.00	0.00	0.87	0.51
1987	1.43	0.00	0.00	0.00	0.00	0.00	0.00	0.85	0.53
1988	1.42	0.00	0.00	0.00	0.00	0.00	0.00	1.02	0.53
1989	1.61	0.00	0.00	0.00	0.00	0.00	0.00	1.25	0.61
1990	1.61	0.00	0.00	0.00	0.00	0.00	0.00	1.32	0.60
1991	1.76	0.01	0.00	0.00	0.00	0.00	0.01	1.36	0.67
1992	1.80	0.05	0.07	0.00	0.00	0.00	0.14	1.37	0.70
1993	1.93	0.37	0.56	0.00	0.00	0.00	0.15	1.37	0.90
1994	1.97	0.95	0.75	0.00	0.00	0.00	0.14	1.62	1.10
1995	2.17	1.23	0.83	0.84	0.00	0.00	0.13	1.70	1.32
1996	2.17	1.56	1.02	1.33	0.00	0.00	0.22	1.70	1.48
1997	2.12	1.75	1.07	1.58	0.00	0.55	0.21	1.66	1.55
1998	2.38	1.86	1.06	1.72	0.00	1.18	0.21	1.52	1.68
1999	2.40	1.89	1.08	1.73	0.00	1.19	0.21	1.52	1.70
2000	2.44	1.92	1.11	1.74	0.00	1.21	0.21	1.53	1.72
2001	2.46	1.94	1.12	1.75	0.00	1.22	0.22	1.54	1.74
2002	2.46	1.94	1.12	1.75	0.00	1.22	0.22	1.55	1.73
2003	2.46	1.95	1.13	1.75	0.00	1.22	0.22	1.55	1.73
ERCENTAGE CHANGES									
1980	0.03	0.00	0.00	0.00	0.00	0.00	0.00	1.13	0.87
1981	1.87	0.00	0.00	0.00	0.00	0.00	0.00	7.20	1.26
1982	-6.73	0.00	0.00	0.00	0.00	0.00	0.00	2.20	-5.77
1983	-8.02	0.00	0.00	0.00	0.00	0.00	0.00	8.01	-9.14
1984	-5.70	0.00	0.00	0.00	0.00	0.00	0.00	11.04	-6.24
1985	-1.10	0.00	0.00	0.00	0.00	0.00	0.00	4.12	-1.37
1986	-4.51	0.00	0.00	0.00	0.00	0.00	0.00	-5.86	-4.40
1987	4.96	0.00	0.00	0.00	0.00	0.00	0.00	-1.29	3.86
1988	-0.38	0.00	0.00	0.00	0.00	0.00	0.00	19.40	1.44
1989	13.43	0.00	0.00	0.00	0.00	0.00	0.00	22.23	14.13
1990	-0.30	0.00	0.00	0.00	0.00	0.00	0.00	6.27	-1.53
1991	9.85	0.00	0.00	0.00	0.00	0.00	0.00	2.81	11.37
1992	2.06	258.52	0.00	0.00	0.00	0.00	1112.96	0.22	4.68
1993	7.20	659.78	698.65	0.00	0.00	0.00	12.79	0.56	28.60
1994	2.19	159.39	34.51	0.00	0.00	0.00	-6.90	18.04	22.76
1995	9.84	28.95	10.22	0.00	0.00	0.00	-5.80	4.89	19.85
1996	0.27	27.10	23.25	58.14	0.00	0.00	64.22	0.26	11.92
1997	-2.29	12.09	5.58	19.23	0.00	0.00	-3.06	-2.87	4.58
1998	12.16	6.33	-1.30	8.62	0.00	112.27	-1.04	-8.39	8.73
1999	0.95	1.39	1.95	0.64	0.00	1.15	1.38	0.47	0.87
2000	1.41	1.86	2.34	0.76	0.00	1.58	1.46	0.60	1.52
2001	0.97	1.13	1.59	0.45	0.00	0.90	1.25	0.74	0.93
2002	-0.08	-0.04	0.00	-0.29	0.00	0.00	0.00	0.25	-0.56
2003	0.14	0.40	0.59	0.03	0.00	0.07	0.10	0.14	0.06
MPOUND GROWTH RATE(PERCENT) -									
1980-1990	-0.83	0.00	0.00	0.00	0.00	0.00	0.00	7.02	-0.96
1990-1996	5.16	0.00	0.00	0.00	0.00	0.00	0.00	4.28	16.26
1997-2003	2.51	1.82	0.85	1.66	0.00	14.06	0.52	-1.09	1.88
RIABLE	T(4851)	T(4852)	T(4853)	T(4854)	T(4855)	T(4856)	T(4857)	T(4858)	T(4860)

1 data are for the financial year ending in June of the year specified.

TABLE 26 RATIO OF CASINO GAMBLING EXPENDITURE TO HOUSEHOLD DISPOSABLE INCOME BY STATE

	New South Wales	Victoria	Queensland	South Australia	Western Australia	Tasmania	Northern Territory	Australian Capital Territory	Australia
UNIT	** % **								
1980	0.00	0.00	0.00	0.00	0.00	0.53	0.60	0.00	0.02
1981	0.00	0.00	0.00	0.00	0.00	0.49	0.67	0.00	0.02
1982	0.00	0.00	0.00	0.00	0.00	0.55	1.08	0.00	0.02
1983	0.00	0.00	0.00	0.00	0.00	0.62	0.96	0.00	0.02
1984	0.00	0.00	0.00	0.00	0.00	0.68	1.05	0.00	0.03
1985	0.00	0.00	0.00	0.00	0.00	0.68	0.81	0.00	0.03
1986	0.00	0.00	0.21	0.25	0.27	0.68	0.97	0.00	0.10
1987	0.00	0.00	0.39	0.39	0.51	0.72	1.53	0.00	0.16
1988	0.00	0.00	0.45	0.41	0.47	0.74	1.42	0.00	0.17
1989	0.00	0.00	0.46	0.45	0.59	0.84	1.74	0.00	0.19
1990	0.00	0.00	0.46	0.45	0.71	0.77	0.55	0.00	0.19
1991	0.00	0.00	0.46	0.45	0.88	0.79	1.60	0.00	0.21
1992	0.00	0.00	0.46	0.44	0.88	0.81	1.40	0.00	0.22
1993	0.00	0.00	0.45	0.48	1.07	0.78	1.30	0.37	0.25
1994	0.00	0.00	0.51	0.54	1.34	0.86	1.34	0.56	0.30
1995	0.00	0.48	0.54	0.38	1.46	0.90	1.34	0.62	0.42
1996	0.25	0.61	0.73	0.32	1.47	0.89	1.97	0.42	0.58
1997	0.26	0.94	0.74	0.32	1.52	0.89	2.00	0.42	0.67
1998	0.48	1.10	0.75	0.31	1.59	0.89	2.00	0.41	0.80
1999	0.77	1.11	0.76	0.31	1.68	0.89	2.07	0.40	0.91
2000	0.79	1.11	0.78	0.30	1.80	0.89	2.14	0.38	0.94
2001	0.81	1.12	0.80	0.30	1.89	0.89	2.21	0.37	0.96
2002	0.82	1.12	0.80	0.30	1.89	0.89	2.21	0.36	0.96
2003	0.82	1.12	0.81	0.30	1.92	0.89	2.21	0.37	0.97
PERCENTAGE CHANGES									
1980	0.00	0.00	0.00	0.00	0.00	-4.32	0.00	0.00	37.27
1981	0.00	0.00	0.00	0.00	0.00	-6.39	11.82	0.00	-0.48
1982	0.00	0.00	0.00	0.00	0.00	10.74	61.24	0.00	23.06
1983	0.00	0.00	0.00	0.00	0.00	12.49	-11.14	0.00	3.59
1984	0.00	0.00	0.00	0.00	0.00	10.98	9.43	0.00	9.85
1985	0.00	0.00	0.00	0.00	0.00	-0.69	-23.08	0.00	-7.82
1986	0.00	0.00	0.00	0.00	0.00	0.39	20.37	0.00	306.71
1987	0.00	0.00	80.08	59.47	90.45	6.48	57.62	0.00	61.84
1988	0.00	0.00	16.03	4.30	-9.17	2.19	-7.51	0.00	1.85
1989	0.00	0.00	3.77	10.41	26.95	13.44	23.00	0.00	15.28
1990	0.00	0.00	-0.74	-1.33	19.04	-7.91	-68.25	0.00	-1.12
1991	0.00	0.00	0.50	0.54	24.80	1.67	189.18	0.00	12.40
1992	0.00	0.00	0.34	-2.27	-0.50	2.70	-12.24	0.00	1.63
1993	0.00	0.00	-2.70	9.33	22.04	-3.19	-6.97	0.00	13.17
1994	0.00	0.00	12.47	11.04	25.31	9.90	2.44	50.19	19.63
1995	0.00	0.00	5.26	-29.91	8.80	5.01	0.56	10.11	43.72
1996	0.00	27.05	35.74	-15.16	0.71	-1.85	46.75	-31.48	35.91
1997	0.97	52.98	1.25	-0.51	3.19	0.00	1.24	-1.06	16.01
1998	89.00	17.00	1.50	-0.99	4.71	0.00	0.42	-2.57	19.45
1999	59.00	0.46	2.30	-1.90	5.65	0.00	3.28	-2.44	14.27
2000	3.47	0.62	2.76	-2.24	7.03	0.00	3.47	-3.76	2.88
2001	2.37	0.38	1.87	-1.33	5.00	0.00	2.96	-4.37	2.00
2002	0.23	0.15	0.00	1.16	0.03	0.65	-0.01	-1.17	0.41
2003	0.36	0.13	0.69	-0.12	1.75	-0.01	0.25	1.20	0.87
COMPOUND GROWTH RATE(PERCENT) -									
1980-1990	0.00	0.00	0.00	0.00	0.00	3.90	-0.79	0.00	25.66
1990-1996	0.00	0.00	7.88	-5.56	12.99	2.28	23.62	0.00	20.23
1997-2003	21.40	2.95	1.52	-0.91	4.00	0.11	1.72	-2.20	6.40
VARIABLE	T(4861)	T(4862)	T(4863)	T(4864)	T(4865)	T(4866)	T(4867)	T(4868)	T(4870)

All data are for the financial year ending in June of the year specified.

TABLE 27 RATIO OF TOTAL GAMING GAMBLING EXPENDITURE TO HOUSEHOLD DISPOSABLE INCOME BY STATE

	New South Wales	Victoria	Queensland	South Australia	Western Australia	Tasmania	Northern Territory	Australian Capital Territory	Australia
UNIT					%				
1980	2.04	0.64	0.24	0.57	0.17	1.23	0.87	0.91	1.08
1981	2.11	0.61	0.21	0.57	0.17	1.18	0.98	0.98	1.09
1982	1.97	0.68	0.29	0.63	0.20	1.30	1.43	1.03	1.09
1983	1.94	0.64	0.31	0.61	0.32	1.31	1.31	1.09	1.07
1984	1.83	0.66	0.33	0.59	0.39	1.43	1.29	1.18	1.04
1985	1.81	0.69	0.52	0.58	0.36	1.39	1.10	1.21	1.06
1986	1.74	0.63	0.67	0.84	0.59	1.35	1.30	1.12	1.08
1987	1.80	0.63	0.82	1.05	0.91	1.39	1.90	1.11	1.17
1988	1.74	0.64	0.89	1.05	0.93	1.38	1.83	1.26	1.17
1989	1.90	0.62	0.92	1.09	1.12	1.43	2.15	1.46	1.26
1990	1.88	0.66	0.95	1.10	1.33	1.37	0.95	1.55	1.27
1991	2.04	0.69	1.29	1.17	1.53	1.39	2.03	1.59	1.42
1992	2.11	0.74	1.35	1.15	1.47	1.42	1.95	1.60	1.47
1993	2.27	1.00	1.73	1.15	1.65	1.37	1.92	1.98	1.68
1994	2.35	1.54	1.99	1.19	1.91	1.43	1.90	2.42	1.93
1995	2.57	2.30	2.09	1.70	2.07	1.56	1.91	2.56	2.28
1996	2.82	2.65	2.42	2.09	2.11	1.60	2.68	2.36	2.55
1997	2.77	3.15	2.46	2.32	2.16	1.96	2.74	2.31	2.69
1998	3.25	3.41	2.44	2.43	2.23	2.57	2.77	2.16	2.95
1999	3.55	3.43	2.47	2.43	2.32	2.57	2.85	2.16	3.07
2000	3.61	3.47	2.51	2.42	2.43	2.57	2.94	2.16	3.12
2001	3.65	3.49	2.54	2.42	2.53	2.57	3.03	2.16	3.15
2002	3.65	3.49	2.55	2.41	2.53	2.56	3.06	2.16	3.15
2003	3.65	3.50	2.56	2.41	2.56	2.55	3.10	2.17	3.16
PERCENTAGE CHANGES									
1980	4.14	3.72	8.37	3.29	8.71	12.77	265.51	1.09	5.44
1981	3.52	-3.95	-10.52	0.91	-0.10	-4.41	13.17	7.88	1.17
1982	-6.63	9.92	38.66	8.98	13.23	10.26	45.72	4.37	-0.66
1983	-1.42	-5.41	7.49	-3.17	62.92	1.19	-8.60	6.43	-1.53
1984	-5.75	3.97	5.55	-2.39	22.17	8.99	-1.46	7.78	-2.46
1985	-1.26	3.14	58.00	-2.65	-7.53	-2.78	-14.97	2.43	1.57
1986	-3.74	-8.49	28.99	46.46	63.29	-3.15	18.89	-6.96	2.30
1987	3.23	0.17	21.48	24.90	53.62	3.24	46.12	-1.17	8.11
1988	-3.01	1.50	8.57	-0.21	2.35	-0.38	-3.79	13.36	-0.05
1989	9.34	-3.06	3.12	3.99	20.21	3.39	17.21	16.21	7.61
1990	-1.20	6.15	3.66	0.50	18.31	-4.10	-55.55	6.23	0.71
1991	8.45	5.12	35.11	6.03	14.94	1.21	112.87	2.61	12.09
1992	3.35	7.85	4.76	-1.73	-3.58	2.16	-3.82	0.71	3.23
1993	7.79	34.99	28.37	0.16	12.20	-3.33	-1.64	23.73	14.19
1994	3.38	53.39	15.11	3.28	15.50	4.24	-1.18	22.20	14.93
1995	9.56	49.51	4.94	43.60	8.47	9.22	0.58	5.43	18.30
1996	9.41	14.89	15.94	22.70	1.95	2.58	40.42	-7.78	11.66
1997	-1.73	18.97	1.63	11.03	2.40	22.46	2.21	-2.14	5.80
1998	17.44	8.30	-0.71	4.99	3.00	30.98	0.95	-6.38	9.56
1999	9.35	0.69	1.09	-0.36	4.06	-0.05	3.03	0.05	4.18
2000	1.55	1.03	1.52	-0.18	5.12	0.17	3.26	-0.18	1.50
2001	1.06	0.66	1.35	-0.11	3.80	-0.12	2.98	-0.05	1.04
2002	0.06	0.04	0.33	-0.20	0.14	-0.30	1.09	0.20	-0.07
2003	0.15	0.16	0.53	-0.29	1.33	-0.49	1.27	0.55	0.29
COMPOUND GROWTH RATE(PERCENT) -									
1980-1990	-0.80	0.25	15.00	6.80	22.49	1.10	0.95	5.46	1.62
1990-1996	6.96	26.16	16.84	11.28	8.02	2.61	18.80	7.22	12.30
1997-2003	4.75	1.77	0.68	0.62	2.89	4.46	2.09	-1.00	2.70
VARIABLE	T(4871)	T(4872)	T(4873)	T(4874)	T(4875)	T(4876)	T(4877)	T(4878)	T(4880)

All data are for the financial year ending in June of the year specified.

TABLE 28 RATIO OF TOTAL GAMBLING EXPENDITURE TO HOUSEHOLD DISPOSABLE INCOME BY STATE

	New South Wales	Victoria	Queensland	South Australia	Western Australia	Tasmania	Northern Territory	Australian Capital Territory	Australia
UNIT	********	********	********	********	********	********	********	********	********
1980	2.79	1.32	0.88	1.02	0.87	1.72	1.21	1.28	1.75
1981	2.82	1.27	0.82	0.99	0.86	1.70	1.29	1.33	1.73
1982	2.66	1.30	0.90	1.05	0.86	1.81	1.79	1.38	1.71
1983	2.60	1.26	0.92	1.03	0.93	1.76	1.61	1.42	1.68
1984	2.49	1.30	0.96	1.03	1.05	1.88	1.58	1.49	1.66
1985	2.49	1.32	1.18	1.03	0.97	1.86	1.37	1.51	1.68
1986	2.46	1.28	1.35	1.27	1.17	1.83	1.55	1.47	1.72
1987	2.53	1.27	1.46	1.46	1.46	1.86	2.21	1.45	1.81
1988	2.47	1.28	1.55	1.52	1.47	1.90	2.23	1.59	1.81
1989	2.67	1.26	1.56	1.59	1.64	1.96	2.56	1.80	1.91
1990	2.62	1.27	1.55	1.60	1.84	1.92	1.41	1.88	1.90
1991	2.79	1.29	1.89	1.67	2.01	1.94	2.52	1.91	2.05
1992	2.82	1.35	1.93	1.61	1.91	2.00	2.48	1.89	2.07
1993	2.92	1.60	2.29	1.61	2.10	1.95	2.56	2.28	2.26
1994	2.95	2.11	2.67	1.64	2.38	1.99	2.45	2.69	2.50
1995	3.23	2.86	2.68	2.13	2.54	2.10	2.56	2.79	2.85
1996	3.41	3.18	3.00	2.46	2.58	2.11	3.36	2.60	3.08
1997	3.35	3.67	3.04	2.67	2.62	2.47	3.44	2.54	3.22
1998	3.82	3.92	3.02	2.76	2.68	3.07	3.50	2.38	3.47
1999	4.11	3.93	3.04	2.74	2.76	3.06	3.62	2.38	3.58
2000	4.16	3.95	3.08	2.72	2.87	3.05	3.75	2.37	3.62
2001	4.19	3.96	3.11	2.71	2.95	3.04	3.89	2.36	3.65
2002	4.18	3.96	3.14	2.70	2.95	3.04	3.97	2.36	3.64
2003	4.18	3.95	3.17	2.68	2.99	3.02	4.06	2.37	3.65
PERCENTAGE CHANGES									
1980	3.75	-0.10	1.43	2.77	-4.69	8.33	91.23	-3.03	2.98
1981	1.26	-3.86	-6.49	-2.95	-1.02	-1.53	6.44	3.80	-0.93
1982	-5.60	2.45	9.73	5.37	0.40	6.37	38.48	3.30	-1.30
1983	-2.20	-2.46	2.16	-1.75	7.73	-2.35	-9.79	2.89	-2.03
1984	-4.48	2.96	3.82	-0.10	12.88	6.62	-2.12	4.98	-1.11
1985	0.10	1.46	22.98	-0.23	-7.40	-1.17	-13.29	1.52	1.56
1986	-1.31	-3.06	14.30	24.20	20.81	-1.47	13.63	-2.89	2.43
1987	2.84	-0.72	8.81	14.67	24.36	1.81	41.92	-1.16	4.79
1988	-2.36	0.64	6.07	3.73	0.72	1.99	1.07	10.09	0.34
1989	8.12	-1.43	0.41	4.72	11.47	2.95	14.93	12.90	5.58
1990	-1.71	0.50	-0.69	0.85	12.30	-2.03	-44.94	4.36	-0.73
1991	6.19	1.88	21.75	4.16	9.02	1.07	78.78	1.74	7.92
1992	1.24	4.25	2.58	-3.37	-4.87	3.14	-1.50	-0.90	1.21
1993	3.62	18.92	18.34	-0.33	10.11	-2.30	3.26	20.27	8.74
1994	1.01	32.11	16.80	1.90	13.12	1.67	-4.39	18.13	10.94
1995	9.29	35.33	0.31	30.35	6.92	5.86	4.48	3.73	14.00
1996	5.58	11.31	12.03	15.46	1.39	0.34	31.07	-7.00	8.12
1997	-1.74	15.26	1.24	8.28	1.73	17.01	2.54	-2.21	4.44
1998	14.15	6.73	-0.56	3.63	2.14	24.34	1.73	-6.10	7.71
1999	7.74	0.26	0.69	-0.90	3.03	-0.32	3.41	-0.20	3.28
2000	1.18	0.56	1.03	-0.63	3.80	-0.21	3.66	-0.48	1.05
2001	0.74	0.31	1.15	-0.47	2.91	-0.31	3.49	-0.24	0.71
2002	-0.27	-0.13	0.97	-0.37	0.12	-0.16	2.09	-0.01	-0.14
2003	-0.11	-0.06	0.87	-0.50	1.05	-0.46	2.26	0.38	0.16
COMPOUND GROWTH RATE(PERCENT) -									
1980-1990	-0.60	-0.38	5.82	4.56	7.80	1.07	1.53	3.88	0.83
1990-1996	4.45	16.60	11.68	7.44	5.77	1.60	15.55	5.54	8.42
1997-2003	3.77	1.25	0.69	0.11	2.17	3.45	2.77	-1.13	2.09
VARIABLE	T(4881)	T(4882)	T(4883)	T(4884)	T(4885)	T(4886)	T(4887)	T(4888)	T(4890)

All data are for the financial year ending in June of the year specified.

APPENDIX D: BANKRUPTCIES BY STATE, CHAPTER 10

NON-BUSINESS BANKRUPTCY

MAJOR CAUSES

Gambling or speculations	1991/92	1992/93	1993/94	1994/95	1995/96	growth 91-95
NSW	27	20	25	15	32	4.34
ACT	2	6	3	5	1	-15.91
VIC	14	24	23	31	38	28.36
QLD	16	9	10	19	25	11.80
SA	13	6	8	8	21	12.74
NT	1		1		2	18.92
WA	9	8	6	4	23	26.44
TAS	4	6	3	4	7	15.02
SUM	86	79	81	86	149	14.73
TOTAL	11493	9981	9693	10132	12589	2.30
Percent of total	0.75	0.79	0.84	0.85	1.18	

CONTRIBUTING CAUSES

Gambling or speculations	1991/92	1992/93	1993/94	1994/95	1995/96	growth 91-95
NSW	18	7	21	11	17	-1.42
ACT		6	10	3	13	0.00
VIC	11	2	10	6	6	-14.06
QLD	9	5	3	11	11	5.14
SA	8	2	4	8	6	-6.94
NT	1				1	0.90
WA	2	6	1	2	10	49.53
TAS	1	1	2		7	62.66
SUM	48	29	51	41	64	7.46
TOTAL	4411	4026	3710	3902	4788	2.07
Percent of total	1.09	0.72	1.37	1.05	1.34	

BUSINESS BANKRUPTCY

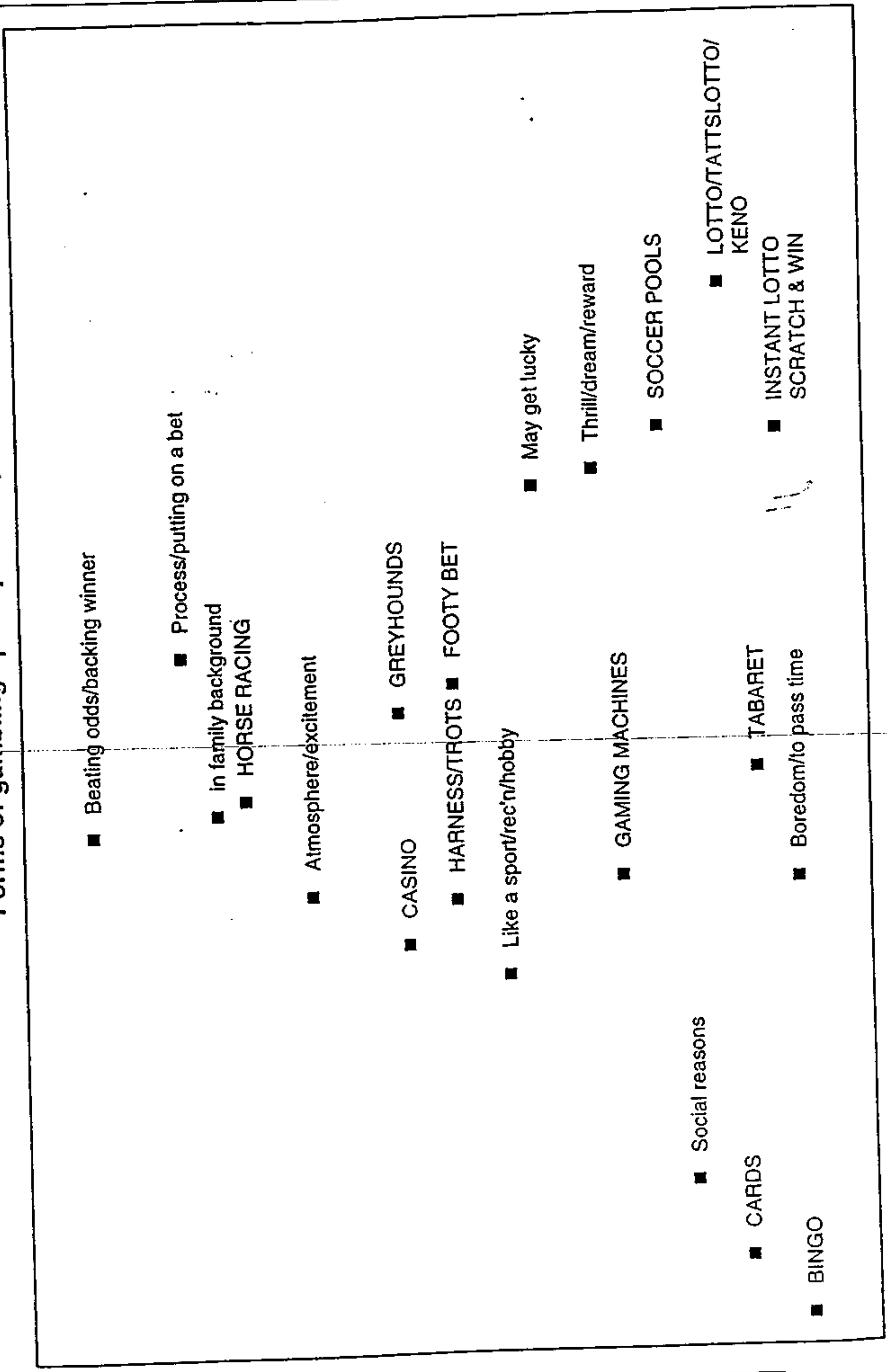
MAJOR CAUSES

Gambling or speculations	1991/92	1992/93	1993/94	1994/95	1995/96	growth 91-95
NSW	9	2	3	4	5	-13.67
ACT		1				0.00
VIC	1	9	14	17	4	41.42
QLD	1	10	2	2	6	56.51
SA	2	1	2	3	2	0.00
NT	1					0.00
WA	2	4	2	3	1	-15.91
TAS				1		0.00
SUM	16	27	23	30	16	0.00
TOTAL	5387	4796	4335	3998	4773	-2.98
	0.30	0.56	0.53	0.75	0.34	

CONTRIBUTING CAUSES

Gambling or speculations	1991/92	1992/93	1993/94	1994/95	1995/96	growth 91-95
NSW	6	4	3		4	-9.64
ACT		2			1	0.00
VIC	2	2	1	10	4	16.92
QLD	4	3	8	5	11	28.78
SA	2			1	4	16.92
NT	1					0.00
WA	2	6	1		1	-15.91
TAS	1		2		1	0.00
SUM	17	17	15	16	26	11.21
TOTAL	3109	2850	2412	2373	2962	-1.20
Percent of total	0.55	0.60	0.62	0.67	0.88	

APPENDIX E: FORMS OF GAMBLING - PERCEPTUAL MAP, CHAPTER 10.


Forms of gambling - perceptual map
Beating odds/backing winner
Process/putting on a bet
in family background
HORSE RACING
Atmosphere/excitement
GREYHOUNDS
CASINO
FOOTY BET
HARNESS/TROTS
Like a sport/rec'n/hobby
May get lucky
Thrill/dream/reward
GAMING MACHINES
SOCCER POOLS
Social reasons
LOTTO/TATTSLOTTO/
KENO
TABARET
CARDS
INSTANT LOTTO
SCRATCH & WIN
Boredom/to pass time
BINGO

Source: VCGA.

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CHAPTER 8: THE ECONOMIC IMPACT FLOWING FROM THE NEW GAMING FORMS SINCE 1992.

8.1: INTRODUCTION

This section outlines the economic impact of new forms of gambling in Australia since 1991-92. It reviews published reports on the impact of the expansion in the gambling industry in Australia over the 1990s. It focuses on a report recently released by the Victorian Casino and Gaming Authority (VCGA, August 1997)[19] on the impact of new gaming in Victoria on employment.

This section also provides estimates of the net impact of new gambling, total gambling expenditure and government revenue for Australia. It also provides an estimate of the national GDP increase due to new gaming in Australia over the 1990s. As indicated below, credible State based economic impacts cannot be derived without a detailed quantitative assessment of each State gambling market, including direct surveys of all market participants.

8.2: THE ECONOMIC IMPACT

A detailed quantitative assessment has, to date, not been undertaken on the national economic impact of the expansion in gambling infrastructure and services in Australia over the 1990s. Many studies have estimated the expected impact of particular new gambling infrastructure such as the Sydney and Melbourne casinos. Indeed, the rapid expansion in many States, inoluding casinos, EGMs and other lottery based products would make such an assessment difficult.

This Chapter summarises the methodology and study results from a recent study by the Victorian Casino and Gaming Authority (VCGA)[20]. This study is perhaps more accurate than individual assessments of gaming machines or the casino since it was conducted over a period when most of the new gambling infrastructure was already in place and operating in Victoria. The key elements of this study are outlined below.

8.2.1 The Scope of the Economic Impact

The net economic impact of new gaming in Australia reflects a number of factors. These include:

(i) the net income and gross product generated in the gambling industry itself as a result of new gaming activities;
(ii) the purchase of goods and services from enterprises outside the gambling industry;
(iii) what governments do with taxation revenue it collects from new gambling activities;
(iv) the distribution of gross profits from new gaming; and
(v) construction expenditure generated by new gaming activities.

Early work on the economic impact of new gaming assumed that expenditures of Australian residents would largely represent displacement of other forms of household expenditure.

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[19] VCGA, The Effects of Gambling on Employment in Victoria, August 1997

[20] ibid

The VCGA study on "*The Impact of the Expansion in Gaming on the Victorian Retail Sector*" (March 1997) found that from the State-wide perspective, increased gaming expenditure up to 1995-96 was financed mainly by the reduction in the household savings ratio.

8.2.2 Expenditure Substitution

Whilst the assumption of zero total household substitution for new gaming activities may hold at the State level, there are two areas where significant substitution would have occurred. These include:

- substitution within the gambling industry itself; and
- the substitution of new gaming expenditures for other forms of entertainment expenditures.

The VCGA study into the effect of new gaming in Victoria identified employment displaced in the traditional gambling industry as well as the reduction in recreation and entertainment expenditure due to new gambling expenditures.

8.2.3 Government Revenue

New gaming in Australia over the 1990s has generated significant additional revenues for governments in Australia. Between 1991-92 and 1995-96, government revenue from gaming rose from $1.4 billion to $2.6 billion, an increase of $1.2 billion. Government revenue from racing, however, has remained constant at around $0.6 billion over the same period.

The VCGA (August 1997)[21] study estimated the net impact of new gaming in Victoria on government revenue. That is, it separately netted off the government revenue displaced (e.g. racing and in lotteries) by new gaming activities in Victoria. The study also made specific assumptions regarding the application of net new gaming taxation revenue. The study assumed a 50:50 allocation between government expenditure and debt reduction.

8.2.4 Other Net Economic Impacts

As noted above, the net impact of new gaming in Australia also reflects:

- the direct wage and salary income generated by new gaming activities;
- the generation of gross profits which a proportion would accrue as income to Australian households;
- the inter-industry demand generated by new gaming activities; and
- the construction expenditure generated at gaming venues and the construction of major entertainment complexes for the new casinos.

[21] ibid