

# **CASINO COMMUNITY BENEFIT FUND TRUSTEES**

**An examination of the socio-economic  
effects of gambling on individuals,  
families and the community, including  
research into the costs of problem  
gambling in New South Wales**

**The 1997 Study 2 Update**

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**June 1998**



**A REPEAT OF THE 1995 STUDY 2:**

***AN EXAMINATION OF THE SOCIO-  
ECONOMIC EFFECTS OF GAMBLING ON  
INDIVIDUALS, FAMILIES AND THE  
COMMUNITY, INCLUDING RESEARCH  
INTO THE COSTS OF PROBLEM GAMBLING  
IN NEW SOUTH WALES***

**June 1998**



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**A report prepared by The Australian  
Institute for Gambling Research  
(AIGR), University of Western Sydney,  
Macarthur.**

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## EXECUTIVE SUMMARY

### Background

The Casino Control Act provides for the establishment of the Casino Community Benefit Fund (CCBF) into which the casino operator is required to pay a 2% levy on gaming revenue. Trustees of the Fund, as part of their duties in advising the Minister for Gaming and Racing on the allocation of monies from the Fund, commissioned a research team from The Australian Institute for Gambling Research (AIGR), University of Western Sydney, Macarthur to conduct "Study 2" an examination of the socio-economic effects of gambling on individuals, families and the community, including research into the costs of problem gambling in NSW". This was completed in 1995 and published in 1996.

During 1997 the research team from the AIGR was funded by a research grant from the CCBF to repeat the study and update the 1995 report.

### Study Approach

The approach adopted for the repeat of Study 2 comprised four main components:

- an appraisal of the importance of gaming and wagering to the NSW economy.
- a survey, using a door-knock methodology, to describe community patterns of gambling including problem gambling.
- an appraisal of the economic costs of problem gambling to the community in NSW.
- a comparative analysis of the 1995 and 1997 data (including an aggregation of the data from the two studies, where appropriate).

### The Main Findings

The two main findings of this 1997 study compared with the 1995 results are:

- there has been a small increase from 56,250 to 64,100 (up 4.4% when controlling for the rise in population per se) in the total population of players who participate in gambling weekly or more often, who are 'at risk' of significant gambling problems.
- the economic costs of the negative impacts arising from gambling have remained relatively stable at about \$50 million per annum.

The increase in the proportion of the population estimated to be at risk of significant gambling related problems is mainly attributed to increased reporting of problems amongst weekly players of lotto/lotteries and to a lesser extent to the increase in the proportion of the population who play gaming machines weekly.

## **Appraisal of the Importance of the Gaming and Wagering Industry to NSW Economy**

- **Output** the direct output of the sector is estimated at \$3.95 billion (1996-97). The sector accounted for a 2.3% share of Gross State Product (value added output) in 1995-96.
- **Employment** direct employment, including the Sydney casino, is estimated at 16,500 to 18,000 full-time equivalent jobs, rising, once flow-on effects are included, to a range of 23,000 to 26,000.
- **Government Revenue** in 1996-97 revenue from gaming and wagering was \$1,236 million; of this gaming contributed \$899 million and racing \$337 million. As a percentage of taxes, fines and fees paid to the New South Wales Government, the gambling generated share was 10.4%, down from 11.9% in 1993-94, when revenue from gaming and wagering amounted to \$1,010 million.

## **Community Patterns of Gaming and Wagering**

The survey found that:

- **Frequency** 27% of men and 26% of women in the sample do not gamble: 38% of the sample gamble weekly, 15% gamble monthly and 20% gamble less often.
- **Popularity** lotto/lotteries (51%), instant lotteries (47%) and gaming machines (30%) are the most popular forms at all levels of frequency of play (respondents play more than one form).
- **Expenditure** lotto/lotteries is the favourite form for men (37%) and women (42%) followed by gaming machines (19% each for men and women). Racing was the favourite form for 15% of men but only 6% of women. Keno was the favourite for about 4% of men and women. Overall, men report spending on average twice the amount that women do.

- **City and Country NSW** the results suggest that men and women in country New South Wales gamble more frequently and spend more than respondents in the city. (Note; when weekly players only are considered, city respondents spend more).

## Community Attitudes to Gambling

- gambling is viewed as an important leisure activity by 32% of women and 37% of men.
- 93% of men and 91% of women agree that gambling results in serious problems for some people.
- views as to who should be most responsible for funding services to help problem gamblers and their families were almost equally divided across 'Government', 'Gambling Operators', 'Gambling Venues' and 'Problem Gamblers themselves'.

## Family Experience of Problem Gambling

- 11.8% of respondents reported that a member of their family had experienced difficulties with excessive gambling (a fall from 14.5% in 1995); for 3.3% of respondents this had occurred in the last 6 months.

## In-depth focus on Regular Weekly Players

We divided gamblers into those who preferred regular weekly or more frequent participation in 'softer' forms of gambling (e.g. lotto, lottery, instant lottery) compared with those who preferred 'harder' forms (e.g. gaming machines, racing, casino gaming).

- the group which played weekly or more frequently on lotto/lottery/instant lottery but less than weekly on any other form of gambling was called LOTTO ONLY, and represented 9.3% of the sample.
- the group which played weekly or more frequently on any other form of gambling was called OTHER and represented 14.5% of the sample

Note: the term "regular" is used throughout to denote gambling that occurs once per week or more often; this is inherent in the definition of LOTTO ONLY and OTHER.

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## Patterns of Gambling

- expenditure - reported spend by regular players accounts for up to 90% of the total weekly expenditure on some forms of gaming and wagering;
  - 52% of LOTTO ONLY spend \$10 per week, and 23% spend \$11 to \$20;
  - 41% of the OTHER group spends \$21 to \$70 per week and 21% spend over \$100 per week.
- favourite forms – amongst the regular players in the OTHER group, gaming machines and racing (i.e. on-course totalizator, TAB and bookmakers) were the most popular (30% and 22% of the OTHER group respectively). Whilst men accounted for two thirds of the OTHER group's preference for racing, women accounted for just over 50% of the OTHER group's preference for gaming machines.

## Motivation

We asked all "regular" respondents to respond to a list of positive and negative impacts of gambling.

### Positive Impacts

Both groups commonly endorsed a positive theme describing their gambling as pleasurable, exciting, relaxing, a hobby and an interest. Across all items the LOTTO ONLY group were significantly less positive in their opinion than the group which favoured OTHER games. Compared with 1995 there was a tendency for all regular players to show proportionally lower recognition of positive experiences of their gambling.

### Negative Impacts of Gaming and Wagering

Across all negative impacts the OTHER group gave significantly higher recognition than LOTTO ONLY, for whom negative impacts were rarely reported.

#### **Personal**

the OTHER group commonly experienced problems limiting expenditure (45%) and 1 in 4 players had felt like stopping gambling but did not think they could. Negative moods were reported as preceding (22%) and following (28%) a session of gambling.

**Family & Friends** for the OTHER group gambling resulted in criticism (22%), money arguments (15%) and had become more important than socialising (14%).

**Employment** for the OTHER group few respondents reported loss of efficiency (1%), lost time from work (4%) and changing jobs (1%) because of their gambling.

**Financial** for the OTHER group, 28% reported spending more than they could afford and 7.4% reported continuing to gamble if they had urgent debts.

**Legal** for the OTHER group few respondents reported gambling related court appearance (1%), and misappropriation of monies (5%).

Conclusions about the negative impacts and respondents' favourite forms of gambling were limited by the small numbers in some of the preferred forms, e.g. casino. Those in the OTHER group whose favourite forms were gaming machines or racing (off-course TAB, on-course totalizator and bookmakers) showed the highest recognition of negative impacts.

Compared with 1995, reports of the negative impacts of gambling were less frequently reported; a trend shown by both groups of regular players.

### **Problem Gambling and those 'At Risk' of Severe Gambling Related Problems**

Using a recognised measure of the incidence of problem gambling, The South Oaks Gambling Screen (SOGS; see Appendix 2), it is conservatively estimated that:

- there is a prevalence of 'at risk' regular gamblers of 1.30% of the adult population in NSW, i.e. a total of 64,100 which, controlling for the rise in the adult population from 1995–1997, represents an increase of 4.4% from 1995. This increase is mainly due to an increase in the prevalence of 'at risk' gamblers amongst regular LOTTO ONLY players and to a lesser extent, to an increase in the proportion of the population who play gaming machines weekly.
- 0.45% of the adult population may be considered 'cases' of problem gambling, currently experiencing a wide range of severe gambling related problems in all domains of their life (ratio men:women, 3:1).

- 0.85% of the adult population are considered to be *at risk* of gambling related problems with varying degrees of impact from severe to relatively mild. In this group the men:women ratio is 2:3.
- *at risk* scores on the measure (SOGS; see Appendix 2) were associated with people aged 25 to 34, who are single and fully employed as skilled or semi-skilled workers, particularly men; and with a second group whose annual income is less than \$10,000.

## Evaluating the Social and Economic Impacts of Gambling Related Problems

A number of social and economic costs associated with gambling have been valued, using the level of incidence derived either from a weighted average of the two surveys (1995 and 1997), or from clinical databases. Costing assumptions have been applied to value the impacts in dollar terms. These impacts are valued from the NSW community's perspective.

**Work-related:** estimated to cost approximately \$28 million per year.

**Legal and related impacts:** estimated to cost approximately \$18 million per year.

**Other impacts in the financial, personal and family domains:**

Impacts in the financial, personal and family domains (\$0.8 million), and costs of service provision for problem gamblers and their families (\$3.2 million), totalled approximately \$4 million per year.

## Total Costs to the Community in NSW

Total costs to the community in NSW are therefore estimated to be approximately \$50 million per year.

Overall it cannot be concluded that there has been a change between the surveys in the costs associated with the impacts valued – the \$50 million per annum being estimated as the indicative impact costing across both surveys, with any slight divergence between the surveys being within the error margins of the estimates.

It should be noted that this estimate (\$50 million per year) could well be regarded as low, given the conservative costing assumptions used and the range of impacts not costed.



# **1. BACKGROUND TO THE STUDY**

The Casino Control Act provides for the establishment of the Casino Community Benefit Fund into which the licensee is required to pay a 2% levy on gaming revenue. Trustees of the Fund, as part of their duties in advising the Minister for Gaming and Racing on the allocation of monies from the Fund, commissioned two studies in 1995:

- **Study 1:** To establish a profile of services and related research into gambling and problem gambling in NSW (completed by consultants Keys Young).
- **Study 2:** An examination of the socio-economic effects of gambling on individuals, families and the community, including research into the costs of problem gambling in NSW.

In 1995 the Australian Institute for Gambling Research, University of Western Sydney, Macarthur was commissioned to conduct Study 2.

In 1997 the same team from the Australian Institute for Gambling Research, University of Western Sydney, Macarthur was funded to repeat Study 2 and provide comparative analysis of the data for 1995 and 1997.

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## 2. TERMS OF REFERENCE - STUDY 2

To repeat in 1997 a study undertaken in 1995 with the following objectives:

- establish the participation and expenditure related to all forms of gambling by New South Wales residents.
- establish the expenditure patterns related to gambling.
- determine the levels of participation in, and attitudes towards, gambling in New South Wales.
- establish the frequency with which people gamble.
- explore the forms of gambling people prefer and expectations about gambling outcomes.
- identify the characteristics and motivational factors that make people gamble.
- explore the social impact of gambling and determine the level at which gambling is seen as a social problem.
- for all of the areas mentioned, establish where the opinions differed according to key characteristics of residents.
- to provide comparative analysis between 1995 and 1997 data.

### 3. STUDY APPROACH

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The approach adopted for Study 2 Repeat comprised four main components:

- a survey using a door-knock methodology to ascertain community patterns of gambling, including problem gambling.
- an appraisal of the importance of gaming and wagering to the New South Wales economy.
- an appraisal of the economic costs of problem gambling to the community in New South Wales.
- a comparative analysis of the 1995 and 1997 data (including an aggregation of the data from the two studies, where appropriate).

### **3.1 Methodology**

#### **3.1.1 Self-Weighted Sample**

The methodology from the 1995 study was repeated in 1997: A door-knock data collection was completed during August-October, 1997, to obtain a random sample of the NSW population, in both metropolitan and country areas. Australian Bureau of Statistics (ABS) estimated figures for 1996 were used to assess population proportions because when the survey was administered, statistics for the Census Collections Districts in 1996 were not available.

The stratification process produced a self-weighted sample for sex, age and area, within metropolitan and country areas. A range of nationalities was sampled, with 18.5% of respondents originating from a non-English speaking background and 6.3% being born in either the United Kingdom or New Zealand. The Australian Bureau of Statistics estimates that 1 in 4 Australians are born overseas. Consequently, although not stratified for country of birth (or language spoken), the 1997 random sample has produced a reasonable approximation of this aspect of cultural diversity within the NSW community.

### 3.1.2 The Sample of Respondents

A random doorknock interview stratified by sex, age and reflecting the Australian Bureau of Statistics (ABS) distribution for Sydney and country NSW was completed for 1209 respondents by Roy Morgan Research Pty. Ltd. Refusal rate for the city sample was 24% and for the country sample was 14%. A summary of the demographics for the regular players can be found at Appendix 1.

### 3.1.3 Reliability of the survey method

The information volunteered by respondents to a doorknock interviewer is limited by the kinds of questions considered acceptable and by the opportunity and willingness of respondents to answer accurately. A show card method was used in similar research conducted by the AIGR throughout Australia (e.g. National Study, Tasmanian Studies and Western Australian Study (Dickerson, Baron, Hong, & Cottrell (1996); Dickerson & Baron (1994); Dickerson, Baron, & O'Connor (1994)). This method permits respondents to answer by selecting a number on a series of cards which refer to each part of the interview. In addition, for those items which are considered particularly sensitive or personally revealing, the card held by the respondent states that the interviewer does not know the order of the questions, and asks "What is your answer to question number X etc?", to which the respondent replies with a single letter corresponding to the appropriate answer. Two randomised orders were used for these sections, each of which was linked to the recording sheet to ensure correct data entry. We believe that the use of the show card method with the interviewer not knowing the content of specific statements enabled respondents in the present survey to answer in confidence items that related to significant negative impacts such as court appearances and the misappropriation of monies.

Overall, the responses to the various sections of the interview show a consistency with earlier studies (Western Australia, 1994; Tasmania, 1994; Tasmania, 1996) using the same method; in particular, a consistency across the NSW 1995 and 1997 reports. Where differences occur they seem compatible with differences in the gaming and wagering market in NSW. In addition, the reliability coefficients for the standardised measure used (SOGS) were entirely acceptable at .84 in 1995 and .81 in 1997.

### 3.1.4 Definitions

In previous research (Western Australia, 1994; Tasmania, 1994; Tasmania, 1996) it has proved useful in understanding the origins of problem gambling to compare the responses of players whose only regular participation is in what have sometimes been called 'soft' forms of

gambling, such as lottery products, to those who prefer regular participation in 'hard' forms such as wagering and gaming machines and casino table games. Sometimes the 'hard' forms have been described as "continuous" because they enable the participant to repeatedly, often within a very short time frame of seconds or minutes, stake, play and determine outcome, stake, play etc. This is the background to one central theme in this project, a detailed comparison between regular, weekly or more frequent participation in these two broad categories of gambling products. In this respect, these two categories are termed the LOTTO ONLY group and the OTHER group.

### 3.1.5 Terminology and Abbreviations

LOTTO ONLY:	Played any form of lotto or lotteries (including instant lotteries, Jackpot Lottery and newer products such as Oz Lotto and Powerball) once a week or more often. May also have participated in other forms of gambling, but less often than once per week.
OTHER:	Participated in any form of gambling other than lotto/lotteries/instant lotteries once per week or more regularly. May also have played lotto type games but this is incidental to the categorisation.
Weekly Players:	Gambled once per week or more often.
Monthly Players:	Gambled between 1 - 3 times per month (i.e. less than once per week).
Less Frequent Players:	Gambled less than once per month.
Don't Play:	Category denotes respondents who did not undertake a particular form of gambling over the previous 12 months.

Respondents were questioned on a range of gambling activities, which were broken into generic categories:

- lotto/lotteries
- instant lotteries
- pools
- bingo
- keno
- cards, (played for money)
- on-course totalizators
- off-course TAB
- bookmakers
- gaming machines
  - club gaming machines
  - hotel gaming machines
  - casino gaming machines
- casino table games
- sports betting
- other

There is no mystery about the kinds of problems that may result from excessive expenditure on gambling and we have endeavoured to use language that is clear and as free of jargon as possible.

We have preferred 'problem gambler/gambling' rather than pathological gambler/gambling to avoid some of the illness and negative associations of the latter. 'Problem gambler' is also preferred by the various State and Territory government agencies around Australia who have developed services to assist such individuals and their families.

- The abbreviation N or n is used throughout tables and figures to denote the number of respondents appearing in analyses and tables.
- The term SD is an abbreviation for Standard Deviation, which describes the amount of variance that exists around a mean (average) value.
- Median values are quoted, and refer to the position at which there are equal numbers of scores both above and below the midpoint.

## 4. THE SURVEY METHOD

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## 4.1 Part I of the Survey

Part I was administered to all 1,209 respondents and comprised sections on community gambling patterns, motivational factors, social impacts and demographic data, in particular:

### Community gambling patterns

- the percentage of the population who participate in a particular form of gambling
- the frequency of gambling
- the amounts of time and money spent per week and per occasion
- the percentage of people who do not gamble and why they do not

### Motivational Factors

As identified by players who prefer different forms of gambling such as:

- skill
- excitement
- pleasure

### Social impact of gambling

As perceived by the community, including:

- an exploration of attitudes toward gambling and problem gambling
- an exploration of any association between probes concerning economic well-being and expenditure levels of gambling
- an estimate of the percentage of the population who knew of a family member who had encountered problems caused by problem gambling.

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### Demographic Data

- sex
- age
- marital status or household structure
- employment status
- educational level
- non-English speaking background
- Aboriginal/Torres Strait Islander descent
- income level

## **4.2 Part II of the Survey**

Part II was given only to respondents who reported gambling once per week or more often, as it is lengthy and therefore costly to administer. This two stage methodology is a common epidemiological approach for health issues that occur at a very low frequency in the general population. Similarly, as in the 1995 study, LOTTO ONLY groups were also at low risk and a quota was put on them to provide an adequate statistical comparison only.

The two stage methodology permits the collection of the data and demographics listed above from all respondents and then delivers a second and in depth part of the interview with only those respondents who gambled weekly. In the terminology it is stated that "weekly" also includes more frequently.

Experience using this approach in the National Study, Tasmanian Studies and Western Australian Study (Dickerson, Baron, Hong, & Cottrell (1996); Dickerson & Baron (1994); Dickerson, Baron, & O'Connor (1994)) confirms that this is a very cost-effective way of developing a detailed description of the group of gamblers who are most likely to be *at risk* of experiencing the negative impacts of gambling.

A show-card method, using different orders to statements not known to the interviewer, enables the interviewee to report personal, sometimes negative experiences such as job loss, criminal proceedings, or break-up of a significant relationship, without the interviewer knowing. This method has been tested with almost 5,000 interviews nationally, including the two projects in Tasmania and Western Australia.

For Part II, questions provide an in-depth description of:

- positive consequences of gambling, for example motivational themes of the regular gambler, such as excitement, relaxation, skill, etc.
- negative consequences of gambling, such as excessive expenditure, preoccupation with gambling etc.

Some 13 of the questions about negative effects experienced by the respondent can be taken together and scored as The South Oaks Gambling Screen (SOGS). The SOGS is a questionnaire or measurement instrument made up of 13 questions about a player's experiences of harmful impacts that may arise from gambling. (These are the 13 items marked \* at Table 20 Page 52). The SOGS is the only validated measure for assessing whether an individual is likely to satisfy the criteria for the diagnosis *pathological gambler* as specified in the Diagnostic and Statistical Manual (IVth Edition) of the American Psychiatric Association (1994).

The scores on this scale have enabled comparisons to be made between the prevalence of problem gambling in New South Wales in 1997 and the earlier study in New South Wales in 1995, as well as studies in New Zealand, USA and Europe (see Special Edition, Journal of Gambling Studies, Vol 12).

Other questions focused on the impacts of problem gambling on:

- family life
- employment and productivity
- indebtedness
- criminal activities in support of gambling

together with the demographic variables, and enable the production of a detailed profile of the characteristics and associated negative impacts of problem gambling. These latter items, such as lost productivity, provide qualitative links with the costing of the impacts associated with problem gambling.

## **5. APPRAISAL OF THE IMPORTANCE OF THE GAMING AND WAGERING INDUSTRY TO THE NEW SOUTH WALES ECONOMY**

Section 5 contains:

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Gambling is a significant economic activity for New South Wales. A top-down approach to its significance for the economy and employment was derived from expenditure on gambling. This was paralleled by an independent 'bottom-up' estimate of direct employment generated, which was built up from the estimates of people working in the industry.

We have analysed the gambling industry in New South Wales under three main impacts:

- output (sections 5.1 and 5.2)
- employment (5.3)
- taxation revenue (5.4)

As will be seen, the gambling sector provides significant benefit to the New South Wales economy in terms of these three impacts.

## 5.1 Output impacts

The ABS has recently compiled data on Gambling Industries in Australia on a national basis (ABS 8684.0 *Gambling Industries 1994-95*), but data is not available on a State basis or by detailed forms of gambling. We have relied on *The Australian Gaming Statistics 1972-3 to 1995-6*, produced annually by the Tasmanian Gaming Commission, which provides gross turnover and expenditure data until the 1995-96 financial year on forms of gaming and wagering in all States and Territories. This has been updated for 1996-97 with data provided by the New South Wales Department of Gaming and Racing (DGR).

For the gambling industry, output is measured by the expenditure data, that is the gross turnover less returns (prizes). In 1996-97, in New South Wales, expenditure (i.e. the losses, or amounts lost by players) represented 11.6% of gross turnover. The expenditure based measure for output is used since it is this which underpins the economic activity and employment generation in the sector.

## 5.2 Initial and total expenditure impacts

The expenditure measure represents direct initial expenditure in the gambling industry. Conventional multiplier analysis dictates that for every dollar spent initially in a sector there are flow-on impacts into other sectors of the economy, both in production and consumption terms. The sum of these flow-on impacts is known as the multiplier impact. The multiplier impact will vary in each industry sector depending on the degree of the sector's interrelation with other sectors of the economy.

For the Australian economy, \$1 spent initially leads to a total expenditure impact of generally between \$2 and \$3, depending on the sector; i.e. the total multiplier, including the initial direct expenditure and the

multiplier impact, generally varies between 2 and 3 (there are exceptions to this). Data on national multipliers is provided by the ABS (5237.0 Australian National Accounts: Input Output Multipliers)

At the State level, expenditure multipliers are lower than those at a national level, since some of the flow-on effects will be felt in other States. Multipliers for the major industry sectors in New South Wales tend to lie in the 1.3 to 2.1 range (unpublished industry sources)

Table 1 shows the output of the gambling sector in 1995-96 and 1996-97 for New South Wales both in terms of the direct expenditure (output) and the estimated total output impact including flow-on impacts.

TABLE 1 : OUTPUT IMPACTS OF THE NEW SOUTH WALES GAMBLING SECTOR

\$ million	Direct Expenditure (Output)				Output to value added	Value added output NSW 96-97	Output Multiplier NSW	Total Output impact NSW 96-97
	NSW 96-97	NSW 95-96	Australia 95-96	NSW 95-96 %				
Racing	670.2	649.9	1677.6	38.7	90%	603.1	1.6	1072.3
Lotteries	354.6	338.4	1171.2	28.9	90%	319.1	1.25	443.2
Machines	2464.3	2397.5	4607.6	52.0	90%	2217.9	1.25	3080.4
Casino	363.2	279.4	1798.4	15.5	90%	326.9	1.6	581.1
Other	93.7	91.9	376.7	24.4	90%	84.3	1.6	149.9
<b>Total (Average)</b>	<b>3,946.7</b>	<b>3,757.1</b>	<b>9,610.7</b>	<b>(39.1%)</b>	<b>(90%)</b>	<b>3,551.3</b>	<b>(1.50)</b>	<b>5,326.9</b>

Sources: Australian Gambling Statistics, DGR, ABS, ACIL estimates.

The following explanatory points should be made:

- the initial output of the New South Wales gambling sector is estimated at \$3.95 billion in 1996-97, up from \$2.92 billion in 1993-94. In 1995-96, direct output of \$3.76 billion represented 39% of the total gambling sector direct output in Australia (relative to the New South Wales adult population share of 34% in that year).
- by far the largest component of initial gambling expenditure in New South Wales is generated by gaming machines, representing 62% of the total in 1996-97.
- in terms of the New South Wales economy, the gambling industry (measured in terms of value added output) represented an estimated 2.3% of value added output (or gross state product) in 1995-96. To calculate this, we have assumed that 90% of initial expenditure in the sector is value added, based partly on a published analysis of the racing industry (ACIL study).

[Note: whilst this value added share in this sector is much higher than the economy average ratio between gross output and value added (30-40%), it should be remembered that the expenditure measure used in the gambling sector is already a "net" output measure - turnover being the initial "gross" measure of "sales"]

- this sectoral share of 2.3% compares with the following industry sectors in the New South Wales economy (Source ABS State Accounts):

- agriculture forestry & fishing	2.6% (of Gross State Product)
- mining	2.2%
- electricity, gas & water	2.9%
- accommodation, cafes & restaurants	2.5%
- communications	3.0%

- the direct expenditure in the sector represents 3.4% of household disposable income in New South Wales in 1995-96 (up from 3.1% in 1993-94).
- revised ABS data on multipliers has become available since the 1995 survey report at a national level. However, specific output multipliers are still not available just for the gambling sector, either for Australia or New South Wales. In the latest ABS statistics, gambling is now part of the *sport, gambling and recreation* sector on an Australian basis. For New South Wales it is still part of the (broader) entertainment and recreation sector. For Australia, the sectoral multiplier is 2.5 and the New South Wales sectoral multiplier is now estimated at 1.7, down from its previous estimate of 1.8. However we believe that for the gambling sub-sector itself, output multipliers are likely to be lower than the sector average, particularly for lotteries and gaming machines. The output multipliers have been lowered accordingly.
- using our estimated multipliers as shown in Table 1, the total output impact of the gambling sector in New South Wales is estimated at \$5.3 billion in 1996-97, a significant growth of 31% over the 1993 estimate (in current prices), largely due to the increased expenditure impacts of more gaming machines and the establishment of the Sydney casino (half of the growth can be assigned to the casino).

### 5.3 Employment Impacts

Since the 1995 survey, the ABS has compiled statistics on the gambling industries in Australia. Total employment in 1994-95 in the gambling industries is estimated at 32,060. If the share of this for New South Wales equals the share in gambling expenditure, then employment on this basis for New South Wales would be estimated at 12,500. This however does not include either the Sydney casino or

persons employed in areas where gambling related activity forms a part of the job, but whose jobs are classified in the main activity, so this derived figure is an underestimate.

To generate alternative estimates of employment we have adopted two separate approaches to estimating the employment generated by the gambling sector in New South Wales:

1. **Top down approach:** By using the estimated output impacts as shown above, we can use employment generation factors (full-time equivalent jobs per million dollars of expenditure) as provided by the ABS. This can be done for both direct (initial) employment and total employment, including flow-on impacts.
2. **Bottom up approach:** A more rigorous approach to estimating direct employment in the sector was undertaken by direct consultation with the main stakeholders in the sector and using their own estimates of employment.

In comparing the two approaches:

- the top down approach has the advantage of allowing estimation of the indirect impacts, but precision is heavily reliant on the employment factors assumed. Again, data is only available for New South Wales at the *entertainment and recreation* sector level, so we have used our judgment to estimate these factors for the different types of gambling activity. We have adjusted New South Wales employment factors with the latest data available at the national level from the ABS for the *sport, gambling and recreation* sector.
- the bottom up approach enables more precision for the direct component, but there is some risk of leaving out certain areas of employment generation.
- the two approaches were undertaken as independently as possible so they could be used as a cross check on each other.



**Employment - top down approach**

TABLE 2 : EMPLOYMENT GENERATION BY NEW SOUTH WALES GAMBLING SECTOR

Full time equivalent jobs	Direct Jobs	Employment (000)	
	per \$ mill (estimate)	Direct	Total
1996-97			
Racing	8.7	5,830	9,328
Lotteries	5.5	1,950	2,438
Machines	2.9	7,147	8,934
Other	7.0	3,198	5,117
Total (Average)	(4.6)	18,125	25,817

The employment factor for the sector at a national level was 7 direct FTE jobs per million dollars of expenditure in 1993-94. Assuming the same employment factor for the sector in New South Wales and correcting for the impact of inflation, the estimated job factor for sport, gambling and recreation in 1996-97 would be 6.4 FTE jobs per \$1 million. Allowing for a lower factor that can be expected in just the gambling sector, our estimated direct employment factor is 4.6 jobs per \$1 million of expenditure in New South Wales.

The key findings are:

- just under 26,000 full-time equivalent (FTE) jobs are estimated to have been generated by the gambling sector in New South Wales. This represents 1% of employment in New South Wales, which is significantly lower than its contribution to Gross State Product (2.3%). This is to be expected given the "high capital/low labour" expenditure generation characteristics of the sector (particularly the lottery and gaming machine components).
- the direct employment created is estimated at 18,125 FTE jobs, representing 70% of the total employment impact of the sector.

**Employment - bottom up approach**

The direct employment component includes such categories as bookmakers, TAB employees, newsagency staff (where commercial lottery products are sold) etc. It also supports manufacturers of equipment, breeders, transportation companies, couriers, broadcasters, food and beverage providers, and many more.

The types of legal gambling investigated for direct employment estimates were:

- racing: this includes thoroughbred, harness and greyhound racing. The outlets are the TAB (with a variety of outlets), on-course totalizators and bookmakers. Because of the exclusivity in the area of other sports betting, which is very small, that is included with the TAB.
- lotteries: forms are the traditional Draw Lottery, Lotto, Ozlotto, Powerball, Football Pools and Instant Lotteries. The games are available from agencies, mostly newsagents. Keno is another form of lottery, exclusive to clubs.
- casino games.
- gaming machines - draw poker, in-line reels and related game types in hotels, clubs and the Sydney casino.

Some of the employment figures supplied have been hard figures. Some sectors of the gambling industry, such as instant lotteries, are involved with non-continuous transactions and have had no reason to gather employment statistics in the past. The responses to our inquiries tended to vary a good deal. For this reason, we would prefer the overall figures to be regarded as indicative rather than definitive.

### **Racing**

The definitive economic study of this sector of gambling was published in September 1992 by ACIL Australia. Entitled "The Contribution of the Racing Industry to the Economy of Australia", it also contained separate studies for all States and Territories. This covered much ground that need not be duplicated in a study such as this. It was resolved to accept the ACIL study as a benchmark, adjusting the figures as necessary to reflect changes in the industry.

In its consolidation of employment generated by the racing industry, ACIL estimated the total number of full time equivalent jobs directly attributable to racing gambling. These were:

- the TAB, its branches, agencies and sub-agencies, ClubTABs, PubTABs, Betlinks and Phonetab
- on-course totalizators
- bookmakers

The total employment in New South Wales attributable to this sector was set at 6,200. This is the figure for direct employment from racing forms of gambling. It by no means represents the total number of people whose jobs depend on racing forms of gambling.

ACIL rightly points out that a great number of people are employed on other specialist ancillary activities dependent on the racing gambling industry. These include "accountants, solicitors, transporters, food suppliers, saddlers, equipment manufacturers and so on".

These categories lent themselves to quite rigorous measurement, and were listed in the ACIL report. The pursuit of these activities for recreational or other purposes was excluded from these data. The activities and the number of FTE jobs associated were:

Racing administration and control	170
Breeding	700
Owning	300
Training and Keeping	6,400
Riding/Driving	700
Veterinary	275
Farrier	200
Race Club	1,800
<b>Total</b>	<b>10,545</b>

These are jobs which are partially or fully reliant on the existence of the racing gambling industry, and represent a ratio of more than 1.7 of those employed directly in racing. However, we have not included these in our total employment estimate. Other racing-related activities not included are "media, catering, construction and publishing". To this could be added couriers, professional gamblers and a number of jobs in general supply industries, such as utilities, etc. These were not counted by ACIL. Where these employment impacts are generated by the gambling sector itself they will be covered in the "flow-on" impacts as already analysed in the "top down" approach.

The racing industry has lost ground in recent years, with real expenditure on racing gambling falling 10% from \$721 million in 1990/91 to \$650 million in 1995/96 (source: Australian Gambling Statistics). Bookmakers suffered most, with a 42% drop from \$65 million to \$38 million. The decline in bookmaker numbers has been very apparent. The employment estimates for racing have been adjusted downwards by 10% from the ACIL level of 1992, to 5,600.

In this period, too, the activity within the thoroughbred industry in New South Wales fell, with fewer foals being produced. The number of horses in training in New South Wales fell 11%, or

more than 3.8% a year, from 5,623 in 1993/94 to 4,991 in 1996/97 (Source: The Registrar of Racehorses). This can be seen in the sizes of the fields in New South Wales, compared to the past and compared to other States now. Racecourse attendances also continued their long-term decline. All these trends will have contributed to a fall in general activity and, thus, employment.

Although racing contains many individuals who subsidise their racing interests through other activities, it seems reasonable to assume that falls of this magnitude resulted in some falls in employment, in the period since the ACIL study. The fall will not necessarily be equal to the fall in horsebreeding and training, as many functions will have to be carried out, even with a reduced number of horses. If the fall in employment since 1992 is assumed to be 15% and to have carried over to the present, the current number employed in ancillary areas would have fallen from 10,545 to 8,960.

### Lotteries

There are no statistics on FTE employment in the lottery industry. New South Wales Lotteries had 1,422 on-line agencies and 290 instant-only agencies as at February 1998 (Source: New South Wales Lotteries). While with many agencies income derived from lotteries may well represent a considerable portion of their business, this is not the only advantage to the outlets, mostly newsagents. By attracting the public to the outlet, the lottery agency generates sales of other products.

Most agencies sell or process tickets on a casual basis. Owners or sales staff carry out the lottery transaction as needed, dealing with customers' requirements for other goods or services in the intervals. The number of transactions varies greatly from agency to agency. We have attempted to place an employment value on what are a large number of small transactions by making the assumption that each agency, on average, requires one-third of a FTE lottery position. This equates to a total, state-wide figure of 570 FTE employees. In addition, New South Wales Lotteries employed 220 people as at February 1998 (Source: New South Wales Lotteries).

Keno was available in 933 clubs throughout New South Wales as at February 1998 (Source: Registered Clubs Association). The operations vary greatly in size; some clubs maintain keno only to please a small proportion of their members, while others find that it has taken off and is a significant contributor to profits. The former often delegate keno duties to bar staff on an "as-needs" basis, while the latter have trained full-time keno staff. Our assumption has been that, on average, each club employs 0.9 of a FTE on keno duties, making a total of approximately 840. In addition, AWA Gaming and the Registered Clubs Association, through Club Keno Holdings P/L and Club Gaming Systems P/L, employed about 40 FTE people in the Keno area as at February 1998 (Source: AWA and RCA).

Other people dependent on lotteries are manufacturers of equipment, of instant tickets and other specialist printers, advertising agencies, the media and lottery regulation officials.

### **Casino**

The permanent Sydney casino opened in November 1997. It had approximately 5,000 employees as at February 1998, of whom 3,000 are directly engaged in gambling activities and administration (Source: Star City). The remaining employees are involved in other activities, such as food and beverage, entertainment and services to employees.

Organisations depending on the casino for some or all of their existence are gaming table and machine suppliers, and general suppliers of goods, services and utilities (accounted for in the "flow-on" impacts).

### **Gaming machines**

There were 90,179 gaming machines in New South Wales as at February 1998, 66,653 of which were in registered clubs, 23,526 in hotels and 1,500 in the casino (Source: Department of Gaming and Racing). The larger clubs have dedicated gaming machine staff, but the smaller clubs and almost all hotels use staff who have other duties besides looking after the machines and players.

In the course of our investigations several organisations were contacted about the extent of direct employment on gambling in clubs and hotels. The responses varied, though mainly in the degree of uncertainty about the exact level of staffing. There were several factors which made evaluation very difficult:

- there were dedicated gaming machine personnel in large clubs
- casual staff were employed in all venues
- many of those involved spend only part of their time on gaming machine duties
- the smaller clubs especially, often use volunteer assistance on an honorary basis

- gaming machines are invariably operational during all the opening hours, which may extend over several shifts of different usage levels
- the impact of regulatory obligations, such as quarterly reporting to the Liquor Administration Board, monthly internal records, the requirement that two people be present to fill or clear machines, etc.

In the end, a form of consensus appeared in the answers. The method chosen to estimate direct employment in relation to gaming machines was that of assuming a number of machines that would need an FTE employee to look after them, including administration, completion of returns to the Liquor Administration Board, etc. The numbers chosen were 25 machines for clubs and, because of more intensive and usually smaller operations, 15 machines in hotels. These ratios were applied across the State. This resulted in an estimate of 4,000 people directly employed in clubs (2,650) and hotels (1,350) on poker machine duties. The casino machines are covered in the Casino section.

In addition to those employed in the operations, there were others employed in the manufacture of gaming machines. Approximately 3,000 people are employed in manufacturing gaming machines in New South Wales. Of these machines, approximately 40% are destined for New South Wales clubs, hotels and casino. The remainder are exported interstate or overseas. This means that the New South Wales industry directly supports approximately 1,200 New South Wales workers. The industry has a high level of sub-contract work, with many of the sub-contracting companies being wholly engaged in this industry, often for a single manufacturer. These total approximately 1,500 (adjusted to 600 for New South Wales machines).

Others who make their living directly from the operations are service firms (approximately 500 people) and machine consultants (50).

Gaming machine area signs, furniture, machine stands, special electronics, change machines etc. are other employment generators catering to machine gambling.

The point was made by many interviewees that the club industry as a whole would not exist in its present form without the income from gaming machines. It was claimed that, in the absence of machines, most of the 65,000 full and part-time employees (Source: RCA) would lose their jobs.

### **Card games**

These are mostly recreational. There are, however, spin-off effects in the demand for playing cards and other equipment, newspaper and magazine articles, books etc.

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**Minor games**

Bingo, raffles and other minor games are mainly conducted on an honorary basis for the benefit of good causes. As far as employment is concerned, little can be looked for in the direct sense. Again, the supply side offers opportunities for manufacturers.

Another area where licensing is required is that of commercial competitions. Whether these would be regarded as gambling is a moot point. They do, however, afford employment opportunities in design, advertising agencies, printing, the media and the postal service.

**Illegal Gambling**

SP bookmaking undoubtedly exists, as do professional card games, illegal casinos and Two-up schools. By their nature they are not amenable to the measure of employment. There seems little doubt that the proliferation of legal forms of gambling has had the effect of shrinking this area of activity.

**Government Employment**

Approximately 400 people are employed by the Department of Gaming and Racing, of which a FTE number of 200 is directly concerned with gambling. About 20 persons are employed by the Casino Control Authority. Other official employment related to gambling occurs within the New South Wales Police Service, but lack of data precludes any estimation here (jobs in this sector created by flow on impacts will be reflected in the total employment estimate - see next page).

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**Summary of Direct Gambling Employment - direct estimation approach**

Racing gambling		5,600
Lotteries	- Lotto, etc.	570
	- NSW Lotteries	220
	- Keno	840
	- Keno Administration	40
Casino	- Direct	3,000
	- Casino Control Authority	20
	- Dept Gaming and Racing	200
Gaming machines	- Clubs/Hotels	4,000
	- Manufacturers	1,800
	- Others	550
Card games		n.a.
Minor games		n.a.
<b>TOTAL</b>		<b>16,840</b>

**Employment - Conclusion**

The two approaches used to estimate employment in the New South Wales gambling sector produce results of the same order. Direct employment is estimated in the range 16,500 - 18,000 FTE jobs. Once indirect flow-on effects are included the total employment generated by the sector is estimated in the range 23,000 - 26,000 FTE.

Given the estimate, generated from ABS national data of 12,500 direct jobs in the gambling sector in New South Wales (1994-95), we would suggest that, whilst this is an underestimate (especially as it wouldn't have included the casino employment), the top down approach has probably generated overestimates for employment. As a benchmark, we would therefore take the data estimates provided by the "bottom-up" approach: 16,500 direct FTE jobs in New South Wales and 23,000 FTE jobs in total in New South Wales once flow on effects are incorporated.

Compared with the "bottom-up" estimates in the 1995 report, direct employment has risen from 15,000 to 16,500 FTE jobs (the 1995 estimate included an estimate for the casino operating at



the time). This represents growth of around 10% in two years. While this is lower than the growth in expenditure, it is likely that the employment factor (jobs per \$million of expenditure) diminishes as expenditure rises in this industry due to "economies of scale". The higher direct employment estimate does not translate into a higher total employment estimate (23,000 FTE jobs in both 1995 and 1997), since the multiplier, which captures the indirect jobs, has been revised down slightly on the basis of more recent data estimates (see above in section 5.2).

#### 5.4 Government Revenue from Gambling

Total expenditure on gambling in New South Wales in 1996-97 was \$3,947 million, on estimated turnover of \$34,032 million (Source Department of Gaming and Racing). This expenditure amounted to 3.4% of household disposable income. Expenditure has risen significantly since 1993/94 (data available in the 1995), by 24% in real terms and by 31% in current price terms. The main forms of gambling contributing to this growth have been gaming machines and the casino in Sydney (which opened as a temporary casino in September 1995).

New South Wales Government revenue from gambling rose from \$98.5 million in 1972-73 to \$1,236 million in 1996-97. Of this, gaming contributed \$899 million and racing \$337 million. On average, Government revenues amounted to 31.3% of expenditure on gambling (down from 34.6% in 1993-94), or 3.6% of turnover (down from 4.1% in 1993-94).

With 4.602 million of the New South Wales population classified as adult (source: ABS Population Estimates) and eligible to gamble, the average expenditure ("loss") per adult was \$858 in 1996-97 (up significantly from \$646 in 1993-94). At a government retention rate of 31.3%\*, each adult, on average, paid \$268 in gambling related tax.

New South Wales Government total current revenues (excluding non-budget sector agencies' income) in 1996-97 amounted to \$20,078 million. Gambling taxes, therefore, accounted for 6.2% of Government current revenue (up from 5.8% in 1993-94). As a percentage of taxes, fines and fees, exclusive of Commonwealth grants received and other revenue, the gambling generated share was 10.4% (down from 11.9% in 1993-94).

**Note:** \*Of every \$100 spent on gambling, the Government receives \$31.30 in taxes. The remainder is absorbed by the gambling provider in costs, profits, etc.

## 6. RESULTS FROM THE SURVEY – PART I

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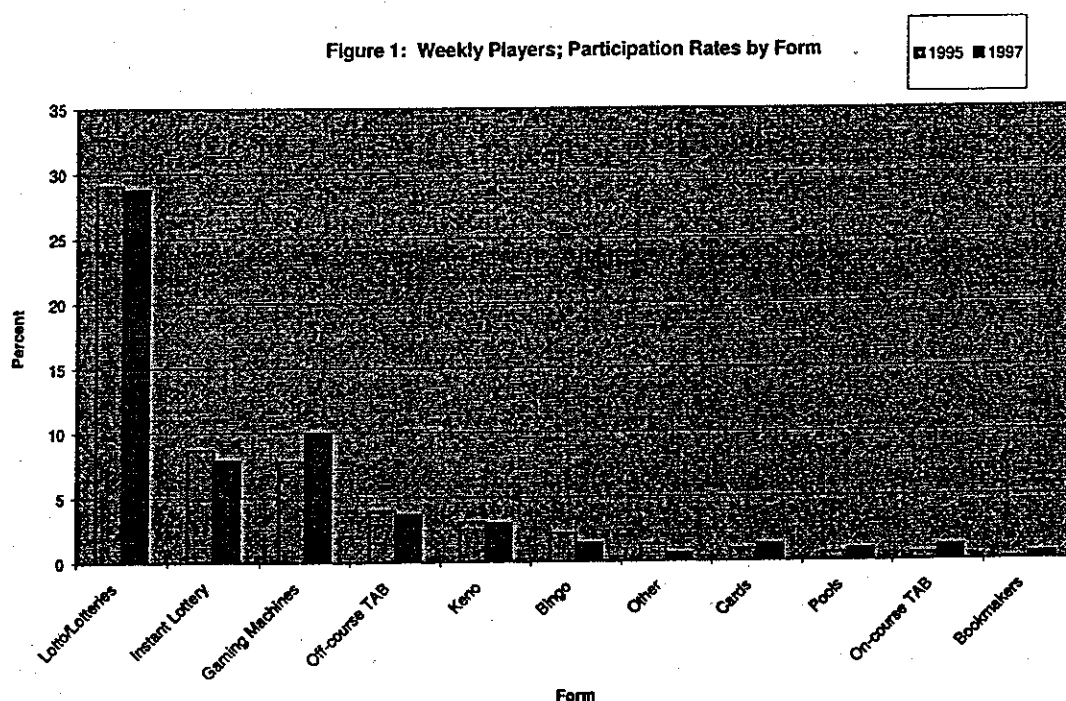
## 6.1 Community patterns of Gaming & Wagering in NSW

### 6.1.1 Frequency of Play

Figure 1 and Table 3 show the patterns of participation in the various forms of gambling and how these have changed since 1995. The two key changes seen in Figure 1 are to the small decrease in weekly participation in instant lottery and an increase in the weekly participation in gaming machine play.

In the context of the 15% increase in the total number of gaming machines in NSW (including registered clubs, hotels and the casino) during the period between the two surveys, the latter finding supports the validity of the answers from respondents. Similarly the small reduction in the weekly penetration and the 13% rise in those who do not buy instant lotteries is quite compatible with the fall in the turnover for instant lotteries in NSW 1995-96 to 1996-97 of \$170.5 to \$165.0 million.

Figure 1: Weekly Players; Participation Rates by Form



The opening of Sydney casino occurred between the two surveys. Table 3 (page 29) shows the small proportion of the community which gambled at the casino monthly and weekly. Weekly players of gaming machines in hotels and registered clubs total almost 10% of the general sample, and off-course TAB represents 3.7% of the sample compared with 0.2% participating weekly in casino gaming. However, comparisons of 1997 casino patronage with 1995 are difficult to interpret as the 1997 survey did not differentiate between the Sydney casino and those in other jurisdictions, to which respondents may have been referring.

TABLE 3: FREQUENCY OF PLAY BY FORM

Form	Weekly Players %		Monthly Players %		Less Often %		Don't Play %	
	1995	1997	1995	1997	1995	1997	1995	1997
Lotto/Lotteries <sup>1</sup>	29.1	28.8	10.7	8.9	17.5	13.0	42.7	49.2
Instant Lottery <sup>2</sup>	8.7	7.9	16.0	9.9	24.4	19.2	50.9	63.0
Pools	0.6	0.9	0.4	0.5	3.2	3.3	95.7	95.2
Bingo	2.2	1.4	1.2	1.1	5.0	4.1	91.5	93.3
Keno	3.1	3.0	3.5	4.2	13.1	11.1	80.3	81.6
Cards	0.9	1.3	1.9	2.0	7.1	5.6	90.2	91.1
On-course Totalizator <sup>3</sup>	0.5	1.1	2.1	1.1	10.3	6.6	87.1	91.1
Off-course TAB <sup>4</sup>	4.0	3.7	4.0	3.1	12.0	8.0	80.0	85.2
Bookmakers	0.1	0.5	0.6	0.9	5.9	5.1	93.3	93.5
Gaming Machines <sup>5</sup>	5.9		8.7		23.4		62.0	
- Club		7.0		7.7		15.7		69.6
- Hotel*	1.9	2.9	5.3	3.4	8.8	14.3	84.1	89.3
Casino	0.0		0.4		12.2		87.3	
- gaming machines		0.1		0.4		6.6		92.9
- table games		0.1		0.7		7.7		91.6
Sports Betting		0.4		0.8		3.4		95.4
Other	1.3	0.6	1.4	0.6	2.0	1.2	95.1	97.6

1995 N=1390, 1997 N=1209. \*1995 figures include card machines only.

<sup>1</sup>  $\chi^2$ , 3df=12.8; p<.01

<sup>2</sup>  $\chi^2$ , 3df=39.1; p<.001

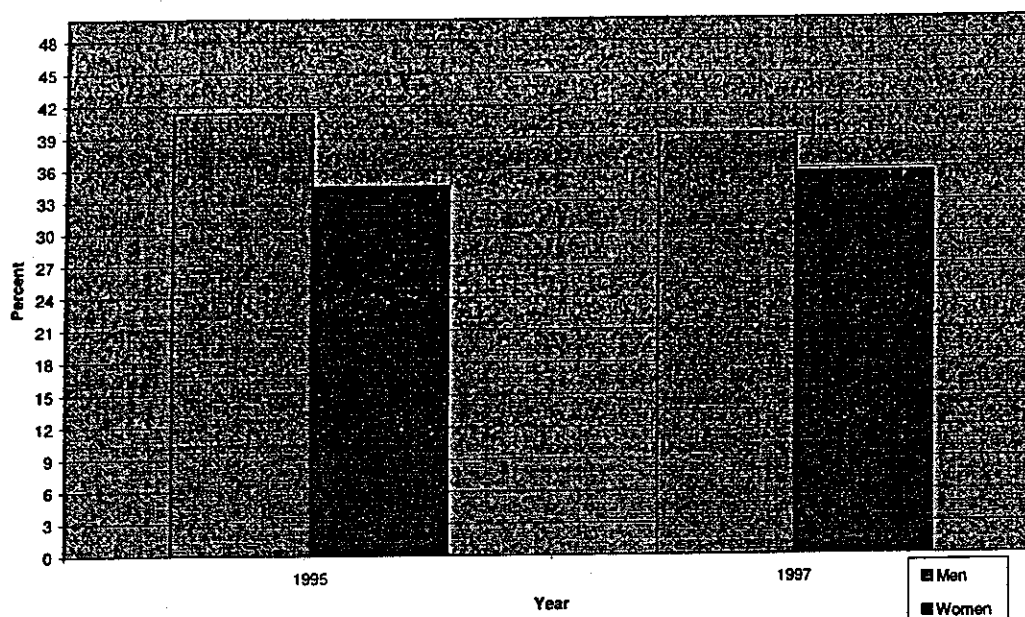
<sup>3</sup>  $\chi^2$ , 3df=13.7; p<.01

<sup>4</sup>  $\chi^2$ , 3df=9.8; p<.05

<sup>5</sup>  $\chi^2$ , 3df=55.2; p<.001

Figure 2 below demonstrates the change in participation rates for men and women who gamble once per week or more often, over the two years 1995 to 1997. The decline in numbers of men, and increase in numbers of women reporting weekly play, shows a reduced margin between the sexes.

Figure 2: Weekly Players, Participation Rate by Sex and Year



A further breakdown of this pattern can be seen in Table 4 below, showing the narrowing margins of participation rates between men and women. These differing participation rates are evident in the categories "monthly" and "less often", with a corresponding rise in numbers of both men and women who do not play. For women there has been an increase in the percentage who "do not play", coinciding with a decline in the percentages in the monthly and less often categories. An increase in participation rate is also evident in the weekly or more frequent category.

TABLE 4: FREQUENCY OF PLAY BY SEX AND YEAR

	Weekly		Monthly		Less Often		Don't Play	
	1995	1997	1995	1997	1995	1997	1995	1997
Men <sup>1</sup>	41.3	39.3	20.0	15.8	19.7	16.1	19.1	28.8
Women <sup>2</sup>	34.5	35.8	18.8	15.0	26.1	22.9	20.6	26.3

1995 Men (n=686) Women (n=704)

1997 Men (n=594) Women (n=615)

Table 4 shows that for both men and women there has been an overall increase in respondents who do not undertake any form of gambling; male non-gamblers increased almost 9 percentage points to 29%

<sup>1</sup>  $\chi^2$ , 3df=17.8;  $p < .001$

whilst female non-gamblers rose by 5%. A decline in the participation rate is evident for men, whose weekly and monthly participation rates have dropped by between 2 and 4%. For women, small increases are apparent in weekly participation rates across 1995-97 as well as a decline in the monthly/less often categories and subsequent increase in the percentage of women who *do not play*. When considering each sex separately, these patterns are statistically significant as denoted in Table 4.

Further detail on participation rates by area can be seen in Table 5 below. In 1995 more country respondents played weekly than did city respondents. In 1997 this is reversed. Country non-players have increased by 10 percentage points, with a smaller increase in city non-players of 6 percentage points. There are however, no statistically significant differences.

TABLE 5: FREQUENCY OF PLAY BY AREA

	Weekly		Monthly		Less Often		Don't Play	
	1995	1997	1995	1997	1995	1997	1995	1997
	%	%	%	%	%	%	%	%
Country	43.0	35.0	18.5	17.1	20.6	19.3	17.9	28.6
City	34.8	41.1	19.9	12.9	24.3	20.2	21.0	25.8

1995 Country (n=519) City (n=871)

1997 Country (n=480) City (n=729)

<sup>2</sup>  $\chi^2$ , 3df=9.2; p<.05

### 6.1.2 Average Spend

Figure 3 below focuses on the differences in the median weekly expenditure between country and city respondents. Most notable is the considerable difference between country and city male respondents in 1997, with country men expending, on average, one third as much again as city men.

Figure 3: All Players; Median Amount Spent per Week by Sex, Area and Year

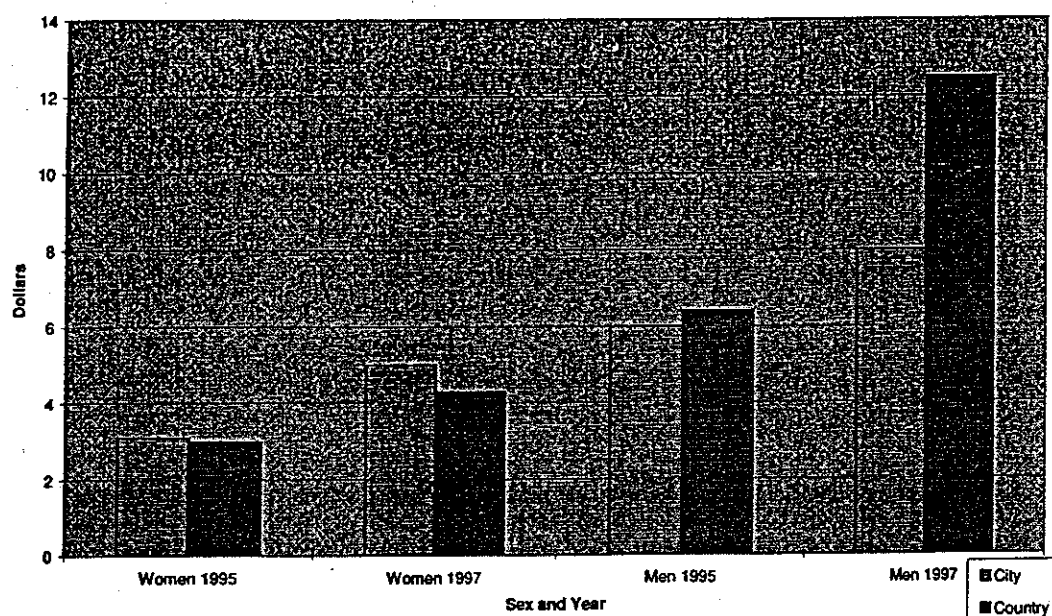


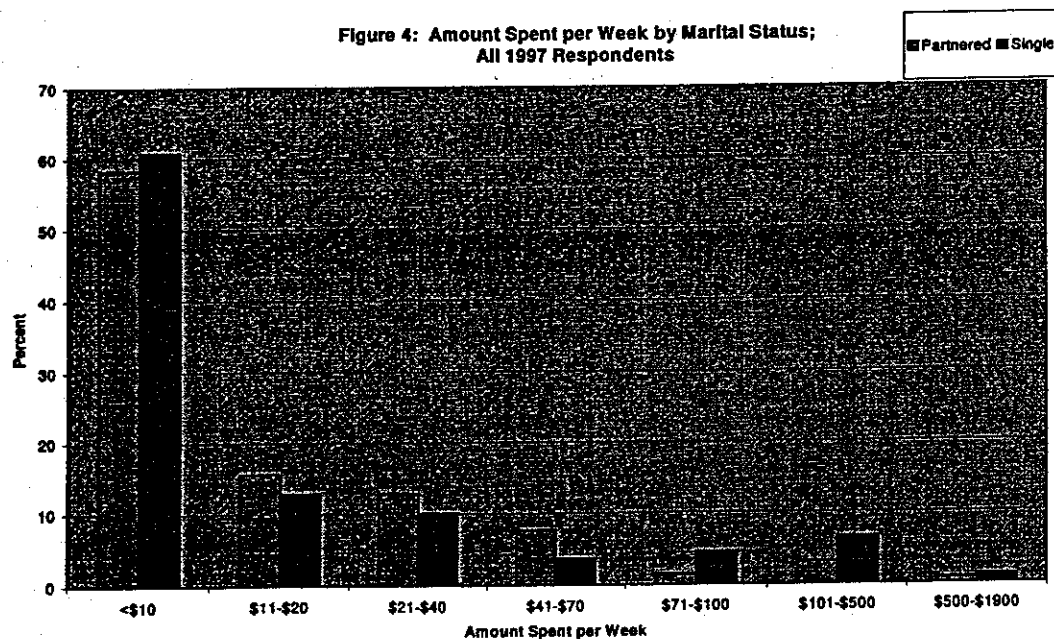
Table 6 (page 33) shows a breakdown of average weekly spend patterns by area for men and women across 1995-97. Without exception respondents are spending more on gambling in 1997. The median figure provides the best estimate of average weekly spend, as the means are susceptible to influence by extreme values, both high and low. Country men continue to spend, on average, the most per week, doubling from the 1995 figures of \$6.35 to \$12.50 in 1997. Both city men and women also increased their spending in 1997 by around \$2.00 per week. Country women have shown the most moderate increase of just \$1.25 per week. Differences between the amount spent in 1995 and 1997 were tested using the Kruskal-Wallis Mean rank test (Siegel, 1956). Amount spent by city men did not differ significantly, nor did amount spent by country women. Country men spent significantly more in 1997 ( $X^2$  1df=4.9;  $p<.05$ ); as did city women ( $X^2$  1df=5.9;  $p<.09$ ).



TABLE 6: AVERAGE WEEKLY SPEND FOR ALL PLAYERS BY AREA AND SEX

	Mean \$ (SD) 1995	Mean \$ (SD) 1997	Median \$ 1995	Median \$ 1997
<b>COUNTRY</b>				
men	41 (161)	29 (45)	6.4	12.5
women	19 (121)	15 (32)	3.0	4.3
<b>CITY</b>				
men	37 (115)	66 (357)	6.0	8.0
women	10 <sup>1</sup> (21)	23 (104)	3.1	5.0

Figure 4 below shows that in 1997 partnered respondents were more highly represented in the lower spend categories, with the exception of the less than \$10 category. In the \$71-\$100 category through to the \$500-\$1,900 category single respondents were in the majority. The distribution of Figure 4 is statistically significant.<sup>2</sup>



<sup>1</sup>  $t=2.00; p<.05$

<sup>2</sup>  $\chi^2=20.6, 6df; p<.01$

### 6.1.3 Favourite Form of Gaming and Wagering

Respondents, as well as indicating which forms of gambling they participated in, were asked to nominate which was their favourite gambling activity. Tables 7, 8, and 9, and Figures 5 and 6 in this section show the favourite form collapsed into broader groupings of gambling form

Figure 5 below shows that between 1995 and 1997 the most common forms of gambling for men being lotto/lotteries, gaming machines and racing, retained their popularity. Male respondents favoured keno and playing at the casino gaming more strongly in 1997.

Figure 5: Favourite Form for Men by Year

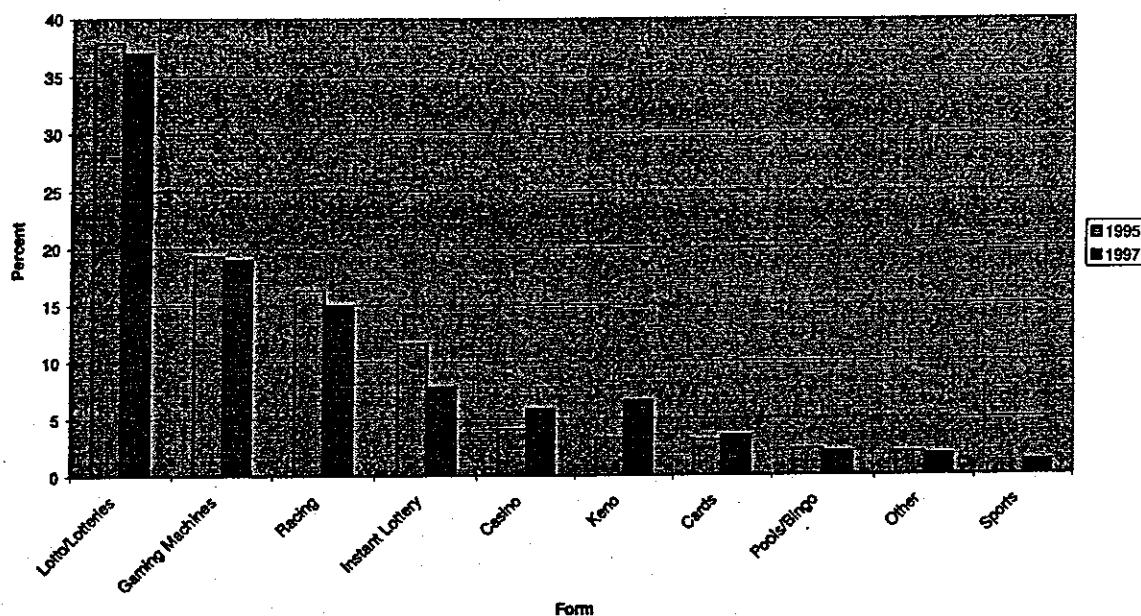


Figure 6 below shows that in 1997 more women nominated lotto/lotteries, gaming machines, pools/bingo and playing at the casino as their preferred forms of gambling.

Figure 6: Favourite Form for Women by Year

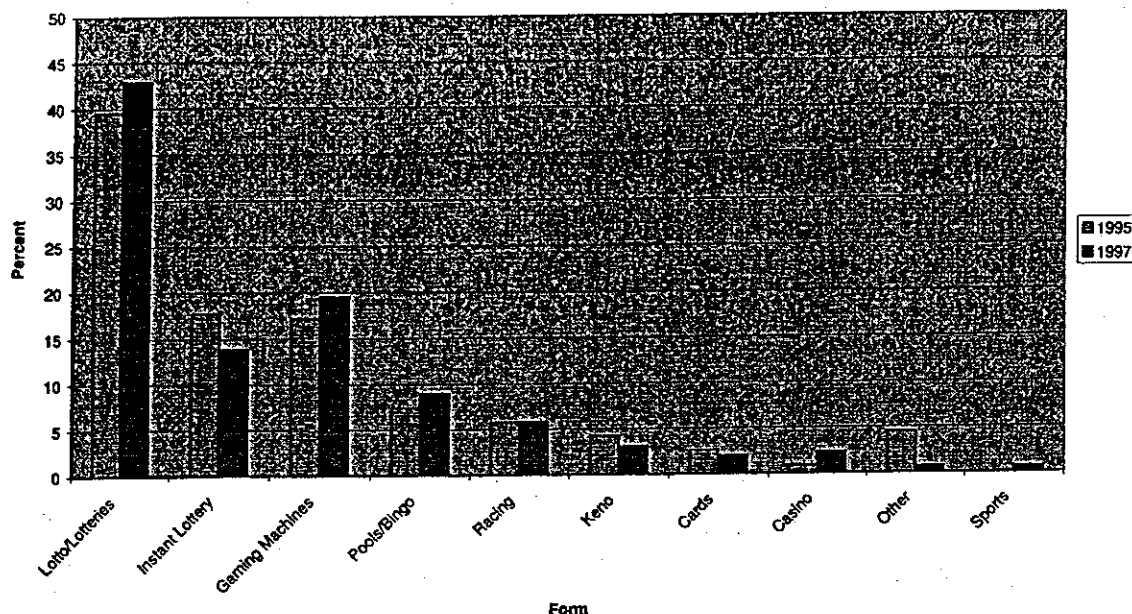


Table 7 shows lotto/lotteries has increased in popularity by 2% for women, and pools/bingo has increased by 2.7%. Instant lottery has declined by around 4% for both men and women between the surveys. Keno has gained in popularity for men and racing has declined slightly. The popularity of gaming machines has risen for women by 2% and remained constant for men at 19%. Casino gaming has increased in favouritism for men by 2% and for women by 1%.

TABLE 7: FAVOURITE FORM BY SEX

Favourite Form	Men	Men	Women	Women
	1995	1997	1995	1997
	%	%	%	%
Lotto/Lotteries	37.9	37.0	39.6	42.9
Instant Lottery	11.6	7.8	17.8	13.9
Pools/Bingo	2.3	2.1	7.3	9.0
Keno	3.3	6.6	4.2	3.1
Cards	3.1	3.5	2.6	2.0
Racing	16.3	15.0	5.8	5.9
Gaming Machines (excluding casino)	19.3	19.0	17.2	19.6
Casino	4.1	5.9	0.9	2.3
Sports	-	1.2	-	0.6
Other	2.0	1.8	4.5	0.7

TABLE 8: FAVOURITE FORM BY AREA

Favourite Form	Country	Country	City	City
	1995	1997	1995	1997
	%	%	%	%
Lotto/Lotteries	40.5	37.8	37.8	41.4
Instant Lottery	13.8	9.2	15.3	12.1
Pools/Bingo	4.5	8.0	5.1	4.1
Keno	4.3	6.6	3.4	3.7
Cards	1.8	3.2	3.6	2.5
Racing	8.8	8.9	12.3	11.2
Gaming Machines (excluding Casino)	20.6	22.2	16.7	17.5
Casino	2.3	0.8	2.7	6.1

Figure 7 below outlines the most popular forms of gambling as nominated by respondents living in the city. Most popular are lotto/lotteries, gaming machines and instant lottery.

Figure 7: Favourite Form for City Respondents by Year

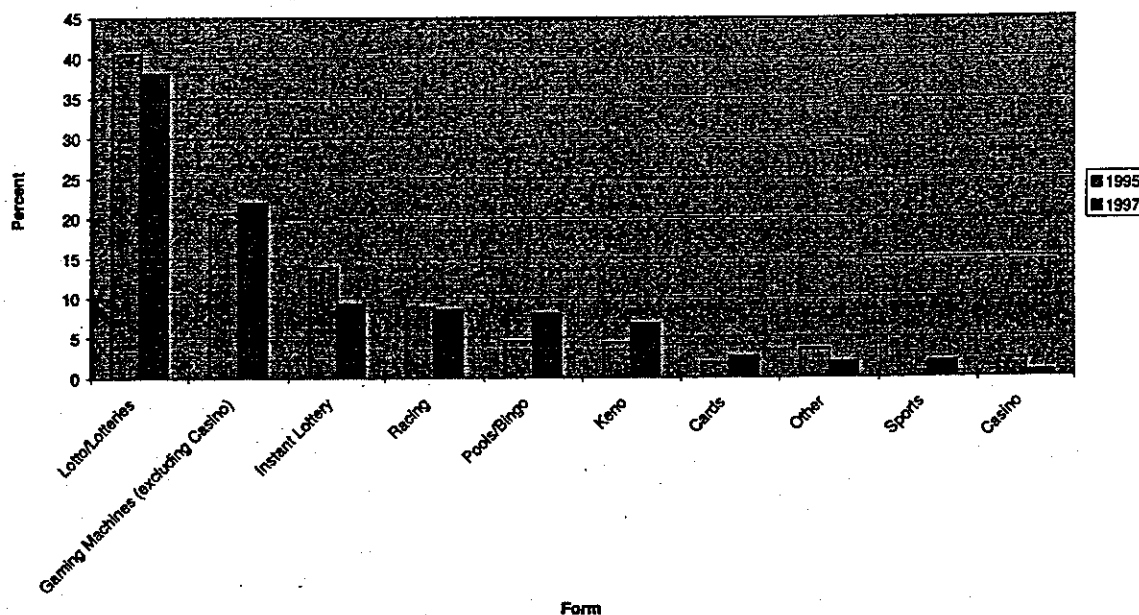


Figure 8: Favourite Form for Country Respondents by Year

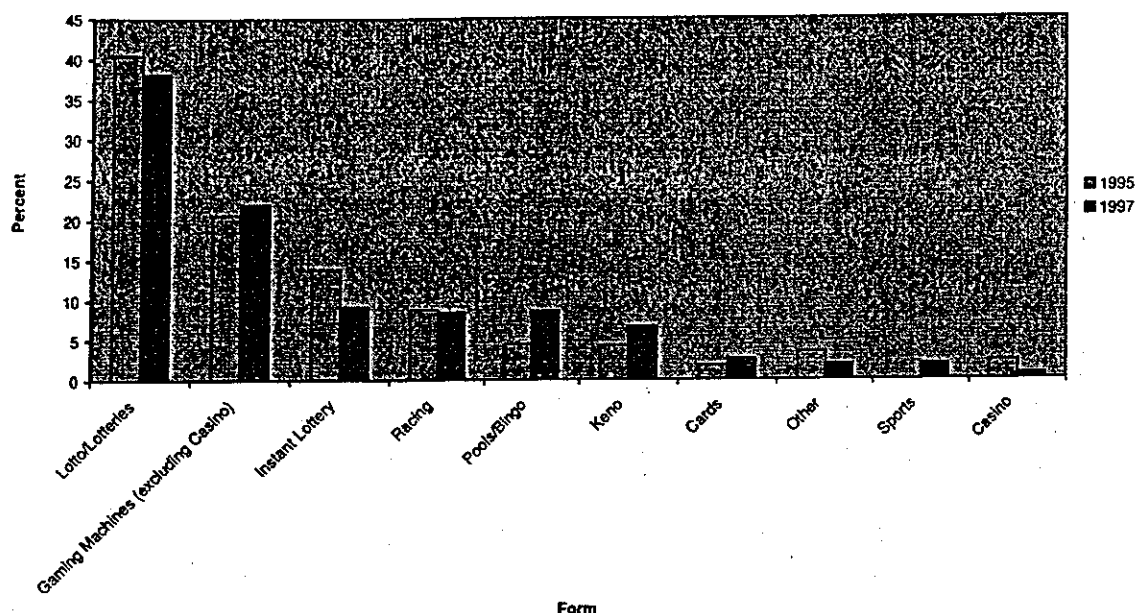


Figure 8 (above) shows the most popular forms of gambling for country respondents as being lotto/lotteries, gaming machines and instant lottery.

TABLE 9: FAVOURITE FORM BY RELATIONSHIP STATUS

Favourite Form	*Partnered	*Partnered	Single	Single
	1995	1997	1995	1997
	%	%	%	%
Lotto/Lotteries	40.6	46.0	35.8	32.5
Instant Lottery	16.2	12.2	12.4	9.2
Pools/Bingo	4.5	5.4	5.6	6.2
Keno	4.0	4.9	3.3	4.7
Cards	2.9	2.2	2.8	3.4
Racing	11.0	9.2	11.0	11.7
Gaming Machines	14.8	16.5	23.8	22.3
Casino	3.1	2.9	1.5	5.8
Sports	-	0.2	-	1.8
Other	2.9	0.5	3.8	2.4

\* Partnered describes respondents who are married, defacto, or planning to marry

Comparison of the results for 1997 with the previous survey shows partnered respondents have indicated increased preferences for lotto/lotteries (46%), keno (4.9%), gaming machines (16.5%) and pools/bingo (5.4), along with lower participation rates for instant lottery (9.2%), racing (11.7%) and casino

(2.9%). On the other hand, in 1997 single respondents are less likely to play lotto (32.5%), instant lottery (9.2%), but show an increased preference for keno (4.7%), pools/bingo (6.2%), racing (11.7%) and particularly casino (5.8%).

## 6.2 Community Attitudes to Gambling

Respondents were asked the extent to which they agreed or disagreed to the statement:

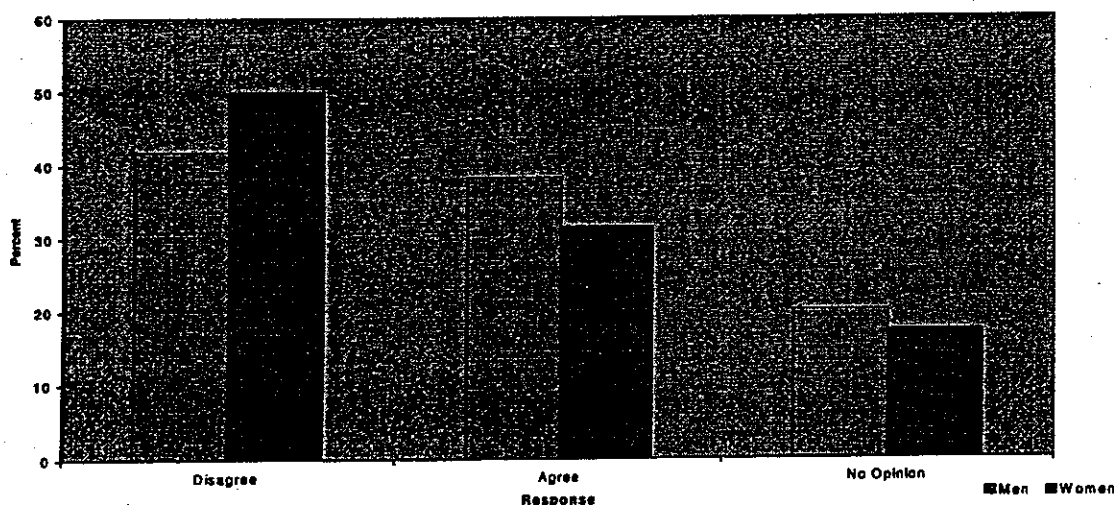
*"Gambling is an important leisure activity for Australians"*

TABLE 10: "GAMBLING IS AN IMPORTANT LEISURE ACTIVITY FOR AUSTRALIANS"

Response	% of Respondents	
	1995	1997
Strongly Disagree	21.9	26.0
Mildly Disagree	18.8	20.0
Neither Disagree nor Agree	19.9	18.8
Mildly Agree	24.6	22.8
Strongly Agree	14.2	11.5
Can't Say	0.6	1.0

Table 10 above shows responses to "whether gambling is an important leisure activity for Australians". In 1995 opinion was equally divided on this issue (38.8 disagreed and 40.7 agreed), however in 1997 the shift to the negative has been in the order of 5 percentage points (46% disagreed and 34.3% agree); a swing of almost 10%.

Figure 9: 1997 Responses to "Gambling is an Important Leisure Activity for Australians" by Sex



As in 1995 women endorsed the negative more strongly than men with (59% women compared to 42% men strongly disagreeing) . Similarly women endorsed the mildly disagree stance more strongly (30%

women compared to 22% men). This finding is in opposition to the Tasmanian results in 1994 which showed significantly more men than women agreed with such a view.

Respondents were asked to nominate from a list on a show card:

***"Which one should be most responsible for funding services to help problem gamblers and their families?"***

**TABLE 11 "WHICH ONE SHOULD BE MOST RESPONSIBLE FOR FUNDING SERVICES TO HELP PROBLEM GAMBLERS AND THEIR FAMILIES".**

Possible Responses	% of Respondents	
	1995	1997
Government	22.5	24.8
Gambling Operators	21.2	19.2
Gambling Venues	19.6	20.7
Problem Gamblers themselves	30.6	27.1
None	2.6	3.3
Can't Say	3.4	4.8

Table 11 above shows that opinions did not change significantly in 1997. The majority of respondents believe that problem gamblers themselves should be responsible, although this response has shown the largest percentage decline in 1997. The second most frequent answer to the question of responsibility for funding services to help problem gamblers is government, followed by gambling venues and gambling operators.

Respondents were asked the extent to which they agreed or disagreed with the statement:

***"Gambling results in serious problems for some individuals and families".***

**TABLE 12 "GAMBLING RESULTS IN SERIOUS PROBLEMS FOR SOME INDIVIDUALS AND FAMILIES".**

Response	% of Respondents	
	1995	1997
Strongly Disagree	3.7	4.1
Mildly Disagree	0.6	1.2
Neither Disagree nor Agree	1.7	2.1
Mildly Agree	14.6	13.2
Strongly Agree	79.1	78.8
Can't Say	0.3	0.6

The majority of respondents (79%) strongly agreed that gambling results in serious problems for some individuals and families.

### 6.3 Family Experience of Problem Gambling

Table 13 shows that from 1995 to 1997 the percentage of respondents who reported that a family member had experienced difficulties with excessive gambling fell from 14.5% to 11.8%. In both 1995 and 1997 about 1 in 4 of these difficulties had been experienced in the last 6 months, i.e. was a current problem.

**TABLE 13: REPORTS OF FAMILY MEMBERS EXPERIENCING GAMBLING RELATED PROBLEMS**

	ENTIRE SAMPLE		REGULAR LOTTO ONLY		REGULAR OTHER	
	%		%		%	
	1995	1997	1995	1997	1995	1997
	N=1390	N=1209	n=140	n=113	n=159	n=175
<b>Family Member ever experienced difficulties with excessive gambling?</b>						
Yes	14.5	11.8	15.0	11.5	20.1	13.1
No	85.0	87.4	85.0	85.8	78.6	86.9
Can't Say	0.6	0.8	0.0	2.7	1.3	0.0
<b>Family Member with Current Problem</b>						
	n=201	n=141	n=21	n=13	n=32	n=23
In the last 6 months	26.4	29.3	38.1	30.8	37.5	43.5
More than six months	70.1	68.1	57.1	61.5	56.3	56.5
Can't say	3.5	2.8	4.8	7.7	6.3	0.0

The fall in reporting is difficult to understand. The first stage in the question refers to 'ever' i.e. problems occurring at any time in the past and a degree of stability would be expected for such a question over time.

In 1995 there was an association between respondents who were weekly gamblers, LOTTO ONLY and OTHER and higher levels of reporting of family members experiencing problems. In 1997 LOTTO ONLY players as a group did not show this greater likelihood of reporting problems. In 1997 weekly gamblers (OTHER group) were only slightly more likely to report a family member ever experiencing a problem, but 43.5% of these were current problems (compared to a rate of 29.3% for all respondents).



TABLE 13A: REPORTS OF FAMILY MEMBERS EXPERIENCING GAMBLING RELATED PROBLEMS IN THE LAST 6 MONTHS

	ENTIRE SAMPLE		REGULAR LOTTO ONLY		REGULAR OTHER	
	%		%		%	
	1995	1997	1995	1997	1995	1997
	N=1390	N=1209	n=140	n=113	n=159	n=175
<b>Family Member Involved</b>						
Self	**0.7	0.9	**0.6	0.9	**1.9	2.3
Father	2.4	2.7	2.6	2.7	2.5	2.9
Mother	0.6	1.0	0.6	2.7	0.0	0.6
Brother	2.2	2.6	3.2	1.8	3.8	4.0
Sister	0.4	0.9	2.6	0.9	0.6	1.7
Grandfather	0.9	0.7	1.3	0.0	0.0	1.1
Grandmother	0.4	0.1	0.6	0.0	0.0	0.0
Aunt	0.7	0.7	0.6	0.0	1.3	0.0
Uncle	2.1	1.2	1.3	0.0	5.7	1.7
Other	4.8	3.6	4.5	5.3	5.0	4.0
Can't Say	0.6	0.3	0.6	0.9	0.6	0.0

\*\*In 1995 report, calculated to base 201, 21 and 32 respectively – these have been recalculated to base 1390, 140 and 159.

Table 13A clearly illustrates across the whole sample and especially for the regular players, that male family members, consisting of, fathers, brothers, grandfathers and uncles were far more frequently cited as currently experiencing a gambling problem in the last 6 months. This too supports the validity of responses to this item as current clinical databases in New South Wales reveal a preponderance of male client problem gamblers (e.g. Problem Gamblers Receiving Counselling or Treatment in New South Wales: Baseline Survey Report to the CCBF; Walker, 1997).

## 6.3.1 Interstate Comparisons

TABLE 14: INTERSTATE COMPARISONS OF FAMILY MEMBERS EXPERIENCING DIFFICULTIES WITH EXCESSIVE GAMBLING

	NSW 1995	NSW 1997	TAS 1994	TAS 1996	WA 1994
	%	%	%	%	%
	(N = 1390)	(N=1209)	(N=1220)	(N=1211)	(N = 1253)
Family Member experiencing difficulties with excessive gambling	14.5	11.7	6.1	8.0	6.9
Difficulties during the last 6 months	3.8	3.3	1.1	2.3	2.2

\* No gaming machines were available in venues other than the casinos for TAS 1994/1996 and WA 1994.

Table 14 shows a comparison of the 1995 and 1997 NSW results for the same survey items used in Tasmania and Western Australia. The results for both the 1995 and 1997 survey in NSW show higher levels of gambling related problems than both other states where surveys were completed.

## 7. RESULTS FROM THE SURVEY— PART II

Section 7 contains:

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Part II of the survey was given only to respondents who reported gambling once per week or more often, as it is lengthy and therefore costly to administer. This two stage approach is a common epidemiological approach for health issues that occur at a very low frequency in the general population. Similarly, as in the past, LOTTO ONLY groups are also at low risk and a quota was put on them to provide an adequate statistical comparison only.

This two-stage methodology permits the collection of the data and demographics listed above from all respondents and then delivers a second and indepth part of the interview with only those who gamble weekly.

Part II of the survey was completed by 113 respondents who played lotto/lottery and Instant lottery weekly or more often, but no other form of gambling weekly or more often. This group is referred to hereafter as "LOTTO ONLY". A quota was set to establish a comparison group, consequently a further 169 respondents were not offered Part II, although were eligible for inclusion as LOTTO ONLY players.

In addition Part II was completed by 175 respondents who played some OTHER form of gaming or wagering weekly or more often (i.e. other than lotto/lottery and Instant lottery). Many also played lotto/lottery and/or Instant lottery weekly or more often, but this was not a criterion for inclusion in the "OTHER" group.

## 7.1 Patterns Of Gambling by LOTTO ONLY and OTHER

### 7.1.1 Weekly Spend on Gaming & Wagering

TABLE 15: AVERAGE WEEKLY EXPENDITURE BY LOTTO ONLY AND OTHER; 1995 AND 1997

Form	<\$11	\$11-\$20	\$21-\$40	\$41-\$70	\$71-\$100	\$101-\$500	\$500-\$1,900
<b>LOTTO ONLY%</b>							
1995	57.0	26.5	9.9	4.6	2.0	0.0	0.0
1997	51.8	23.2	12.5	9.8	1.8	0.9	0.0
<b>OTHER %</b>							
1995	12.1	13.4	22.9	20.4	9.6	16.6	5.1
1997	17.2	11.5	23.0	17.8	9.2	17.2	4.0

Table 15 above shows there has been a decline in the number of LOTTO ONLY players spending less than \$20 per week. Increases in the numbers spending \$21-\$70 per week are apparent, with slight declines at the higher end of the weekly spending scale. For the OTHER group, there is a general trend toward a decline in the numbers of people spending amounts in the higher categories, with a concomitant increase in the numbers of people spending less than \$11.

TABLE 16: AVERAGE WEEKLY EXPENDITURE BY FAVOURITE FORM OF GAMBLING FOR REGULAR OTHER GROUP - PERCENTAGE DISTRIBUTION BY CATEGORY OF SPEND

Favourite Form	<\$10		\$11-\$20		\$21-\$40		\$41-\$70		\$71-\$100	
	1995	1997	1995	1997	1995	1997	1995	1997	1995	1997
Lotto/Lotteries	25.0	8.7	10.0	26.1	25.0	43.5	20.0	13.0	10.0	4.3
Instant Lottery	0.0	0.0	50.0	0.0	50.0	0.0	0.0	0.0	0.0	0.0
Pools/Bingo	21.7	33.3	26.1	6.7	21.7	33.3	21.7	13.3	0.0	0.0
Keno	13.3	10.0	6.7	20.0	33.3	20.0	20.0	20.0	13.3	0.0
Cards	25.0	20.0	50.0	40.0	25.0	0.0	0.0	0.0	0.0	0.0
Racing	0.0	7.9	7.1	2.6	16.7	23.7	26.2	26.3	16.7	5.3
Gaming Machines	2.9	9.6	17.6	11.5	29.4	17.3	14.7	21.2	11.8	21.2
Casino	0.0	0.0	0.0	50.0	0.0	0.0	33.3	0.0	0.0	0.0
Sports	-	0.0	-	100.0	-	0.0	-	0.0	-	0.0
Other	42.9	60.0	14.3	20.0	0.0	20.0	28.6	0.0	0.0	0.0

Favourite Form	\$101-\$500		\$500-\$1,900		N	
	1995	1997	1995	1997	1995	1997
Lotto/Lotteries	10.0	4.3	0.0	0.0	20	23
Instant Lottery	0.0	0.0	0.0	100.0	2	1
Pools/Bingo	8.7	6.7	0.0	6.7	22	14
Keno	13.3	10.0	0.0	20.0	15	10
Cards	0.0	20.0	0.0	20.0	4	5
Racing	23.8	31.6	9.5	2.6	42	38
Gaming Machines	17.6	17.3	5.9	1.9	34	53
Casino	33.3	50.0	33.3	0.0	6	2
Sports	-	0.0	-	0.0	0	0
Other	14.3	0.0	0.0	0.0	7	5

\*152 \*151

\*Missing data n=7 and n=24 respectively for 1995 and 1997, i.e. those who declined to nominate favourite form or amount spent.

Figure 10: Males' Preferences for Gambling Forms; 1995 and 1997

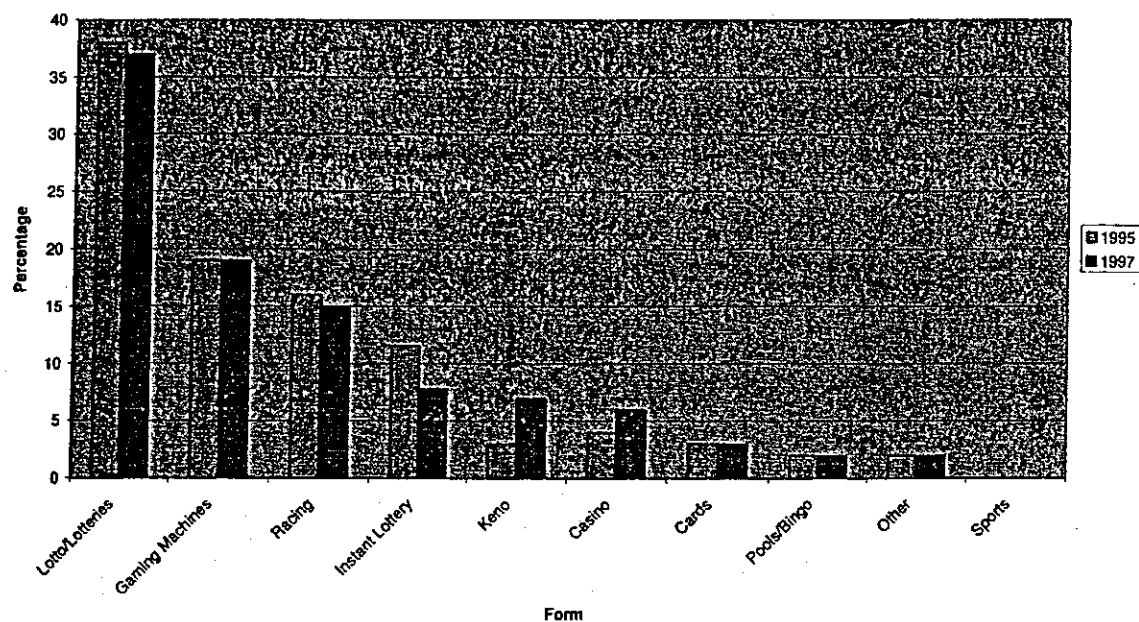


Figure 11: Females' Preferences for Gambling Form; 1995 and 1997

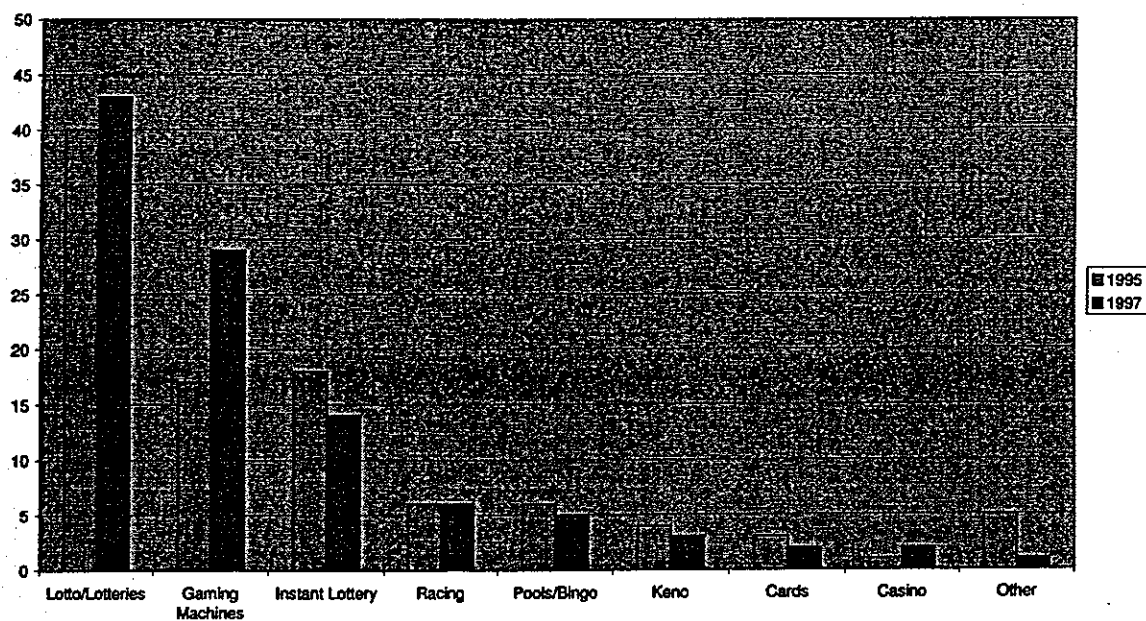


TABLE 17: DISTRIBUTION OF TOTAL WEEKLY SPEND FOR EACH FORM AND PERCENTAGE OF SPEND ACCOUNTED FOR BY REGULAR GAMBLERS

Form	N=number who played		Average Spend \$		Total Spend \$		Accounted for by Regular Players %	
	1995	1997	1995	1997	1995	1997	1995	1997
Lotto/Lotteries	784	561	6	9	4,520	5,074	91	55
Instant lottery	668	388	2	3	1,202	1,139	69	51
Pools	53	38	1	9	75	333	64	95
Keno	264	187	6	7	1,611	1,358	83	91
Bingo	109	61	5	8	592	481	92	95
On-course totalizator	171	90	17	18	2,829	1,610	63	72
Off-course TAB	271	156	25	17	6,782	2,657	90	85
Bookmakers	87	63	6	11	548	714	36	66
Club gaming machines	518	323	9	25	4,609	8,109 <sup>1</sup>	84	92
Hotel gaming machines	221	218	10	13	2,153	5,188	76	91
Casino gaming machines	158	67	5	6	769	382	0*	70
Casino table games	#	87	#	9	#	806	#	14
Card games	128	87	11	13	1,351	1,090	37	93
Sports betting	#	41	#	4	#	160	#	76
Other	65	22	9	3	592	61	77	77

\*no weekly players prior to the Sydney casino opening. Reported casino playing occurred interstate.

# not collected separately in 1995

<sup>1</sup> This figure is lower than expected as 14% of respondents were unable to say how much they spent.

Table 17 shows a comparison between 1995 and 1997 figures for

- number of respondents playing each form (in the last 12 months)
- the average amount spent per week by these players
- the total amount spent by players on each form, and
- percentage of total spend accounted for by regular players (weekly or more often).

In 1997 regular lotto players account for just 55% of the total of all reported expenditure on lotto, a considerable decline from 1995 (91%). The increased participation in lotto/lotteries evident in the preceding tables is reflected by this lower figure; more people are playing lotto/lotteries, albeit not on a weekly basis. In the case of on-course totalizator betting, total spending has declined considerably (from \$2829 in 1995 to \$1610 in 1997) and the regular players are accounting for a considerably higher proportion of total spending. Regular betting with bookmakers in 1997 accounts for almost double that in 1995. From Table 3 (page 29) it can be seen that there has been a slight increase in regular bookmaker users and Table 17 (page 47) shows an increase in total spending by respondents who use bookmakers regularly. This conclusion should be viewed with caution, considering that expenditure with bookmakers has dropped considerably over these years.

**TABLE 18: AVERAGE WEEKLY SPEND FOR OTHER GROUP BY AREA AND SEX**

	Mean \$ (SD) 1995	Mean \$ (SD) 1997	Median \$ 1995	Median \$ 1997
<b>COUNTRY</b>				
men	105 (189.2)	60 (60.8)	39	39
women	105 (321.5)	47 (55.8)	28	27
<b>CITY</b>				
men	164 (239.7)	247 (745.7)	73	63
women	35 (239.7)	110 (265.7)	31	36



Table 18 (page 48) provides a break down of 1995 and 1997 average weekly spend patterns by area and sex for the OTHER group. The median spend for male, city respondents has declined by \$10 whilst the median spend for female city respondents has increased by \$5. These differences are not statistically significant, although the means and standard deviations are considerably higher in 1997 indicating more extreme spending, particularly in the case of city males, whose spending ranges up to \$5,300 per week, compared to \$1,452 for city females. The maximum weekly spend for country men was \$264, \$8 above that for country women.

#### **7.1.2 Motivational Aspects or Positive Impacts Reported by Regular Players**

The positive impacts of gaming and wagering were assessed by offering a number of statements to respondents who indicated whether each particular statement was true for them. The randomised order of those statements was rotated during survey administration and positive impact items were mixed with negative impact items. Negative impact statements are described in the next section.

Table 19 (page 50) summarises the proportion for each group of regular gamblers (1995 and 1997) who gave affirmative responses for positive impacts classified into groupings; financial, employment, family and friends, and personal experiences of the individual player.