2 A snapshot of the gambling industry

Key points

- The strong growth of the gambling industry during the 1990s appears to be over.
  - Around $19 billion was spent by consumers on Australian gambling products in 2008-09. This is an increase from almost $17 billion in 1998-99 and around $7 billion in 1988-89 (in 2008-09 dollars).
  - Gambling comprised 3.1 per cent of household consumption expenditure in 2008-09, down from 3.9 per cent in 1998-99.
  - Limited data suggest that participation rates for gambling have also declined.
- The surge in expenditure growth in the 1990s was largely due to the liberalisation of gaming.
- Gambling expenditure is dominated by electronic gaming machines (EGMs), although growth in EGM spending has slowed.
  - Australians spent around $10.5 billion on EGMs in clubs and hotels and around $1.4 billion on EGMs in casinos in 2008-09.
  - While EGM expenditure growth had already slowed, the introduction of state smoking bans for gaming machine areas caused a sizeable abrupt decline in each jurisdiction. Real EGM expenditure growth rates have not yet returned to pre-ban levels.
  - A reduction in the number of machines observed in some jurisdictions has not always led to reductions in EGM expenditure.
  - While EGM usage is less common than in 1999, average real expenditure per EGM user appears to have risen.
- Growth in casino gaming revenue has slowed in the last ten years. Competitive pressures from overseas were a factor during the 2000s, and this is likely to continue.
- Real expenditure on race wagering has been relatively stable for the last twenty years. Sports wagering continued to grow strongly in the 2000s, although it still comprises a relatively small share of overall wagering expenditure.
- Some evidence suggests that online gambling (including illegal gaming) has grown significantly in the 2000s, and could amount to 4 per cent of gambling expenditure.

2.1 Introduction

This chapter looks at the current state of the gambling industry and how it has changed in recent years. A more detailed analysis then addresses the most prominent issues in three areas of the industry where changes have been considerable: electronic gaming machines; casino gaming; and wagering. Detailed treatments of online gaming and racing and wagering are presented in chapters 15 and 16 respectively.

2.2 The state of the Australian gambling industry

Several aspects of the gambling industry are relevant to policy decisions — expenditure, employment and tax revenue. These aspects vary considerably by state, as well as by form of gambling.

Gambling expenditure

Gambling consumption expenditure is measured as the net losses of gamblers or the gross profits of gambling operators (prior to fees and taxes). Around $19 billion was spent by consumers on Australian gambling products in 2008-09 (table 2.1, figure 2.1). This equates to around 3.1 per cent of household consumption expenditure. By comparison, Australians spent around $23 billion on footwear and clothing and $12 billion on alcoholic beverages from retail outlets (ABS 2009a).

Gambling consumption expenditure includes spending on gambling in Australia by overseas visitors. While expenditure by overseas visitors is difficult to estimate, Allen Consulting Group (2009b) estimated that international VIPs at Australian casinos alone spent around $553 million in 2007-08.

Considerable expenditure in each state and territory

Expenditure measures provide an accurate picture of the size of the gambling industry in each jurisdiction. They are also broadly indicative of spending by residents in those jurisdictions, though some spending is by international or interstate tourists. This is most relevant to casinos, where tourism and gambling are more highly integrated. In 2007-08, around 85 per cent of casino patrons were state residents, while around 10 per cent were from interstate and 5 per cent from overseas (Allen Consulting Group 2009b).

State gambling industries are generally larger where populations and economies are larger (table 2.1). That said, the Northern Territory has a disproportionately large industry in expenditure terms, relative to the size of its adult resident population and to household final consumption expenditure. This most likely reflects the 'export' of gambling services to non-state-residents — through tourism and online wagering operators licensed in the Northern Territory.

The Northern Territory aside, estimates of the average expenditure in each state for adults who gamble range between $1200 and $1900 (table 2.1).

Table 2.1 **Gambling expenditure by jurisdiction, 2008-09[a]**

State	*Expenditure*[b]	*Expenditure as proportion of household consumption*[c]	*Average expenditure per adult*	*Average expenditure per gambling adult*[d]
	$m	%	$	$
New South Wales	7 150	3.5	1 319	1 911
Victoria	5 110	3.3	1 229	1 684
Queensland	3 344	2.8	1 016	1 355
South Australia	1 136	2.6	921	1 316
Western Australia	1 129	1.8	672	Unavailable
Tasmania	429	3.4	1 124	1 322
Northern Territory	500	7.5	3 129	4 287
ACT	243	2.0	901	1 234
Australia	**19 042**	**3.1**	**1 147**	**~1 500[e]**

[a] Gambling includes all gaming, wagering and lotteries. [b] Expenditure in all jurisdictions may not add up to Australia total due to rounding. [c] Household consumption is defined as household final consumption expenditure (HFCE). [d] While these estimates are based on the best available data on gambling participation and expenditure, they are less reliable than other estimates presented due to simplifying assumptions about participation rates. Participation relates to gambling by adults in the last 12 months, and includes most gambling forms, though commonly 'sweeps' and raffles are excluded from the definition. Gambling participation data refer to different years for each state and territory: 2001 for ACT; 2008-09 for NSW; 2005 for the Northern Territory; 2008-09 for Queensland; 2005 for South Australia; 2006 for Tasmania; 2008 for Victoria. [e] Average expenditure per gambling adult for Australia is an estimate based on likely gambling participation in Western Australia.

Sources: NSW Office of Liquor, Gaming and Racing unpublished data; Victorian Commission for Gambling Regulation (2009a); Queensland Department of Employment, Economic Development and Innovation, unpublished data; South Australia Office of the Liquor and Gambling Commissioner (2009a, unpublished data); Western Australia Department of Racing, Gaming and Liquor unpublished data; Tasmanian Gaming Commission (2009); Northern Territory Department of Justice unpublished data; ACT Gambling and Racing Commission unpublished data; Allen Consulting Group (2009b); Betfair sub. 181; Racing and Wagering Western Australia (2009); Tote Tasmania (2009); Skycity Entertainment Group (2009). Productivity Commission calculations are based on data from: NSW Department of Health (2009); Hare (2009); Queensland Government (2009a); Office for Problem Gambling (2006); Roy Morgan Research (2006); Charles Darwin University (2006); Australian Institute for Gambling Research (2001); ABS (*Population by Age and Sex, Australian States and Territories, June 2009*, Cat. no. 3201.0; *Australian National Accounts: National Income, Expenditure and Product*, Cat. no. 5206.0).

Expenditure on different forms of gambling

Gambling services available in Australia can be broadly classified as gaming, wagering, lotteries and other minor forms of gambling (box 2.1).

Box 2.1 **Forms of legal gambling in Australia**

Gaming comprises all legal forms of gambling other than wagering — including lotteries, gaming machines, casino table games and keno. Minor gaming is the collective name given to art unions, raffles, lucky envelopes and the like.

- **Electronic gaming machines (EGMs)** are based on random number generation where wins are generally represented by matched icons. The games are non-strategic, although players may control the stakes. Less common are multi-terminal gaming machines (MTGMs), which accommodate several players and usually simulate games such as drawcard blackjack and roulette. EGMs and MTGMs are generally counted together in EGM caps.
- **Lotteries** come in various forms, including lotto, pools and instant lotteries (or 'scratchies'). Lotto is played by choosing numbers in anticipation that those numbers will be amongst the winning numbers selected randomly through various means.
- **Keno** is a game where a player wagers that chosen numbers will match any of the 20 numbers randomly selected from a group of 80 numbers via a computer system or a ball drawing device. It is an electronic form of bingo and is typically played in clubs, casinos and hotels.
- **Table games** involve laying bets on games such as baccarat, blackjack and roulette.

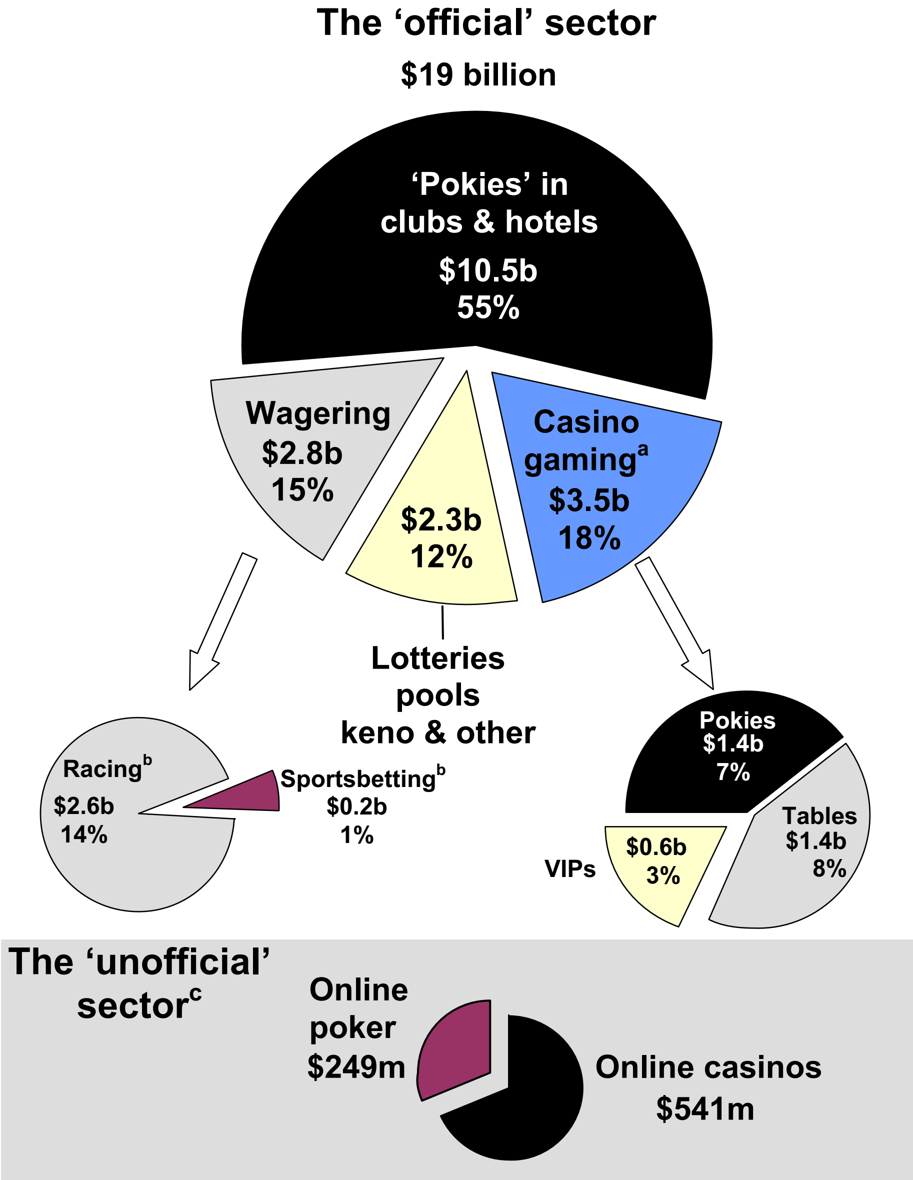
Wagering is another name for betting — to stake something (usually money) on the outcome of a contest or any uncertain event or matter. The principal forms are racing and sports betting.

As was the case ten years ago, gambling expenditure is dominated by gaming (figure 2.1). In 2008-09, EGMs in clubs and hotels accounted for 55 per cent of gambling expenditure and casino gaming around 18 per cent. Wagering accounted for around 15 per cent of gambling expenditure and lotteries, pools, keno and other minor forms of gambling around 12 per cent.

It is difficult to collect data for online gaming, since these activities are illegal and therefore not captured by the tax system. According to some estimates, expenditure on illegal online gaming could constitute around 4 per cent of gambling expenditure (figure 2.1).

Figure 2.1 Expenditure on major forms of gambling, 2008-09

Expenditure amount in dollars and as a percentage of total gambling expenditure



[a] Productivity Commission calculations based on 2008-09 casino gaming expenditure and 2007-08 revenue shares from Allen Consulting Group (2009b). [b] IbisWorld (2008). [c] Estimates are for 2007-08, from iBus Media (sub. 178).

Data sources: NSW Office of Liquor, Gaming and Racing unpublished data; Victorian Commission for Gambling Regulation (2009a); Queensland Department of Employment, Economic Development and Innovation, unpublished data; South Australia Office of the Liquor and Gambling Commissioner (2009a, unpublished data); Western Australia Department of Racing, Gaming and Liquor unpublished data; Tasmanian Gaming Commission (2009); Northern Territory Department of Justice unpublished data; ACT Gambling and Racing Commission unpublished data; Allen Consulting Group (2009b); Betfair sub. 181; Racing and Wagering Western Australia (2009); Tote Tasmania (2009); Skycity Entertainment Group (2009); iBus Media (sub. 178).

An industry matured?

The 1990s saw very rapid growth in gambling provision and expenditure. Several submissions noted changes since then.

> In the decade since the Productivity Commission's first report into Australia's gambling industries, the industry in Victoria (particularly gaming) has matured, with a slowing of the growth in expenditure to the point where, in 2008, gaming expenditure grew at less than the rate of inflation. (Victorian Government, sub. 205, p. 21)

> Australia's gambling industry is now mature. Recent gaming freezes and forfeiture schemes have led to a reduction in the total number of machines. (Australian Hotels Association, sub. 175, p. 3)

> The growth of real casino expenditure over the period 1980-81 to 2005-06 exhibits the move from a new to mature industry. (Allen Consulting Group, 2009b, p. 5)

> … the timing of the 1999 Report — which coincided with a rapid expansion in revenue in the privately and corporate owned gaming sectors — is important, and that the environment confronting the Productivity Commission in 2009 is substantially different and much more indicative of a mature industry. (Clubs Australia, sub. 164, p. 67)

The evidence is generally consistent with a maturing market (within the existing regulatory constraints). After rising in popularity during the 1990s, gambling has since become less pervasive among the population. Participation rates for gambling (across all forms) appear to have fallen in most jurisdictions since 1999 (table 2.2).

Table 2.2 **Gambling participation**

Gambling participants by number and as proportion of the adult population[a]

	NSW		*VIC*		*QLD*		*SA*		*WA*		*TAS*		*NT*		*ACT*	
	m	(%)	m	(%)	m	(%)	000	(%)	m	(%)	000	(%)	000	(%)	000	(%)
1999	3.9	(80)	2.9	(81)	2.2	(86)	878	(77)	1.1	(84)	269	(77)	107	(80)	186	(80)
2001	—	—	—	—	2.3	(85)	—	—	—	—	—	—	—	—	175	(73)
2003	—	—	2.9	(77)	—	—	—	—	—	—	—	—	—	—	—	—
2003-04	—	—	—	—	2.3	(80)	—	—	—	—	—	—	—	—	—	—
2005	—	—	—	—	—	—	842	(70)	—	—	—	—	106	(73)	—	—
2006	3.6	(69)	—	—	—	—	—	—	—	—	317	(85)	—	—	—	—
2006-07	—	—	—	—	2.3	(75)	—	—	—	—	—	—	—	—	—	—
2008	—	—	3.0	(73)	—	—	—	—	—	—	—	—	—	—	—	—
2008-09	3.7	(69)	—	—	2.5	(75)	—	—	—	—	—	—	—	—	—	—

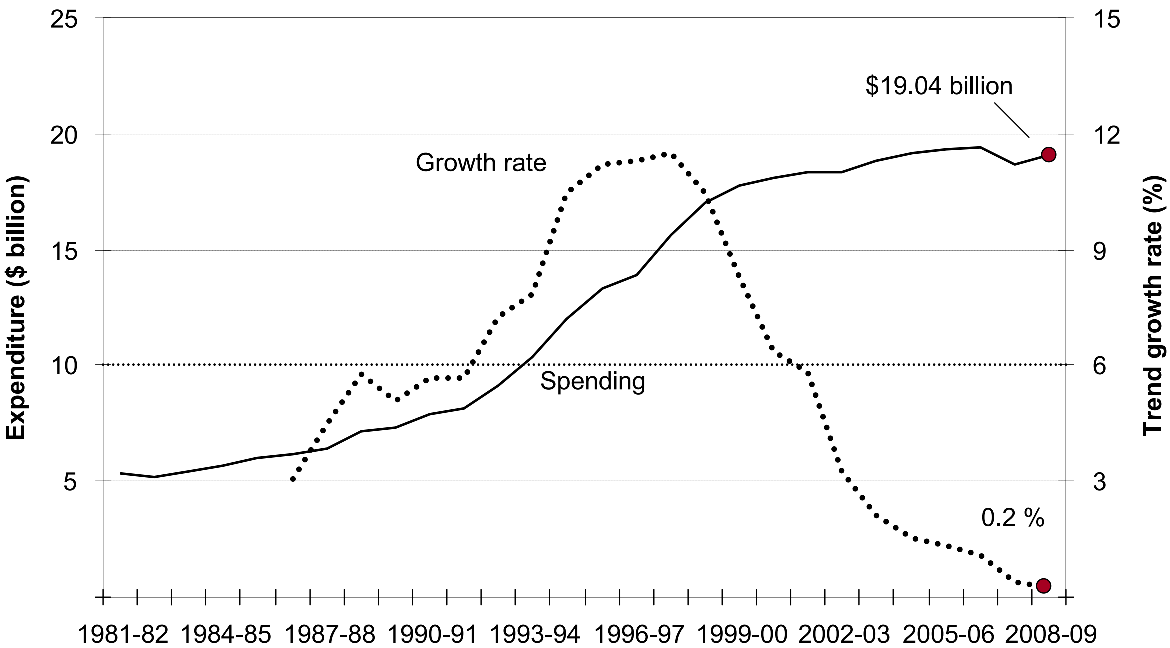
[a] Calculated using gambling participation rates reported in various studies and ABS estimates of the adult population in each state and territory.

Sources: Productivity Commission (1999); NSW Office of Liquor, Gaming and Racing (2006); NSW Department of Health (2009); Centre for Gambling Research (2004a); Hare (2009); Queensland Government (2002, 2004, 2008, 2009a); Office for Problem Gambling (2006); Roy Morgan Research (2006); Charles Darwin University (2006); Australian Institute for Gambling Research (2001); ABS (*Population by Age and Sex, Australian States and Territories, June 2009*, Cat. no. 3201.0).

The rate of growth in real gambling expenditure slowed during the 2000s. The five year trend growth in real expenditure was less than 1 per cent in 2008-09, compared with over 10 per cent during the 1990s (figure 2.2). And, spending on gambling accounted for around 3.9 per cent of final consumption expenditure in 1999, compared to 3.1 per cent in 2008-09.

More particularly, the gaming sector — which expanded very strongly during the 1990s — has subsequently experienced much slower growth (table 2.3). Both the EGM and casino gaming segments grew rapidly during the 1990s due to regulatory liberalisation in several states and territories. This liberalisation accounts for the vast majority of growth in gambling expenditure over the last 20 years, although based on recent trends, it is unlikely to fuel any further growth of that magnitude. Trend growth rates for casino and EGM gaming are currently lower than those of lotteries and wagering.

Figure 2.2 **Real gambling expenditure has slowed**



[a] Growth percentages are based on five year moving average. Expenditure is in 2008-09 dollars, calculated using a CPI adjustment.

Data sources: Office of Economic and Statistical Research (2008); NSW Office of Liquor, Gaming and Racing unpublished data; Victorian Commission for Gambling Regulation (2009a); Queensland Department of Employment, Economic Development and Innovation, unpublished data; South Australia Office of the Liquor and Gambling Commissioner (2009a, unpublished data); Western Australia Department of Racing, Gaming and Liquor unpublished data; Tasmanian Gaming Commission (2009); Northern Territory Department of Justice unpublished data; ACT Gambling and Racing Commission unpublished data; Allen Consulting Group (2009b); Betfair sub. 181; Racing and Wagering Western Australia (2009); Tote Tasmania (2009); Skycity Entertainment Group (2009); ABS (*Consumer Price Index, Australia*, Cat. no. 6401.0).

In terms of expenditure, the period from the 1990s was one of transformation. The result was a considerably larger industry, with expenditure dominated by electronic gaming machines. The share of expenditure from gaming machines in clubs and hotels increased from 29 per cent in 1986–87 to 55 per cent in 2008–09 (figure 2.3). Subsequently, the 2000s has been more stable in terms of aggregate expenditure levels (table 2.3). The expenditure share of gaming machines in clubs and hotels in 2008-09 is roughly the same as in 1999, although this also reflects the impacts of recent policy changes such as smoking bans (section 2.3).

Table 2.3 **Expenditure across forms of gambling over time**[a]

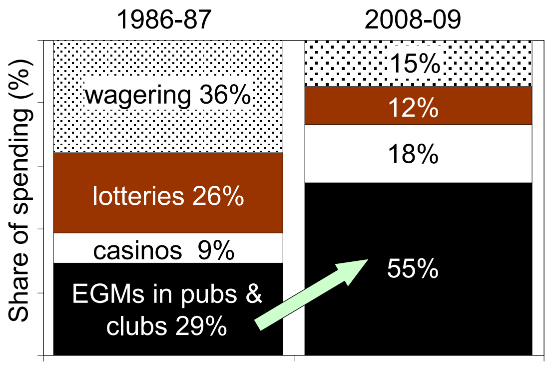
Real expenditure and five-year moving average growth rates

	1988-89	*1993-94*	*1998-99*	*2003-04*	*2008-09*
	$m (%)	$m (%)	$m (%)	$m (%)	$m (%)
EGMs in hotels and clubs	2 288	4 632	9 361	11 076	10 469
	(5.5)	(15.7)	(15.2)	(3.5)	(-1.1)
Casino gaming	727	1 242	2 997	3 128	3 464
	(79.4)	(11.6)	(20.7)	(0.9)	(2.1)
Lotteries, pools and keno	1 656	2 148	2 240	2 101	2 289
	(2.1)	(5.4)	(1.0)	(-1.1)	(2.4)
Wagering	2 454	2 335	2 394	2 526	2 821
	(3.9)	(-1.0)	(0.5)	(1.1)	(2.4)
Total gaming expenditure	**7 125**	**10 357**	**16 992**	**18 831**	**19 042**

a Growth percentages are based on five year moving average. **b** The growth in casino expenditure of almost 80 per cent in the five years preceding 1988-89 reflects an expansion in the industry from having only four casinos (exclusively in Tasmania and the Northern Territory) to having a casino in Western Australia, South Australia, and two in Queensland.

Sources: Office of Economic and Statistical Research (2008); NSW Office of Liquor, Gaming and Racing unpublished data; Victorian Commission for Gambling Regulation (2009a); Queensland Department of Employment, Economic Development and Innovation, unpublished data; South Australia Office of the Liquor and Gambling Commissioner (2009a, unpublished data); Western Australia Department of Racing, Gaming and Liquor unpublished data; Tasmanian Gaming Commission (2009); Northern Territory Department of Justice unpublished data; ACT Gambling and Racing Commission unpublished data; Allen Consulting Group (2009b); Betfair sub. 181; Racing and Wagering Western Australia (2009); Tote Tasmania (2009); Skycity Entertainment Group (2009); ABS (*Consumer Price Index, Australia*, Cat. no. 6401.0).

Figure 2.3 **Share of gambling revenue by activity**



Data source: Australian Gaming Statistics: 25th Edition, Commission estimates.

Gambling tax revenue

Expenditure on Australian gambling services does not simply accrue to businesses, a significant portion is taken in statutory fees and taxes. These include licence fees, community contributions, and taxes on gambling revenue or profit. Tax regimes are specific to each form of gambling and they differ considerably between states and territories (FaHCSIA 2009a).

In 1997-98, the rates of taxation for gambling services were notably higher than for most goods and services, but lower than for tobacco, alcohol and petrol (PC 1999). The 1990s was a period of growth in gambling tax revenue for the states and territories, in the context of rising expenditure and the emerging gaming market. Since then, several changes have taken place regarding gambling taxation.

- On 1 July 2000, the wholesale sales tax on gaming products was replaced by the GST.
  - Gambling tax rates were effectively reduced in order to offset the introduction of the GST, via tax credits or reduced taxation rates (Australasian Gaming Council, 2008a).
  - The application of GST makes it difficult to compare tax revenue from years prior to 2000 and subsequent years.
- Further cuts to tax rates have occurred in the race wagering sector, such that tax revenue from racing is considerably lower than it was ten years ago.
  - Taxes on racing totalisators were abolished in Tasmania.
  - Bookmaker taxes were removed in New South Wales and South Australia, and set to zero in the ACT.

- New services such as online bookmakers and betting exchanges have required new licensing and tax arrangements, which are still evolving.

During the 2000s the effective tax rate on gambling services as a whole was fairly stable. This is a product of changes to the expenditure share of different forms of gambling (which are subject to different tax rates), as well as adjustments in the tax rates themselves. Official forecasts of the levels of gambling tax revenue show marginal increases in nominal terms for most jurisdictions (table 2.4).

Table 2.4 **Gambling tax revenue**

Budget estimates and forecasts in nominal dollars

	2006-07	*2007-08*	*2008-09*	*2009-10*	*2010-11*	*2011-12*
	$m	$m	$m	$m	$m	$m
New South Wales	1 656	1 570	1 610	1 684	1 762	1 857
Victoria	1 535	1 586	1 625	1 642	—	—
Queensland	817	889	931	1 006	—	—
South Australia	430	420	393	401	418	446
Western Australia	326	235	237	248	258	268
Tasmania	82	89	92	96	98	100
ACT	63	52	52	53	55	57
Northern Territory	56	68	74	71	—	—

Sources: Office of Economic and Statistical Research (2008); state and territory budget papers.

In total, state taxes (not including GST) accounted for 26 per cent of gambling expenditure in 2008–09. Gambling provides on average one-tenth of own-state tax revenue across Australia (table 2.5). The states which rely more heavily on gambling revenue are not necessarily those with the largest industries.

Jurisdictions with the largest gambling industries, as measured by aggregate expenditure, also record the largest amounts of gambling tax revenue. However, per capita gambling tax revenue does not vary in accordance with per capita expenditure. For instance, while gambling consumption was $90 more per adult in New South Wales than in Victoria in 2008-09 (table 2.1), the Victorian industry contributed $94 more tax revenue per adult. This reflects the fact that each state has different effective tax rates and, in this sense, the profitability of the gambling industry is different in each state.

Different forms of gambling also contribute differently in each state. EGMs comprise the single largest source of gambling tax revenue for all states and territories except Western Australia (figure 2.4). In five states and territories, EGMs from clubs and hotels alone provide over 50 per cent of such revenue. EGMs also provide the majority of gambling tax revenue in Tasmania if clubs, hotels and casinos are all included (around 64 per cent).[1]

Table 2.5 **Gambling taxation revenue by state and territory, 2008-09**

State	*Tax revenue*	*Average gambling tax revenue per adult*	*Tax revenue as proportion of total own-state tax revenue*[a]
	$m	$	%
New South Wales	1 610	297	9
Victoria	1 625	391	13
Queensland	931	283	11
South Australia	393	312	11
Western Australia	237	141	4
Tasmania	92	241	10
Northern Territory	74	460	12
ACT	52	191	5
All states	5 014	302	10

[a] Total state tax revenue does not include local government tax revenue or goods and services tax (GST) revenue.

Sources: State and territory budget papers; ABS (*Population by Age and Sex, Australian States and Territories, June 2009*, Cat. no. 3201.0).

Lotteries and pools provide the majority of gambling tax revenue in Western Australia, and they comprise the second largest source of gambling tax revenue in all other jurisdictions except the Northern Territory. The considerable tax revenues associated with lotteries in various jurisdictions are in contrast to their relatively smaller share of gambling expenditure (figure 2.4). This indicates that effective tax rates for lottery products are higher than for other forms of gambling. Some lotteries (such as in New South Wales, South Australia and Western Australia) are also state-owned.

Online betting and wagering services are categorised differently across the jurisdictions. Tasmania categorises such expenditure as interactive gambling, while the Northern Territory categorises revenue from online bookmakers as either racing or sportsbetting. Interactive (online) gambling services account for around 6 per cent of Tasmania's gambling tax revenue, which is more than in any other state or territory — largely reflecting the activities of the Betfair betting exchange which established operations in that state in 2006 (figure 2.4). Interactive gambling had also been a feature of the Northern Territory's tax revenue up until the closure of Lasseters online casino in 2007, although at less than 1 per cent of their gambling tax revenue.

[1] Around 99 per cent of the gambling tax revenue collected from Tasmanian casinos is derived from EGMs (Tasmanian Gaming Commission 2008).

Figure 2.4 **Tax revenue share for different forms of gambling by state 2006-07[a]**

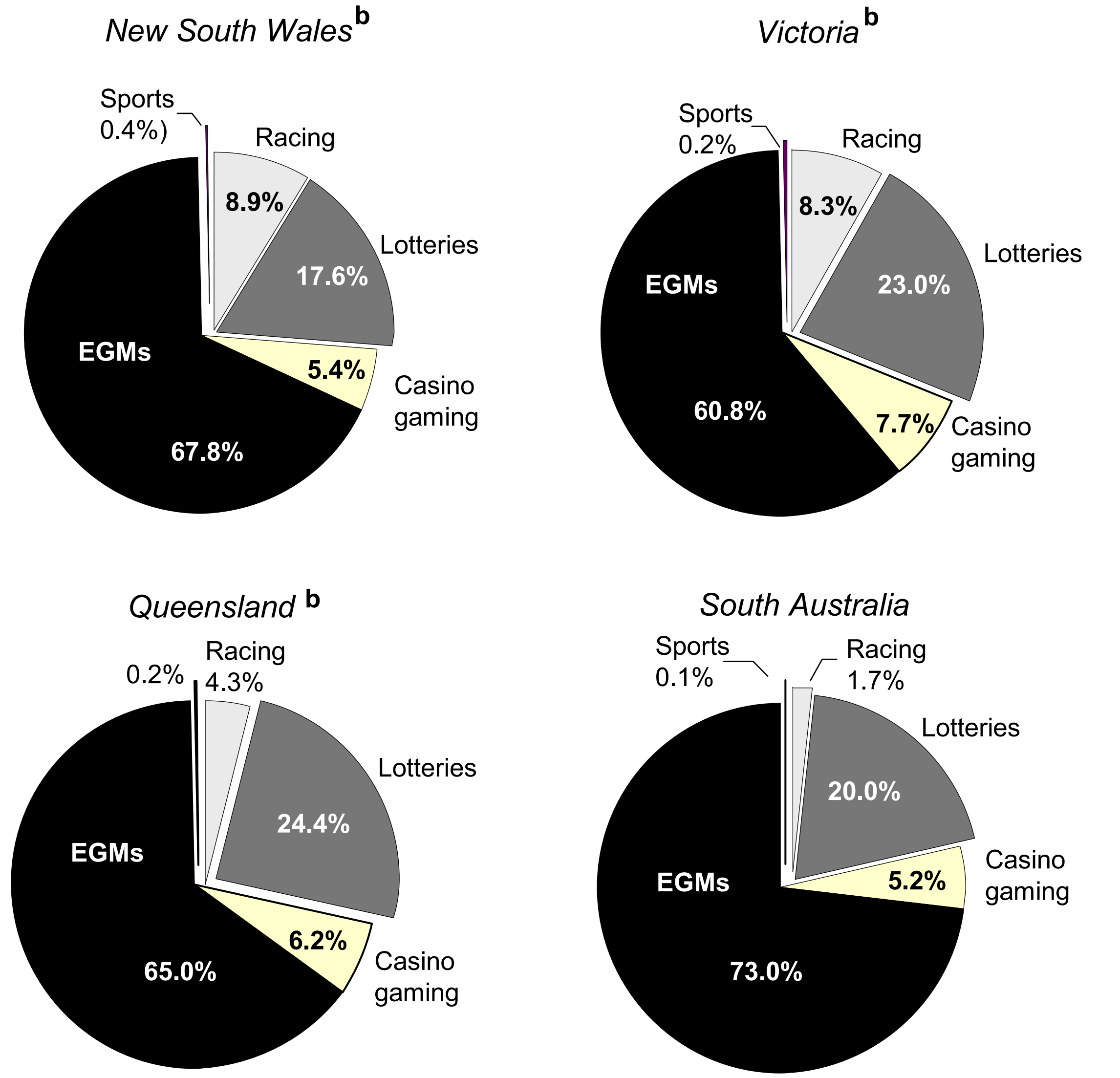


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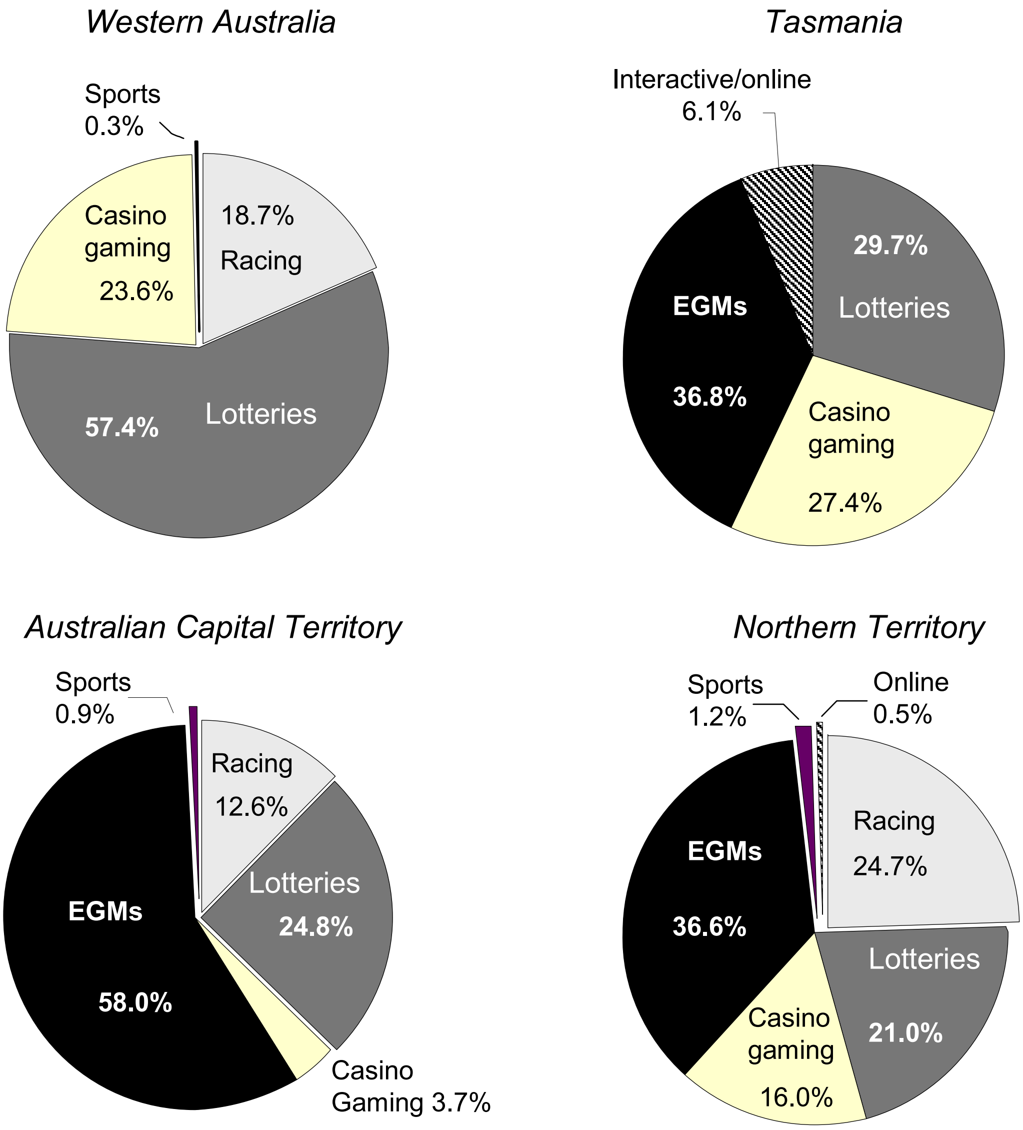
Figure 2.4 **(continued)**



[a] Total state tax revenue does not include local government tax revenue, nor goods and services tax revenue. [b] For NSW, Victoria and Queensland, tax revenue from gaming machines also includes revenue from keno. For these states, keno is likely to comprise less than 5 per cent of the combined gaming machine and keno tax revenue.

Data source: Office of Economic and Statistical Research (2008).

A sizeable employer

The gambling industry continues to be a major employer across Australia. Employees include not only licensed gambling staff, but also venue staff working in non-gambling areas (such as entertainment or food and beverage service) or in support services (such as security or cleaning). Estimating the extent of employment in the gambling industry is not easy — the ABS no longer makes industry-wide estimates in this area, and industry estimates differ according to the source.

- Hotels — the ABS (2006) estimated that in 2005, hotels with gaming employed around 65 000 people, with around 22 000 of them licensed gaming staff.
  - Using Pricewaterhouse Coopers' (2009) estimates of employment per hotel venue, and the latest count of hotel venues with EGMs from state regulators, hotels with EGMs could be expected to have employed between 68 000 and 78 000 staff on a full time equivalent basis in 2008.[2] (Actual employment numbers would be considerably higher, due to the high rates of part time and casual work in the industry.)
- Clubs — the ABS (2006) estimated that in 2005, clubs with gambling facilities employed around 60 000 people, with around 24 000 of them licensed gaming staff.
  - Clubs Australia estimate total club employment for 2008 at around 86 000 people. Using the estimate of industry structure from ABS (2006), this would extrapolate to around 81 000 people employed by clubs with gaming, including 32 000 licensed staff.
- Casinos — around 19 700 people are employed in casinos, with almost 8000 licensed gaming staff (Allen Consulting Group 2009b).
- Lotteries — around 900 people are employed directly by lottery commissions (Ibisworld 2009). In addition, over 7000 people are employed by lottery agents (AGC 2008b).
- Wagering — around 8600 people were employed in horse and sports betting in 2009 (Ibisworld 2009). While it is difficult to compare across sources, this estimate does not appear to be inconsistent with the Australian Racing Board's estimate of around 6800 people employed in wagering on races in 2004-05 (sub. 213, p. 9).

In spite of differing estimates, it is clear that each area of gambling is a significant employer. It should also be noted that some jobs within the gambling industry are more directly reliant on gambling than are others (for instance, employees of a lottery agent may rely heavily on newsagent or other income as opposed to lottery income).

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[2] Pricewaterhouse Coopers (2009) estimate the average full time equivalent employment per hotel venue for 2008 (p. 8). These state and territory based estimates can be matched against the count of hotel venues with EGMs available from regulators. Based on these estimates, the Productivity Commission calculates employment in hotels with EGMs at 68 000 full time equivalents (based on state and territory employment numbers) or 78 000 full time equivalents (based on national employment numbers). Furthermore, Pricewaterhouse Coopers (2009) also estimate total hotel employment (including accommodation businesses) could be as high as 189 000 people in 2008.

Business and venue numbers

How many businesses provide gambling services in Australia is also not clear. As with employment estimates, there are significant inconsistencies between industry estimates from different sources (Pricewaterhouse Coopers 2009, Clubs Australia sub. 164).[3] Some industry estimates refer to the number of business entities and others to the number of venues.

The ABS (2006) estimated that there were 5370 gambling businesses in 2004-05. Gambling businesses, however, may have a number of gambling venues — for example, a hotel business could have venues in different locations, and a single TAB business could have hundreds of separate shopfronts. The number of businesses tends to be sensitive not only to business closures, but also to amalgamations of separate venues into single businesses.

Estimates of gambling venues are therefore much higher. In 2008-09, there were estimated to be around 5700 hotel and club venues with EGMs (table 2.6). Industry estimates for 2005-06 indicate some 4700 TAB outlets (including TABs at hotels as separate venues) and around 4800 lottery outlets (Australasian Gaming Council 2008c p. 1).

The aggregate numbers of gambling businesses and outlets are one indicator of the significance of the gambling industry. But, as with employment, it is another matter to consider the extent to which these businesses are actually reliant on gambling income.

Gambling businesses first and foremost?

The extent to which businesses depend on gambling revenue differs across different areas of gambling. Some businesses, such as TABs and bookmakers, rely solely on gambling revenue. For others, such as lottery agents, the importance of gambling revenue varies and can be difficult to measure in aggregate. This is because lottery agents cover a diverse range of businesses such as newsagents, delicatessens, supermarkets and chemists (SA Lotteries 2008).

For gaming venues, there are broad differences between venue types.

- Hotels — 73 per cent have some gambling facilities and 78 per cent of those have EGMs (ABS 2005). For hotels with gambling facilities, 28 per cent of revenue was derived from EGMs in 2004-05.

[3] ABS (2006) had 2116 hospitality clubs and a further 2000 non-hospitality clubs. Clubs Australia's estimate was 4500 registered clubs in 2008.

- Casinos — gaming income accounted for 78 per cent of revenue in 2007-08, with EGMs making up 41 per cent of gaming revenue (Allen Consulting Group, 2009b).
- Clubs — 87 per cent have gambling facilities and of these 94 per cent had EGMs in 2004-05 (ABS 2005). Of clubs that have gambling facilities, around 61 per cent of revenue is from gambling, 98 per cent of this from EGMs.

Table 2.6 **How many venues provide gambling services?**

	Casinos	*EGM venues*		*TAB*[a b]		*Lottery outlets*[a]
		Hotels	*Clubs*	*Standalone*	*Other*	
NSW	1	1 710	1 322	313	1 995	1 570
Victoria	1	249	266	108	585	780
Queensland	4	766	557	148	611	1 117
South Australia	1	497	69	57	315	535
Western Australia	1	—	—	91	194	564
Tasmania	2	90	10	31	96	83
Northern Territory	2	39	33	16	43	73
ACT	1	12	63	10	39	34
Australia	13	3 363	2 320	774	3 878	4 756

[a] Figures are for 2005-06. [b] Other TAB outlets include those within hotels, clubs, casinos, on-course, at sporting events, mobile facilities, and newsagents.

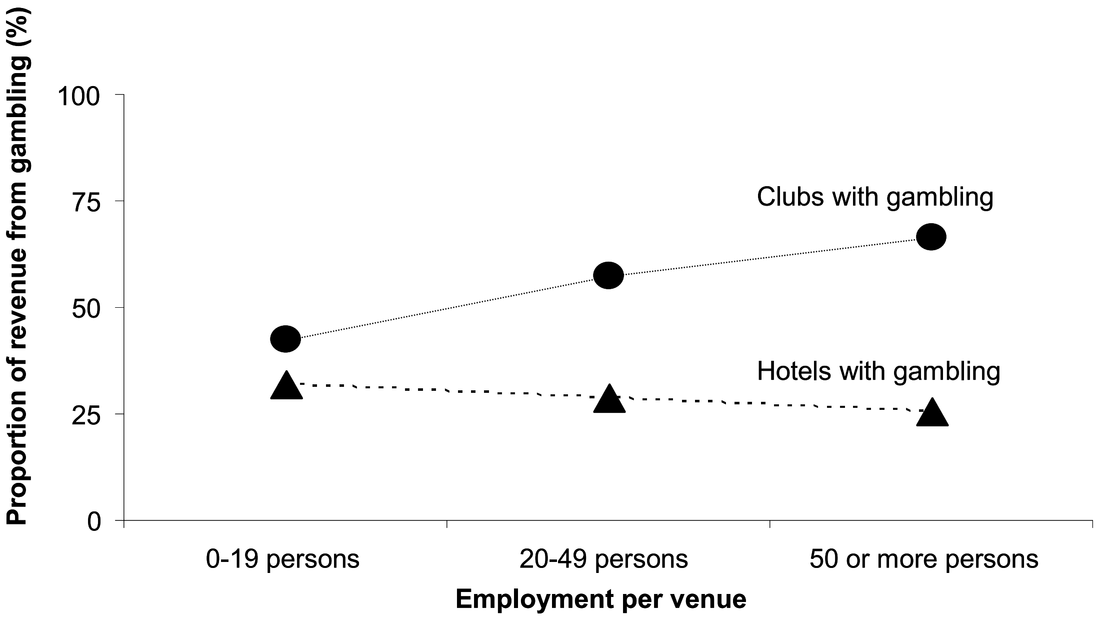
Sources: NSW Government sub. 247; Victorian Commission for Gambling Regulation (2009a); Queensland Office of Liquor and Gambling Regulation (2009); Office of the Liquor and Gambling Commissioner (2009a); Tasmanian Gaming Commission (2009); Northern Territory Department of Justice (2009); ACT Gambling and Racing Commission (2009b); Australasian Gaming Council (2008b).

Unsurprisingly, casinos depend on gambling income to a greater extent than clubs or hotels. Yet, based on the above, clubs' average reliance on EGM income (60 per cent) is greater than the average for casinos (32 per cent).

Other factors also affect the relative importance of gambling revenue. Among clubs with gambling services, those employing more people generally have a greater dependence on gambling revenue (figure 2.5). This implies that, broadly speaking, clubs that have expanded their operations are likely to have done so partly through gaming. This observation may reflect the presence of very large clubs with gambling services — some in New South Wales have 80 per cent or more of their revenue derived from gambling.

By contrast, among hotels with gambling services, those employing more people tend to rely less on gambling revenue (figure 2.5). However, it should also be noted that having gaming machines in hotels is not associated with lower employment — those with EGMs employ 23 full time equivalents on average compared to 13 for hotels without EGMs (Pricewaterhouse Coopers 2009).

Figure 2.5 **Dependence on gambling revenue and size of employment, 2004-05**



Data source: ABS (2006) *Clubs, Pubs, Taverns and Bars, Australia, 2004-05*, Cat. no. 8687.0.

2.3 EGMs in clubs and hotels

EGMs have remained the dominant segment of the gambling industry over the last decade, in terms of expenditure and tax revenue. They have also featured heavily in research and in submissions relating to problem gambling (for example, sub. 151, sub. 180, sub. 223).

Recent changes in EGM expenditure

National expenditure on EGMs in clubs and hotels in 2008-09 was nearly \$10.5 billion — in real terms, around 12 per cent higher than ten years previously (table 2.7). Almost half of the expenditure is from New South Wales clubs and hotels, reflecting the size and structure of the industry in that state. For example, the twelve largest clubs in New South Wales alone had EGM expenditure of \$580 million in 2007.

In 2008-09, casinos accounted for around 12 per cent of national EGM expenditure (table 2.7). Western Australia's casino-based EGM revenue was comparable to that of the mainly club based industry of the ACT.

Table 2.7 **Expenditure on EGMs over a decade**

Venues	*1998-99*		*2006-07*		*2007-08*		*2008-09*
	Nominal	*Real*[a]	*Nominal*	*Real*[a]	*Nominal*	*Real*[a]	*Nominal/ Base*
	$m	$m	$m	$m	$m	$m	$m
Hotels and Clubs							
NSW	3 487	4 764	5 206	5 551	4 644	4 789	4 772
Victoria	1 954	2 670	2 543	2 712	2 613	2 695	2 707
Queensland	757	1 035	1 677	1 788	1 802	1 858	1 861
South Australia	442	604	793	845	758	782	751
Tasmania	39	54	112	120	117	121	124
Northern Territory	24	33	64	68	72	74	79
ACT	147	201	185	197	177	183	175
Australia	6 852	9 361	10 579	11 281	10 183	10 502	10 469
Casinos							
NSW	—	—	—	—	189	195	199
Victoria	—	—	—	—	352[b]	363[b]	376[b]
Queensland	252	345	314	334	325	335	337
South Australia	—	—	63	67	57	59	60
Western Australia	88	121	176	187	193	199	208
Tasmania	—	—	91	97	109	112	101
Northern Territory	—	—	78	83	86	89	92
Australia	—	—	—	—	1 299	1 339	1 370[c]

[a] Real expenditure is in 2008-09 dollars, calculated using CPI adjustment. [b] PC estimates. Based on 2007-08 casino gaming expenditure, Australasian Casino Association estimates of national expenditure (2009), and reported growth rate of floor gaming (Crown Ltd 2009b). Figures for Crown Casino EGM expenditure were requested by the Productivity Commission from the Victorian Commission for Gambling and Racing and were denied on the grounds of commercial confidentiality. [c] PC estimates.

Sources: Office of Economic and Statistical Research (2008); NSW Office of Liquor, Gaming and Racing unpublished data; Victorian Commission for Gambling Regulation (2009a); Queensland Department of Employment, Economic Development and Innovation, unpublished data; South Australia Office of the Liquor and Gambling Commissioner (2009a, unpublished data); Western Australia Department of Racing, Gaming and Liquor unpublished data; Tasmanian Gaming Commission (2009); Northern Territory Department of Justice unpublished data; ACT Gambling and Racing Commission unpublished data; Allen Consulting Group (2009b). Productivity Commission estimates based on Crown Ltd (2009b); ABS (*Consumer Price Index, Australia*, Cat. no. 6401.0).

Reliance on EGM revenue also differs between venues, although data on this are scarce. In 2005, clubs with gambling facilities derived roughly 60 per cent of total business revenue directly from EGMs. By comparison, 32 per cent of casino revenue was derived from EGMs in 2008.[4]

[4] Productivity Commission calculations based on ABS 2005 and Allen Consulting Group (2009b).

Trends in real expenditure

Real growth in aggregate expenditure on EGMs was rapid in the years immediately after liberalisation (figure 2.6). Since the Commission's 1999 report, growth in real EGM expenditure in most jurisdictions has slowed. The Northern Territory is an exception — while it remains the smallest EGM industry by expenditure, its real expenditure has more than doubled in the last decade and continues to grow.

Real EGM expenditure in clubs and hotels has declined since 2004-05. A significant drop was also observed in 2007-08, attributed largely to the effects of smoking bans in New South Wales (NSW Government, sub. 247).

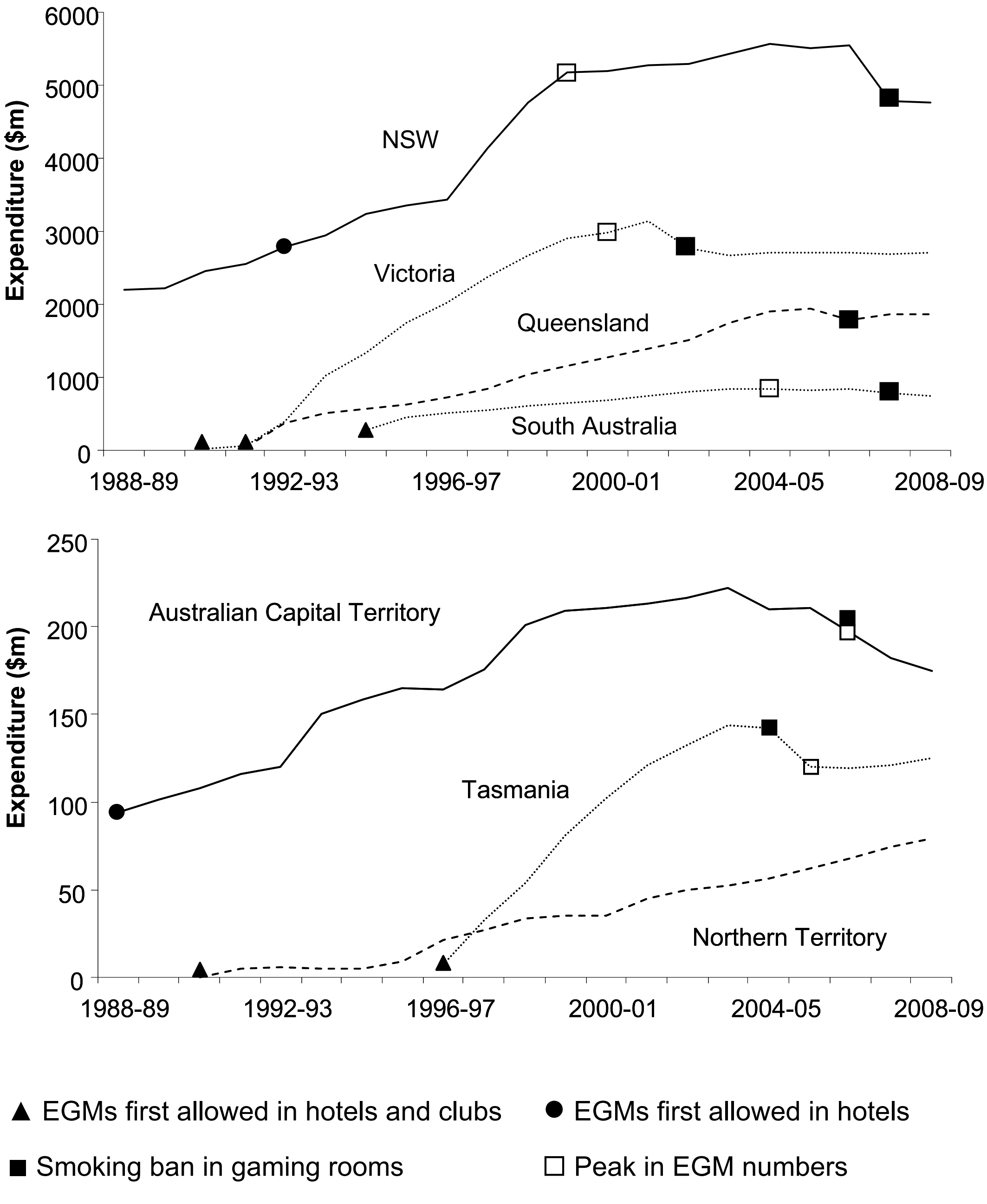
Expenditure on EGMs in each jurisdiction is nominally greater in 2008-09 than it was ten years ago. However, after accounting for inflation, the real expenditure on club and hotel EGMs is marginally smaller in New South Wales and in Victoria than it was ten years ago.

Smoking bans

One of the main regulatory changes to have a visible impact on EGM expenditure levels is the ban on smoking in gaming areas of clubs and hotels (Diamond 2009b, New South Wales Government sub. 247, SACES 2005b, SACES 2008a). In most jurisdictions, growth in EGM expenditure had slowed prior to the implementation of the bans. The smoking bans, however, were followed by sudden and major declines in EGM expenditure in each jurisdiction that instituted a ban (figure 2.6, table 2.8).

Assessing the ongoing expenditure effects of smoking bans is difficult from available annual data, since little time has passed since the bans' introductions in most jurisdictions, and other policy changes will have also had a bearing on EGM growth rates. However, growth rates have mostly been lower in the years following smoking bans (figure 2.6, table 2.8). In Victoria, where smoking bans have been operating for six years, real EGM expenditure has had little growth. Queensland and Tasmania have shown some initial signs of recovery, although it is not yet clear whether this will be sustained.

Figure 2.6 **Real expenditure on 'pokies' in hotels and clubs, 1988-89 to 2008-09**[a]



[a] Expenditure is in 2008-09 dollars, calculated by the Productivity Commission using a CPI adjustment.

Data source: Office of Economic and Statistical Research (2008); NSW Office of Liquor, Gaming and Racing unpublished data; Victorian Commission for Gambling Regulation (2009a); Queensland Department of Employment, Economic Development and Innovation, unpublished data; South Australia Office of the Liquor and Gambling Commissioner (2009a, unpublished data); Western Australia Department of Racing, Gaming and Liquor unpublished data; Tasmanian Gaming Commission (2009); Northern Territory Department of Justice unpublished data; ACT Gambling and Racing Commission unpublished data; ABS (*Consumer Price Index, Australia*, Cat. no. 6401.0).

Table 2.8 **Annual growth in real EGM expenditure relative to smoking bans[a]**

	NSW	Victoria	Queensland	South Australia	Tasmania	ACT
	%	%	%	%	%	%
3 years prior	2.7	8.5	14.6	1.1	9.7	2.6
2 years prior	-1.0	2.9	9.2	-2.9[b]	8.1	-5.7
1 year prior	0.7	5.3	2.6	2.5	-0.8[b]	0.4
Smoking ban	**-13.7**	**-11.6**	**-8.2**	**-7.5**	**-15.7**	**-6.5**
1 year after	-0.4	-4.1	3.9	-3.9	-0.4	-7.3
2 years after	—	2.0	0.1	—	0.9	-4.1
3 years after	—	0.1	—	—	3.6[c]	—

[a] Expenditure is in 2008-09 dollars, calculated by the Productivity Commission using a CPI adjustment. [b] Partial smoking ban implemented. [c] Productivity Commission estimate.

Data source: Office of Economic and Statistical Research (2008); NSW Office of Liquor, Gaming and Racing unpublished data; Victorian Commission for Gambling Regulation (2009a); Queensland Department of Employment, Economic Development and Innovation, unpublished data; South Australia Office of the Liquor and Gambling Commissioner (2009a, unpublished data); Western Australia Department of Racing, Gaming and Liquor unpublished data; Tasmanian Gaming Commission (2009); Northern Territory Department of Justice unpublished data; ACT Gambling and Racing Commission unpublished data; ABS (*Consumer Price Index, Australia*, Cat. no. 6401.0).

Shrinking EGM participation

The evidence also suggests that EGM participation has reduced somewhat. In almost all jurisdictions where data are available, the percentage of the adult population who played EGMs at least once in a 12 month period has declined since 1999 (table 2.9). While this seems to be the case across all states and territories, it is based on very limited observations.

While a smaller proportion of the population are playing EGMs than in the 1990s, the average EGM player today is spending more than was the case ten years ago (table 2.10). For instance, the average EGM player in Victoria was estimated to have spent around $1750 in 1999 (in today's dollars), compared to $3100 in 2008. The average EGM expenditure *per participant* is a more useful measure than per capita expenditure across all adults for identifying increases in personal EGM expenditure — the adult population involves a large, growing proportion of people who do not play EGMs.

Table 2.9 **EGM participation**[a b]

Percentage of adult population and number of people who played EGMs at least once during the year

	NSW	*VIC*	*QLD*	*SA*	*WA*	*TAS*	*NT*	*ACT*
	'000	'000	'000	'000	'000	'000	'000	'000
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
1999	1 880	1 595	1 063	467	219	126	44	86
	(39)	(45)	(41)	(41)	(16)	(36)	(33)	(37)
2001	—	—	918	—	—	—	—	91
			(34)					(38)
2003	—	1 259	—	—	—	—	—	—
		(34)						
2003-04	—	—	931	—	—	—	—	—
			(32)					
2005	—	—	—	361	—	—	38	—
				(30)			(27)	
2006	1 614	—	—	—	—	108	—	—
	(31)					(29)		
2006-07	—	—	938	—	—	—	—	—
			(30)					
2008	—	879	—	—	—	—	—	—
		(21)						
2008-09	1 301	—	1 020	—	—	—	—	—
	(24)		(31)					

[a] EGM participants are people who had played EGMs at least once during the year. [b] Estimates based on gambling participation rates reported in various studies and ABS estimates of the adult population in each state and territory.

Sources: PC (1999); NSW Office of Liquor, Gaming and Racing (2006); NSW Department of Health (2009); Centre for Gambling Research (2004a); Hare (2009); Queensland Government (2002, 2004, 2008, 2009); Office for Problem Gambling (2006); Roy Morgan Research (2006); Charles Darwin University (2006); Australian Institute for Gambling Research (2001); ABS (*Population by Age and Sex, Australian States and Territories, June 2009*, Cat. no. 3201.0).

Around three-quarters of people who play gaming machines do so less than weekly and these non-regular players tend to play at lower intensities and for shorter time periods than regular weekly players (appendix B). Based on such behavioural differences, regular gaming machine players spend much more. For example, it is estimated that regular players in New South Wales spend around $7000 to $8000 per year.

Table 2.10 **Real EGM expenditure per person**[a b c]

EGM expenditure per participant, (EGM expenditure per adult resident)[d]

	NSW	*VIC*	*QLD*	*SA*	*WA*	*TAS*	*NT*	*ACT*
	$	$	$	$	$	$	$	$
1999	2 645	1 745	1 034	1 341	541	535	779	2 386
	(1031)	(785)	(424)	(549)	(86)	(193)	(257)	(883)
2001	—	—	1 448	—	—	—	—	2 333
			(493)					(885)
2003	—	2 156	—	—	—	—	—	—
		(722)						
2003-04	—	—	1 868	—	—	—	—	—
			(601)					
2005	—	—	—	2 317	—	—	1 564	—
				(695)			(408)	
2006	3 428	—	—	—	—	1 109	—	—
	(993)					(356)		
2006-07	—	—	1 906	—	—	—	—	—
			(572)					
2008	—	3 073	—	—	—	—	—	—
		(658)						
2008-09	3 668	—	1 824	—	—	—	—	—
	(880)		(565)					

[a] EGM participants are people who had played EGMs at least once during the year. [b] Expenditure in 2008-09 dollars, adjusted by the Productivity Commission using a CPI adjustment. [c] Expenditure for Western Australia refers to EGMs in Burswood Casino only. For all other jurisdictions, expenditure refers only to EGMs in clubs and hotels. [d] Estimates calculated by dividing aggregate expenditure for each state and territory by the estimated number of EGM participants. The expenditure per adult resident is calculated by dividing aggregate expenditure across ABS estimates of the total adult population in each state and territory.

Sources: Office of Economic and Statistical Research (2008); NSW Office of Liquor, Gaming and Racing unpublished data; Victorian Commission for Gambling Regulation (2009a); Queensland Department of Employment, Economic Development and Innovation, unpublished data; South Australia Office of the Liquor and Gambling Commissioner (2009a, unpublished data); Western Australia Department of Racing, Gaming and Liquor unpublished data; Tasmanian Gaming Commission (2009); Northern Territory Department of Justice unpublished data; ACT Gambling and Racing Commission unpublished data; ABS (*Consumer Price Index, Australia*, Cat. no. 6401.0). Productivity Commission (1999); NSW Office of Liquor, Gaming and Racing (2006); NSW Department of Health (2009); Centre for Gambling Research (2004a); Hare (2009); Queensland Government (2002, 2004, 2008, 2009); Office for Problem Gambling (2006); Roy Morgan Research (2006); Charles Darwin University (2006); Australian Institute for Gambling Research (2001); ABS (*Population by Age and Sex, Australian States and Territories, June 2009*, Cat. no. 3201.0).

EGM industry structure and policy

In most states and territories, individual venues own the rights to their EGMs. In some jurisdictions, the ownership of the machines and the rights to income may be split between a venue operator (club, hotel or casino) and a gaming operator (machine owner).

- In Victoria, gaming operators Tabcorp and Tattersall's currently own equal shares of all EGMs statewide. This model will change in 2012 when the duopoly licenses are abolished. EGM ownership will be open to bidding from individual venues.
- In Western Australia, Burswood casino is the sole gaming machine operator and venue.
- In Tasmania, the Federal Group is the only gaming machine operator for EGMs, and the venue operator for both casinos and some hotels.
- In all other states and territories, gaming venues own and operate EGMs.

In New South Wales and South Australia, while licences are awarded to venues to operate EGMs, there are also separate 'entitlements' awarded for each individual machine. Each entitlement is subject to licensing, and is tradeable during regulated trading rounds. This arrangement allows separate controls for how many venues are licensed to operate EGMs (venue licences), and for how many EGMs are commissioned in total (individual machine 'entitlements'). Both Victoria and the Northern Territory have announced that similar systems of tradeable EGMs will be implemented. For Victoria, this will occur in 2012 to replace the duopoly operating licence.

EGM taxes, concessions and levies

Clubs and hotels are treated differently by regulatory and taxation systems, with clubs generally receiving more favourable treatment due to their traditional community orientation. For example:

- in New South Wales, clubs do not pay revenue taxes on the first $1 million of EGM revenue and are refunded their GST contributions for up to $200 000 of EGM revenue
- in Victoria, hotels receive one-quarter of gross profits and clubs receive one-third, the difference being a contribution to a community benefit fund.

EGM venues and operators also incur charges other than taxes on revenue. In Victoria, each EGM requires an additional $4333 flat levy payment per year. In the Northern Territory, 10 per cent of EGM revenue is contributed to a community fund, above the 42.9 per cent tax paid by hotels (FaHCSIA 2009a).

Rise and fall of EGM numbers

Throughout the 2000s, several policy initiatives centred on the numbers of operational EGMs. It is not straightforward as to whether changes in EGM numbers have directly affected EGM expenditure (chapter 14). State-wide caps on EGM numbers were in effect for most jurisdictions by the early 2000s, although not all jurisdictions have actually met their cap limit on EGM numbers:

- Tasmania instituted a cap in 2003, which was reached in early 2006
- the ACT instituted a cap in 1998, which was reached in 2006
- South Australia restricted EGM numbers in 2005 and initiated a process to reduce numbers.

In 2009, Australia had 197 820 EGMs — 13 294 more than in 1999 (table 2.11). The number of machines is higher than ten years ago for all jurisdictions except New South Wales and Victoria.

State-wide caps were part of broader regulatory changes designed to limit EGM numbers. For instance, EGM operation had been subject to increasingly stringent licensing. Changes to licensing channels may be significant in explaining why many jurisdictions had not met their state-wide caps.

- Approvals in Northern Territory, New South Wales, South Australia and Victoria are subject to assessments of the socioeconomic status of the area surrounding the venue.
- South Australia cancelled the rights to 2168 machines during the rollout of its new licensing system — part of its policy target of a reduction in machine numbers by 3000.
- Governments in New South Wales and South Australia effectively cancel a percentage of EGM entitlements from every batch traded between venues.
- The ACT instituted stricter licensing processes for EGMs after implementing its cap on EGM numbers.
- The Queensland government imposed a two-year moratorium on EGM numbers in 2008, although it had also increased the state-wide cap for hotels in 2005.

Thus, where machine numbers have been reduced or constrained by policy, it has generally been due to fewer machine or venue licences being awarded, and to some machine entitlements being cancelled.

Table 2.11 **EGM caps and counts of operational machines**

		Casino	*Hotel*	*Club*	*2009 Total*	*1999 Total*
NSW	cap limit	1 500	97 500 hotels & clubs		99 000	no cap
	operating	1 500	23 700	71 865	97 065	99 672
Victoria	cap limit	2 500	13 750	13 750	30 000	30 000
	operating	2 500	13 338	13 434	29 272	29 611
Queensland	cap limit	no cap	20 000	24 705	no cap	no cap
	operating	3 502	18 757	23 052	45 311	32 394
South Australia	cap limit	995	12 086 hotels & clubs[a]		13 081[a]	no cap
	operating	946	11 094	1 555	13 595	12 912
Western Australia	cap limit	1 750[b]	none	None	1750[b]	no cap
	operating	1750	N/A	N/A	1750	1 180
Tasmania	cap limit	3 680[c]	2500 hotels & clubs		3 680[c]	no cap
	operating	1 280	2 199	173	3652[c]	2 492
Northern Territory	cap limit	no cap	no cap[d]	no cap[d]	no cap	no cap
	operating	828	432	758	2 018	1 252
ACT	cap limit	none	5200 hotels & clubs[e]		5 200	5 200
	operating	N/A	72	5 085	5 157	5 013
Australia	operating	12 306	69 592	115 922	197 820	184 526

[a] Club and hotel EGMs are being progressively reduced to 12 086, which will then become a cap. [b] EGMs include 150 machines in the members-only area of the Burswood casino. [c] Not including TT line ferries, which have 46 EGMs. [d] A cap for Northern Territory clubs and hotels of 1190 is before State Parliament. [e] ACT hotels/ taverns only have access to class-B EGMs, whereas clubs are allowed class-C machines.

Sources: PC (1999); FaHCSIA (2009a); Victorian Commission for Gambling Regulation (2009a); Tasmanian Gaming Commission (2009a); Northern Territory Government (sub. 252); ACT Gambling and Racing Commission (2009b).

EGM numbers and expenditure

The New South Wales Government instituted its entitlement scheme in 2002, just as EGM numbers peaked at around 101 000. Subsequently, the number of EGMs in New South Wales fell below 1999 levels and expenditure per EGM continued to grow (table 2.12). In 2008, the New South Wales EGM cap was lowered to 99 000, which ensures that EGM numbers remain below 1999 levels.

However, the link between EGM numbers and expenditure is not straightforward. For example, consolidation in the New South Wales hotel and club industries occurred between 1998 and 2005, with 105 clubs amalgamating and 184 clubs ceasing to trade, but as noted earlier, expenditure per machine in New South Wales increased (NSW Government, sub. 247; IPART 2005). Such changes may have concentrated the EGM market into venues with more profitable machines.

In 2004, the South Australian Government initiated its policy objective of reducing the number of EGMs by 3000 machines (box 2.2). As in New South Wales, the scheme made several concessions to non-profit venues and smaller operators. The result appears not to have reduced the number of venues with EGMs, nor the EGM expenditure per venue (figure 2.7). By contrast, the implementation of the smoking ban in gaming areas appears to have negatively affected expenditure per machine and per venue.

Box 2.2 **Scaling back EGM numbers in South Australia**

South Australia has a policy to reduce EGM numbers by 3000. It is to be achieved in two phases.

The first phase occurred with the rollout of an entitlements system. This resulted in a state-wide reduction of 2168 EGMs. This was achieved by:

- only awarding entitlements for 20 EGMs to licensed for-profit venues who previously operated 21–28 machines
- giving licensed for-profit venues who previously operated 29 or more machines entitlements for 8 fewer machines
- non-profit institutions and clubs were exempt from reductions.

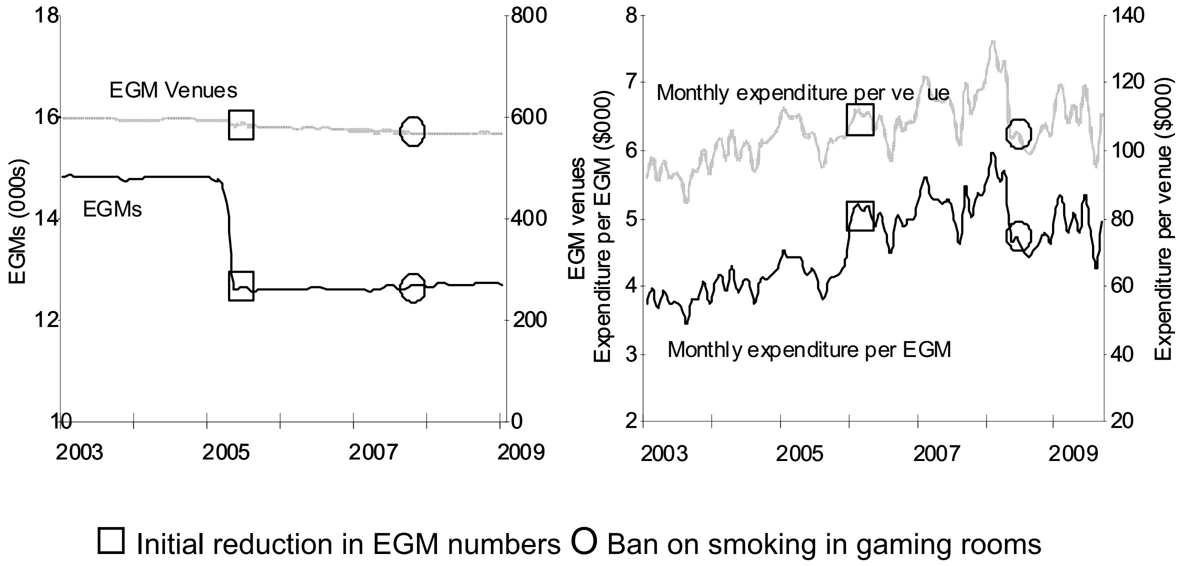
The second phase of EGM reduction operates through an entitlement trading scheme. The scheme will continue until the number of entitlements reaches 12 086 (a reduction of 3000 machines). During designated trading rounds, licensed venues can buy entitlements from other venues subject to:

- 25 per cent of entitlements put up for sale by for-profit venues being cancelled
- 25 per cent of entitlements put up for sale by clubs transferred to ‘Club One’, a pool of club resources.

When there are only 12 086 entitlements left, this will become a cap for EGMs in South Australian clubs and hotels. These steps were taken via the *Gaming Machines (Miscellaneous) Amendment Act 2004*, which amended the *Gaming Machines Act 1992*.

Source: Office of the Liquor and Gaming Commissioner (2009c).

Figure 2.7 **Effects of EGM reductions in South Australia**[a]



[a] Expenditure only refers to EGMs in clubs and hotels and does not include EGMs in the casino.

Data source: Office of the Liquor and Gaming Commissioner (2009c).

At a national level, consumption expenditure per operational EGM has exhibited little growth between 1999-00 and 2008-09 (table 2.12). However, at these aggregate levels, estimates of expenditure per EGM are relatively volatile, and are only indicative of the average EGM's earning power. One particular issue is that if low earning machines were discarded, then this would increase the state-wide estimate of expenditure per EGM — yet, such increases would not reflect any real changes or improvements to the earning power of the remaining EGMs.

What is fairly clear from these estimates is that expenditure per EGM differs between jurisdictions. And it is particularly high in Victoria. By comparison, the average expenditure per casino EGM is higher than for clubs and hotels ($106 197 in 2007-08). Differences in EGM earning power are explored further in appendix C (in relation to the costs of pre-commitment).

Table 2.12 **Real annual expenditure per operational EGM[a]**

Consumption expenditure per EGM is equal to revenue earned by each EGM

	1999-00[a]	*2008-09*
Clubs and hotels	$	$
NSW	51 972	49 935
Victoria	97 810	101 113
Queensland	35 890	44 512
South Australia	50 222	59 372
Western Australia	—	—
Tasmania	32 541	61 130
Northern Territory	28 215	67 753
ACT	41 746	33 934
Australia	55 144	56 432

a Expenditure in 2008-09 dollars, calculated by the Productivity Commission using a CPI adjustment.

Data source: PC estimates based on Office of Economic and Statistical Research (2008); NSW Office of Liquor, Gaming and Racing unpublished data; Victorian Commission for Gambling Regulation (2009a); Queensland Department of Employment, Economic Development and Innovation, unpublished data; South Australia Office of the Liquor and Gambling Commissioner (2009a); Tasmanian Gaming Commission (2009a); Northern Territory Department of Justice unpublished data; ACT Gambling and Racing Commission unpublished data; PC (1999); FaHCSIA (2009a); Northern Territory Government (sub. 252); ACT Gambling and Racing Commission (2009b); ABS (*Consumer Price Index, Australia*, Cat. no. 6401.0).

2.4 The casino industry

There are 13 operating casinos in Australia, owned by six different corporations (table 2.13). While the same number of casinos were operational in 1999, several aspects of the casino industry have changed in the last decade, notably:

- reduced expenditure growth (as shown above)
- changes in ownership concentration
- regulatory changes
- changes in the overseas market.

Structure of the industry

The 1980s and 1990s saw large scale liberalisation of casino industries across several states and territories. By 1986, eight casinos had opened across Australia, covering all jurisdictions except for New South Wales, ACT and Victoria. A further six casinos opened between 1992 and 1996, including one on Christmas Island.

Table 2.13 **Casino ownership, licensing and exclusivity in Australia**

Parent company	*Casino*	*Location*	*Licensing and exclusivity*
Casinos Austria International	Casino Canberra	ACT	A 99-year lease on licence with exclusivity until 2012.
	Reef Casino	QLD	Licence that in 1996 provided for a ten-year exclusivity period for casino gaming within a 120 kilometre radius of the location.
Federal Group	Wrest Point Hotel Casino	TAS	The Deed of Agreement between the Crown and Federal Hotels Pty Ltd provides exclusive rights for the Federal Group to operate table gaming, gaming machines and Keno throughout the state until 30 June 2018.
	Country Club Tasmania	TAS	
Lasseters Holdings Pty. Ltd.	Lasseters Hotel Casino	NT	Southern NT division exclusivity until 2018.
Publishing and Broadcasting Ltd.	Crown Casino	VIC	Exclusivity until 2032.
	Burswood Entertainment Complex	WA	The State must not grant another licence to a casino and hotel of similar size and standard as Burswood within a 100km radius of Burswood.
Skycity Entertainment Ltd.	Skycity Darwin	NT	Northern NT division exclusivity until 2015.
	Skycity Adelaide	SA	The current licence term is until 2085. Exclusivity across SA until 2015 with right to receive compensation for any diminution of value for any change to the exclusivity.
Tabcorp Holdings Ltd.	Star City Casino	NSW	The casino licence was originally awarded to Sydney Harbour Casino Pty Ltd for 99 years from 1994, with 12 year exclusivity in NSW. In late 2007 the exclusivity arrangement was extended for another 12 years until 2019.
	Conrad Jupiters	QLD	Licence awarded in perpetuity. A 10 year regional casino gaming exclusivity agreement expired in 1996.
	Conrad Treasury	QLD	A 75-year licence was awarded in 1995. A ten year exclusivity period was also awarded for casino gaming within a 60 kilometre radius of the location (now expired).
	Jupiters Townsville	QLD	Exclusivity within a 400 km radius granted in 1986 for 15 years, with the exception of Cairns which was only excluded for five years.

Source: Australasian Gaming Council (2009) with updates by the Productivity Commission.

Since the closing of the Christmas Island casino in 1998, the industry has stabilised at 13 casinos — underpinned by ongoing exclusivity arrangements in all but two jurisdictions (table 2.13).

The casino industry has a more concentrated ownership structure than a decade ago (table 2.13). For instance, Tabcorp currently owns four Australian casinos after acquiring the Star City casino in 1999 and merging with Jupiters in 2003. Skycity acquired Adelaide's only casino in 2000, as well as the MGM Grand in Darwin in 2003. These changes have also resulted in more integrated companies, with Tabcorp and Skycity also having businesses in other areas of Australian gambling.

Exits and blocked entries

The casino on Christmas Island which opened in 1993 closed permanently in 1998. Its initial closure was linked to the Asian financial crisis which affected a significant proportion of its market as well as its own parent company. Subsequently, the resort site was acquired in 2000 by Soft Star and an attempt was made to reopen the casino. In 2004, this attempt was blocked by the Australian Government through the *Casino Legislation Ordinance 2005*.[5] Specific mention was made of concerns for the impact of gambling on local communities.

Lasseters Holdings opened an online casino in April 1999, two years prior to the Australian Government passing the *Interactive Gaming Act 2001* (IGA). The IGA specifically prohibits the online provision of casino gaming by Australian companies. Following the advent of the IGA, Lasseters online casino operated entirely for non-Australian markets. A ban on online gaming was also passed in the United States in 2006, effectively closing the US market for online casinos such as Lasseters.[6] Lasseters ended its online operations in October 2008, citing the loss of the US market (Lasseters 2008).

Casino industry performance

Australian casinos obtained around $3.46 billion in gaming revenue in 2008-09, (table 2.14). The Commission estimates that $1.37 billion of this was from EGMs,

[5] The *Casino Legislation Ordinance 2005* effectively repealed the *Casino Control Ordinance 1988* for Christmas Island and applied the *Gaming Commission Act 1987* (WA) in its place.

[6] The US *Security and Accountability for Every Port Act 2006* included a prohibition on transactions between US financial institutions and online gaming companies, with the exceptions of fantasy sports, online lotteries, and horse/harness racing.

$1.44 billion from table games and $649 million from international VIP programs.[7] This equates to some $111 000 in revenue per EGM in casinos (compared to $56 000 for those in clubs and hotels), and an average of over $900 000 for each gaming table.

Casino expenditure has been relatively stable in most jurisdictions over the last decade (figure 2.8). While the opening of new casinos during the 1990s resulted in historically rapid growth, with no new casinos opening during the 2000s, casino expenditure in most jurisdictions has stabilised somewhat.

Table 2.14 **Expenditure on casino gaming**

Venues	*1998-99*		*2006-07*		*2007-08*		*2008-09*
	Nominal	Real[a]	Nominal	Real[a]	Nominal	Real[a]	Nominal/ Base
	$m	$m	$m	$m	$m	$m	$m
NSW	480	655	687	733	704	726	748
Victoria	722	986	1 062	1 133	1 101	1 136	1 218
Queensland	477	651	526	561	560	578	580
South Australia	77	105	132	140	104	107	129
Western Australia	286	390	453	483	486	501	535
Tasmania	82	112	102	109	109	113	114
Northern Territory	54	74	104	111	117	121	122
ACT	16	22	18	19	18	18	19
Australia	2 193	2 995	3 084	3 289	3 200	3 300	3 464

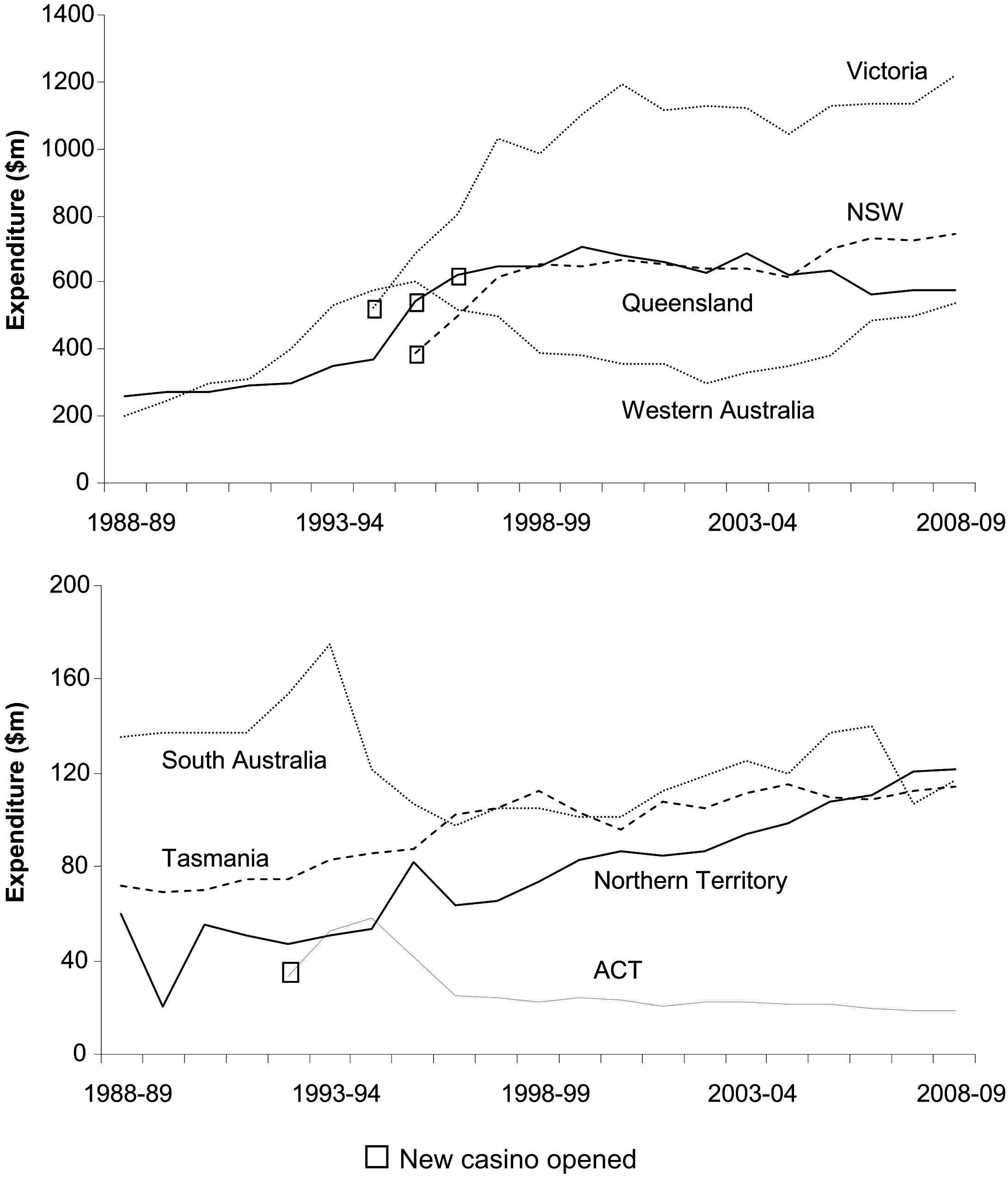
[a] Real expenditure is in 2008-09 dollars calculated using a CPI adjustment. Jurisdiction may not add to total due to rounding.

Sources: Office of Economic and Statistical Research (2008); NSW Government unpublished data; Victorian Commission for Gambling Regulation (2009a); Queensland Government unpublished data; Western Australian Government unpublished data; Tasmanian Gaming Commission (2009); ACT Gaming and Racing unpublished data; Northern Territory Government unpublished data; Skycity Entertainment Group (2009); ABS (*Consumer Price Index, Australia*, Cat. no. 6401.0).

And while no new casinos have been built in the last ten years, there has been some expansion within existing casinos. In 1999, Australian casinos operated 10 788 EGMs and 1098 gaming tables (PC 1999, p. 13.21), compared with the latest count of 12 306 gaming machines and 1525 gaming tables (table 2.11, Allen Consulting Group, 2009b). This translates to a 39 per cent increase in the number of gaming tables, and a 14 per cent increase in the number of EGMs over the last decade. By comparison, EGM numbers in clubs and hotels increased by 7 per cent.

7 The estimate of casino EGM expenditure is detailed in table 2.7. VIP programs are based on figures from the Australasian Casino Association (2009) showing that in 2007-08, table games accounted for around 2.22 times more revenue than VIP programs. That ratio was assumed to hold in 2008-09.

Figure 2.8 **Real expenditure on casino gaming, 1986-87 to 2006-07[a b]**



[a] Expenditure in 2006-07 dollars, calculated using a CPI adjustment. [b] Not included: Christmas Island casino, 1993-1998.

Data source: Office of Economic and Statistical Research (2008); NSW Government unpublished data; Victorian Commission for Gambling Regulation (2009a); Queensland Government unpublished data; Skycity Entertainment Group (2009); Western Australian Government unpublished data; Tasmanian Gaming Commission (2009); ACT Gaming and Racing unpublished data; Northern Territory Government unpublished data; ABS (*Consumer Price Index, Australia*, Cat. no. 6401.0).

While other sources of income are also important to casinos, gaming constitutes around 78 per cent of revenue for Australian casinos, similar to the case in 1999 (79 per cent) (table 2.15). Both Crown and Star City have announced plans to expand their existing casino operations, with much of the expansion relating to non-gaming aspects of the casinos (Tabcorp 2008a, Crown Ltd 2009a).

Table 2.15 **Australian casino revenue by source**

	1999-00	*2002-03*	*2005-06*	*2007-08*
	$m	$m	$m	$m
Gaming	2 397	2 531	2 859	3 168
Food and beverage	368	357	428	466
Accommodation	119	131	202	224
Rent and leasing	33	30	28	22
Entertainment	15	31	23	52
Other, including parking and retail	106	65	78	117
Total	3 038	3 145	3 618	4 049

Sources: Allen Consulting Group (2009b); ACIL (2001).

Taxes and fees

Casinos Australia-wide paid gaming taxes of $552 million in 2007-08 — an effective tax rate of around 17 per cent. Tax rates differ in each jurisdiction, particularly with regard to different types of gaming offered by casinos.

- New South Wales, Victoria, Queensland and the ACT apply the same marginal tax rates to casinos' EGM and table gaming revenues.
- In Western Australia, similar tax rates apply for EGMs and table games (with the tax rate for EGMs 2 percentage points higher than for tables).
- In Tasmania, the tax rate for EGM revenue is between 20.88 and 25.88 per cent of gross profit 10 per cent and 0.88 per cent of profit for table games.
- In the Northern Territory, the tax rate for EGM revenue is between 8 and 12 per cent and for tables between 20 and 21 per cent.
- In South Australia, the tax rate for EGM revenue is 10 per cent and for tables 43.5 per cent.

In addition to revenue taxes, casinos are often subject to sizeable licensing fees, exclusivity fees, and other levies and duties. Some licence fees are once-off payments which last up to 99 years, while others are monthly and quarterly instalments. If a straight line depreciation were applied to the fixed licence fees, then licence fees appear to be a relatively small proportion of the taxes and fees paid by casinos (table 2.16). Community fund levies are also applied in some jurisdictions as distinct from other taxes.

Table 2.16 Casino levies and licence fees

Jurisdiction	*Community levies as proportion of annual revenue*	*Gaming licence fees as equivalent proportion of annual gaming revenue*[a]
	%	%
New South Wales	2 per cent EGM revenue	2.46
Victoria	$4333 per EGM and 1 per cent EGM revenue	0.68
Queensland	1 per cent EGM revenue	0.53
South Australia	—	0
Western Australia	2 per cent gaming revenue	0.57
Tasmania	—	2.88
Northern Territory	10 per cent gaming revenue	0
ACT	—	4.02

[a] Licence fees are a sum total for all casinos in each jurisdiction. Where licence fees are fixed once off payments, the PC estimated the annual amount using straight line depreciation. Licence fees are calculated using 2006-07 revenue.

Sources: Allen Consulting Group (2009b); Australasian Gaming Council (2008d); Productivity Commission calculations.

International competitive pressures

The vast majority of visits to Australian casinos are from Australian residents — around 5 per cent of visits were from international tourists in 2007-08 (Allen Consulting Group 2009b). However, in the same year around 18 per cent of casino gaming revenue was attributed to international VIP programs. As tourism comprises a significant minority share of gaming revenue at casinos, recent developments in markets overseas are relevant to the Australian industry.

In the last ten years, Macau has become host to one of the world's largest casino industries. When Macau returned to Chinese rule in 1999, its long running gambling industry — owned by a monopoly operator — was officially opened to competition. In 2008, expenditure among its 31 casinos was the equivalent of (AUD)$16.1 billion (Macau Government Information Bureau 2009). Industry estimates for 2007 put casino expenditure at $14.2 billion (Greenlees 2008). The development of Macau has been ongoing — the current phase of casino openings has included what is claimed to be the world's largest casino in 2007, the Venetian Macau. It is not clear to what extent Macau's development has affected the

Australian industry, although it remains a significant competitor for gambling tourism including VIP gamblers.

The most immediate competitive pressure is likely to be from Singapore. In 2005, Singapore ended its 40 year ban on casino gambling. Two licences for the construction and operation of casinos were awarded in 2006 to Las Vegas Sands and Genting. The two venues are scheduled to open in 2010, after a total construction bill of around US$12 billion (Daily Edge 2009).

Other competition

Several submissions noted that a range of overseas companies provide online gaming services to Australian customers, in spite of explicit prohibition by the IGA (2001) (for example, Clubs Australia, sub. 164 and Betfair, sub. 181). These sites offer such table games as poker, blackjack and roulette, as well as simulated racing and EGMs. Estimates of Australians' online gaming show that in 2008:

- $249 million was spent on online poker — a 170 per cent increase on 2004 levels
- $541 million was spent on online casinos — a 105 per cent increase on 2004 levels
- 363 000 accounts were active for online poker — a 177 per cent increase on 2004 levels
- 703 000 accounts were active for online casinos — a 116 per cent increase on 2004 levels (iBus, sub. 178).

It is unclear what proportion of the population participates in online gaming, as one person may be responsible for several online accounts with different providers. Online gaming participants have been estimated to comprise a little as 0.12 per cent of Australia's adult population, and as much as 4 per cent (chapter 15).

Some forms of casino table games are also available in live venues other than casinos — poker tournaments are commonplace in both hotels and clubs. In these tournaments, the house collects entrance fees and provides card dealers who do not participate in the game. Players compete amongst themselves for predetermined cash prizes (often for first, second and third). Prizes may also take the form of points towards free entry for subsequent poker tournaments.

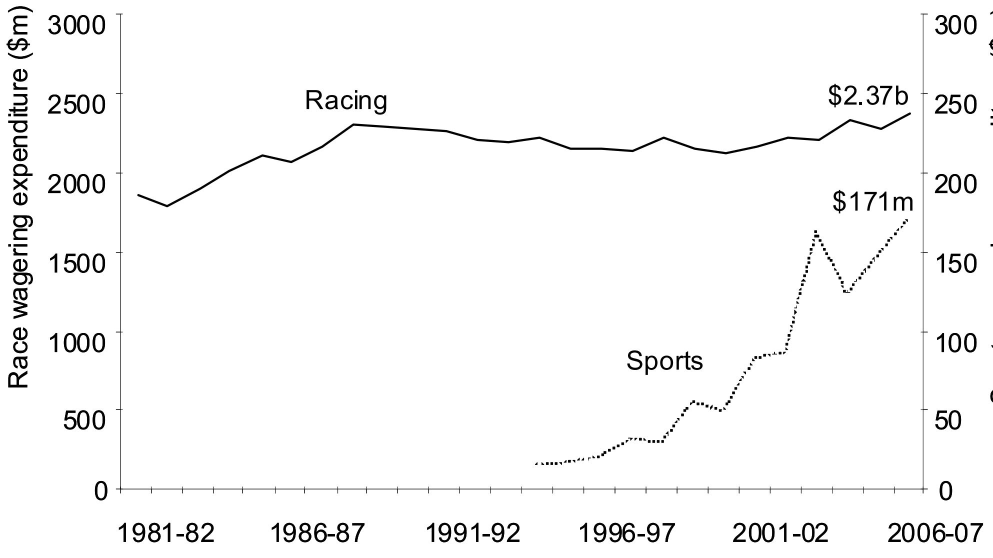
By their nature, it is difficult to estimate how much is *spent* on this form of gambling, especially since many tournaments provide free entry with the aim of recouping revenue through beverage sales. It is estimated that the two leading organisers of poker events in hotels and clubs have a combined total of 800 000 members (iBus, sub. 178, p. 13).

2.5 The wagering industry

Wagering in Australia is largely based on either thoroughbred, harness or greyhounds races, or sports events (including overseas events). Minor forms of wagering also exist, such as wagering on the outcomes of elections or television shows, although this is a very small market.

Real expenditure (player losses) on race wagering has been fairly stable over the last twenty years (figure 2.9). Little growth was experienced in the 1990s, during which time wagering expenditure was well surpassed by that of gaming. Sports wagering, on the other hand, as a relatively new product, has experienced continued rapid growth since the mid 1990s.

Figure 2.9 **Real expenditure on forms of wagering, 1981-82 to 2006-07**[a]



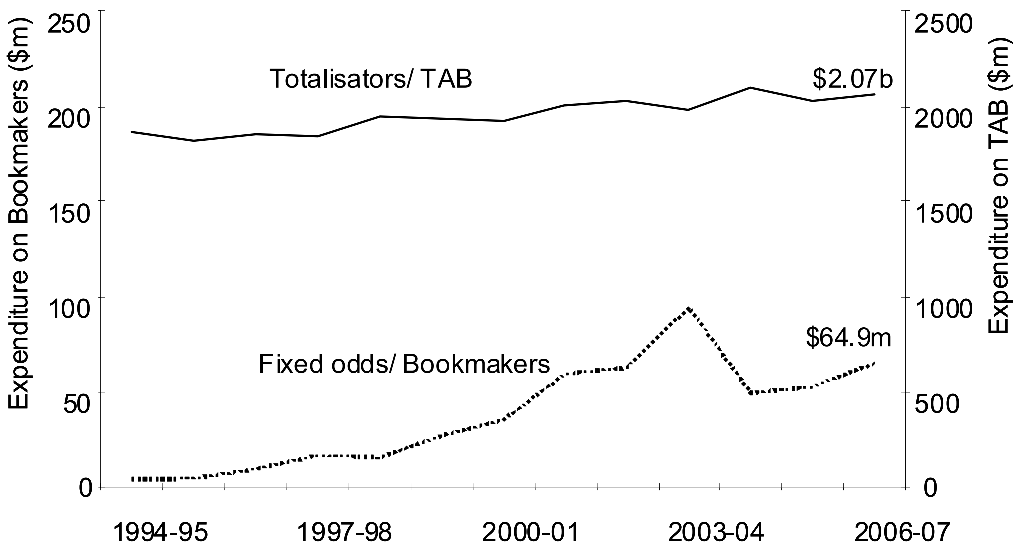
[a] Expenditure in 2006-07 dollars, calculated using a CPI adjustment.

Data source: Office of Economic and Statistical Research (2008).

Wagering services in Australia are provided by TAB totalisators as well as bookmakers and one betting exchange. TAB totalisators remain the largest providers of wagering products in Australia (figure 2.10). Their wagering services include totalisator and fixed-odds businesses, delivered on-course, off-course and online. In real terms, the TAB gross revenue from wagering on racing and sporting events has grown modestly in this period.

In real terms, expenditure on wagering services from bookmakers and fixed-odds wagering operators grew steadily from the mid-1990s, peaking abruptly in the mid-2000s. A similar trend is observed in sports wagering expenditure. Subsequent to this peak, expenditure on bookmakers and other fixed odds wagering dropped sharply to a three year low (figure 2.10). Of the $45 million downturn in gross revenue to bookmakers (adjusted for inflation), $16.4 million was from Victoria and $27.9 million from the Northern Territory.[8]

Figure 2.10 **Real wagering expenditure by service providers, 1994-95 to 2006-07[a b]**



[a] Expenditure in 2006-07 dollars, calculated using a CPI adjustment. [b] Fixed odds and bookmakers expenditure does not include ACT, as data were unavailable.

Data source: Office of Economic and Statistical Research (2008).

Wagering participation

During the 2000s, racing has remained a more pervasive form of wagering than sports betting (tables 2.17 and 2.18). Both racing and sports wagering are subject to several annual special events (such as the Melbourne Cup or football grand finals), and therefore attract irregular or occasional gamblers. Participation in race wagering appears to have fallen marginally. Participation rates for sports wagering have been up in some jurisdictions and down in others.

8 Numbers quoted are adjusted for inflation. In 2006-07 dollars, expenditure on bookmakers rose by $32 million in 2003-04, and fell by $45 million the subsequent year. In 2004-05, expenditure fell by $16 million in Victoria and by $28 million in the Northern Territory.

Other estimates suggest that the pervasiveness of online wagering appears to have grown strongly in the 2000s, although evidence is limited. Tabcorp alone reported that 35 per cent of its 400 000 active accounts had been internet-enabled (Tabcorp 2007c). According to recent estimates:

- around 424 000 online sports wagering accounts were active in 2008 — a 103 per cent increase on 2004 levels
- around $391m was spent on online sports wagering in 2008 — a 73 per cent increase on 2004 levels (iBus Media, sub. 178).

It is not possible to estimate from these numbers what proportion of the population participates in online wagering — for example, one person may have several online accounts with different providers (chapter 15).

Table 2.17 **Race wagering participation rates**

Proportion of the adult population

	NSW	*VIC*	*QLD*	*SA*	*WA*	*TAS*	*NT*	*ACT*
	%	%	%	%	%	%	%	%
1999	26	25	20	19	27	31	28	28
2001	—	—	—	—	—	—	—	23
2003	—	28	—	—	—	—	—	—
2003-04	—	—	16	—	—	—	—	—
2005	—	—	—	19	—	—	19	—
2006	20	—	—	—	—	26	—	—
2006-07	—	—	16	—	—	—	—	—
2008	—	16	—	—	—	—	—	—
2008-09	16	—	19	—	—	—	—	—

Sources: Productivity Commission (1999); NSW Office of Liquor, Gaming and Racing (2006); NSW Department of Health (2009); Centre for Gambling Research (2004a); Hare (2009); Queensland Government (2002, 2004, 2008, 2009); Office for Problem Gambling (2006); Roy Morgan Research (2006); Charles Darwin University (2006); Australian Institute for Gambling Research (2001).

Table 2.18 **Sports wagering participation**

Proportion of the adult population

	NSW	*VIC*	*QLD*	*SA*	*WA*	*TAS*	*NT*	*ACT*
	%	%	%	%	%	%	%	%
1999	8	5	3	8	9	6	6	4
2001	—	—	—	—	—	—	—	6
2003	—	6	—	—	—	—	—	—
2003-04	—	—	4	—	—	—	—	—
2005	—	—	—	4	—	—	6	—
2006	6	—	—	—	—	5	—	—
2006-07	—	—	5	—	—	—	—	—
2008	—	4	—	—	—	—	—	—
2008-09	7	—	5	—	—	—	—	—

Sources: PC (1999); NSW Office of Liquor, Gaming and Racing (2006); NSW Department of Health (2009); Centre for Gambling Research (2004a); Hare (2009); Queensland Government (2002, 2004, 2008, 2009); Office for Problem Gambling (2006); Roy Morgan Research (2006); Charles Darwin University (2006); Australian Institute for Gambling Research (2001).

Competitive pressures

Economies of scale are inherent in totalisator wagering, because larger totalisator pools effectively lower the costs of wagering. Across Australia, totalisators continue to operate on exclusive licences, except for sports wagering in the ACT (table 2.19). However, totalisator exclusivity does not preclude competition from non-totalisator wagering operators such as corporate bookmakers, and competitive pressures have continued to increase during the 2000s.

In the last decade, totalisators in Australia have attempted to increase their size and leverage through mergers. In 2005, the New South Wales state government rejected attempts to merge the New South Wales TAB pool with that of SuperTAB (Tabcorp 2007a). However, in May 2007, agreements were made to combine the SuperTAB pool with the New Zealand totalisator pool (Tabcorp 2007b). Effectively, New Zealand residents betting on Australian races now bet directly into the SuperTAB pool, whereas Australian residents betting on New Zealand's races now bet directly into their totalisator pool.

Table 2.19 **Totalisator exclusivity**

State/ Territory	*Service provider*	*Exclusivity arrangement*
New South Wales	Tab Ltd	Exclusivity until 2013
Victoria	Tabcorp	Exclusivity until 2012
Queensland	Unitab	Exclusivity until 2013
South Australia	Unitab	Exclusivity until 2016
Western Australia	WA Tab	Perpetual exclusivity
Tasmania	Tote Tasmania	Exclusivity until sold (15 years for next operator)
Northern Territory	Unitab	Exclusivity until 2015
ACT	ACTTAB	Sports (no exclusivity), racing (perpetual)

Source: Australasian Gaming Council (2009).

In 1999, the Commission noted the increasing significance of non-TAB bookmakers, operating both on-field (at race courses) and off-field (PC 1999). Since then, corporate bookmakers have been of increasing significance, and the internet has played a significant role. Online wagering operators are licensed in several jurisdictions and offer different bundles of wagering services (table 2.20).

The Northern Territory has been a focal point for online bookmakers. The Northern Territory licensed the first corporate sports bookmaker, Centrebet, in 1992, which then began its online operations in 1996. The size of the corporate bookmaking sector in the Northern Territory has grown since then, with ten bookmakers licensed to operate online or on a 24 hour basis (Northern Territory Department of Justice 2009). Overall, the Northern Territory is responsible for the vast majority of growth for corporate bookmakers (table 2.21).

In 2006, Tasmania licensed Australia's first online betting exchange. In order not to conflict with licenses held by Betfair overseas, Tasmania was required to change its regulatory structure to achieve 'White List' status from the UK Department of Culture, Media and Sport. This places Tasmania as one of few jurisdictions in the world to be deemed suitable for the regulation of online wagering by the UK Government.

Table 2.20 **Examples of online wagering operators**

Online wagering operator	*Licensing jurisdiction*	*Type of wagering*	*Type of wagering events*
www.tab.com.au	NSW, Victoria	totalisator, fixed odds	racing, sports
www.acttab.com.au	ACT	totalisator, fixed odds	racing, sports, Keno, racing simulation.
www.ozbet.com.au	Western Australia	totalisator, fixed odds	racing, sports
www.centrebet.com.au	Northern Territory	totalisator, fixed odds	Australian and international racing, sports
www.tabonline.com.au	South Australia, Northern Territory, Queensland	totalisator, fixed odds	racing, sports
www.thetote.com.au	Tasmania	totalisator, fixed odds	racing sports
www.betfair.com.au	Tasmania	betting exchange	racing, sports, racing simulation, novelty bets
www.betchoice.com	Northern Territory	fixed odds	racing, sports
www.luxbet.com.au	Northern Territory	fixed odds	racing, sports

Table 2.21 **Growth of corporate bookmakers from 2003 to 2008**

Jurisdiction	*Turnover growth 2003 to 2008*
	%
Northern Territory	171
ACT	10
Victoria	-6
South Australia	-6
Tasmania	-10
New South Wales	-20
Western Australia	-30
Queensland	-33
Total	47

Source: Australian Bookmakers' Association, (sub. 243, p. 6).

There has also been growth in the number of online wagering services offered by incumbent venue-based operators. Tabcorp's online wagering alone turned over $1 billion within the 2007 financial year (Tabcorp 2007b). By comparison, the turnover of all corporate bookmakers in the Northern Territory was estimated at $3 billion in 2007 (2008).