Gambling: a government bonanza in Australia

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State governments in Australia have become increasingly dependent on gambling to generate taxation revenues. According to recent statistics, between 1973 and 1998 their proceeds from gambling grew 20-fold, from approximately $200 million to $3.8 billion per year.

More than $2 billion of this growth came from the introduction of gaming machines into states other than New South Wales. Before 1990, gaming machines were banned in the other states but official attitudes have changed remarkably quickly as traditional revenue sources, particularly business taxation, have been eroded.

Today, Australia hosts about 170,000 poker machines, of which almost 100,000, or 10 percent of the world's total, are in New South Wales and the Australian Capital Territory. The six state governments have become world leaders in this form of money extraction.

On average, they now collect 10 percent of their revenue from gambling. The $1.4 billion raked in by the New South Wales government from gaming operations each year is equivalent to 20 percent of the state's health budget. The Carr state Labor government has raised $650 million in taxes, license fees and other payments from Sydney's Star Casino alone in the three years since it was launched.

Obliged to offer tax breaks or other incentives to major corporations to locate within their borders, the state governments see gambling as a means to dig deeper into the pockets of the working population.

Victorian Premier Jeff Kennett expressed their attitude at a press conference in mid-1998, describing gambling taxation as “without a doubt the most obvious form of a broad-based indirect tax you can possibly have. It is voluntary and it is able to absorb from the community a lot of the loose money that is floating around.”

Every serious study demonstrates that, far from being “loose money,” ever-greater sums are being devoured by gambling precisely because working class people can no longer make ends meet and are desperately hoping for jackpots as a means of escaping poverty.

During the last 15 years, expenditures on gambling as a percentage of household disposable income have more than doubled to 3.2 percent. Yet this average figure also masks the fact that the spending is by far the heaviest in the poorest areas.

Statistics from Kennett's own state of Victoria show there are more than twice the number of gaming machines in the poorer western suburbs of Melbourne than in the generally wealthier eastern suburbs.

Recent figures from Sydney confirm this trend. Hotel owners in the Canterbury-Bankstown and Liverpool-Fairfield areas, which have the lowest median incomes in the Sydney metropolitan area, earn the highest profits from gaming in New South Wales. These two areas have median household incomes of just $629 and $671 a week respectively, yet hotelkeepers earn an average annual gaming profit of $1.36 million in Canterbury-Bankstown and $1.5 million in Liverpool-Fairfield. By contrast, in the generally wealthier eastern suburbs, the average profit is $799,660.

Statistics from the Tasmanian gambling welfare organisation Break Even provide a further example. Of their clients with a known income range, half have an annual income below $20,000, while 73 percent have an income below $30,000.

Governments and big business alike are deliberately preying on the social hardship being experienced in working class areas. In total, the gambling industry earned $11.3 billion in profits in 1997-98, up $1.3 billion from the previous year, itself a record. Nationwide, people bet a total of $94.5 billion, an increase of some 15 percent in one year. This averages out at around $4,725 for every man, woman and child.

Approximately half of these profits come from the gaming machines that have proliferated in the poorest working class areas, feeding off and exacerbating sharp social and economic problems. Poker machines are particularly insidious, potentially addictive and suited to fleecing funds from poorer communities because players can place bets for as little as 5 cents and win an average of 90.1 percent of

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turnover. At the same time, because they are computerised, their owners and governments can set and calculate their profit rates with extreme precision.

Gambling is now so interwoven into the sinews of capitalist governance that industry figures feel emboldened to call for all regulation to be lifted. The Australian Hotels and Hospitality Association (AHHA) argued in a recent submission to the Howard federal government's Productivity Commission inquiry into gambling that so-called problem gambling was the result of individual personality disorders, for which the industry could not be blamed.

"If 1 percent of people have a problem, 99 percent of people do not have a problem," the AHHA declared. Governments, the industry and welfare agencies all refer to "problem gambling", i.e. gambling that becomes compulsive and out of control, leading to severe financial and personal crises.

Even using this narrow definition it is estimated that up to 3 percent of the population are afflicted, while for each so-called problem gambler, another seven to ten people suffer from the results of his or her addiction. This means that up to 10 percent of the population are involved, without even considering the wider layers of gamblers who may not be classified as addicts, but whose lives are nevertheless adversely affected. And when one considers the concentration of gambling in working class areas, these figures severely underestimate the social impact.

The AHHA also argued that because 60 percent of Victorians gamble at some point during a year, it must be seen as "a welcomed addition to the entertainment package provided by our hospitality venues". But the dramatic surge in gambling cannot be explained by its highly dubious entertainment content.

What is undeniable is that venues have soothing interiors, artificial lighting and no clocks, so gamblers have no idea how long they have spent at the machines, while subsidised alcohol loosens their senses and wallets. Many of the clubs and gaming rooms specifically target women, trying to create an atmosphere where they feel safe. In Victoria, women have risen from virtually nil to 46 percent of those registering with agencies as problem gamblers.

The underlying factors, however, lie deeper. Together, governments and business have driven down the incomes of working people through layoffs and restructuring, slashed funding to community facilities and mounted a prolonged ideological campaign aimed at promoting the perception that there are only individual solutions to social problems.

For most people the prospect of success through individual initiative that was promoted in the post-war period has become an individual struggle to make ends meet. The transfer of wealth from workers and the middle class to the rich over the last 20 years has put an end to even the limited security many workers could expect to achieve after a lifetime in the workforce.

Recent statistics point to an enormous growth of personal indebtedness as people strive to maintain their living standards by relying on credit in a variety of forms. Average household debt now equals 100 percent of disposable income, a ratio that has risen 25 percent in the past four years alone. In poorer areas the position is far worse, with families owing much more than their income.

At the same time, people are inundated by advertising for a myriad of forms of gambling, all holding out the possibility of making a quick fortune. One can "Scratch Me Happy", make "The Adrenaline Bet" on horse racing at the TAB, watch "Who Wants to Be a Millionaire" on television or pick "The Big One" from the state lotteries, with prizes often exceeding $1 million. Billboards everywhere offer wealth and excitement at the clubs, hotels and casinos.

The AHHA attempted to depict the high level of gaming machines in lower socio-economic areas as the result of free choice. "There is no sinister plot to visit upon the residents of these areas a seriously debilitating affliction," it said. "There are less fine dining restaurants and art galleries in those areas because the people who live there, on the whole, don't like them. This is not surprising. The majority of people who use gaming machines would probably disagree with the subsidies to ballet and opera."

The arrogance of these lines is almost breathtaking. Few cultural centres have ever existed in working class areas. And those that did have been all but eliminated by the cost-cutting policies of the last 20 years. Moreover, working class people now cannot afford to attend cultural activities, certainly not on a regular basis. One visit to the city for opera or ballet, for example, would cost two people from Canterbury-Bankstown or Liverpool-Fairfield approximately one third of their weekly income. A meal in a "fine dining restaurant" would probably cost around the same.

The AHHA's comments reflect, in a particularly crude fashion, the attitude of the ruling elite to the immense social problems facing the working population. They blame the poor for their own plight. Dismissing any responsibility themselves, both government and the gambling industry then use that plight to extract as much hard cash as they possibly can.

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