

Australia: New evidence that gambling industry profits from the poorest suburbs

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Recent statistics from the Australian state of New South Wales underline the extent to which the gambling industry preys upon the poorest and most oppressed layers of the working class. Quarterly statistics from the NSW Department of Gaming and Racing indicate that in the heavily working class Sydney suburb of Canterbury-Bankstown, where residents have an average weekly income of \$263, weekly spending on poker machines is equivalent to \$181 per person.

This is similar to the Fairfield-Liverpool area, just further to the west, where residents have a mean income of \$258 while spending on poker machines averages \$178 each a week. The unemployment rates in these suburbs are the highest in the metropolitan area, reaching 9 percent in Fairfield-Liverpool.

The statistics show that the 28 hotels in the Fairfield-Liverpool region each made an average profit of \$649,412 from poker machines in the March quarter, up from \$332,390 two years ago. A substantial part of the state's annual poker machine turnover of \$36.9 billion comes from Fairfield-Liverpool and Canterbury-Bankstown, which together account for \$5.5 billion.

This contrasts sharply with more affluent suburbs like Hornsby-Ku-ring-gai, which has an average weekly income of \$579, but an overall outlay of only \$44 per person on poker machines.

Other studies have found that those most likely to gamble have less formal education, a low income, and come from non-English speaking backgrounds. A Roy Morgan organisation survey conducted in Victoria this year found that among regular gamblers the three main motives for gambling were “the possibility of winning”, “the dream of winning” and “to make a quick buck.” As a form of entertainment, playing poker machines rated poorly in term of satisfaction and

enjoyment.

This evidence follows the Productivity Commission's Interim Report on gambling, handed down in July 1999, which found that many of the poker machines in NSW and throughout the country are concentrated in disadvantaged areas where they make the most money, and that machines are regularly moved to higher performing suburbs if they are not generating enough profit.

That report showed that the machines available in Australia are “high-intensity” compared to other countries—they are faster and take larger bets. It is possible to stake \$100 on a single push on some machines, and the average loss rate per hour is \$720, compared with \$156 for New Zealand, \$130 for the UK, \$52 for Japan and \$705 for the United States.

The Commission estimated that revenue from electronic gaming machines, including poker machines, increased by 400 percent between 1987 and 1999. The gambling industry as a whole experienced an annual growth rate of 10 percent between 1995 and 1999, more than twice the rate of the broader economy. Australia now has 21 percent of the world's total gambling machines, and half are in NSW.

The Australian Commission of Gaming Research found that in 1999 Australia's leading poker-machine manufacturer recorded an 83 percent growth in profit. According to the Tasmanian Gaming Commission, total gambling losses in Australia in that year came to \$12.4 billion, more than double the funding for universities.

The gambling industry claims that betting is a leisure activity, equivalent to other forms of entertainment, and that the resulting social problems are confined to a very small section of the population that will always find ways to gamble. This is belied by the fact that gambling problems increased dramatically following the

introduction of poker machines in most states during the 1990s, and that NSW, the state with the longest history of poker machines, has the highest rate of problem gamblers in the country.

According to the Productivity Commission, women now make up half of all problem gamblers and the social problems resulting from gambling addiction, including bankruptcy, depression, family breakdown and suicide, have increased significantly. It estimated that 42 percent of all profits from poker machines come from people with gambling problems.

The commercial gaming industry is predatory. It spends \$573.5 million on advertising annually, pushing the illusion that anyone can get lucky. The gambling corporations deliberately feed off the desperation and sense of hopelessness of those who see no other way out of their current financial and personal situation.

They are helped by the fact that restrictions on advertising in Australia are among the most lenient in the Western world. People are constantly bombarded with the message that they too can have the good life simply by placing a bet. It is only logical that those most affected by downsizing, declining wages, long-term job insecurity and debt, are the most vulnerable to these messages.

Yet, the Productivity Commission concluded that the probability of winning on the poker machines over a lifetime of regular playing was so remote as to be almost non-existent.

Proponents of gambling refer constantly to the right of free choice for gamblers, but gambling has been imposed throughout Australia against the wishes of the majority of people. In 1957, a year after poker machines were legalised in NSW, a study found that 65 percent of people disapproved of them. In 1999, the National Gambling Survey found that 75 percent of respondents thought gambling did more harm than good, and 92 percent wanted no more poker machines. In Western Australia, the only state to resist the introduction of poker machines, there has been no community agitation calling for their introduction.

Over the past 30 years every government has become heavily dependent on promoting gambling. Between 1973 and 1998 state government proceeds from gaming increased 20-fold from \$200 million to \$3.8 billion. State and territory governments now obtain an average of 12 percent of their revenue from betting, and vital

public services are funded entirely by gambling taxes. With the introduction of the Goods and Services Tax this year, the federal government also hit the jackpot. It now collects 25 percent of gambling revenue.

In an environment in which governments have a direct stake in boosting gambling revenues, the vast transfer of wealth from the poorest sections of the population to the gambling corporations will continue unabated.



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