

Enjoyment

Consumer Surplus

Consumer surplus refers to the difference between what a consumer is willing to pay for a good and the amount they actually pay. Consumer benefits (enjoyment) of gambling are estimated at between \$4.4 billion and \$6.1 billion each year. The net benefit (surplus) comprises satisfaction or entertainment value, tax revenue for government, licence fees, community contributions and the consumer loss experienced by problem gamblers.

Estimated net impact of gambling (1997-98)¹

Form of gambling	Net benefit (loss) - \$m
Wagering	(201) - 617
Lotteries	1,126 - 1,464
Scratchies	145 - 243
EGMs	(2,634) - 1,122
Casino games	431 - 723
Other	(73) - 127
All gambling	(1,221) - 4,277

Consumer loss for problem gamblers refers to the direct dollar amount spent by problem gamblers based on the judgement they did not receive 'value-for-money' for their expenditure. It does not take into account the indirect costs such as problems experienced by the individual, their family and the wider community.

The social costs of problem gambling are difficult to measure, but are required to make an estimate of the net impacts. The Productivity Commission in its 1999 Report¹ focussed on a wide range of costs associated with gambling, such as financial costs (debts and bankruptcy), effects on productivity and employment, crime, personal and family impacts (relationship breakdowns and health issues) and treatment costs.

Value Added

Figures for 2006-07 show that the 13 casinos in Australia offer far more than gambling – they have 78 restaurants, 83 bars and 3,843 hotel rooms across all states and territories.

In addition to this, Australian casinos offer the following corporate and recreational options to visitors:

- 32 entertainment facilities consisting of 13 movie theatres, 8 live theatres, 4 nightclubs and 2 amusement arcades and other facilities such as wildlife exhibits ;
- 37 sporting facilities consisting of 12 gyms/health clubs, 2 golf courses, 1 driving range, 13

swimming pools and 5 tennis courts and other facilities such as horse riding;

- 59 retail shops;² and
- 74 conference/convention centres, in which 3,350 conferences/conventions were held in 2005-06 with over 592,567 attendees³.

The addition of gambling into hotels and clubs has had a positive impact on recreational facilities and opportunities.

Hotels and clubs with gambling are more popular than venues without gambling; they experience significantly greater spending on other forms of entertainment. For instance:

Hotel operators with gambling spent 29% more on live entertainment than hotels without gambling facilities. Club operators with gambling facilities spent over 1000% more on live entertainment than club operators with no gambling facilities.

Hotel operators with gambling attracted almost twice the spending on meals than hotel operators without gambling, while club operators with gambling attracted nearly five times the meal spending of club operators without gambling.

Amount spent on building projects/facility improvements by hotels and clubs in Queensland since installing gaming machines⁴

Venue size	Clubs	Hotels	Total
(\$,000)			
Small	1,608.0 ⁵	576.0	1,035.9 ⁵
Medium	155.9 ⁵	223.7	197.6
Large	168.2 ⁵	90.6 ⁵	141.6 ⁵
Total	850.5 ⁵	395.3	613.3

The addition of gaming machines into clubs and hotels in Queensland has provided a range of benefits to consumers in the form of new or improved buildings and facilities. Since installing gaming machines in the venues, clubs and hotels have spent almost \$800 million on building projects/facility improvements.

¹ Productivity Commission (1999) Australia's Gambling Industries, Report No. 10, 26 November 1999 (sections 5.24, 11.2).

² Australasian Casino Association (2008) , Australian Casino Industry Report FY2007..

³ URS Finance and Economics (2007), Australian Casino Economic Report, Prepared for the Australian Casino Association, July 2007.

⁴ Figures obtained by adding aggregate figure in previous report with 2003-04 figures. Extrapolated from Queensland Office of Gaming Regulation (2005, 2004, 2003), Results of the 2004 Queensland Survey of Operational Gaming Machine Sites, 2005, 2004, 2003.

⁵ Estimates had a relative standard error of between 25% and 50% in 2002 and should be used with caution.

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