

## Gambling Expenditure

### What is gambling?

Placing a wager or bet on the outcome of a future event with an unknown outcome.<sup>1</sup>

### Aggregate gambling expenditure in Australia by state/territory (2005-06)<sup>2</sup>

State/territory	\$m
NSW	7,072
VIC	4,559
QLD	3,121
SA	1,109
WA	850
TAS	287
ACT	257
NT	319
AUST	17,575

### Aggregate gambling expenditure in Australia by gambling form (2005-06)<sup>2</sup>

State/territory	\$m
Wagering <sup>3</sup>	2,323
Lotteries <sup>4</sup>	1,683
Gaming machines <sup>5</sup>	10,381
Casino <sup>6</sup>	2,930
Other <sup>7</sup>	258
All	17,575

Gambling expenditure in Australia in 2005-06 amounted to \$17.6 billion. Expenditure on gaming machines totalled \$10.4 billion and accounted for 59.1% of all expenditure on gambling forms. Wagering accounted for 13.2% of gambling expenditure (\$2.3 billion), while expenditure on lotteries and pools (\$1.7 billion) accounted for 9.6% of spending. Expenditure on casinos was \$2.9 billion (16.7% of gambling spending in Australia).

### Per capita gambling expenditure in Australia by state/territory (2005-06)<sup>2</sup>

State/territory	\$
NSW	1,357
VIC	1,170
QLD	1,029
SA	922
WA	552
TAS	776
ACT	1,022
NT	2,197
AUST	1,123

### Per capita gambling expenditure in Australia by gambling form (2005-06)<sup>2</sup>

State/territory	\$
Wagering <sup>8</sup>	148
Lotteries <sup>9</sup>	107
Gaming machines <sup>10</sup>	663
Casino <sup>11</sup>	187
Other <sup>7</sup>	16
All	1,123 <sup>12</sup>

In 2005-06 average gambling expenditure in Australia per adult was \$1,123 – comprising wagering (\$148 per adult), lotteries (\$107), gaming machines (\$663), casino (\$187) and other (\$16).

The Northern Territory has the highest expenditure per adult in Australia (\$2,197) although a significant proportion of business is from interstate and international markets. Expenditure in New South Wales was \$1,357 per adult, followed by Victoria (\$1,170), Queensland (\$1,029) and the ACT (\$1,022). In contrast, Western Australia, which does not have a gaming machine network in hotels and clubs reported expenditure of \$552 per adult, while Tasmania and South Australia reported average spending of \$776 and \$922 respectively.

### Household Disposable Income

Household Disposable Income (HDI) is the amount of income households have left over after they have paid their income taxes and is considered a key determinant of how much households can spend on consumer goods and services.

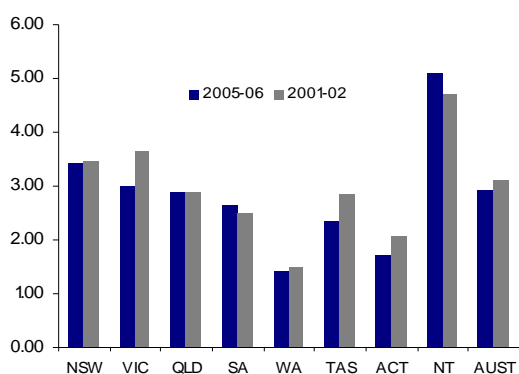
The average proportion of gambling expenditure as a proportion of Household Disposable Income (HDI) in Australia in 2005-06 was 2.93%, slightly lower than in the previous year (3.00%). The Northern Territory had the highest proportion of expenditure to HDI (5.11%),

but a significant proportion of gambling business comes from interstate and international markets.

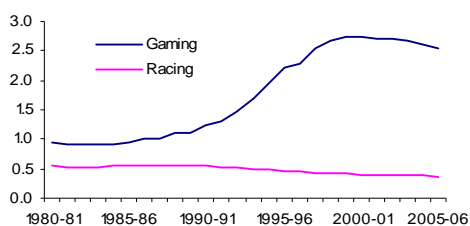
Other states and territories with a relatively high proportion of expenditure to HDI include New South Wales (3.44%), Victoria (3.01%) and Queensland (2.91%) while this proportion was relatively low in Western Australia (1.44%) and the ACT (1.73%).

A positive change in gambling expenditure as a proportion of HDI in 2004-05 was evident in the Northern Territory and Western Australia. A decrease in the proportion of expenditure to HDI was evident in Victoria, New South Wales, Queensland, South Australia, Tasmania, and the ACT.

**Proportion of HDI spent on all gambling forms in Australia by state/territory (2000-01 and 2005-06)<sup>2</sup>**



**Racing and gaming expenditure in Australia as a proportion of household disposable income (1980-81 to 2005-06)<sup>2</sup>**



The graph above shows the change in the spending pattern for gambling in Australia over the past 25 years. As a proportion of HDI, gaming expenditure has gradually increased while the market share of racing has declined.

For every \$1 of gambling expenditure in 1978-79, 60.4 cents was spent on gaming while racing accounted for 39.6 cents – a difference of 20.7 cents. From this point, the gap between racing and gaming expenditure continued to increase until 1983-84 when the rate of change decreased, also occurring in 1985-86 and 1987-88. A strong period for gaming expenditure

overall occurred between 1988-89 and 1995-96 saw the gap, for every dollar spent, at almost 66 cents with 17% of gambling expenditure accounted for by racing and 83% by gaming. The rate of change generally slowed after this point. In 2003-04, for every \$1 of expenditure on gambling, 86.6 cents was spent on gaming products while 12.5 cents went to racing – a difference of 74 cents, over 3.5 times the difference in 1978-79. The remaining proportion of gambling expenditure relates to sports betting – which is a small yet growing sector.

For some gambling forms, legislation dictates the minimum payout ratios to players – gaming machine play, for instance, must adhere to the following returns (although in practice, payout ratios are commonly higher than that which is required by law).

**Payout ratio for gaming machines in Australia by state/territory (2005)<sup>13</sup>**

State/territory	Casino	Hotels and clubs
NSW	85%	85%
VIC	87%	87%
QLD	90%	85%
SA	87.5%	87.5%
WA	90%	na
TAS	85%	85%
ACT	na	na
NT	88%	85%

1 Adapted from Tasmanian Gaming Commission (2004) Australian Gambling Statistics 1977-78 to 2002-03, A Report prepared by KPMG Consulting (including amendments).

2 Office of Economic and Statistical Research (2008) Australian Gambling Statistics 2007.

3 Includes racing and sports betting.

4 Includes lottery, lotto, tattsлото, instant lottery and pools.

5 Excludes gaming machines at casinos.

6 Includes wagers on table games, gaming machines and keno systems.

7 Includes minor gaming, Keno and interactive gaming.

8 Includes racing and sports betting.

9 Includes lottery, lotto, tattsлото, instant lottery and pools.

10 Excludes gaming machines at casinos.

11 Includes wagers on table games, gaming machines and keno systems.

12 May not add due to rounding.

13 Australian/New Zealand Gaming Machine National Standard Revision 8.0, December 2004.

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