



**Want to make a bet?
Gambling and Crime in Australasia**

A CRITICAL ISSUES IN POLICING PAPER

Paper Series No. 4

**WANT TO MAKE A BET?
GAMBLING AND CRIME IN AUSTRALASIA**

Rebekah Doley

Australasian Centre for Policing Research

A critical issues in policing paper

Produced by the Australasian Centre for Policing Research
298 Payneham Road, Payneham SA 5070

© 2000 Australasian Centre for Policing Research

Table of Contents

| | |
|---|-----------|
| GAMBLING AND CRIME IN AUSTRALASIA | 1 |
| | |
| PART 1: SETTING THE SCENE | 3 |
| Definition of gambling | 3 |
| Gambling expenditure | 3 |
| Revenue | 4 |
| Participation | 4 |
| Motives for gambling | 5 |
| Problem / pathological gambling | 5 |
| Profile of the problem / pathological gambler | 6 |
| Duration of problem and recidivism | 8 |
| Social and economic problems associated with problem gambling | 8 |
| Summary | 9 |
| | |
| PART 2: GAMBLING AND CRIME | 11 |
| Prevalence of offending among problem gamblers | 11 |
| Types of crimes | 11 |
| The gambling - offending cycle | 12 |
| Cost of crime | 13 |
| Associated crimes | 14 |
| Summary | 16 |
| Implications for policing | 16 |
| | |
| CONCLUSION..... | 19 |
| | |
| REFERENCES | 21 |

Gambling and Crime in Australasia*

Australia has a reputation of being a nation of gamblers. A wide variety of legalised gambling options are permitted by Australian governments which may in part be indicative of the general acceptance of the role of gambling in Australian society. The legal gambling industry has experienced significant growth in recent times owing to increased access to poker machines and casinos as well as recognition of the revenue opportunities for State and Territory governments. Recently, the Productivity Commission (1999) released a draft report of Australia's first independent national inquiry into gambling, investigating the social and economic impact on society and the effect of various regulatory structures which govern the industry. Two earlier studies reported on the extent and degree of gambling related problems in the Australian general population (Dickerson, Baron, Hong, & Cottrell, 1996) and in New Zealand (Abbott & Volberg, 1991, 1992). The Productivity Commission report offers a more comprehensive overview of the issue as it relates to Australia and places it in an international context.

Against this backdrop this paper is essentially concerned with the link between legal gambling and crime. The discussion is presented in two parts with the first part providing a framework for the second part which will focus on the link between gambling and crime. The paper acknowledges that very little is known about the extent of illegal gambling in Australasia.

Part one will commence with a description of legal gambling behaviour in the Australian and New Zealand populations. The prevalence and expenditure associated with gambling activities in these two nations will be considered and some of the reasons why people gamble will be examined. In turning to a consideration of the less positive side to gambling, a profile of the problem or pathological gambler will be presented and a brief account of the social and economic difficulties commonly experienced by these individuals provided.

The second part of the paper will focus on the link between legal gambling and crime. Information concerning the extent and nature of offending among gamblers will be presented and the sequence of events which may contribute to some gamblers committing crime explained. The question of whether there is a causal link between gambling and crime will be addressed prior to a consideration of the social cost to the community and family members or associates of gamblers who offend, including financial costs associated with the criminal justice system as well as with the requirement for increased property protection. In concluding, this paper will highlight the potential implications of an increased prevalence of gambling for police in Australasia.

It is the intention of this paper to inform the reader of recently identified trends in the link between gambling and crime. Several implications for police services in Australasia are clear. However, it is beyond the scope of this discussion to focus on the range of alternative policing strategies available to address these issues individually.

*This paper presents a review of selected literature and is intended as a resource for raising general awareness on gambling related matters. The information in this report should be considered in conjunction with a range of other information sources, such as current government policies, relevant legislation and the advice of regulating bodies.

Part 1: Setting the Scene

DEFINITION OF GAMBLING

According to the Productivity Commission (1999) 'gambling has been formally defined as "staking money on uncertain events driven by chance"' (p. XVI). Until relatively recently legal gambling was mainly confined to lotteries and racing. However, with the rapid expansion of casinos and poker machines in particular as well as advancing technology and the internet, the range of available legal gambling opportunities has increased dramatically.

The availability of legalised forms of gambling in New Zealand and Australia are similar and include horse racing, casinos, lotteries, lotto, bingo, poker machines, and soccer pools (Australian Institute for Gambling Research [AIGR], 1995). The fact that illegal forms of gambling, such as two up, mahjong, cards, billiards and backgammon, are also in operation highlights the difficulties facing regulating authorities and law enforcement agencies in this area (Pinto & Wilson, 1990). The extent of illegal gambling in Australasia is largely unknown.

GAMBLING EXPENDITURE

Gambling expenditure in Australia has substantially increased in the last decade. The Productivity Commission (1999) reports that in 1997-98 over \$11 billion was spent on legal gambling, representing approximately 3 per cent of household disposable income. This compares to 1972-73 when Australians spent the equivalent of 1.6 per cent of disposable income (or \$2.7 billion in today's prices) on gambling activities. Further, the average expenditure per adult (over 18 years) 'has increased from \$300 (in today's prices) in 1972-73 to over \$800 in 1997-98' (Productivity Commission, 1999, p. 3.8). Gamblers in New Zealand spend substantially less on gambling activities, with an average expenditure of NZ\$358 per adult during 1997 and a total expenditure in the region of \$966 million (Productivity Commission, 1999, p. N.1).

International comparisons are difficult due to differences in the collection and collation of statistics. Nevertheless, on the basis of the information that is available, it appears that Australians are among the biggest gamblers in the Western world (Anglican Community Services [ACS], 1997; Productivity Commission, 1999). Table 1 illustrates this point by showing that the average expenditure of Australians was much higher than gamblers in New Zealand and the United States.

Table 1. Comparison of turnover, net expenditure, and average expenditure (per adult) for New Zealand, United States, and Australia 1997/98.

| Country | Turnover (Sum of all money staked on gambling) | Net Expenditure (Turnover less winnings and prize money i.e., losses) | Average Expenditure (Per Adult) |
|----------------|--|---|---|
| New Zealand | NZ \$6.5 Billion | \$966 Million | \$358 |
| United States | US \$639 Billion | \$51 Billion | \$255 |
| Australia | AUS \$94.5 Billion | \$11 Billion | \$800 |

Adapted from *Australia's Gambling Industries. Draft Report* (p. N.1), by Productivity Commission, 1999, Canberra, Australian Capital Territory: Author. Copyright 1999 by the Commonwealth of Australia.

REVENUE

The gambling industry provides governments with revenue from two main sources: 1) net takings (total gambling income less winnings) and, 2) commissions (monies paid to agencies or organisations operating lotteries, TAB, keno, and gaming machines).

The Productivity Commission (1999) found that for Australia in 1997-98 'gambling businesses generated over \$11 billion in net takings and \$650 million in commissions' (p. 2.10) with gaming machines in pubs, clubs, taverns and bars accounting for over 50 per cent of the net takings for governments.

A further \$3.8 billion was collected by State and Territory governments in taxes and fees levied on the gambling industry during 1997-98 (Productivity Commission, 1999). Dickerson et al. (1996) noted that such taxes and fees accounted for between 9 and 11 per cent of government revenue in 1990-91. This figure has now increased to over 11 per cent in 1997-98 (Productivity Commission, 1999). New Zealand gaming duties accounted for 0.30 per cent of total government revenue in 1990, rising to 0.39 per cent in 1997 (M. Jackson, personal communication, August 9, 1999).

PARTICIPATION

The findings of the Productivity Commission (1999) suggest that over 80 per cent of adult Australians gambled at least once in the last 12 months. In New Zealand 95 per cent of a national sample indicated that they had participated in gambling at some time in their lives (Abbott & Volberg, 1991). Both national surveys recorded the highest participation rates for lotteries, scratch tickets and gaming machines.

MOTIVES FOR GAMBLING

There are a range of reasons why people gamble including:

- Recreation / entertainment
- Chance to win money
- To relieve boredom
- For the excitement or adrenaline rush
- Social contact
- To exercise skill or knowledge (e.g., race punters)
- Being pampered (with free drinks, food, etc.)
- To relieve stress or frustration

(Productivity Commission, 1999; Solonsch, as cited in Healey, 1997). Some of these motivations have a constructive element, while others are potentially harmful to the individual. Clearly different forms of gambling would satisfy different motives for the gambler.

PROBLEM / PATHOLOGICAL GAMBLING

Gambling participation is generally described as on a continuum ranging from 'not at all' to 'a great deal'. According to Solonsch (as cited in Healey, 1997):

The essence of good gambling over bad gambling is the element of control. A gambler who is not in control of his gambling is like an addict. That punter no longer has any objective in gambling but merely feels a necessity to gamble whenever possible. (p. 18)

The stage at which legal gambling becomes problematic for the individual is when it has a significant and harmful impact on other aspects of the individual's life. How that effect is evaluated and when it is determined to be 'harmful' will naturally vary from individual to individual and will depend on who is evaluating it (Orford, as cited in AIGR, 1995). Gambling behaviour is described as pathological when it fits the diagnostic criteria outlined in the practitioners manual, DSM-IV (American Psychiatric Association Diagnostic and Statistical Manual of Mental Disorders, 1994 fourth edition; refer Figure 1). For the purposes of this discussion the term problematic gambling will be used as it has been defined by the AIGR (1995), that is, 'gambling that is frequent, is at times uncontrolled and has resulted in some harmful effects' (p. 111). However, it is important to acknowledge that individual policing services in Australasia may adopt variations of this definition in their identification of priority areas and policy development.

Figure 1. Diagnostic criteria for pathological gambling (American Psychiatric Association, 1994).

Diagnostic Criteria for 312.31 Pathological Gambling

- A. Persistent and recurrent maladaptive gambling behavior as indicated by five (or more) of the following:
- (1) Is preoccupied with gambling (e.g., preoccupied with reliving past gambling experiences, handicapping or planning the next venture, or thinking of ways to get money with which to gamble)
 - (2) Needs to gamble with increasing amounts of money in order to achieve the desired excitement
 - (3) Has repeated unsuccessful efforts to control, cut back, or stop gambling
 - (4) Is restless or irritable when attempting to cut down or stop gambling
 - (5) Gambles as a way of escaping from problems or of relieving a dysphoric mood (e.g., feelings of helplessness, guilt, anxiety, depression)
 - (6) After losing money gambling, often returns another day to get even ('chasing' one's losses)
 - (7) Lies to family members, therapist, or others to conceal the extent of involvement with gambling
 - (8) Has committed illegal acts such as forgery, fraud, theft, or embezzlement to finance gambling
 - (9) Has jeopardized or lost a significant relationship, job, or educational or career opportunity because of gambling
 - (10) Relies on others to provide money to relieve a desperate financial situation caused by gambling
- B. The gambling behavior is not better accounted for by a Manic Episode.
-

PROFILE OF THE PROBLEM / PATHOLOGICAL GAMBLER

The Productivity Commission (1999) report that while the socio-demographic profile of gamblers reveals some variations according to gambling mode, overall the profile tends to reflect that of the general population. Table 2 summarises the main differences in the profile of gamblers by gambling mode. In general there is an equal representation of females and males and an age distribution which reflects that of the general population.

Table 2. Characteristics of gamblers by gambling mode.

| Gambling Mode | Characteristics of Gamblers |
|-------------------------|--|
| Racing punters | Tend to be male, middle income earners, and people aged between 18 and 34 years |
| Lottery gamblers | Of either gender, with a slight bias towards people aged between 50 and 64 years |
| Keno players | Strongly biased towards people aged between 18 and 24 years |
| Casino table gamblers | Very likely to be male, singles, students and people aged between 18 and 24 years |
| Bingo gamblers | Usually female, pensioners, and/or students and people aged between 18 and 24 years with incomes < \$10,000 |
| Sports gamblers | Very likely to be males, students and singles, and people aged between 18 and 24 years with incomes > \$50,000 |
| Private gamblers | Biased towards males, students and singles, people aged between 18 and 24 years |
| Gaming machine gamblers | Of either gender, tendency towards middle income earners (\$25,000 - \$35,000) and people aged between 18 and 24 years |

Adapted from *Australia's Gambling Industries. Draft Report* (p. 3.16), by Productivity Commission, 1999, Canberra, Australian Capital Territory: Author. Copyright 1999 by the Commonwealth of Australia.

The Productivity Commission (1999) also highlighted those who were less likely to be involved in gambling. It was found that people over 65 years, and/or with an income less than \$10,000, have low participation rates in gambling.

Once gambling behaviour becomes problematic the profile tends to alter slightly. Based on the results from an extensive study of prevalence rates in the United States, problem gamblers were found to be more often male, under 30 years of age, and unmarried when compared with non-problem gamblers (Volberg, as cited in AIGR, 1995). Problem gamblers tended to have started gambling by 21 years in contrast to non-problem gamblers who waited until around 29 years of age. Problem gamblers were also more likely to be non-Caucasian and to have lower than high school qualifications than were non-problem gamblers in the study.

These results are consistent with the results of the Australian national survey which reported that 1.16% of the adult Australian population could be classified as problem gamblers with the majority being 'men aged 19 to 29 years who preferred off-course betting or machine gaming' (Dickerson et al., 1996, p. 175). Similar results were found in a national New Zealand study which reported a prevalence rate of 1.17% and similar profile characteristics for 'pathological' (problem) gamblers (Abbott & Volberg, 1992).

The most significant question which arises from these studies is whether certain people are naturally predisposed to excessive gambling behaviour or whether the behaviour tends to feed itself and result in problem gambling. There are plenty of people who gamble and are able to keep their gambling behaviour under control. To answer this question various personality factors and gambling behaviour characteristics (e.g., frequency, amount wagered) have been considered with limited success (AIGR, 1995). In general, it appears that problem gamblers are typically involved with a continuous form of gambling (e.g., poker machines) and have a more persistent belief that they are able to predict when a continuous machine is likely to pay out. Despite the lack of conclusive findings in this area it is possible to identify key factors which are more likely to be associated with problem gambling, including:

- A continuous form of gambling (high frequency, low payout)
- A frequency of more than one session per week
- A session length of more than one hour
- Weekly losses in excess of \$50
- Gambling related debts
- A variety of beliefs and behaviours that may be categorised as comprising impaired control
- Motives of winning rather than playing for entertainment (AIGR, 1995, p. 119).

DURATION OF PROBLEM AND RECIDIVISM

Based on survey information it appears the average duration of problems amongst clients of gambling services (i.e., problem gamblers) is between 8 to 10 years (Productivity Commission, 1999). However, the real extent of recidivism is difficult to determine as, due to issues of confidentiality, service providers have tended to focus on numbers of people attending and used case numbers to mask identity, hence repeat presentation information is not easily accessible (Productivity Commission, 1999).

SOCIAL AND ECONOMIC PROBLEMS ASSOCIATED WITH PROBLEM GAMBLING

Information about the negative impact of problem gambling has been derived from surveys of people presenting to various organisations and agencies for counselling and assistance with gambling related problems. Dickerson et al. (1996) noted that for their sample of Australian problem gamblers a variety of harmful effects were described including 'significant personal and interpersonal distress, loss of time and efficiency in work, debts and criminal offenses (sic) to support their gambling' (p. 175). Serious psychological distress may be manifested in depressive disorders, suicide attempts, as well as in multiple addictions to alcohol and/or drugs (AIGR, 1995).

The social and family relationships of the problem gambler are also likely to suffer. Financial pressure and emotional distress may be manifested as domestic violence, affecting spouse, children and extended family and friends (Andrew, Asimacopoulos, Dimovski, & Haydon, 1997). Gambling has become increasingly 'feminised' with more ready access to poker machines in hotels and clubs for women than has

traditionally been the case (ACS, 1997). For both men and women gambling takes time away from family activities, and children in particular may suffer the consequences of this in the form of a lack of supervision, reduced disposable household income restricting access to resources and activities, as well as dealing with the effect of those psychological issues which tend to accompany problem gambling behaviour.

SUMMARY

It is clear there are a number of harmful effects of problem gambling which can impact on the individual in terms of their mental health, relationships, employment, and finances. Problem gamblers have also indicated involvement in criminal offending as one of the consequences of their gambling behaviour. In the second part of this paper the link between legal gambling and crime will be explored and implications for policing examined.

Part 2: Gambling and Crime

PREVALENCE OF OFFENDING AMONG PROBLEM GAMBLERS

Prevalence rates differ across studies depending on the population (i.e., prison inmates, counselling attendees, general population) and methodology used (i.e., self report versus official recorded statistics) but generally between 21 per cent to 85 per cent of gamblers are reported to have committed an offence and up to 13 per cent of gamblers receive a gaol sentence for gambling related offences (Blaszczynski, 1994).

Consistent with previous findings, the recent Australian national survey by the Productivity Commission (1999) noted a rate of 30 per cent to 70 per cent of problem gamblers committing offences. Results from the New Zealand national survey support this conclusion with pathological gamblers being reported as significantly more likely to engage in illegal activities as a result of their gambling involvement (Abbott & Volberg, 1992; Yeoman & Griffiths, 1996).

TYPES OF CRIMES

The main motive for gamblers to commit crimes is to fund their gambling activities. Accordingly, most of the offences committed relate to stealing property or illegally obtaining money. Offences range from forging a spouse's signature on cheques to shoplifting and stealing goods and money from family, friends and employers. A common form of fraud is to write cheques to obtain goods which are subsequently returned for refund. At the more serious end of the spectrum, offences include the sale and distribution of drugs and embezzlement of large sums of money from organisations. In one Australian study it was noted that almost all offences committed by gamblers were non-violent property crimes, with the most frequently reported offences being larceny and embezzlement (Blaszczynski, 1994).

To some extent these figures may mask the true nature of offending among problem gamblers. Blaszczynski and McConaghy (as cited in Productivity Commission, 1999) conducted an extensive survey of 306 Australian problem gamblers who had sought help with their gambling behaviour. Of those who offended, some committed more than one type of offence while others committed one type of offence repeatedly. In their review of this study the Productivity Commission (1999) noted that:

Some of the problem gamblers surveyed were responsible for up to 1000 acts of larceny, 600 acts of embezzlement, 250 acts of break and enter and 17 acts of armed robbery. (p. H14)

Clearly the distribution of crime among problem gamblers who offend is uneven, with some offenders accounting for a much larger proportion of total crimes committed than others.

Loan sharking

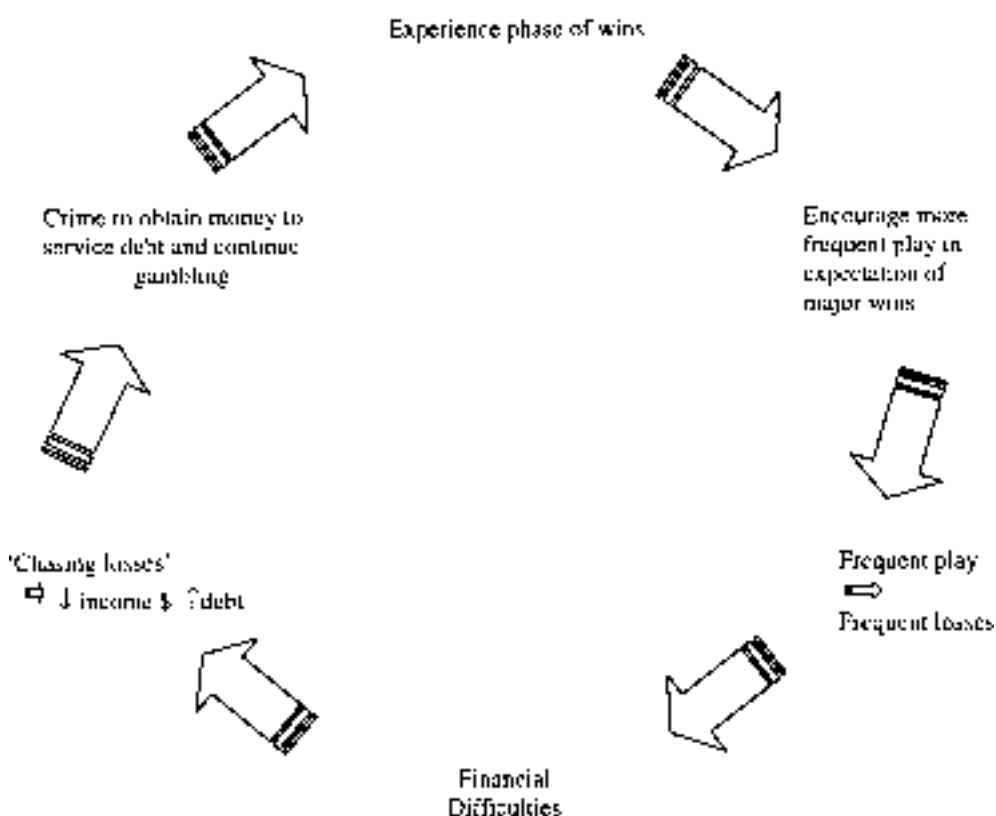
While loan sharking is not illegal in itself, the consequences for both the individual borrower and the community can be severe (Productivity Commission, 1999). Gamblers resort to borrowing money from 'loan sharks' when they have exhausted all of their readily available funds and are unable to obtain money from more legitimate avenues such as banks and other financial institutions. Loan sharks are notorious for charging exorbitant interest rates and using menacing tactics to ensure repayment schedules are met. The link between crime and loan sharking is made when the individual would rather turn to crime to finance the debt than face the consequences of missing repayments.

THE GAMBLING – OFFENDING CYCLE

That there is a link between gambling and crime is not a novel concept. Studies in Australia, New Zealand and elsewhere have observed a relationship between frequency and intensity of gambling behaviour and gambling related offences (e.g., Miller & Schwartz, 1998). The real question relates to whether there is a causal link between gambling and crime. Is it a case of gamblers committing offences, or of offenders gambling?

To answer this question it is necessary to consider the sequence of events which lead a problem gambler to commit offences. The Productivity Commission (1999) describe a 'gambling – offending cycle' which is driven by the gambler's need to obtain funds to finance their gambling behaviour. This cycle is summarised in Figure 2.

Figure 2. Gambling - Offending Cycle.



The Salvation Army has commented:

Once they (problem gamblers) have exhausted their income, whether wages, salaries, pensions or benefits, they then borrow on credit cards, take out loans, steal from family or friends, sell personal and family property, and they move on to stealing from others. (as cited in Productivity Commission, 1999, p. H2)

The main incentive is to finance further gambling and it was noted that the cycle tends to be repeated until the offender is caught.

Evidence for a causal link is provided by a number of studies which have found that offences are generally committed to obtain funds for gambling, problem gamblers who offend have generally been gambling for longer than those who do not offend (hence offending appears to be related to financial difficulties), and the pattern of crimes is different for problem gamblers compared with other offenders (i.e., concentrated mainly in the area of fraud, embezzlement, and forgery rather than violent property crimes) (Blaszczynski, 1994; Productivity Commission, 1999).

The qualification to the notion of a causal link is findings which indicate that some gamblers commit only non-gambling related offences (Blaszczynski, 1994). Moreover, there is a large number of gamblers who do not offend at all. Blaszczynski's results highlight the potential role of psychiatric disorders in predisposing certain individuals who gamble to also commit offences. Therefore, it may be suggested that there is a small group of individuals who may be classified as problem gamblers but who may be better described as 'offenders who gamble' (Productivity Commission, 1999).

COST OF CRIME

The cost of gambling related crime can be measured in terms of costs associated with increased security to protect property as well as costs associated with the criminal justice system. However, while this discussion focuses on the financial costs of gambling related crime, it is important to recognise there are also other, less tangible, costs involved. These include the psychological distress experienced by victims of gambling related crime, as well as losses in quality of life for associates of gamblers. The impact on family and friends of separation, job loss and depression (factors commonly linked to problem gambling) cannot be meaningfully measured. Nevertheless, although the intangible costs of gambling related crime are difficult to quantify, they should not be overlooked.

Private security

In terms of private property, the Productivity Commission (1999) have estimated that 2,887 people illegally obtained money for gambling in Australia in the last 12 months. The estimated value of the stolen money and goods ranges from \$500 to \$3,225 per instance, which equates to \$1.4 million to \$9.3 million per annum.

Police incidents

While the cost of private security can be substantial, the real costs borne by society are those relating to police incidents, court appearances, and gaol terms. According to the Productivity Commission (1999), approximately 4,657 people were reportedly

involved in police incidents as a result of gambling activities in Australia in the last 12 months. Based on an estimated cost of \$510 per incident, this figure suggests \$2.4 million is spent nationally on police incidents alone (Productivity Commission, 1999).

Court costs

In terms of court appearances, the Productivity Commission (1999) found that approximately 12,000 Australians were involved in court action at some time during their lives due to gambling related activities. An estimated 603 gambling related cases annually are heard which, at a cost of around \$8,000 each, totals \$4.8 million per annum in court related costs.

Prison costs

It is important to note that only about 40 per cent of gamblers who commit offences are likely to face charges (Productivity Commission, 1999). Those people who are charged, particularly in relation to non-violent property crimes, tend to receive good behaviour bonds rather than prison sentences. The Productivity Commission does not report on the financial cost associated with community-based non-custodial penalties. However, for those receiving gaol sentences (between 3,239 and 12,065 people per annum) the average duration is 3.4 months with an average annual cost to the taxpayer of \$52,983 per prisoner (Productivity Commission, 1999).

ASSOCIATED CRIMES

The discussion has until now focused almost entirely on the link between the gambler and crime. However, the relationship between the gambling industry as a whole and organised crime is also well established (Pinto & Wilson, 1990). Different forms of illegal activity have been linked to the various legal and illegal gambling modes. For example, there is growing evidence of a link between gambling and corruption (Pinto & Wilson, 1990) gambling and illicit drug dependency (Allcock & Grace, 1990), as well as juvenile crime and amusement arcades (Yeoman & Griffiths, 1996). While the extent of these illegal activities is difficult to estimate, a brief account of some of the main forms of criminal activity associated with these modes is presented below.

Casinos

Casinos, even legal ones, are susceptible to a myriad of criminal activities including tax evasion, money laundering, cheating and loan sharking. Reports from both the United States and United Kingdom highlight the problems associated with hidden ownership of casinos, with criminals being able to 'disguise their interests through the use of nominee shareholders holding shares on trust' (Pinto & Wilson, 1990, p. 3). Despite the fact that Australian regulations for casinos are recognised as some of the more stringent controls in the world, the rapid growth of the casino industry has increased the opportunity for internal corruption within the industry. Illegal casinos also exist and their links to organised crime have been noted. Pinto and Wilson cite the New South Wales and Commonwealth Joint Task Force on Drug Trafficking and the Stewart Royal Commission conducted in 1983 and 1986 respectively as providing documented evidence of the connection between these two forms of illegal activity.

Illegal bookmaking / race fixing

Proceeds from drug deals and various other illegal activities can be 'laundered' through certain forms of gambling, such as unregistered (SP) bookmakers. According to one account 'illegal bookmaking is biggest in NSW with the industry worth \$1,000 million a year, followed by Victoria at \$300 million a year' (Ewing, as cited in Healey, 1997, p. 3). The illegal bookmaking industry is recognised as being highly profitable, not simply because of its links to organised crime, but also because SP bookmakers do not pay the taxes or fees usually associated with this form of gambling. The magnitude of the monetary flow through this industry means it is well placed to finance other forms of illegal activity. For example, SP bookmaking has also been connected to major drug crime including heroin trafficking and domestic drug distribution (Pinto & Wilson, 1990).

Poker machines

Criminal activity associated with poker machines centres mainly around loan organisations which charge exorbitant interest rates as well as 'tax evasion, player cheating, theft by management or staff and possible kickbacks or illegal commissions paid by poker machine manufacturers for placement of their machines' (Pinto & Wilson, 1990, p. 3).

Internet gambling

Growth in the gambling industry is due not only to the liberalisation of regulations but also to the advent of new technology which allows faster and more interactive forms of gambling. A clear example of this is the rapidly developing option for combined internet and interactive television gambling opportunities. One development in this area is sports betting which is available in consumer homes through the medium of pay television (ACS, 1997). Gambling in virtual casinos is another form of technologically assisted gambling which is currently available. Apart from the social and economic consequences associated with problem gambling which have been highlighted previously, there are a range of negative impacts which are specific to the digital mode of gambling. These have been summarised by McMillen and Grabosky (1998) and include:

- A gambling site on the other side of the world may or may not be legitimate. There may be very little to prevent the provider of online gambling services from taking one's money and shutting down, or failing to pay winnings.
- Credit card or account details may be vulnerable to capture, and funds vulnerable to theft by computer hackers.
- Online gambling facilities may be accessible by children.
- Internet gambling may be vulnerable to invasions of privacy. Information given to casino operators can be used for other purposes. For example, a 'tout' service that uses telemarketing to convince people to bet on its football betting system may be willing to pay money for a list of internet sportsbook players.
- Online activity, which appears addictive in its own right for a minority of users, may interact synergistically with the propensity for problem gambling, and thereby increase the number of problem gamblers or the intensity of their problems. (p. 3)

Other issues raised in relation to the advent of technologically assisted betting and internet options concern offshore ownership, offshore transfers, boundaries of accountability, impact on local gambling markets, and the impact on revenue for States and Territories (ACS, 1997; Productivity Commission, 1999).

SUMMARY

The extent of illegal gambling and related crime is likely to be under represented in official statistics due to difficulties associated with the detection and monitoring of these activities. Nevertheless, the link between both legal and illegal gambling and crime is a well established connection that has been clearly highlighted in this discussion. The available evidence on prevalence rates of offending by problem gamblers, combined with information about their patterns of offending, suggests there is a causal link between excessive gambling behaviour and criminal activity. The nature and frequency of offending appears to be directly related to the extent and duration of involvement in gambling activities. Furthermore, as technological advances and more liberal regulations come into force, gambling is likely to become more accessible to a wider range of consumers, thereby increasing the prevalence of problem gambling in the general population. In the ensuing discussion the implications of these trends for policing in Australasia will be considered.

IMPLICATIONS FOR POLICING

The failure of regulatory bodies and law enforcement agencies to effectively control illegal gambling activities is evidenced by the numerous Royal Commissions and inquiries which have been conducted into various aspects of the industry (Pinto & Wilson, 1990). With advanced technology and the internet contributing to an increase in the availability of legal gambling activities to all sectors of the population, there are specific challenges facing police in Australasia.

With regards to the internet, one of the first challenges to be faced is the development of regulations which enhance the benefits of the technology while minimising the negative aspects, some of which have been outlined in the preceding discussion. As envisaged by McMillen and Grabosky (1998) this is a regulatory system which 'guarantees the probity of service providers, assures fair play, and is subject to official scrutiny, will attract business to those providers who have the highest reputation, and drive unscrupulous competitors out of business' (p. 5). They further note that steps have been taken to introduce appropriate regulations for new forms of interactive gambling with the Australian Gaming and Racing Ministers agreeing on a draft National Regulatory Model in May, 1996. In implementing such a regulation system police resources could be more effectively directed towards addressing serious offenders.

One of the main areas which is likely to be affected by the advent of improved technology and increasing liberalisation of regulations in the gambling industry is the opportunity for corruption and fraud to flourish both within the gambling organisation and externally. This issue was touched on in Pinto and Wilson's (1990) review of gambling in Australia. Apart from increased management and legislative controls, effective policing of this problem will require greater emphasis on intelligence based policing and resources.

Also linked to the expansion of the casino and other gambling agencies is the potential for an increase in street crime. Street crime can include robbery, burglary, and assault - crimes associated with the increased wealth brought by tourists and patrons into the area (Andrew et al., 1997). Miller and Schwartz (1998) acknowledge that any publicly accessible activity which brings together large numbers of people in one spot is likely to attract criminals and thereby increase pressure on local police, court and gaol resources.

Associated with increased gambling activity and increased prevalence of problem gambling, is an eventual increase in gambling related crime and possibly corruption. As indicated previously, increases in crime mainly relate to non-violent property offences. While the cost of the stolen goods may range from a few dollars to over \$250,000 (Productivity Commission, 1999) the real financial costs of gambling related crime are found in police incidents, court appearances and gaol terms. The implications for police rest clearly in the inevitable increase in the number of police incidents relating to gambling related crime and eventual social and economic costs.

Conclusion

The proliferation of legal gambling activities in recent times is a phenomenon that is relatively unique to Australasia. The current interest in the impact of gambling on the community stems from an increasing realisation of the harmful effects problem gambling can have on the individual and the community. Despite the clear implications for policing of the expansion of gambling opportunities in the community there is very little published information relating to best practice in dealing with the downside of gambling. The main conclusion which can be drawn from the available information is that there is likely to be a need for higher priority to be placed on intelligence-led policing strategies and for greater police resources to be directed towards gambling related criminal activity, such as illegal gambling, street offending and white-collar crime.

References

- Abbott, M., & Volberg, R. (1991, December). *Gambling and problem gambling in New Zealand. A report on phase one of the national survey* (Research Series No. 12). Wellington: Department of Internal Affairs.
- Abbott, M., & Volberg, R. (1992, June). *Gambling and problem gambling in New Zealand. A report on phase two of the national survey* (Research Series No. 14). Wellington: Department of Internal Affairs.
- Allcock, C., & Grace, D. (1990). Pathological gambling and impulsivity. In M. Dickerson (Ed.), *National Association for Gambling Studies. National Conference (3rd: 1988) 200-up: The proceedings of a bicentennial conference on Australian Gambling* (pp. 227-232). Canberra: NAGS.
- American Psychiatric Association. (1994). *Diagnostic and statistical manual of mental disorders* (4th ed.). Washington, DC: Author.
- Andrew, N., Asimacopoulos, K., Dimovski, D., & Haydon, D. (1997). Who's holding the aces? *Alternative Law Journal*, 22 (6), 268-272.
- Anglican Community Services. (1997, May). *Fair game*. Adelaide: Author.
- Australian Institute for Gambling Research. (1995). *A critical evaluation of two national prevalence studies: the case for alternative strategies*. Sydney: Macarthur University of Western Sydney.
- Blaszczyński, A. (1994). Criminal offences in pathological gamblers. *Psychiatry, Psychology, and Law*, 1 (2), 129-138.
- Dickerson, M., Baron, E., Hong, S-M., & Cottrell, D. (1996). Estimating the extent and degree of gambling related problems in the Australian population: A national survey. *Journal of Gambling Studies*, 12 (2), 161-178.
- Healey, K. (Ed.). (1997). *Gambling*. Balmain: Spinney Press.
- McMillen, J., & Grabosky, P. (1998). *Internet Gambling (Australian Institute of Criminology, Trends and Issues in Crime and Criminal Justice, No. 88)*. Canberra, Australian Capital Territory: Australian Institute of Criminology. <http://www.aic.gov.au/publications/tandi/tandi88-txt.html>.
- Miller, W., & Schwartz, M. (1998). Casino gambling and street crime. *Annals of the American Academy of Political and Social Science*, 556, 124-137.
- Pinto, S., & Wilson, P. (1990). *Gambling in Australia (Australian Institute of Criminology, Trends and Issues in Crime and Criminal Justice, No. 24)*. Canberra, Australian Capital Territory: Australian Institute of Criminology.
- Productivity Commission. (1999). *Australia's gambling industries. Draft Report* (Vols. 1-2). Canberra, Australian Capital Territory: Author.

Yeoman, T., & Griffiths, M. (1996). Adolescent machine gambling and crime. *Journal of Adolescence*, 19, 183-188.