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GAMBLING INDUSTRIES AUSTRALIA PRELIMINARY

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- For further information about these and related statistics, contact Annette Scott on Melbourne 03 9615 7977 or refer to the back cover of this publication.

NOTES

INTRODUCTION

This publication presents preliminary results, in respect of the 1997–98 financial year, from an Australian Bureau of Statistics (ABS) survey of employing businesses in a range of industries involved in the provision of gambling services. This is the second ABS survey of gambling industries, with the previous collection being conducted in respect of 1994–95.

This publication is one of a series to be issued in respect of 1997–98 covering the hospitality and gambling industries. Other publications in this series are:

Casinos, Australia, 1997–98 (Cat. no. 8683.0)—issued 17 December 1998

Clubs, Pubs, Taverns and Bars, Australia, 1997–98 (Cat. no. 8687.0)—expected to be released in July 1999

Gambling Industries, Australia, 1997–98 (Cat. no. 8684.0)—expected to be released in July 1999

Accommodation Industry, Australia, 1997–98 (Cat. no. 8695.0)—expected to be released in June 1999

COMMENTS ON THIS PUBLICATION

The ABS welcomes comments and suggestions from users recommending industries and data items for inclusion in future service industries surveys. These comments should be addressed to the Director, Service Industries Surveys, PO Box 10, Belconnen, ACT, 2616.

SYMBOLS AND OTHER USAGES

ABS	Australian Bureau of Statistics
ANZSIC	Australian and New Zealand Standard Industrial Classification
n.e.c.	not elsewhere classified
n.p.	not available for publication but included in totals where applicable
r	figures revised since previous issue
RSE	relative standard error
SE	standard error
. .	not applicable

Where figures have been rounded, discrepancies may occur between the sum of the component items and the total.

W. McLennan
Australian Statistician

SUMMARY OF FINDINGS

INTRODUCTION

Data in this publication are from a survey of employing businesses classified to the following Australian and New Zealand Standard Industrial Classification (ANZSIC) classes:

- Class 5720—Pubs, taverns and bars
- Class 5740—Clubs (hospitality)
- Class 9321—Lotteries
- Class 9322—Casinos
- Class 9329—Gambling services n.e.c.

which derived some part of their income, in the form of takings or commissions, from the provision of gambling services. Businesses such as newsagencies, which may also be involved in the provision of gambling services through the sale of lottery and lotto tickets, were excluded from the survey. Similarly non-employing gambling businesses, e.g. some bookmakers, were also excluded from the survey. The businesses excluded from the survey are not significant in terms of gambling activity.

The data presented, including employment, are in respect of the whole business, irrespective of whether the provision of gambling services was the predominant activity of the business, as is the case for businesses such as TABs, lotteries and casinos, or a minor activity, as may be the situation for businesses such as pubs and clubs.

The main aggregates presented in this publication are net takings from gambling and commissions from gambling. Net takings from gambling represent gross gambling income minus the payments of prize money and winnings. Commissions from gambling may be received by businesses for acting as agents in the sale of lottery and lotto type tickets; as agents for TAB totalisators; and in some States for providing the venue for the operation of poker/gaming machines owned by another business.

The data in this publication have been presented in three ways.

Table 1 presents net takings from gambling by type of gambling activity and the venue of the activity. For example, net takings from poker/gaming machines are allocated to where the machines were located, regardless of the industry of the operator of the machines.

Table 2 presents data by industry. Businesses have been allocated to a single ANZSIC class industry based on their predominant activity and all their activities are allocated to that industry.

Finally, table 3 presents key aggregates for businesses providing gambling services by State and Territory. The data have been compiled on the basis of where the business operates (see paragraph 5 of the Explanatory Notes). It should be noted that the net takings from gambling of a business in a particular State or Territory are not necessarily sourced from residents of that State. For example, while businesses operating lotteries, lottos, football pools etc. generally operate from one State, they may have sales, usually through agencies, throughout Australia.

Number of businesses	<p>At the end of June 1998, there were 6,986 employing businesses in the selected hospitality and gambling industries (see paragraph 3 of the Explanatory Notes) which were involved directly in the provision of gambling services.</p> <p>The 6,986 businesses in these industries represented an increase of 7% since June 1995. The number of pubs, taverns and bars deriving income from the provision of gambling services increased by 20% (from 2,327 to 2,785) over the period while the number of clubs involved in the provision of gambling services increased 13% (from 2,144 to 2,419 businesses). On a regional basis the largest increases occurred in South Australia (47%) and Tasmania (29%).</p>
Net takings from gambling	<p>In spite of the small increase in the number of businesses providing gambling services, the net takings from gambling has increased by 41% since 1994–95 to \$11,067 million. This increase represented a growth rate of 12% per annum over the period.</p> <p>Poker/gaming machines were the major source of net takings from gambling in 1997–98, accounting for \$6,371 million (an increase of 61% since 1994–95), which represents an increase of 17% per annum over the three-year period. Poker/gaming machines accounted for 58% of total net takings from gambling in 1997–98 compared with 51% in 1994–95. While the net takings from poker/gaming machines for 1997–98 was highest in clubs (\$3,432 million), the greatest increase in poker/gaming machine net takings since 1994–95 has occurred in casinos (104% increase) and pubs, taverns and bars (126% increase). The latter reflected the changed legislation in some States in respect of the operation of poker/gaming machines at clubs, pubs, taverns and bars.</p> <p>The other major sources of net takings from gambling were:</p> <ul style="list-style-type: none"> ■ \$1,603 million net takings from lotteries, lotto style games, football pools, instant money sales and club keno. While these 1997–98 net takings have increased by 19% since 1994–95, their contribution to total net takings from gambling has decreased from 17% in 1994–95 to 15% in 1997–98. ■ \$1,559 million net takings from on-course totalisator sales and off-course TAB sales. The net takings from this source have increased by 7% since 1994–95 but the proportion of the total net takings from gambling has decreased from 19% in 1994–95 to 14% in 1997–98.

Net takings from gambling *continued* ■ \$1,432 million net takings from casino table games. These net takings have increased by 41% since 1994–95 and their contribution to total net takings from gambling has remained the same at 13%.

State and Territory dimension The net takings from gambling of businesses operating in New South Wales (\$4,495 million) and Victoria (\$3,266 million) accounted for 70% of the total net takings from gambling. Net takings in New South Wales and Victoria were 41% and 30% of the total respectively, which was higher than their proportions of the Australian population of 34% and 25% respectively.

The largest increases in net takings since 1994–95 have occurred in South Australia (64%) and Victoria (57%), which were higher than the Australian increase of 41%. The proportion of clubs, pubs, taverns and bars providing gambling services has increased markedly in these States. In Victoria the proportion has increased from 26% to 38% and in South Australia from 42% to 55%.

There was also a large increase in the commissions received from gambling in Victoria, which increased from \$225 million in 1994–95 to \$508 million in 1997–98. The main component of these commissions is from poker/gaming machines, reflecting the system in Victoria where the clubs, pubs, taverns and bars receive commissions for providing the venue for poker/gaming machines which are operated by other businesses.

Type of business The proportion of businesses in the pubs, taverns and bars industry which provide gambling services has increased from 54% in 1994–95 to 60% in 1997–98. These businesses had a total income of \$6,754 million in 1997–98, of which 20% was related to net takings and commissions from gambling, whereas in 1994–95, only 12% of the income of such businesses was gambling-related. Since 1994–95, the operating profit before tax of businesses in the pubs, taverns and bars industry with gambling facilities has increased from \$183 million, representing an operating profit margin of 3.9%, to \$582 million in 1997–98, representing an operating profit margin of 8.6%.

Businesses providing gambling services in the clubs (hospitality) industry had net takings and commissions from gambling of \$3,198 million in 1997–98, which represented 57% of the total income of these businesses, a small increase from the 55% recorded in 1994–95.

The total income of the casino industry was \$2,710 million in 1997–98, of which 80% accrued from gambling. The lotteries and other gambling industries had a total income (net of payouts to players) of \$5,238 million, of which 96% accrued from gambling.

Type of business *continued* The total employment at the end of June 1998 of businesses providing gambling services was 156,888 persons, which represented a 17% increase since the end of June 1995. The largest percentage increases over the period were in the casino industry, which increased by 30% to 20,531 persons, and the pubs, taverns and bars industry, which increased by 25% to 60,016 persons.

1

NET TAKINGS FROM GAMBLING, BY TYPE OF GAMBLING AND VENUE

Type of gambling and venue	Net takings from gambling			
	1994-95		1997-98	
	\$m	%	\$m	%
Poker/gaming machines				
Clubs	r2 621.0	33.4	3 431.8	31.0
Pubs, taverns and bars	r990.3	12.6	2 239.1	20.2
Casinos	343.6	4.4	700.1	6.3
Total	r3 954.9	50.5	6 371.1	57.6
On-course totalisator and off-course TAB	r1 456.8	18.6	1 559.1	14.1
On-course and off-course bookmakers	44.2	0.6	69.0	0.6
Lotteries, lotto style games, football pools, instant money and club keno	1 344.6	17.2	1 602.6	14.5
Casino keno	25.5	0.3	33.4	0.3
Casino gaming tables	1 012.7	12.9	1 431.6	12.9
Total	r7 838.7	100.0	11 066.8	100.0

2

BUSINESSES WITH GAMBLING ACTIVITY, BY INDUSTRY

	<i>Pubs (with gambling facilities)</i>	<i>Clubs (with gambling facilities)</i>	<i>Casinos</i>	<i>Lotteries and gambling services n.e.c.</i>	<i>Total</i>
Businesses at end June					
1995 (no.)	2 327	2 144	14	2 027	6 512
1998 (no.)	2 785	2 419	13	1 770	6 986
Change (%)	19.7	12.8	-7.1	-12.7	7.3
Total employment at end June					
1995 (no.)	48 618	53 181	15 837	16 225	133 861
1998 (no.)	60 616	60 067	20 531	15 674	156 888
Change (%)	24.7	12.9	29.6	-3.4	17.2
Net takings from gambling					
1994-95 (\$m)	439.9	2 222.4	1 381.8	r3 794.7	r7 838.7
1997-98 (\$m)	958.5	3 016.3	2 165.1	4 926.9	11 066.8
Change (%)	117.9	35.7	56.7	29.8	41.2
Commissions from gambling					
1994-95 (\$m)	136.2	132.9	0.9	105.1	375.1
1997-98 (\$m)	390.4	182.0	1.5	122.2	696.1
Change (%)	186.7	36.9	60.8	16.3	85.6
Total income (net of payouts to players)					
1994-95 (\$m)	4 705.5	4 303.5	1 650.5	r4 133.8	r14 793.3
1997-98 (\$m)	6 754.4	5 598.2	2 709.7	5 237.5	20 299.8
Change (%)	43.5	30.1	64.2	26.7	37.2
Operating profit before tax					
1994-95 (\$m)	182.5	439.5	107.4	r655.5	r1 384.9
1997-98 (\$m)	581.6	484.9	-287.9	679.6	1 458.2

3

BUSINESSES WITH GAMBLING ACTIVITY, BY STATE AND TERRITORY

	NSW	Vic.	Qld	SA	WA	Tas.	NT	ACT	Aust.
Businesses at end June(a)									
1995 (no.)	3 411	956	1 231	363	243	147	68	95	6 512
1998 (no.)	3 511	1 085	1 250	533	276	189	64	89	6 986
Change (%)	2.9	13.5	1.5	46.8	13.6	28.6	-5.9	-6.3	7.3
Net takings from gambling									
1994-95 (\$m)	3 181.5	2 083.4	1 079.8	402.5	650.1	n.p.	n.p.	146.3	7 838.7
1997-98 (\$m)	4 494.7	3 266.0	1 601.9	659.6	639.5	n.p.	n.p.	163.0	11 066.8
Change (%)	41.3	56.8	48.4	63.9	-1.6	..	..	11.4	41.2
Commissions from gambling									
1994-95 (\$m)	97.5	224.9	24.9	7.4	12.1	n.p.	n.p.	2.2	375.1
1997-98 (\$m)	115.9	508.3	33.7	7.3	14.7	n.p.	n.p.	4.4	696.1
Change (%)	18.9	126.0	35.3	-1.9	21.5	..	..	102.7	85.6
Total net takings and commissions from gambling									
1994-95 (\$m)	r3 279.0	r2 308.3	1 104.7	409.9	662.2	n.p.	n.p.	148.4	r8 213.8
1997-98 (\$m)	4 610.6	3 774.3	1 635.5	667.0	654.1	n.p.	n.p.	167.4	11 763.0
Change (%)	40.6	63.5	48.0	62.7	-1.2	..	..	12.8	43.2

(a) Multi-State businesses are counted in each State in which they operate. Hence the counts of businesses of States and Territories do not sum to the total for Australia.

EXPLANATORY NOTES

PRELIMINARY PUBLICATION

1 This publication contains preliminary results for the reference year 1997–98 from a survey of employing businesses involved in the provision of gambling services. It has been released to provide timely summary information. When fully edited, amendments may be required to the data contained in this publication. These preliminary results, therefore, are subject to revision.

FINAL PUBLICATION

2 A publication, *Gambling Industries, Australia, 1997–98* (Cat. no. 8696.0) will be released in July 1999 and will provide final and more detailed statistics. Other related final publications on this subject include:

- *Casinos, Australia, 1997–98* (Cat. no. 8683.0) released on 17 December 1998, and
- *Clubs, Pubs, Taverns and Bars, Australia, 1997–98* (Cat. no. 8687.0), which is scheduled for release in July 1999.

SCOPE

3 The scope of the survey was all employing businesses classified to the following five classes of the Australian and New Zealand Standard Industrial Classification (ANZSIC):

- Pubs, taverns and bars (ANZSIC 5720) consists of businesses (except licensed clubs) mainly engaged in selling alcoholic beverages for consumption on the premises. For the purposes of this publication, only pubs, taverns and bars receiving income from the provision of gambling facilities (i.e. poker machines, keno and/or TAB) were included.
- Clubs (hospitality) (ANZSIC 5740) consists of organisations mainly providing hospitality services to members, such as gambling, sporting or other social and entertainment facilities. For the purposes of this publication, only clubs receiving income from the provision of gambling facilities (i.e. poker machines, keno and/or TAB) were included.
- Lotteries (ANZSIC 9321) consists of businesses mainly engaged in operating lotteries or in selling lottery tickets.
- Casinos (ANZSIC 9322) consists of businesses mainly engaged in providing a range of gambling services in addition to totalisator or gaming machine services, and other amusements, in a building to which the general public has access.
- Gambling services n.e.c. (ANZSIC 9329) consists of businesses mainly engaged in providing totalisator, betting or other gambling services (except casinos and lotteries).

This publication presents data for employing businesses in the above industries which sourced some part of their income in the form of net takings or commissions from the provision of gambling services.

STATISTICAL UNIT	<p>4 The unit for which statistics were reported in the survey was the management unit. The management unit is the highest-level accounting unit within a business or organisation, having regard for industry homogeneity, for which accounts are maintained. In nearly all cases it coincides with the legal entity owning the business (i.e. company, partnership, trust, sole operator, etc.). In the case of large diversified businesses, however, there may be more than one management unit, each coinciding with a 'division' or 'line of business'. A division or line of business is recognised where separate and comprehensive accounts are compiled for it.</p>
STATE DATA	<p>5 Data were collected in respect of the Australia-wide operations of each business. Where the business operates in only one State all the activities of the business are attributed to that State. For example, businesses operating lotteries, lottos, football pools etc. generally operate from one State, though they may have sales, usually through agencies, throughout Australia. Businesses which operated in more than one State were asked to provide a dissection of key data items by State to enable State statistics to be compiled.</p>
RELIABILITY OF ESTIMATES	<p>6 The estimates presented in this publication are subject to sampling and non-sampling error.</p>
SAMPLING ERRORS	<p>7 A sample of 3,700 management units (including all units with more than 50 employees) was selected for this survey. Consequently, the estimates in this publication are subject to sampling variability, that is, they may differ from figures that would have been obtained if all units had been included in the survey. One measure of the likely difference is given by the standard error (SE), which indicates the extent to which an estimate might have varied by chance because only a sample of units was included.</p> <p>8 There are about two chances in three that a sample estimate will differ by less than one SE from the figure that would have been obtained if a census had been conducted, and approximately 19 chances in 20 that the difference will be less than two SEs.</p> <p>9 Sampling variability can be measured by the relative standard error (RSE) which is obtained by expressing the SE as a percentage of the estimate to which it refers. The RSE is a useful measure in that it provides an immediate indication of the percentage errors likely to have occurred due to sampling, and this avoids the need to refer also to the size of the estimate.</p> <p>10 The following table contains estimates of RSEs for a selection of the statistics presented in this publication.</p>

RELATIVE STANDARD ERRORS, GAMBLING ACTIVITY—BY INDUSTRY

	<i>Pubs (with gambling facilities)</i>	<i>Clubs (with gambling facilities)</i>	<i>Casinos</i>	<i>Lotteries and gambling services n.e.c.</i>	<i>Total</i>
	%	%	%	%	%
Businesses at end June					
1995 (no.)	4	3	0	3	2
1998 (no.)	3	2	0	4	2
Total employment at end June					
1995 (no.)	4	3	0	2	2
1998 (no.)	3	2	0	3	2
Net takings from gambling					
1994–95 (\$m)	7	4	0	0	1
1997–98 (\$m)	5	3	0	0	1
Commissions from gambling					
1994–95 (\$m)	18	9	0	5	7
1997–98 (\$m)	12	8	0	6	7
Total income (net of payouts to players)					
1994–95 (\$m)	4	3	0	0	1
1997–98 (\$m)	3	2	0	0	1
Operating profit before tax					
1994–95 (\$m)	13	4	0	0	2
1997–98 (\$m)	6	2	0	2	3

11 As an example of the above, an estimate of total income (net of payouts to players) for the Clubs, with gambling, industry is \$5,598.2 million and the RSE is 2%, giving a SE of \$112.0 million. Therefore, there would be two chances in three that, if all units had been included in the survey, a figure in the range of \$5,486.2 million to \$5,710.2 million would have been obtained, and 19 chances in 20 (i.e. a confidence interval of 95%) that the figure would have been within the range of \$5,374.2 million to \$5,822.2 million.

NON-SAMPLING ERROR

12 Errors other than those due to sampling may occur because of deficiencies in the register of units from which the sample was selected, non-response, and imperfections in reporting by respondents. Inaccuracies of this kind are referred to as non-sampling errors and they may occur in any collection, whether it be a census or a sample. Every effort has been made to reduce non-sampling error to a minimum by careful design and testing of questionnaires and efficient operating procedures and systems used to compile the statistics. At the time the estimates in this publication were compiled, responses had been received from 94% of all management units, including all larger units.

GLOSSARY

Businesses at end June	The number of management units operating at the end of June.
Commissions from gambling	This item includes commissions received by businesses acting as agencies for the sale of off-course TAB products, on-course totalisator sales, lotteries, keno, lotto, football pools, and instant money. This item also includes commissions from poker/gaming machines received by businesses/clubs who provide the venue for the machines, but the poker/gaming machines are owned/operated by other businesses.
Employment at end June	This item includes working proprietors and partners, working directors, other employees and casuals working for the business during the last pay period ending in June. It excludes volunteers and subcontracted workers.
Net takings from gambling	This item includes takings from poker/gaming machines net of payouts to players, takings from on-course totalisator sales and off-course TAB sales net of winnings/dividends paid to bettors; on-course and off-course bookmakers' turnover net of winnings/dividends paid to bettors; takings from lotteries, lotto style games, football pools, instant money sales and club keno net of prizemoney paid, and takings from casino keno and casino gaming tables net of payouts to players.
On-course and off-course bookmakers' turnover	This item is the total turnover of bookmakers from thoroughbred, harness, greyhound and other racing after winnings/dividends have been paid to bettors.
Operating profit before tax (OPBT)	This is a measure of profit before extraordinary items are brought to account and prior to the deduction of income tax and appropriations to owners (e.g. dividends paid).
Takings from casino gaming tables	This item includes the takings from casino table games net of payouts to players.
Takings from casino keno	This item includes the takings from casino keno net of payouts to players. It excludes takings from keno gaming machines (which is included in takings from poker/gaming machines).
Takings from lotteries, keno, lotto, football pools and instant money sales	This item includes the sale of these gambling products net of payout prizemoney.
Takings from on-course totalisator sales and off-course TAB sales	This item includes totalisator and TAB sales net of winnings/dividends paid to bettors.
Takings from poker/gaming machines	This includes takings from poker/gaming machines (including keno gaming machines) net of payouts to players.
Total income (net of payouts)	This is the sum of all income items including net takings from gambling.

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