

The economic impact of gambling

**A report for the
Casino Community Benefit Fund, New South Wales
Department of Gaming and Racing**

**Prepared by the
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Foreword

In March 2000 the National Institute of Economic and Industry Research (NIEIR) completed a study entitled *The Economic Impact of Gambling*. This study was commissioned by, and published by, the Victorian Casino and Gaming Authority. It included a comparison of levels of gambling expenditure in the states and territories of Australia, and an assessment of the economic impact of gambling in Victoria. This included preliminary estimates of the impact at the Local Government Area (LGA) level.

NIEIR subsequently applied for a grant from the Casino Community Benefit Fund to finance an update of this report and the application of the methodology developed in the report to New South Wales. It was also intended to develop the methodology as it applied at the LGA level, so that the geographic pattern of the impacts of gambling could be described more fully than in the Victorian report. The grant was awarded in 2001.

The present report fulfils the purposes of the grant. As compared with its Victorian predecessor, less space is devoted to methodological issues (though the methodology is fully described), and more space to the calculation of impact at the LGA level.

NIEIR is grateful to the Casino Community Benefit Fund for financing this research. However, the views expressed are entirely those of the authors.

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Executive summary

This report identifies the impacts of gambling in New South Wales by considering the net income effects of the activities undertaken as a result of gambling, the benefits, and the activities foregone and costs incurred by the gambling expenditure. The report finds that gambling in New South Wales has a net benefit to the income of New South Wales households of \$1.035 billion per year¹, or \$8.47 per household per week.

Within the overall stimulus however there is considerable difference in the impact on the 174 different Local Government Areas (LGAs). As expected there are also considerable differences between the impacts of gambling between households. The following results can be drawn from this report:

- inter-regional transfer of activity and incomes is broadly consistent with the movement of incomes towards more economically advantaged regions:
 - whilst most regions benefit, the wealthier regions get wealthier through gambling and the poorer regions fall relatively further behind;
 - the Local Government Area with the worst estimated impact is Nundle at -\$14.60 per household per week;
 - the Local Government Area with the highest positive impact is the New South Wales/Victorian border community of Corowa with \$65.0 per household per week. Communities situated on the border of Victoria or Queensland, with strong clubs and hotels, continue to receive strong stimulus from gambling; and
 - excluding border communities the majority of the top 20 benefiting regions are among Sydney's wealthier Local Government Areas;
- evidence in the report supports the fact that gambling for most households represents an inter-temporal transfer to consumption at the expense of wealth creation;
- there is significant interpersonal transfer of wealth and income between gamblers and non-gamblers. The latter receive indirect benefits from gambling without suffering from its costs; and

we estimate that there were 71,708 problem gamblers² in 2000-01 in New South Wales. They lost on average over \$27,000 each and created an additional community cost of \$7,700 each or \$576 million in the State

¹ For detailed NSW state impact tables, see Chapter 9.

² See Chapter 6.