

SPECIAL REPORT

ROLL THE DICE

Why Burswood always wins and how West Aussies blew a billion on the punt last year: P50-51

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Backing a winner

Taking a punt in WA

Punters in WA shelled out more than ever in 2008/09 with most not even realising the odds stacked against them. **Billy Rule** looks at the state's gambling industry and how Burswood Casino increases its winning run

WHEN James Packer elevated his Burswood and Crown casinos to "national tourism assets" during a speech last October it's a fair bet the punters milling around the American roulette tables with the \$2.50 minimum wager at Burswood weren't listening.

The Crown Ltd chairman was spruiking his gaming houses after former PBL ally Geoffrey Cousins described Packer's casinos as almost predatory.

"They live off the misfortunes of others," Mr Cousins told the ABC. "They don't create anything, they just take people's money and shove it down a hole."

Back at the \$2.50 tables in Perth there may not have been cabana shirts and travel brochures, but there was plenty of money going down the "hole". That's because American roulette has a double zero (00) compared with the single zero (0) on European roulette wheels. The extra digit means there's 38 numbers on a wheel and the casino's profit margin clicks over to 5.26 per cent compared with 2.7 per cent on a single zero game.

But there's also another crucial change, according to systems guru Ron Parsons who runs the casinobusters.com website. When the WA Gaming and Wagering Commission allowed Burswood to introduce the double zero game in 2008 it also green-lighted an important rule change.

"If you play American roulette in a reputable casino overseas and a 00 comes up they don't take any of the outside bets or 2-1 bets or red/black bets — it's a standoff, the only people who lose their money are those who bet on numbers 0-36," Mr Parsons said. "But on the \$2.50 table at Burswood, swoosshh, they take everything."

"Burswood even know it's a rip-off. At the casino they have a game called rapid roulette and there's a



LOTTERYWEST

	2008/09	2007/08
Saturday Lotto	\$316.8m	\$297m
Mon/Wed Lotto	\$44.4m	\$32m
Oz Lotto	\$156.8m	\$94m
Powerball	\$91.6m	\$116m
Super 66	\$3.0m	\$3.0m
Soccer Pools	\$1.5m	\$1.0m
Cash 3	\$8.3m	\$7.0m
Scratch'n'Win	\$102.4m	\$104m
TOTAL	\$724.8m	\$654m
Punters lost	\$318.4m	\$286m
Community gets	\$234m	\$205m

Lotterywest is responsible for selling lottery games and distributing the proceeds for the benefit of the WA community. \$234m went back into the community in 2008/09 — \$107m of that into hospitals and the rest into arts, sports, charity and community groups and grants to different organisations.



RACING, WAGERING AND SPORTS BETTING

	2008/09	2007/08
Turnover	\$1.6b	\$1.5b
Margin (punters lost)	\$247m	\$237m



\$112m of the margin goes to fund the WA racing industry. \$56m goes to government tax and the rest pays overheads, agents' commission etc.

Compared with other TABs around the country WA is relatively small. UniTab, which covers Queensland and South Australia, made \$593m from punters' losses while the Victoria/NSW margin was \$1.6b.

YOUR SAY WA

What do you think of Burswood Casino? Has it been good or bad for WA? Have you ever won big or lost too much while playing the tables? Tell us your story online.

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Ron Parsons

sign promoting it as 'not a double zero game'. They're basically saying 'play this game instead of the double zero one because you've got a better chance to win'."

A \$2.50 minimum bet table may not sound like rich pickings, but it basically targets the most vulnerable punters, those with the least amount of money to gamble. And it's these lowly tables and other \$5, \$10, \$25 minimum games of roulette, blackjack, poker and baccarat plus the money-sucking electronic gaming machines which provide Burswood with almost 75 per cent of its revenue.

According to Crown Ltd's 2008-09 annual report, main floor gaming revenue at Burswood was \$398 million, dwarfing the \$140 million handed over in the Pearl Room by high rollers and VIPs.

And part of the reason, according to Mr Parsons, is that punters on

the public floor don't have a chance.

"In blackjack the general punter has no hope of beating the casino because of the continuous shuffling machines (CSMs)," Mr Parsons said. "The difference between a CSM and a hand shuffle is the randomisation of cards. If you're using a six to eight card shoe (the number of decks) the dealer splits the decks into two and intermixes them five to six times and then they're ready to play."

"But with a CSM there are 26 ripples (deck intermixes). They go on continuously within the CSM virtually randomising the cards to the maximum. Machine manufacturers boast that a \$2500 CSM — if played for four hours a day for a three-month period — will bring in an extra \$2.5 million to \$3.5 million within three months."

And Mr Parsons' proof is in the

Pearl Room — Burswood's high-roller suite. As in other Australian casinos, CSMs aren't used on most high-roller tables because the much-coveted whales (international junket punters) prefer to play blackjack when dealt a hand-shuffle. But that's a choice the average gambler doesn't get because there are no hand-shuffle tables on the main gaming floor.

When Burswood opened in December 1985 the Casino Act enforced an exclusivity zone, which meant the State Government could not issue another casino licence within 100km of Burswood unless it was a casino and hotel of similar size. The 15-year time limit of that agreement has expired, but the ongoing provision remains.

If you're not happy with the way Burswood plays the game you can't walk down the road to another venue like you can overseas in, say, Las Vegas or Macau or London. With only one casino in town most punters have to swallow the medicine Burswood dishes out.

Apart from the American roulette sleight-of-hand and CSMs, Mr Parsons also points out restrictive betting limits, saying: "They've reduced the minimum to maximum betting ratio to suit the profitability of the venue."

But picking casinos apart is Ron Parsons' life.

The professional gambler and Crown Casino premium club member has travelled the world refining his blackjack and roulette systems for his casinobusters.com website. With almost 17,000 subscribers he has schooled losing punters into astute investors. Only two members have ever asked for their money back and they were looking for a quick fix rather than a disciplined, patient strategy.

Mr Parsons turns over \$10 million a year and claims not to have lost at blackjack for five years. He is based in Melbourne, but when he's betting big he flies to Las Vegas to make his money.

Has he ever been barred from a casino? "No," he said. "The system is totally legal. There's nothing the casinos can do."

He was in Perth in November to run his eye over Burswood and plans to return.

"On a personal basis, I will come back to Burswood and take the Pearl Room for \$500,000 in one night," he said. "I'll play blackjack and I'll win."

"In fact, if there's any casino who doubts our systems, we can assure them we will run them deep into the red because we know we can win. It's not card-counting. What we do is totally legal and, basically, it leaves the casino with nowhere to hide."

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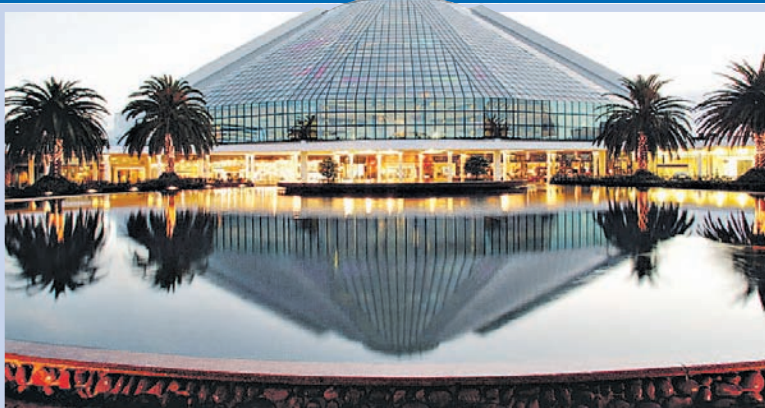


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against the odds



BURSWOOD CASINO

	2008/09	2007/08
Turnover	\$10.4b*	\$9.3b
Punters lost	\$538m	\$496m
Tax paid	\$91m	\$84m

GAMING MACHINES BY THE NUMBERS

2002	1180
2004	1355
2005	1500
2006	1550
2007	1750

* VIP program



■ Burswood pays up to two per cent of gross revenue for the upkeep of Burswood Park and Swan/Canning River conservation. Yet other states pay a levy towards health and community issues. Casino critics believe this is more appropriate due to the social consequences of gambling. NSW, Queensland and Victoria pay one or two per cent to the Community Benefit Levy. Victoria also pays a \$4333 levy on every electronic gaming machine.

■ Burswood is required to contribute unclaimed winnings into the Gaming Community Trust which provides grants for community projects

■ Burswood, like most casinos in Australia, has an exclusivity arrangement with the state government that gives it a casino

monopoly in WA. The State cannot issue another casino licence within 100km of Burswood unless it is a casino and hotel of similar size and standard to Burswood.

■ Burswood Resort and Casino opened in December 1985 and was purchased by PBL in 2004 for \$686m.

■ A comparison of full-year results for the financial years 2004 through to 2009 shows that normalised EBITDA has grown 124 per cent over those five years.

■ Burswood currently has 1750 electronic gaming machines and 170 tables. That's about 400 more EGMs than when PBL bought Burswood. Last year revenue from EGMs was about \$210m, meaning each brings in roughly \$120,000 a year.

"But I certainly wouldn't walk into a dirty small casino. I make sure I play in reputable casinos."

So where does Burswood rate? "It's at the very bottom end," he replies. "In comparison to international casinos it would be at the bottom five to seven per cent of the more reputable casinos around the world."

Well, if Burswood's such a rip-off, why does he want to target it?

"Generally the casinobusters team does a lot of research at a lot of casinos," he said, "and when we find, say, some unfair planning taking place, well, you know, the government isn't doing anything about it so we'll pull them into line."

He says it with a chuckle, but his point rings true. According to the Productivity Commission's draft report into gambling, the WA Government made \$326 million in tax from the punt in 2006-07 — 57.41 per cent of that was from Lotterywest, 23.64 per cent from the casino, 18.69 per cent from

racing and 0.25 per cent from sports betting. Last year Burswood alone contributed \$90 million to state revenue.

But those numbers are minuscule compared with the eastern states. As Racing and Wagering chief executive Richard Burt points out, WA is only 8 per cent of the Australian wagering market.

The New South Wales Government sucked in \$1.66 billion in gambling tax, Victoria got \$1.54 billion and Queensland benefited from \$817 million.

And that's the problem the states have got themselves into — they need the money the gambling tax provides. The fix is worse interstate because of their reliance on poker machines and EGMs that are littered throughout casinos, pubs and clubs east of the Nullarbor.

"Research has shown the most harmful form of gambling is convenience gaming, ie: easy access to gaming machines

throughout the community," said Terry Waldron, WA's Minister for Racing and Gaming. "Successive WA governments have resisted the financial carrot of allowing gaming machines in pubs and clubs as is the case in all other Australian jurisdictions.

"Consequently we have the lowest level of per capita gambling expenditure and the lowest level of problem gambling of all states.

"This policy means the government forgoes possible gambling taxes in the vicinity of \$400 million annually and it could be said that this is, in effect, its contribution towards minimising problem gambling."

Last financial year WA punters blew more than \$1.1 billion on the punt — \$318 million on Lotterywest products, \$247 million on racing, wagering and sports betting and \$538 million at Burswood Casino.

Lotterywest was established 26 years ago as a way of running lotteries and putting the proceeds

back into the community. Most of the money lost on racing and wagering (\$112 million) goes back into the race clubs to resuscitate an industry under constant pressure from internet betting and corporate bookmakers. But revenue raised at Burswood goes straight into a bulging bottom line.

Racing and Wagering's Mr Burt said: "Unlike Burswood who run a public company and profits go to shareholders, our money goes back into the industry."

But Burswood does have "some" commitments. On top of its annual \$1.4 million licence fee it also pays a 2 per cent levy on gross revenue funds for the upkeep of Burswood Park. Intriguingly, the Act doesn't commit any money from gaming machines back into public health or the community. Interstate casinos pay a 2 per cent community benefit levy on gross revenue and a \$4333 levy is placed on every EGM at Crown Casino.

However, recent developments

suggest there may be a heart beating beneath the eastern banks of the Swan River.

With country race clubs struggling for numbers the Government has approached Burswood about reworking the Casino Act so two-up can be played at provincial meetings. This was denied to race clubs within 200km of the casino when Burswood was built, even through throwing a head or a tail has been part of bush clubs' DNA since the two-sided coin was invented.

"The Government received a number of approaches from community organisations — principally country racing clubs located marginally inside the 200km radius — regarding the two-up restrictions," Mr Waldron said.

"Consequently I made an approach to Burswood late last year seeking an indication as to whether or not they would be prepared to re-examine this restriction.

"Burswood management responded positively to this suggestion and good faith negotiations are proceeding. Since Crown assumed ownership of Burswood its Perth management team have demonstrated a willingness to engage with the State Government on any matter of mutual interest in a sincere and professional manner, and the willingness to discuss the two-up issue on its individual merits is consistent with this positive relationship."

Numerous questions on two occasions were put to Burswood regarding this story, but a spokesperson said it had no comment. Former employees contacted by *The Sunday Times* said the level of cross-checking and internal procedure bordered on paranoia.

But a big gambler approached by *The Sunday Times* at the casino on a quiet Tuesday afternoon shrugged his shoulders almost resigned to defeat when asked about his chances on the tables: "It's a casino. If people don't like it they don't have to come."

As with casinos worldwide, putting across a winning image of success, glamour and opportunity is integral for Burswood. It has to be seen as the place to be and, for many, a night out in Perth isn't over until they have punted their pay cheque on the felt tables of the gaming floor.

If they walk away with a profit they certainly deserve it — because if the casino has its way they're not supposed to.

How Burswood has fared in the first six months of the current financial year will be revealed this week when Crown Ltd releases its half-yearly report in Melbourne on Friday.

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