

A Royal Commission into the suitability of Crown Melbourne to hold a casino license.

From: Confidential
To: Contact (RCCOL) <contact@rccol.vic.gov.au>
Date: Sun, 25 Apr 2021 17:05:05 +1000

Re: concerning problem gambling.

April 23, 2021.

Dear Sir / Madam

Thank you for giving the general public an opportunity to make submissions. I hope mine will help you in dealing with the important issue of problem gambling at the Crown casino.

My name is Confidential. I'm a retired businessman who has had a lifelong interest in casinos, starting back in 1973 with the opening of Wrest Point Casino in Hobart. I've played around Australia, illegal casinos in Sydney in the 1970's and some overseas casinos in Europe and Asia. I've mixed with many gamblers, casino management and one particular punter, Confidential who became the most successful punter in the world. Sadly, there are very few, even mildly successful punters. Unfortunately Crown Casino has made it a whole lot harder, for at least the three main table games.

Roulette in Australia was based on European roulette, with one zero and a house advantage of 2.7%. Blackjack had a small advantage for the house, and Baccarat had a 1.24% house advantage on bets placed on "player" and 1.06% on "banker". These last two games have a smaller house advantage, but the games usually take less time.

A Confidential casino manager friend of mine, once sat down with me and told me how much casinos around the world make from these table games. He asked me how much I thought the gross profit would be, 4 or 5%. He said it's actually 20%. Casinos know how much the average punter has in his pocket and how much time he will spend betting. Let's say you start with a \$100 for simplicity sake. You may win or lose on the day, but the long term average for roulette is, once you have bet all the original \$100 over a number of spins, you get back \$97. But you turn over your bank about 6.5 times during the course of your visit. You bet \$97 and you get back \$94, and so on. \$100- \$97- \$94- \$91- \$88- \$85- \$82- \$79.50. So after you have turned over your bank 6 to 7 times, starting with \$100 you finish up, on average, with around \$80 at the end of the day, and 20% gross profit for the casino.

Going back about 15 years ago, the average punter had just under \$350 to bet, in his pocket. Unlike American casinos where roulette is not as popular, and may not even be played. Blackjack and craps are the biggest games. For the Crown casino to be allowed to double their advantage on one of the most popular games (they did have the most roulette tables of any casino in the world) by being allowed to have 2 zeros on more than half of the tables on the large ground floor for the general public is extremely disappointing.

The original tables, with one zero and 36 numbered slots gave the house a 2.7% advantage (1 divided by 37 = 2.7%) and a gross profit of 20%. So a gambler needs to manage his money very carefully. But then allowing, some years ago, 2 zeros and 36 numbered slots (2 divided by 38 = 5.26) that equals a 5.3% advantage and nearly a 40% gross profit. That is now a huge disadvantage to gamblers.

With blackjack, an American game, at the turn of the first card the house advantage was about 0.5%. But not so many players play the game as best it can be played using the basic strategy technique. So as the Confidential manager explained to me, the house advantage is still around 3%, and gross profit 20%. I play roulette and baccarat these days, but I did once play blackjack and I do know that Crown casino was allowed to change blackjack rules as well. So I was looking on the internet under change of rules, and I found "Crown Casino Blackjack Plus (many of these tables operate on the ground floor) is the worst in Australia". Among the changes I did know that, whereas once the house had a card pip count of 22 they busted, not any more. They also had to pay out on soft 17 (an ace and a 6). Now the ace can count as 1 or 11, and they can keep turning over extra cards to try and improve their hand against the players. They have offered some very small bonuses to players, but the new advantage is significantly larger than the original advantage.

In baccarat under the original rules of the game, if you bet on "player" the house had a 1.24% advantage. If you bet on "banker" the advantage was 1.06%. Some years ago, I asked one of the Crown managers I knew, what is the house advantage in the main (very busy) baccarat room on the ground floor, where the rules had also been changed (if you bet on "banker" and you win with a pip count of 6, you only get a 50% return on your outlay, instead of the original 100%). He told me the house advantage for bets on "player" were just over 2%, and just over 1.6% for "banker".

All these rule changes in roulette, blackjack and baccarat (and maybe other games as well on the ground floor) have given Crown casino a very lucrative, much bigger advantage over the gambler. When you consider that the average gambler plays for about 4.5 hours and turns over his original bank around 6.5 times, then the new gross profit for the Crown is huge, it's enormous. It means that gamblers have no longer got any chance of winning over time, playing these games with the rules changed to a much larger disadvantage. Of course there were never any public submissions allowed over these rule changes. I personally don't think the State Government of the day would have allowed the

changes, if they had of thought through all the implications. Even though the Government is receiving taxes, it's a cash business, it's very lucrative, it's very tempting and Governments need to be very firm in dealing with Crown management. No doubt they put these changes to Government in the best possible light.

The original rules allowed for casinos around the world to pay for their overheads and make a handsome profit; these altered rules are purely a money grab, and no prizes for guessing whose suffering. The gamblers and especially problem gamblers. They may say the gamblers have a choice of tables. They don't at baccarat. The original rules apply in the exclusive separate rooms like the mahogany and teak rooms, but the gambling limits are way too expensive for the average gambler. There is a very limited choice in the main ground floor area for blackjack. There are very few tables available, with a \$100 minimum bet. There are more tables available at roulette, but the single zero tables have a higher minimum bet. In reality many gamblers don't even know about these changes which happened some years ago. They may, for instance, decide to bet on a table with the croupier who they won with before, perhaps not realizing that the current table has 2 zeros not 1. I say return to the one set of rules, the original rules and stop disregarding the gambler and putting themselves first. Now marginal gamblers are becoming problem gamblers and for problem gamblers it's a whole lot worse. Back in the 1970's I used to go out with a nurse in Hobart, and she told me that two gamblers jumped over the Derwent bridge every week and committed suicide since Wrest Point casino opened. Melbourne has 22 times more people than Hobart.

Over the years I've met several punters at the Crown who have signed the book and pledged to ban themselves from the Crown casino. They've told me that when they've decided to return to bet, none of them were ever stopped at the entrances. The Crown just doesn't care. Some croupiers told me before the pandemic, that the management were considering setting up some roulette tables with 3 zeros!

As far as the Victorian Commission for Gambling and Liquor Regulation is concerned, one of the senior staff members said to me some years ago, that Crown can get anything they want, and the managers considered the Government regulator was a "toothless tiger", they thought it was a bit of a joke.

Many, many times I would be playing at a roulette table and some fellow would walk up and change several thousands of dollars for chips with the croupier. Very occasionally they would have one small bet and leave. You'd never see them again.

I recall a few years ago, there was a legal case in the UK where the judge made a ruling against a punter and he had to pay back a large sum of money to the casino who took him to court. The punter was playing baccarat and he became aware that on the back of some of the playing cards, there was a very slightly different pattern, depending on the pip count of the cards, which he exploited and made a handsome profit. The judge summed up by saying casinos and gamblers expect approximately a 50/50 chance of winning, and you, by identifying some cards have given yourself a significant advantage, which goes against the normal standards in a casino. I have wondered what that judge would think of Crown casino's successful application to change the time honoured rules of several games, so that they enjoy a much larger advantage over the gamblers!

I once heard the manager at Confidential casino, when I was momentarily standing at the bar, on the other side of a very thick, wide pillar, talking to one of his pit bosses, saying we have to take as much money as possible from these gamblers today. Our monthly bonuses are coming up. Casino management need to be kept in check by the Government. Otherwise they will continue to strive to fatten their pay checks, they just don't care about the gamblers. I've tried occasionally to bring up the subject of problem gamblers at the Crown, they just don't want to talk about it.

I consider that the changed rules on table games at the crown casino the worst I've seen in any casino, in Australia or overseas. It's also a pity for our tourist industry. The Crown is one of the most popular places to go to for tourists coming to Australia, and these gaming tables are on display with the changed rules as you walk through the ground floor as tourists do.

So let me consider the fate of a new gambler to the Crown casino. He's young, by himself or with some mates. He walks into the place on a thursday, friday or saturday night. He's got \$400 to bet. He's feeling lucky. He knows the house has a small advantage, but it's approximately 50/50 he thinks. He may walk up to the bar to have one or two drinks. He has walked passed the large baccarat room (altered rules) and some blackjack tables (altered rules) and over to a large area near the bar with 24 roulette tables (this area is usually opened at night). He decides to play. Nearly all of them have 2 zeros on the wheels. He stays for about 5 hours. The average long term result means he loses about 40% of his bank, i.e. \$160. That hurts him, even though he's got a full time job. Other punters may have only casual work, and there are those on a fixed income. It really hurts them. And obviously hurts the problem gamblers.

I have met many acquaintances and made friends with some, over the years at the Crown. Now I hardly see any of them. I shudder to think of what might have happened to some of them.

I'm moving my address shortly, hence c/- the PO. But you can definitely contact me by e-mail, if needs be. No doubt the situation is worse because Crown has a monopoly. I think Crown needs a fresh start, with the return to time honoured rules for the table games. The State Government needs to act on this. That "toothless tiger" is desperately overdue for an appointment with the dentist.

Yours faithfully,


Confidential

P.S. I'm happy for you to have my details, but I don't want my name and details to be part of a published submission. I don't have a great understanding of e-mails, so I,m not sure whether the submission sheet I filled out will be sent with this

e-mail. So I will do another one now at the end of this e-mail.

contact@rccol.vic.gov.au

Confidential



25/4/2021

I hope this narrative has given you a better insight into the Crown casino and problem gambling.