



**Crown Resorts**

## 'A harm-production factory': Crown casino faces scrutiny over problem gambling



**Ben Butler**

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**T**riads, shopping bags full of cash, money laundering - if you've been following the inquiry into [Crown Resorts](#) run by New South Wales authorities, you might think there aren't many allegations left to be hurled at the casino operator.

But a royal commission into the operation of the James Packer-controlled group's flagship casino in Melbourne could expose it to fresh attack over a problem its critics have long claimed is rife at the complex: problem gambling.

[Opening the inquiry on Wednesday](#), royal commissioner Ray Finkelstein said there was "no practical utility" in going over the same territory dealt with by the NSW inquiry, which reported to state parliament in February.

Instead, he said he planned to use the limited time he has available - he is supposed to provide a final report by August - to look into four

other areas: whether money laundering is still taking place at the Melbourne casino, whether Crown is in breach of any laws or regulations, whether it has broken its contract with the state to run the casino and “most importantly, the manner in which it deals with gambling addiction”.

This means Finkelstein’s inquiry will descend from the upstairs suites where, in pre-Covid and pre-scandal times, high-rollers smoked at baccarat tables and junket operators plied their trade on the main gaming floor, an area as big as a football field crammed with poker machines and gaming tables.

While high-rollers can be lucrative, blowing millions of dollars in a few days, the business is also highly volatile due to the narrow house margin on the game favoured by gamblers from Asia: baccarat.

It is the steady flow of more ordinary folk through the building that provides the casino with a predictable flow of cash. In the casino trade, it’s called “grind”.

And in Australia, a country that loves a punt, there’s plenty of it.

“Crown is very much a harm-production factory,” said one of the casino’s most consistent critics, gambling researcher Charles Livingstone.

“This is because it’s open 24 hours per day almost every day of the year, because it is centrally located, and because it has a very large and busy main floor along with high-roller rooms, including high-roller rooms for people who use EGMs [electronic gambling machines],” he said.

“We know that large venues attract higher expenditure and higher rates of harm.”



▲ Royal commissioner Ray Finkelstein at the opening of Victoria's inquiry into Crown casino in Melbourne. Photograph: James Ross/AAP

Livingstone, an associate professor at Monash University in Melbourne, said that based on data in Crown's annual report, in a normal - non-Covid - year its 2,600 poker machines are the most lucrative in the state.

"Pokies at Crown make about \$185,000 each per annum, well above the revenue of clubs and pubs," he said. Club EGMs average \$73,250 per annum and hotels \$129,000 per annum.

It's on the main floor that most of the social damage wrought by Crown is done, one former employee told the Guardian.

Generally speaking, high-rollers could afford to squander the vast sums they push across the baccarat table in casino plaques, the employee said.

Some high-rollers are so unconcerned by their losses that they call the chips used for denominations of up to \$5,000 "smash" and hand them out as tips to staff, preferring to deal only in the plaques by which casinos mark higher values.

"But on the main floor, a wage earner spending \$500 to \$600 is compromising their lifestyle," the former employee said.

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“The harm is not to whales, it’s to people living month-to-month.”

Crown goes to a lot of effort to keep people coming back to the tumbling reels of its pokies cave. The freebies it showers on its high-rollers - hotel suites, meals, flights on its corporate jets - are replicated at a smaller scale among the common folk.

The casino runs a rewards scheme for frequent gamblers that has tiers ranging from bronze through gold and platinum to black.

At the top end, freebies include hotel rooms, but at a lower level, incentives can be as simple as a birthday card - perhaps the only one someone with a gambling problem might receive.

The former Crown employee said people who lose more than they can afford also became prey for loan sharks who charge as much as 2.5% interest a week - a rate that sounds low but over a year would more than double the amount owed.

To pay off the debts, they can be drawn into sex work, money laundering or acting as a drug mule, the employee said.

Crown has always maintained that it has policies and procedures in place to deal with both problem gambling and the presence of organised crime.

But in its last review of the casino license in 2018, the Victorian Commission for Gambling and Liquor Regulation - which itself is to be [stripped of responsibility for the casino](#) after criticism it was a do-nothing regulator - questioned how well Crown was tackling problem gambling.

“Despite a policy in which staff are required to intervene when observable signs of problem gambling are detected, statistics provided to the VCGLR for the review indicate a relatively low level of activity and very little by way of referral from floor staff, who are the eyes and ears of the casino,” the authority said in its review.

“Crown claims to have a leading-edge ‘responsible gaming’ program, but as the company’s annual report makes clear, the same people running the board were also responsible for this program,” Livingstone said.

Some members of Crown’s board were heavily criticised by Patricia Bergin, the former judge who ran the inquiry in NSW. After her report was tabled in state

parliament, many of the company's directors resigned, along with the chief executive, Ken Barton.

“What we do know is that responsible gaming programs are essentially a smokescreen for the gambling industry to demonstrate some concern about the harms of gambling,” Livingstone says.

The fact the casino regularly turns up in court cases dealing with unexplained wealth also suggests its efforts to keep gangsters outside its riverside complex might not always succeed.

While recognising gambling's “significant benefits” - the Melbourne casino is the city's biggest single-site employer and accounts for about 12% of the state's tax take - Finkelstein is also alive to the risk of criminal infiltration.

“Many observers warn that the gambling industry, particularly at casinos, attracts significant criminal activity,” he said on Wednesday.

“Criminal activity can be grouped in the following categories: petty crime in the gambling venue itself; street crime in the vicinity of the venue; money laundering and the infiltration of organised crime syndicates.”

Crown declined to answer Guardian Australia's questions about problem gambling, loan sharking and organised crime involvement at the Melbourne casino.

“Out of respect for the Crown Melbourne royal commission and its processes, Crown does not intend to comment at this time,” a spokeswoman said.

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