



LEGISLATIVE ASSEMBLY FOR  
THE AUSTRALIAN CAPITAL TERRITORY

**The Social and Economic Impacts of Gambling in the ACT**  
**(with particular reference to poker machines)**

**Final Report of the  
Select Committee on Gambling**

**March 1999**

## **RESOLUTION OF APPOINTMENT**

To inquire into and report by the 25 March 1999 on the social and economic impacts of gambling in the ACT, with particular reference to poker machines and the report entitled *Gambling and Related Legislation in the ACT: a National Competition Policy Review* prepared by the Allen Consulting Group.

The Gaming and Racing Control Bill 1998 be referred to the Committee and on the Committee presenting its report to the Assembly resumption of debate on the question 'That this bill be agreed to in principle' be set down as an order of the day for the next sitting.<sup>1</sup>

The Assembly further resolved that the committee may make interim reports.<sup>2</sup>

## **PREVIOUS REPORTS**

*Interim Report on A Poker Machine Cap* (June 1998)

Second Interim Report- *The Proposed Gaming and Racing Commission* (October 1998)

## **COMMITTEE MEMBERSHIP**

Mr Trevor Kaine MLA (Chairman)

Ms Kerrie Tucker MLA (Deputy Chair)

Mr Dave Rugendyke MLA

Mr Bill Wood MLA

Secretariat: Mr Bill Symington (May 1998-September 1998)

Ms Fiona Clapin (October 1998-March 1999)

Administrative Support: Mrs Kim Blackburn

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<sup>1</sup> Resolution of Assembly on 20 May 1998 and amended on 10 December 1998 and 2 February 1998.

<sup>2</sup> Minutes of Proceedings No. 11, 23 June 1998.

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## **Summary of recommendations**

### **Social and economic impacts of gambling**

#### ***Recommendation 1***

The Committee recommends that a program of research be instituted by the ACT Gambling and Racing Commission into:

- general gambling patterns including the prevalence of problem gambling in the ACT;
- the proportion of expenditure on gambling contributed by problem gamblers;
- the costs and benefits of the socio-economic impact of gambling in the ACT;
- the economic impact of gambling on ACT household outlays; and
- the relationship between the prevalence of gambling and accessibility and location of poker machines. (Paragraph 2.68)

#### ***Recommendation 2***

The committee recommends that the ACT Gambling and Racing Commission initiate and monitor a program of data collection by Government agencies, welfare agencies and gambling venues for the purpose of tracking the links between gambling and social costs and facilitating the evaluation of gambling policies and programs. (Paragraph 2.74)

### **Measures to limit negative impacts**

#### ***Recommendation 3***

The committee recommends the current cap of 5,200 poker machines remain in place until the tabling and consideration by the ACT Legislative Assembly of the results of major research into the prevalence and socio-economic impacts of gambling in the ACT. The ACT Government should initiate the amendment of the relevant legislation before 24 June 1999 to ensure this. (Paragraph 2.76)

#### ***Recommendation 4***

The committee recommends the ACT Gambling and Racing Commission fund and develop a public education approach to gambling based on harm minimisation principles. (Paragraph 2.79)

#### ***Recommendation 5***

The committee recommends the current voluntary code, *Responsible Gaming: A Voluntary Code of Practice for the ACT*, be replaced with a mandatory, enforceable Code of Practice for Responsible Gambling. The Code should provide for :

- 5 year licences for gaming providers;
- licences to be linked with how responsible gaming venues are in the provision of gaming services;
- sanctions for gaming licence holders for breaching the Code including non-renewal of licenses;
- strong guidelines on advertising and promotional practices including the offering of inducements;
- licence-holders to be required to provide objective information about winnings and losings in publications such as newsletters; and
- monitoring and evaluation of the Code, to be undertaken by the ACT Gambling and Racing Commission. (Paragraph 2.83)

#### ***Recommendation 6***

The committee recommends the following mandatory changes to electronic banking practices in gambling venues:

- the daily withdrawals allowed from EFTPOS machines located in clubs be limited to \$200 per day( instead of \$1,000 per day);
- all ACT clubs with EFTPOS or ATM machines ensure these machines produce account balances for all transactions; and
- EFTPOS and ATM machines in clubs be barred from releasing money from credit cards and credit accounts. (Paragraph 2.89)

### ***Recommendation 7***

The committee recommends that the ACT Gambling and Racing Commission develop and publish consumer protection information on poker machines, and monitor information distributed by poker machine operators. (Paragraph 2.92)

### ***Recommendation 8***

The committee recommends that ACT clubs:

- initiate problem gambling training/awareness programs for staff and management; and
- implement strategies for dealing with staff and clients who become problem gamblers. (Paragraph 2.95)

### ***Recommendation 9***

The committee recommends that the ACT Gambling and Racing Commission institute a needs assessment to establish the ACT community's need for gambling counselling. The assessment should include consideration of the needs of family members and partners as well as people with gambling problems. The needs assessment should cover the type of treatment needed, the number of people needing treatment and the funding required to meet this need. In the interim, adequate funding should be provided to meet the current unmet needs. (Paragraph 2.105)

### ***Recommendation 10***

The committee recommends the ACT Department of Health:

- ensure that their counsellors are provided with the opportunity to receive training in gambling addiction and treatments; and
- change the name of the Drug and Alcohol Counselling Service, to incorporate and promote counselling for gambling addiction. (Paragraph 2.106)



### ***Recommendation 11***

The committee recommends the ACT Gambling and Racing Commission ensure that the counselling funding component is sufficient to provide for:

- the needs assessment of ACT counselling services;
- a range of innovative pilot projects and treatment services such as those recommended in the needs assessment; and
- training for counsellors from the Department of Health and non-government welfare agencies on gambling treatment strategies. (Paragraph 2.107)

### ***Recommendation 12***

The committee recommends the ACT Government, after consulting widely with the community, hypothecate an appropriate percentage of gambling revenue to a Community Benefit Fund established to fund:

- gambling-specific research, public education, counselling and rehabilitation programs; and
- general community projects. (Paragraph 2.115)

### ***Recommendation 13***

The committee recommends a community reference group comprising broad community representation be established by the Commission to advise, inter alia, on funding priorities within broad categories and funding allocations for each project for consideration by Government. (Paragraph 2.116)

## **The Allen report and Competition Policy**

### ***Recommendation 14***

The committee recommends that access to poker machines not be extended beyond clubs until research has been conducted on:

- the current prevalence of problem gambling in the ACT;
- the relationship between problem gambling and the prevalence of poker machines;
- the demographics of hotel customers compared with club members; and
- the likely social impacts if class c machines were allowed in ACT hotels and taverns. (Paragraph 3.39)

## **Functions, Membership and Structure of the Gambling Commission**

### ***Recommendation 15***

The committee recommends that the proposed Gaming and Racing Commission be renamed the ACT Gambling and Racing Commission. (Paragraph 4.11)

### ***Recommendation 16***

The committee recommends that the ACT Gambling and Racing Commission should comprise three commissioners, who are independent of both the Government and the gambling industry and who represent broad community interests. The Chief Executive Officer should be a non-voting member of the board. (Paragraph 4.19)

### ***Recommendation 17***

The committee recommends that the Commission's functions exclude 'developing' or 'promoting' gambling. (Paragraph 4.23)

***Recommendation 18***

The committee recommends that section 6 of the Gaming and Racing Control Bill 1998 be amended to include explicit acknowledgment of the Commission's role in monitoring, researching, and reporting to the ACT Legislative Assembly on the social and economic impact of gambling in the ACT. Section 6 should also be amended to acknowledge the Commission's role in funding gambling research, counselling, education and community projects. (Paragraph 4.25)

***Recommendation 19***

The committee recommends that the Gaming and Racing Control Bill 1998 be amended to provide for a community reference group comprising broad community representation to advise on gambling issues including priorities and allocations of funding for research, counselling, education and community projects. (Paragraph 4.27)

***Recommendation 20***

The committee recommends that the Gaming and Racing Control Bill 1998 be amended to include provision of a complaints mechanism for gambling consumers and provide for information on complaints to be published in the Commission's annual report. (Paragraph 4.29)

***Recommendation 21***

The committee recommends that Part IV of the Gaming and Racing Control Bill 1998 be amended to include provision for the ACT Legislative Assembly to initiate inquiries to be undertaken by the Commission. (Paragraph 4.31)

***Recommendation 22***

The committee recommends the ACT Government provide for improved access to information to facilitate research by amending the Racing and Gaming Control Bill 1998 and through other mechanisms. (Paragraph 4.35)

## **Role of government and gambling policy coordination**

### ***Recommendation 23***

The committee recommends that section 8 of the Gaming and Racing Control Bill 1998 be amended so that the Commission may delegate any of its powers and functions, except the power to further delegate those powers and functions, to the Chief Executive or to an authorised officer. (Paragraph 4.37)

### ***Recommendation 24***

The committee recommends that the ACT Government maintain a gambling policy function within the Chief Minister's Department to ensure a whole-of-government strategic policy focus and establish effective mechanisms to ensure interagency cooperation. (Paragraph 4.60)

## **Regulation Issues**

### ***Recommendation 25***

The committee recommends that existing legislation be amended to provide the Assembly the ability to reject future technological change to machines. The committee also recommends that the ACT Gambling and Racing Commission investigate with alternative poker machine providers the feasibility of providing machines to meet the ACT's special needs. (Paragraph 4.68)

### ***Recommendation 26***

The committee recommends that a centralised poker machine monitoring system replace the current arrangements. (Paragraph 4.74)

### ***Recommendation 27***

The committee recommends that the Government initiate a review of the legislation governing clubs. The review should include an assessment of whether current legislation provides for an appropriate level of accountability by clubs. (Paragraph 4.82)

***Recommendation 28***

The committee recommends that the ACT Gambling and Racing Commission produce a comprehensive discussion paper on interactive gambling in the ACT.

(Paragraph 4.87)



# 1. Introduction

## Background

1.1. This was a very interesting and challenging inquiry. The committee not only had to weigh up the costs and benefits of current gambling policies and practices but also had to predict the likely costs and benefits against a range of possible future regulatory options. This was done without the benefit of good local data and research.

1.2. The ACT gambling industry includes organisations with vested interests in maintaining gambling revenue sources, in an environment where other interests are lobbying strongly to gain access to these revenue sources. The regulatory framework outlined in this report has been designed to produce optimum community benefit, rather than to suit the interests of lobby groups.

## Scope of report

1.3. This report does not pretend to be an academically rigorous assessment of the social and economic impacts of gambling because the lack of a body of research and relevant local data rendered this impossible. It does, however, try to capture the extent of economic and social impacts in broad terms.

1.4. The committee relied very much on evidence presented through submissions and public hearings. The committee was also influenced by discussions with interstate gambling counsellors who highlighted the adverse social impacts of poker-machine gambling in NSW, Victoria and South Australia.

1.5. The committee focussed mainly on poker machines, rather than other forms of gambling such as racing, casino gambling, lotteries etc. This was because: poker machines attract the highest level of expenditure compared with other forms of gambling; most submissions to the committee concentrated on poker machine issues; and most of the adverse social and economic impacts appear to be associated with poker machines rather than other forms of gambling.<sup>3</sup>

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<sup>3</sup>For example, 75 per cent of callers to Lifeline identified gaming machines as a problem, rather than other forms of gambling. (Lifeline Annual Report 1997/98)

## **Public consultation**

1.6. The committee initially advertised for submissions in *The Canberra Times* on 30 May 1998 and in *The Chronicle* and *Valley View* on 2 June 1998. The committee placed a further advertisement in *The Canberra Times* on 8 January 1999 inviting community comment on the Gaming and Racing Control Bill 1998. The committee also directly invited submissions from individuals and organisations thought to have an interest in gambling.

1.7. Thirty-six submissions were received. These are listed in Appendix A. The major matter of concern reflected in submissions was in relation to poker machines. While the majority of submissions expressed concern about the social impact of gambling and in particular opposed expanding the numbers of poker machines in the ACT, the submissions from the Australian Hotels Association and the Licensed Clubs Association argued strongly in favour of the social and economic benefits of machines.

1.8. The committee held a large number of public hearings and private briefings. The committee also travelled to Sydney, Adelaide and Melbourne where it met with gambling experts; visited casinos, hotels and clubs; and met with community educators and gambling counselling services. The committee found the experiences of other jurisdictions which have allowed greater access to poker machines (ie more venues and in greater numbers) very useful for this inquiry. See Appendix B for details.

## **Other inquiries**

1.9. This inquiry drew on submissions and evidence presented to two other significant inquiries into gambling being held while this inquiry was underway, namely:

- the inquiry by the Independent Pricing and Regulatory Authority of NSW into gambling regulation—which released its *Report to Government: Inquiry into Gaming in NSW* in November 1998; and
- the Productivity Commission’s Inquiry into Australia’s Gambling Industries which is considering the national economic and social impacts of gambling in Australia. (Draft report due in April 1999 and a final report in August 1999).



## **Structure of report**

1.10. The Select Committee on Gambling was originally tasked with inquiring into the social and economic impacts of gambling in the ACT. These issues are addressed in Chapter 2.

1.11. The Legislative Assembly later expanded the committee's terms of reference to include consideration of:

- the Allen report, a review of ACT gambling legislation commissioned by the Government as part of the National Competition Policy; and
- the Gaming and Racing Control Bill 1998, tabled by the Government on 10 December which provides for a new regulatory structure to monitor gambling in the ACT.

1.12. Chapter 3 contains the committee's consideration of the Allen report's recommendations and Chapter 4 contains the committee's views and assessment of community opinion on the proposed regulatory structure for gambling in the ACT.

## **Acknowledgment**

1.13. This inquiry attracted a lot of public interest. The committee thanks those who contributed submissions and those who addressed the committee through public hearings and private briefings in the ACT and interstate.



## 2. Social and Economic Impacts

2.1. Gambling has both positive and negative impacts. However, the committee found insufficient confirmed evidence of the extent and dimensions of these impacts available because, to date, no rigorous empirical research has been done in the ACT.

2.2. Our report is based on our concern, due to evidence we have received, that for a significant number of people in the ACT gambling is a real problem, now exacerbated by the proliferation of poker machines and their new technologies.

2.3. In the absence of any ACT-specific social/economic impact research, the committee has had to rely largely on qualitative and anecdotal evidence on the social impact of gambling in the ACT. While the committee drew upon experiences in the states for ideas about what could happen in the ACT if access to poker machines was extended, it remained mindful of the unique characteristics of ACT gambling and the fact that conclusions based on experience elsewhere cannot be attributed directly to the ACT with confidence.

2.4. This chapter explores the social and economic impacts of poker machines in the ACT. It concludes with suggestions for measures which could reduce the negative impacts.

### Gambling in the ACT

2.5. In 1996/97 Canberrans spent \$171.6m on gambling and 70 per cent of this was spent on poker machines.<sup>4</sup> The ACT has the fourth highest expenditure per person on gambling in Australia, at \$758.25 per person. Significantly we have the second highest expenditure on poker machines per person, at \$525.44 per person. The national average is \$269.80 per person.<sup>5</sup>

2.6. Gambling expenditure in the ACT has doubled in real terms over the past decade.<sup>6</sup> The trend over time has been a move away from racing-related gambling to poker machines.<sup>7</sup>

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<sup>4</sup> Tasmanian Gaming Commission, *Australian Gambling Statistics 1972/3-1996/7* Table A: Gambling Expenditure 1996/97.

<sup>5</sup> Tasmanian Gaming Commission, Table B: Per capita expenditure 1996/97.

<sup>6</sup> Allen Consulting Group, *Gambling and Related Legislation in the ACT: A National Competition Policy Review*(1998) p vi. Expenditure is the net loss to the gambler or the gross profit to the gambling operators.

<sup>7</sup> *ibid*

## Gaming expenditure and revenue

2.7. Gaming refers to non-racing forms of gambling. See Appendix C for detailed tables on ACT gaming revenue and taxation from 1972/73-1997/98. The table below shows the gaming expenditure and revenue for 1997/98.

### 1997/98 ACT Gaming Expenditure<sup>8</sup>

Form of Gaming	Gaming Expenditure	Gaming Turnover	Government Revenue
Lotteries and Soccer Pools	\$15.456m	\$38.682m	\$11.920m
Minor Gaming	na	na	\$0.863m
Casino Gaming	\$17.280m	\$83.478m	\$3.456m
Poker Machines/ Club Keno	\$127.163m	\$1,249,467m	\$28.173m
<b>Total Gaming</b>	<b>\$159.899m</b>	<b>\$1,371.627m</b>	<b>\$44.412m</b>

2.8. Casino expenditure fell from \$39m in 1994/95 to \$17m in 1997/98.<sup>9</sup> Casino tax revenue fell from \$11m in 1994/95 to \$3m in 1997/98.<sup>10</sup>

2.9. Since poker machines were introduced into the ACT in 1976, expenditure on poker machines has increased from \$3.6m in 1976/77 to \$61.107m in 1989/90 to \$127m in 1997/98.<sup>11</sup> Following years of steady increases in poker machine expenditure, it appeared to stabilise in 1995-1997 with 1995/96 expenditure of \$117.518m and 1996/97 expenditure of \$118.913m. However, in 1997/98 expenditure again increased by 7 per cent to \$127.163m.<sup>12</sup>

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<sup>8</sup>Letter from Chief Minister to Chair of the Select Committee on Gambling, 16 March 1999.

<sup>9</sup> ibid

<sup>10</sup> ibid

<sup>11</sup> ibid

<sup>12</sup> ibid. See Appendix C for further information.

2.10. The ACT now has the highest number of poker machines per capita.<sup>13</sup> There are currently 4796 poker machines in the ACT.<sup>14</sup> In addition, licence applications have been made for an additional 607 machines by clubs, taverns and hotels.<sup>15</sup>

2.11. The ACT Legislative Assembly passed legislation limiting the total number of machines allowed in the ACT to a cap of 5,200 machines, following the recommendation of an earlier report of this committee.<sup>16</sup> This cap remains in place until 24 June 1999.

2.12. In the ACT, poker machines with modern technology are only permitted in ACT clubs, whereas most other states allow them in hotels and casinos in addition to clubs. The Canberra Casino is not allowed any machines as a condition of its licence and ACT hotels are only permitted machines with outdated technology.<sup>17</sup> Consequently most poker machines in the ACT are located in clubs. Clubs have 4,730 and hotels/taverns have 66 machines.<sup>18</sup>

2.13. Compared to the states, the ACT has a significant club industry with 73 clubs currently operating in the ACT.<sup>19</sup> The club sector is highly concentrated—six of Canberra's largest clubs operate approximately one third of all poker machines in clubs.

## **Social impacts**

2.14. Like other forms of gambling, poker machines create both positive and negative social impacts. The positive impacts include entertainment and leisure options for consumers, tax revenue to fund social programs, funds for the refurbishment of entertainment venues and the revenue which goes back into the community and sport through club donations. Due to the lack of authoritative data, the negative social impacts predominantly associated with 'problem gambling' are very difficult to quantify.

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<sup>13</sup> Based on the relationship between the number of machines per state and the adult population, the ACT has 2 machines per 100 people compared with NSW at just under two per 100 and Victoria which has less than 1 machine per 100.

<sup>14</sup> Letter from Chief Minister to Chair of the Select Committee on Gambling, 16 March 1999.

<sup>15</sup> Personal communication between Secretary of Select Committee on Gambling and Assistant Director, Gaming Machines, Chief Minister's Department, 16 March 1999.

<sup>16</sup> ACT Legislative Assembly Select Committee on Gambling, (1998) *Interim Report on a Poker Machine Cap*

<sup>17</sup> For the purposes of gaming regulation, hotels fall into 2 categories, those that have 12 rooms for accommodation (about 30 in the ACT) and taverns (about 70 in the ACT). The ACT is the only state that has a class structure for machines. Class A machines have a maximum payout of 40 times the stake, they are no longer manufactured and there are none currently operating in the ACT. Class B machines are drawcard machines. Class C machines have updated technology. Taverns are currently permitted 2 class C machines, hotels with accommodation are permitted 10 class B machines and 3 class A machines. Licensed clubs have no limit on class A or Class B machines.

<sup>18</sup> Letter from Chief Minister to Chair of the Select Committee on Gambling, 16 March 1999.

<sup>19</sup> Submission 18

## **Entertainment options for consumers**

2.15. Gambling is a leisure activity enjoyed by most Canberrans in some form. Most people buy lottery tickets at least occasionally, ‘play the pokies’ or have a bet on a horse, even if it is only once a year. Many Canberrans join friends and family at the club for a meal and play the machines without suffering any harm. The majority of people playing machines do so purely for entertainment and they do not experience problems in their lives by doing so.

2.16. The revenue from poker machines allows clubs to provide further entertainment options such as low cost meals for members, social activities for the aged and ethnic groups and some facilities free of charge for community groups.<sup>20</sup>

## **Government revenue**

2.17. The ACT Government received \$44m from all sources of gambling in 1997/98 comprising 8 per cent of total revenue.<sup>21</sup> While the ACT’s gambling revenue is a smaller percentage of total revenue compared with the states, it is rising at a faster rate than the national average.

2.18. Of the \$44m collected, \$28m came from poker machines.<sup>22</sup>

2.19. This tax revenue is generally considered to represent a positive outcome of poker machines. It is used to fund a range of government programs. But there is growing evidence that it is a regressive tax, with a greater proportion of low income people spending more of their income on gambling. This is the dilemma facing governments—the conflict of interest in their dual roles as revenue raisers and guardians of the public interest.

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<sup>20</sup> *ibid*

<sup>21</sup> Letter from Chief Minister to Chair of the Select Committee on Gambling, 16 March 1999 and Smith J(1998) *Gambling Taxation in Australia*

<sup>22</sup> *ibid*

## Clubs and the Community Benefit

2.20. The Licensed Clubs Association (LCA) submitted that the aggregate membership of ACT clubs is 370,000 and that 80 per cent of the adult population of the ACT are club members.<sup>23</sup> The LCA estimates that around 600 directors contribute some 30,000 hours of voluntary service which would have an equivalent value of \$4m per annum if they were paid.<sup>24</sup>

2.21. Recent examples of clubs' contributions to the community include:

- \$250,000 for an adventure playground in Tuggeranong;
- \$1m to ACT Basketball for a facility;
- \$500,000 to Basketball ACT to provide Canberra Canons with a licence;
- \$3.3m for Ainslie Oval (\$150,000 to be reinvested annually to maintain it); and
- \$3m for an enclosed soccer oval<sup>25</sup>

2.22. Clubs are especially recognised for their contributions to ACT sport. A number of sporting clubs submitted that without the contribution made by licensed clubs they would not be able to provide their current level of service.<sup>26</sup> The sports levy (1 per cent of poker machines turnover) is expected to continue to raise in excess of \$1m per year. Since its introduction it has enabled sports scholarships to increase from 120 to 340.<sup>27</sup>

2.23. But while the committee recognised the substantial contributions made by clubs to community facilities and sport, the extent and quality of clubs' community contributions warrants closer analysis.

2.24. Historically, clubs have been allowed virtually exclusive access to poker machines on the grounds that clubs provide community benefits. However, the rapid growth in the number of poker machines, increased expenditure on machines and the extent of problem gambling associated with the machines suggest that it is time to re-assess how much these machines are contributing to the benefit of the community when all the social costs and benefits are weighed up. In the past, the general community perception was that there was a clear net social benefit but with the rapid

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<sup>23</sup> Submission 33.

<sup>24</sup> *ibid*

<sup>25</sup> Submission 33.

<sup>26</sup> Submissions 20-25

<sup>27</sup> Submission 33

expansion of machines the extent of social benefit is now increasingly being questioned.<sup>28</sup>

2.25. Recently, these community benefits have been the subject of some controversy with the release in September 1998 of the ACT Government's Office of Financial Management's *Contributions Made by Gaming Machine Licensees to Charitable and Community Organisations*.<sup>29</sup>

2.26. The report found that in 1997/98 ACT clubs contributed \$9,425,928 (or 7.45 per cent of gross poker machine revenue and 10.88 per cent of net poker machine revenue) to the community, including infrastructure (such as member facilities) and to charity, sporting, welfare and political groups. Of this amount, the infrastructure category received the largest contribution (41.45 per cent) and political/union/lobby groups the second largest contribution (14.10 per cent). Sporting groups received \$1,083,595 and charity groups received \$606,903. See Appendix D for details.

2.27. The report also showed that in 1997/98, 14 clubs provided over 90 per cent of clubs' community contributions.<sup>30</sup> This may be because the majority of clubs are small clubs with low profits. There has also been a trend over time of bigger clubs taking over small clubs and a concentration of poker machines in a small number of clubs.<sup>31</sup> Future annual reports may see changes as these matters are discussed and, where agreed, adjusted.

2.28. The LCA has challenged some of the conclusions drawn in this report claiming the estimate of net poker machine revenue was not accurate. The LCA claims that because it excluded depreciation, leasing and interest expenses and cost of gaming promotions, the net machine revenue is significantly overstated in this report.<sup>32</sup>

2.29. The ACT Council of Social Services (ACTCOSS) put the view that the community contributions made by clubs may not accurately reflect community needs and priorities. ACTCOSS expressed to the committee the opinion that clubs generally do not like to fund the ugly social problems.<sup>33</sup> The committee accepts that comment as having some validity.

2.30. People appearing before the committee also expressed concerns about the television advertising expenditure by clubs and the committee shared these concerns. The committee sought data on the advertising expenditure of some ACT clubs but this

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<sup>28</sup> eg Submissions 7, 8, 9, 10, 12, 13, 16, 19 and 26.

<sup>29</sup> This report resulted from a Working Party which included both industry and community representatives and clubs are now required by legislation to produce this information annually.

<sup>30</sup> OFM, *Contributions made by Gaming Machine Licensees to Charitable and Community Organisations* (1998), p9.

<sup>31</sup> For example, 10 clubs have 46 per cent of ACT poker machines.(Source: Letter from Chief Minister, 16/3/99)

<sup>32</sup> *ibid*

<sup>33</sup> Transcript, p52.



information was not included in their annual reports. It appears that some ACT clubs spend substantial amounts of money on television advertising. While the committee recognises some of this advertising is directed at attracting new members or promoting services other than gambling, much of the television advertising by clubs last year appeared to be promoting gambling. The committee questions how much of this expenditure on television advertising is really necessary, who it is meant to be targeting and whether it is providing a real community benefit.

## **Other impacts**

2.31. Other negative social impacts brought to the committee's attention include reduced socialising in clubs due to the solitary nature of some poker machine playing and the insidious cultural effects of a growing Government reliance on (or addiction to) gambling revenue.<sup>34</sup> There may also be intangible negative effects on the community because a few major clubs have control of large amounts of poker machine revenue. Community groups and charities in need of funding will probably not want to offend potential sources of revenue.

2.32. While many Canberrans enjoy the opportunity to play machines and often do so in groups, the committee heard that for many players gambling is not a social occasion but a ritual which is practiced alone. The committee heard of negative social/cultural effects including less socialisation, with machines crowding out conversation.<sup>35</sup>

2.33. The committee also questioned the concept that gambling is 'entertainment' for everyone. As one counsellor expressed it people don't threaten suicide after participating in other forms of entertainment such as going to a movie or watching a football match.<sup>36</sup>

2.34. The committee had concerns about the direction in which clubs are heading with their reliance on poker machines as a major revenue source, and the way machines dominate so much floor space of clubs. The ACT Council of Churches expressed the view that:

*Because of the economic downturn and social disruptions, people are seeking support structures—clubs and hotels can provide important meeting places for entertainment and healthy social interaction but their very constructive potential is not well fulfilled by installing more machines.<sup>37</sup>*

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<sup>34</sup>Submission 12.

<sup>35</sup> Meeting with ACT welfare agencies, 19 January 1999

<sup>36</sup> Meeting with SA gambling counsellors, Adelaide (16 December 1998)

<sup>37</sup> Submission 10

2.35. The Gambling Crisis and Counselling Service observed that:

*The emphasis of the clubs has changed from the family club to a money making enterprise.<sup>38</sup>*

2.36. There are messages to clubs, the Government and the ACT community in the responses we have received during the inquiry. There are many lonely people in Canberra who find solace in the welcoming nature of clubs but then are exposed to gambling problems.

2.37. The clubs claim to be responsive to the community. Although they generally do a fine job in providing the Territory's major recreational facility, they must attend to the needs of these lonely people. They should consider alternative, less hazardous means of entertainment. For example, bingo once catered for this need, at a more modest cost to patrons.

## **Problem gambling**

### **Definition and problems with the concept**

2.38. The use of the term 'problem gambling' is controversial because it has differing definitions. The committee used the following definition:

*Problem gambling may be characterised by a loss of control over gambling, especially over the scope and frequency of gambling, the level of wagering and the amount of leisure time devoted to gambling, and the negative consequences deriving from this loss of control.<sup>39</sup>*

2.39. Most definitions of problem gambling link the problem with the behaviour of the individual gambler and this can have serious stigmatising effects such as 'discouraging gamblers from seeking assistance, inviting moral and legalistic arguments and invoking the labels 'deviant' and 'sick'. These sorts of notions focus on the individual and deflect attention away from the role that broader societal structures can play in perpetuating the behaviour of gamblers, according to McMillen.<sup>40</sup>

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<sup>38</sup> Submission 16

<sup>39</sup> Hraba J and Lee G,(1996) 'Gender, Gambling and Problem Gambling', *Journal of Gambling Studies*, Spring pp 83-101.

<sup>40</sup> Quoted in Brown S and Coventry L, (1997) *Queen of Hearts: The Needs of Women with Gambling Problems*, Melbourne.

2.40. Much of the current research has focussed on ‘problem gambling’ as it is narrowly defined and measured by psychological indicators adapted from US research. But this dominant psychological definition has become increasingly broadened by professionals from other disciplines such as sociology, social anthropology, social work and public health.<sup>41</sup>

2.41. The South Oaks Gambling Screen (SOGS), the main instrument measuring problem gambling, is not sensitive to socio-cultural issues and is an inadequate measure of gambling in contemporary multicultural Australia, according to McMillen. McMillen expresses the view that the conventional psychological approach to problematise gambling behaviour of the individual and apply universal measures to gamblers regardless of class, gender, age and cultural background should be questioned. Dickerson also argues that SOGS has some problems when applied to Australian conditions.<sup>42</sup>

2.42. While the committee acknowledges the limitations of focussing on problem gambling at the individual level, we found it a useful concept when exploring the extent of social damage from gambling.

### **Prevalence of problem gambling**

2.43. Lifeline’s Gambling and Financial Counselling Service (GFCS) had an average of 119 new clients each year over the past five years seeking help for problem gambling.<sup>43</sup> During 1997/98, there was a 47 per cent increase in the number of new clients attending the gambling counselling service over the previous year, with 137 new clients in 1997/98 compared with 93 new clients in the previous year.<sup>44</sup> Lifeline also reported a 21 per cent increase in appointments for gambling and financial counselling, to 664, in 1997/98 over the previous year.<sup>45</sup>

2.44. In the absence of ACT-based research on the prevalence of problem gambling in the ACT, the committee relied on the commonly accepted general prevalence rate of problem gambling as being between 1 to 3 per cent of the adult population, which

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<sup>41</sup> McMillen, J, Submission to the IPART Inquiry into Gaming in NSW by AIGR, p 19.

<sup>42</sup> Dickerson, M, (1997) *Definition and Incidence of Problem Gambling, Including the Socio-Economic Distribution of Gamblers*, VCGA.

<sup>43</sup> Submission 19

<sup>44</sup> Lifeline Canberra Inc, *1997/98 Annual Report*, pp 15-16.

<sup>45</sup> However, 44 per cent of the financial counselling bookings and 33 per cent of the gambling counselling clients either cancelled or did not turn up for appointments.

would indicate that 2,300 to 7,000 adults in the ACT may currently have gambling addictions.<sup>46</sup>

2.45. Another way of estimating the extent of problem gambling in the ACT is to assume that those people currently seeking help represent only 3 per cent of the actual numbers of people with gambling addictions in the ACT.<sup>47</sup> Using this formula, and based on the number of Lifeline clients ( at an average of 119 per year) this indicates there could be about 4,000 people with gambling problems in the ACT. <sup>48</sup> Because 84 per cent of Lifeline clients have a problem with poker machines, rather than other forms of gambling, about 3,360 people could have gambling problems specifically related to poker machines.

2.46. There is then the impact on family members and others in the community. The commonly accepted formula for this further community impact is that each problem gambler adversely affects 10-15 others. The most conservative impact on families and others is that about 23,000 could be affected, using the 1 per cent prevalence rate and assuming 10 others are further affected negatively by each person's gambling.

2.47. In total, a conservative estimate of people adversely affected by gambling in the ACT would be approximately 25,000, comprising about 2,300 individuals with problems combined with another 23,000 (approximately) others affected by gamblers.

### **Costs of problem gambling**

2.48. Lifeline and ACTCOSS presented evidence of various forms of social impact in the ACT including:

- people suffering depression, anxiety, stress-related illness such as high-blood pressure;
- suicide, family and relationship breakdown;
- emotional deprivation of children;
- overcommitment on credit cards;

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<sup>46</sup>Lifeline cautioned the committee that the harm associated with gambling is minimised by the 1 per cent prevalence estimate because this does not show there are real people suffering and it discounts the harm that might be associated with binge gambling Lifeline pointed out 'client statistics of Lifeline are not necessarily reflective of prevalence' because not everyone with a problem accesses their service and they do not promote their service, except through the telephone book.

<sup>47</sup> Submission 19

<sup>48</sup> This estimation is very conservative as it does not include people who called the Gambling Crisis and Counselling Service and G-Line.

- borrowing from family and friends never repaid, personal loans, losing the family home, evictions;
- no money to feed children or heat the home in winter, harassment by creditors, loss of furniture and cars, loss of employment, bankruptcy, and criminal records;
- devastating effects of family violence and breakdown, families living in poverty and communities under pressure to provide services for those affected.<sup>49</sup>

2.49. These negative social impacts have yet to be assessed and costed in the ACT.

2.50. The committee was also aware of the potential for future social and economic costs if the children of gambling addicts go on to develop other social problems relating to their childhood family situation. Again, these costs have not been quantified in the ACT.

2.51. In assessing the balance of social and economic impacts, the committee was aware of studies suggesting that around one-third of gambling expenditure comes from about 1-2 per cent of the population who are compulsive gamblers and 84 per cent of expenditure comes from the heaviest 10 per cent of gamblers.<sup>50</sup> If these figures were applied to the ACT then ACT clubs will need to reassess the extent to which poker machines are integral to their activities, having regard to this particular impact. At this stage, without the benefit of ACT expenditure research, this committee can only sound a warning note about this. There is a clear need for research which explores the distribution of gambling expenditure amongst ACT gamblers, to facilitate policy decisions.

### **Demographic profile**

2.52. The demographic profile of problem gamblers is important. It appears that the negative impact of gambling falls disproportionately on the poor. Lifeline advised the committee that during 1997/98, 62 per cent of clients earned less than \$30,000 per annum and 21 per cent were in receipt of government benefits.<sup>51</sup> Recent Victorian research concludes that ‘socially disadvantaged individuals have been more negatively affected than other groups.’<sup>52</sup>

2.53. The committee was advised by South Australian counsellors that other groups being targeted or attracted in increasing numbers to gaming venues in those states

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<sup>49</sup> Submissions 19 and 26.

<sup>50</sup> Smith J (1998), *Gambling Taxation in Australia*, Discussion Paper, Number 16, Australia Institute.

<sup>51</sup> Submission 19

<sup>52</sup> Victorian Casino and Gaming Authority, *Summary of Findings 1996/97 Research Program*, p24.

include people with physical, intellectual and psychiatric disabilities, young men who gamble to block out memories of sexual abuse, people with large compensation payouts and people from culturally diverse backgrounds.<sup>53</sup>

2.54. There is also an increasing national trend to ‘feminisation’ of gambling and gambling problems. The Victorian *Queen of Hearts* report highlighted a substantial increase in the number of women who gambled and in the level of gambling activity by individual women in Victoria.<sup>54</sup> South Australian counsellors pointed out the increasing numbers of women playing Keno in South Australia. Canberra welfare agencies also advised that clubs appear to target women in the ACT.<sup>55</sup> Lifeline statistics also indicate an increase in the proportion of women reporting gambling problems.<sup>56</sup>

## **Economic impacts**

2.55. Gambling is generally credited with providing the following economic benefits to a community: employment (directly in the provision of gambling and indirectly in related services such as food and beverage service), flow-on effects to other industries, Government revenue from taxation, and community contributions by clubs including and sponsorship of sporting teams. To date, no economic modelling has been done in the ACT to quantify the net economic impact of gambling and specifically poker machine gambling.

2.56. According to the Licensed Clubs Association (LCA), clubs have had the following direct impact on the ACT economy:

- \$260m in community assets;
- \$189m in gross revenue;
- \$138m in value-added contributions (in excess of \$101m is returned to the Canberra community in one form or another);
- 2,200 jobs (two-thirds of them part-time).<sup>57</sup>

2.57. The LCA argued that in addition to direct input to the ACT economy, clubs generate significant spin-off business to Canberra industries such as building,

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<sup>53</sup> Meeting with SA gambling counsellors, Adelaide (16 December 1998)

<sup>54</sup> Brown S and Coventry L, (1997) *Queen of Hearts: The Needs of Women with Gambling Problems*, Melbourne.

<sup>55</sup> Meeting with ACT welfare agencies, Canberra, 19 January 1999.

<sup>56</sup> Lifeline Canberra Inc, 1997/98 *Annual Report*.

<sup>57</sup> Submission 33.

catering, transport, security, cleaning, clothing, furnishing and entertainment.<sup>58</sup> The LCA estimates the flow-on effects to be:

- \$340m in gross revenue;
- \$248m in value-added; and
- nearly 4,000 jobs, the majority of them part-time.<sup>59</sup>

2.58. Gambling provides employment opportunities in the ACT. In the ACT the numbers of club employees can be identified but it is not clear how much of this employment can be attributed to gambling. Club employees account for 1.2 per cent of the total labour force in the ACT. Currently clubs employ some 2,200 people (2,500 when contract staff included).<sup>60</sup> Club employees are predominantly young adults. Approximately \$27m in salaries is paid.<sup>61</sup>

2.59. While the committee was cautious in drawing too many conclusions from interstate experiences because the ACT has different demographic characteristics and a different gambling industry structure, the experience of the states provides some guidance on the impacts arising from gambling. The Victorian Casino and Gaming Authority has conducted the most extensive social/economic impact studies in Australia. The Authority concluded that for Victoria:

*There have been significant measurable economic benefits accompanied by observable net adverse social impacts of indeterminate magnitude and extent.*<sup>62</sup>

2.60. The Authority found that while the Victorian economy as a whole had benefited significantly from gambling there had been winners and losers. The winners include state employment, increased State tax revenue, and the ‘gaming’ industry. The Authority noted a redistribution of wealth from players to non-players and that socially disadvantaged individuals have been more negatively affected than other groups. Children and partners of problem gamblers had been significantly adversely affected while community groups who own use or are beneficiaries of gaming venues had benefited. Some public and community services had experienced increased workloads.<sup>63</sup>

2.61. The economic downside of gambling is mainly associated with the social costs of gambling, such as lost productivity, unpaid loans, funding counselling and education services, costs of family violence, relationship breakdowns, suicides,

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<sup>58</sup> Submission 18

<sup>59</sup> Submission 33

<sup>60</sup> *ibid*

<sup>60</sup> Submissions 18 and 33.

<sup>61</sup> *ibid*

<sup>62</sup> Victorian Casino and Gaming Authority, *Summary of Findings 1996/97 Research Program*, p24.

<sup>63</sup> *ibid*

hospitalisations, imprisonment, and court cases. Lifeline advised the committee that the economic impact should include measuring the effects of problem gambling on the financial situation of the gambler, that person's family friends, employer, creditor, landlord and others who may come in contact with them. Problem gambling results in excessive borrowing without the capacity to service the debt.<sup>64</sup>

2.62. Negative economic impacts are also experienced by particular sectors because of the way the gambling industry is structured. The hotel sector in the ACT is one example because their competitors, clubs, have access to machines. The retail sector is potentially another example because expenditure on gambling diverts expenditure from other goods and services. ACT hotels claim to have been severely negatively impacted by the current structure of the poker machine industry in the ACT.

2.63. The Victorian report *The Impact of the Expansion in Gaming on the Victorian Retail Sector* provides information on all Australian states and territories, including the ACT. That report shows that the ACT retail sector's share of expenditure has remained relatively unchanged while the ACT service's sector appears to have lost share to gambling.

2.64. According to that report, gambling expenditure in the ACT increased as a percentage of household outlays from 1.6 per cent in 1989/90 to 2.8 per cent in 1996/97.<sup>65</sup> In this period, as a percentage of household outlays, retail expenditure increased from 31.6 per cent to 32.3 per cent and savings from 16.5 per cent to 17.7 per cent while services expenditure declined from 50.3 per cent to 47.2 per cent.<sup>66</sup>

## **Need for Research and Data Collection**

2.65. The committee was advised repeatedly through submissions and witnesses (especially those who provide treatment services) that research should be commissioned to gauge the extent of the problems in Canberra as a matter of high priority.<sup>67</sup> The Allen review also highlighted this need for ACT-specific research.<sup>68</sup>

2.66. Without hard data and empirical research, the true extent of gambling impacts in the ACT will remain unknown, and merely a matter for speculation. Without long-term research and data collection, policy interventions cannot be tested and evaluated.

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<sup>64</sup> Submission 19

<sup>65</sup> VCGA, *The Impact of the Expansion in Gaming on the Victorian Retail Sector*, March 1997.

<sup>66</sup> *ibid.* The ACT has a substantially higher household savings ratio compared to the Australian national average at 3 per cent

<sup>67</sup> eg Submissions 9,12,18,19 and 26.

<sup>68</sup> Allen Consulting Group, *Gambling and Related Legislation in the ACT: A National Competition Policy Review*



Without real empirical evidence, interest groups will be able to influence any debates about gambling impacts. Lifeline advised the committee that those who claim the benefits of gambling are usually from the gambling industry and ‘their voice is the strongest and the loudest’; those that claim the costs outweigh the benefits usually have little influence.<sup>69</sup> One individual submitted that he was:

*Concerned this inquiry may be dominated by slick well-resourced and organised suppliers and potential suppliers of gambling services while victims of gambling on the other hand are largely silent, usually ashamed, not organised and trying to hold their lives together.<sup>70</sup>*

2.67. Through the exercise of this inquiry, this committee learnt first-hand how the deficiencies in ACT gambling prevalence data and empirical socio-economic research hinders gambling policy development. Because of the lack of rigorous, academic research on the social and economic impacts of gambling in the ACT, this committee was forced to rely on anecdotal, qualitative evidence and draw conclusions based on the research and experiences in the states. Such an approach may be satisfactory in the short-term, but for the long-term, good, solid research is needed to provide the foundation for gambling regulation.

### ***Recommendation 1***

**2.68. The Committee recommends that a program of research be instituted by the ACT Gambling and Racing Commission into:**

- **general gambling patterns including the prevalence of problem gambling in the ACT;**
- **the proportion of expenditure on gambling contributed by problem gamblers;**
- **the costs and benefits of the socio-economic impact of gambling in the ACT;**
- **the economic impact of gambling on ACT household outlays; and**
- **the relationship between the prevalence of gambling and accessibility and location of poker machines.**

### **Data collection**

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<sup>69</sup> Submission 19

<sup>70</sup> Submission 7

2.69. The committee distinguishes between the need for research and data collection. Research can be commissioned in one-off projects, but data collection requires the ongoing cooperation of government and non-government agencies and the development of data collection guidelines.

2.70. Currently, neither the Australian Federal Police nor the ACT Magistrates Court collect data on how much crime is related to gambling problems so we do not know the relationship between these activities in the ACT. Nor do we know if there have been increases in gambling-related crime over time which can be linked to changes in gambling policies. The committee received anecdotal information from interstate counsellors about increases in gambling-related crime in the states.<sup>71</sup> While no conclusions can be drawn about the potential impact of gambling on crime in the ACT without data, the committee believes agencies should begin tracking this.

2.71. Lifeline advised the committee that due to lack of resources, they have not been able to collect statistics on some important issues such as the amount of debt of chronic gamblers and the types of relationship problems they experience.

2.72. The committee was also concerned about the potential links between suicide and suicide attempts and gambling. Lifeline statistics indicate that 37 per cent of their clients had contemplated suicide and 14 per cent had attempted suicide.<sup>72</sup> This compares to 1 per cent of the normal population attempting suicide. No information is available on the numbers of gambling-related suicides. This data is not collected by the ACT Coroners Court.

2.73. The committee strongly supports the need for a new data collection program to provide material for future research. For example, the AFP and the ACT Magistrates Court could collect data on the relationship between gambling, criminal charges and prison sentences. The ACT Department of Health and the Coroners Court could collect data on gambling-related suicide and suicide attempts. Welfare agencies could collect data on the reasons clients seek emergency help. Gaming venues could collect data on gambling patterns.

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<sup>71</sup>Meetings with NSW, SA and Victorian gambling counsellors, 14-17 December 1998

<sup>72</sup> Lifeline Canberra Inc, *1997/98 Annual Report*

### *Recommendation 2*

**2.74. The committee recommends that the ACT Gambling and Racing Commission initiate and monitor a program of data collection by Government agencies, welfare agencies and gambling venues for the purpose of tracking the links between gambling and social costs and facilitating the evaluation of gambling policies and programs.**

### **Measures to limit negative impacts**

2.75. The committee found that while empirical evidence is needed on the true extent of the social impact, the anecdotal and qualitative evidence provided to the committee indicates a need for caution when considering further increasing the numbers of poker machines in the ACT. Therefore until comprehensive research on the social impact has been undertaken, the committee proposes the retention of the cap of 5,200 machines in the ACT.

### *Recommendation 3*

**2.76. The committee recommends the current cap of 5,200 poker machines remain in place until the tabling and consideration by the ACT Legislative Assembly of the results of major research into the prevalence and socio-economic impacts of gambling in the ACT. The ACT Government should initiate the amendment of the relevant legislation before 24 June 1999 to ensure this.**

### **Responsible gambling practices**

2.77. The committee was strongly persuaded by gambling counsellors and research from the states of the need for preventative measures to be introduced to address negative social impacts of gambling. Most of these measures are designed to promote responsible gambling practices and have been strongly advocated by numerous submissions to the NSW Inquiry and the Productivity Commission's inquiry as well as in evidence to this committee.

2.78. Lifeline emphasised that education and prevention strategies are vital but are currently not offered in the ACT. The ACT Government does not allocate any funds specifically to gambling education or media campaigns. While the states are targeting general practitioners with awareness campaigns, this is not occurring in the ACT.

#### ***Recommendation 4***

**2.79. The committee recommends the ACT Gambling and Racing Commission fund and develop a public education approach to gambling based on harm minimisation principles.**

2.80. The committee believes the ACT club industry can and should do more in implementing responsible gambling practices. For example, while clubs have been party to the development of a Voluntary Code of Practice, the committee was made aware of breaches of this code, particularly of the advertising, promotion and inducements aspects.<sup>73</sup> Lifeline asserted there has been no ‘enforcement’ of the Voluntary Code of Practice. (Appendix E includes a copy of the current code)

2.81. Gambling experts such as McMillen advised that the Code of Practice should be mandatory if it is to work.<sup>74</sup> The committee accepted this view and proposes the Code be incorporated into the relevant gambling legislation.

2.82. In addition, the committee believes that ACT clubs should be made aware that their future privileged access to poker machines will be linked to their demonstrating improvements in the responsible provision of gambling.

#### ***Recommendation 5***

**2.83. The committee recommends the current voluntary code, *Responsible Gaming: A Voluntary Code of Practice for the ACT*, be replaced with a mandatory, enforceable Code of Practice for Responsible Gambling. The Code should provide for :**

- **5 year licences for gaming providers;**
- **licences to be linked with how responsible gaming venues are in the provision of gaming services;**
- **sanctions for gaming licence holders for breaching the Code including non-renewal of licenses;**
- **strong guidelines on advertising and promotional practices including the offering of inducements;**

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<sup>73</sup> Submissions 7,8 16 and 30.

<sup>74</sup> Letter from Professor J McMillen to Chair, Select Committee on Gambling ,28 January 1999

- **licence-holders to be required to provide objective information about winnings and losings in publications such as newsletters; and**
- **monitoring and evaluation of the Code, to be undertaken by the Gambling and Racing Commission.**

2.84. The committee heard numerous complaints about the availability of EFTPOS machines in poker machine areas.<sup>75</sup> While current regulations require that EFTPOS machines be located outside gaming areas of venues, in reality these are often located just a few metres away from machines. Many EFTPOS machines do not advise of account balances, which means that many gamblers can lose track of how much they have spent. The machines facilitate excessive gambling expenditure. It is possible to withdraw \$1,000 per day and the committee was told that many gamblers wait until midnight and then withdraw another \$1,000.<sup>76</sup>

2.85. The committee was gratified to hear that some clubs have recently been replacing their old EFTPOS machines, which could not produce account balances, with new machines which do produce account balances.<sup>77</sup> The committee suggests that all clubs and gambling venues should do this.

2.86. The committee understands that it is technically possible for individuals to request banks to reduce their daily maximum withdrawal limit to a specified amount. In the committee's view, this sort of information should be promoted to club members by clubs and the ACT Gambling and Racing Commission when it is established.

2.87. Although the *Gaming Machine Act* was amended in 1998 to require that EFTPOS machines be located outside the poker machine area, in many cases these machines can still be legally located within a few metres of a poker machine.

2.88. The committee also heard that when gamblers receive payouts in cash, the proceeds are frequently lost, as most cash payouts are played through the machines.<sup>78</sup> The committee believes large payouts of \$500 or more should be made in cheque form rather than cash. The current code includes this provision but it is not clear whether all clubs are adhering to this. The Gambling and Racing Commission should monitor this.

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<sup>75</sup> eg Transcript, p 6, p20, Submissions 6,7,8,9,13 and 16.

<sup>76</sup> Submission 16.

<sup>77</sup> Submission 33.

<sup>78</sup> Submission 16

### *Recommendation 6*

**2.89. The committee recommends the following mandatory changes to electronic banking practices in gambling venues:**

- **the daily withdrawals allowed from EFTPOS machines located in clubs be limited to \$200 per day( instead of \$1,000 per day);**
- **all ACT clubs with EFTPOS or ATM machines ensure these machines produce account balances for all transactions; and**
- **EFTPOS and ATM machines in clubs be barred from releasing money from credit cards and credit accounts.**

2.90. The committee sees scope for an expansion of consumer protection and consumer involvement in the gambling industry. Many poker machine consumers have an unrealistic view of their chances of winning and good quality consumer information is needed to help challenge these unrealistic ideas and demystify gamblers' ideas about the odds of winning on poker machines.

2.91. The committee envisages information on odds could include such messages as 'you have one chance in a million of winning the jackpot' or 'you can lose \$100 in 10 minutes on any machine if you place a maximum bet.'

### *Recommendation 7*

**2.92. The committee recommends that the ACT Gambling and Racing Commission develop and publish consumer protection information on poker machines, and monitor information distributed by poker machine operators.**

2.93. There are also occupational health and safety issues related to gambling. The committee recognises that venue staff can be adversely affected by constant exposure to alcohol and gambling. They may be at risk of becoming problem gamblers. Poker machine providers have a duty of care in ensuring their staff are protected from these risks.

2.94. The committee became aware through its visits to gaming venues that the quality of management and staff in gaming venues can make a real difference and this view was backed up by gambling experts.<sup>79</sup>

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<sup>79</sup> eg Professor McMillen (Meeting in Sydney, 14 December 1998)

### ***Recommendation 8***

#### **2.95. The committee recommends that ACT clubs:**

- **initiate problem gambling training/awareness programs for staff and management; and**
- **implement strategies for dealing with staff and clients who become problem gamblers.**

### **Gambling Counselling**

2.96. Lifeline provides the only government-funded counselling service for gamblers in the ACT. The Gambling Crisis and Counselling Service also provides telephone counselling but receives no government funding.

2.97. Currently Lifelines' Gambling and Financial Counselling Service receives \$85,000 per annum.<sup>80</sup> Lifeline advised this amount is considerably less than that received by gambling counselling services in the states, although the number of ACT citizens who attend the service is consistent with other gambling counselling services. Lifeline advised the committee the Government had promised an additional \$40,000 per annum but these funds had not yet been received.

2.98. The committee considers that \$85,000 is a totally inadequate sum to cater for all people in the ACT in need of gambling counselling, ie including spouses and family members affected by other peoples' gambling. Lifeline advised that their current client load should not be interpreted as indicative of the need for counselling services because they do not advertise or promote their service.<sup>81</sup> Funding for this service should be increased immediately. Earlier in this report, it was estimated that approximately 25,000 people may be negatively impacted by gambling in the ACT and many of these may be in need of counselling or treatment programs.

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<sup>80</sup> The Allen report stated this was \$117,000 but the extra \$40,000 has not yet been received.

<sup>81</sup> Transcript, p 29.

2.99. Lifeline and ACTCOSS identified the following gaps in services:

- lack of specialised gambling counselling services for surrounding Canberra regions;
- lack of support groups for family members affected by gambling;
- lack of alternative specialised gambling counsellor for referral when two parties of the same case present for counselling;
- lack of after hours service for gambling counselling services;
- lack of prevention and education services.<sup>82</sup>

2.100. The Allen report recommended that a 24-hour gambling telephone counselling and referral service be funded in the ACT. Gambling experts such as McMillen expressed reservations about the merits and effectiveness of a 24-hour gambling hotline—the experience of G-Line in NSW has not been encouraging—and without an integrated strategy of local support agencies a crisis-line is likely to be of limited benefit.<sup>83</sup>

2.101. Gambling experts suggested there should be a range of treatment options available to suit the different needs of different people.<sup>84</sup> Different modes of treatment will appeal to some and not to others. ACTCOSS also suggested that a range of innovative models be funded.<sup>85</sup> An ACT gambling counsellor supported this suggestion calling for ‘a range of interventions for people affected by problem gambling, as well as a range of resources and venues for intervention.’<sup>86</sup> The committee agreed with these views.

2.102. The committee recognised that problem gambling is usually a symptom of underlying problems such as stress, grief, boredom, and social isolation. These deeper problems need to be addressed.<sup>87</sup> These sorts of problems cannot all be dealt with through a gambling-specific counselling service and there is a need for generalist ACT counsellors, such as those working in community health centres, to receive training so they can recognise the symptoms of gambling addictions and deliver effective treatments to gambling addicts and their family members. The committee also heard that gambling addictions may occur in combination with drug or alcohol

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<sup>82</sup> Submissions 9 and 12.

<sup>83</sup> Letter from Professor McMillen to Chair of Select Committee on Gambling, 28 January 1999

<sup>84</sup> *ibid*

<sup>85</sup> Submissions 26 and 27

<sup>86</sup> Submission 34

<sup>87</sup> Transcript, p30



addictions and people with these combined addictions may need counselling which deals with these problems simultaneously.<sup>88</sup>

2.103. Although the ACT Drug and Alcohol Counselling Service does cater for gambling addictions, the name of the service is hardly inviting for people with gambling problems and many people may not know about the service.

2.104. The committee suggests a needs assessment be conducted to establish the kinds of gambling counselling services required in the ACT. It is likely that people with gambling problems would benefit from more improved access to face-to-face counselling than from access to a 24-hour crisis counselling and referral service. This assessment could also address the unmet need for gambling counselling services.

### *Recommendation 9*

**2.105. The committee recommends that the ACT Gambling and Racing Commission institute a needs assessment to establish the ACT community's need for gambling counselling. The assessment should include consideration of the needs of family members and partners as well as people with gambling problems. The needs assessment should cover the type of treatment needed, the number of people needing treatment and the funding required to meet this need. In the interim, adequate funding should be provided to meet the current unmet needs.**

### *Recommendation 10*

**2.106. The committee recommends the ACT Department of Health:**

- **ensure that their counsellors are provided with the opportunity to receive training in gambling addiction and treatments; and**
- **change the name of the Drug and Alcohol Counselling Service, to incorporate and promote counselling for gambling addiction.**

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<sup>88</sup> Submission 34

### *Recommendation 11*

**2.107. The committee recommends the ACT Gambling and Racing Commission ensure that the counselling funding component is sufficient to provide for:**

- **the needs assessment of ACT counselling services;**
- **a range of innovative pilot projects and treatment services such as those recommended in the needs assessment; and**
- **training for counsellors from the Department of Health and non-government welfare agencies on gambling treatment strategies.**

### **Should gambling providers have to make mandatory contributions?**

2.108. The committee also carefully considered the issue of whether clubs and other gambling providers should have to make mandatory community contributions.

2.109. The Chief Minister has recently outlined a proposal to require clubs to make mandatory contributions made to charitable and community organisations from net poker machine revenue.<sup>89</sup> Such a proposal, if implemented, would reduce some of the autonomy of clubs in making community contributions.

2.110. While such a proposal may have merit, concerns have been expressed that this should not be accompanied by any reduction in current levels of government funding for community programs. ACTCOSS argued strongly that the ACT Government should provide a commitment not to reduce the current level of funding to community programs.<sup>90</sup> The committee strongly supports this view.

2.111. ACTCOSS expressed concerns that the Chief Minister's proposal targets only revenue from poker machines and suggested a mandatory contribution from all gambling sources, including racing, lotteries, casino, interactive gambling etc.<sup>91</sup>

2.112. The committee supports the proposition that any mandatory contribution be set at a small percentage of total gambling revenue, sufficient to cover gambling-specific projects and general community projects.

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<sup>89</sup> Chief Minister, Press Release- 'Community Contributions by Clubs Scandalous' (November 1998)

<sup>90</sup> Submission 26

<sup>91</sup> *ibid*

2.113. The committee supports the model put forward by ACTCOSS, whereby distribution of these funds would be overseen by a community reference group with broad community representation. The committee prefers this model rather than the model proposed by the Chief Minister.

2.114. The committee suggests that the general ACT community should be consulted on the appropriate proportion of gambling revenue to be hypothecated. The ACT Gambling and Racing Commission should put forward a proposal to Government on an appropriate percentage following consultation with the general community and the community reference group. Once the Government has decided on an appropriate figure, the Gaming and Racing Control Bill 1998 would need to be amended to provide for implementation of the following recommendations.

### *Recommendation 12*

**2.115. The committee recommends the ACT Government, after consulting widely with the community, hypothecate an appropriate percentage of gambling revenue to a Community Benefit Fund established to fund:**

- **gambling-specific research, public education, counselling and rehabilitation programs; and**
- **general community projects.**

### *Recommendation 13*

**2.116. The committee recommends a community reference group, comprising broad community representation, be established by the Commission to advise, iter alia, on funding priorities within broad categories and funding allocations for each project for consideration by Government.**

## **Summary of issues**

2.117. In 1996/97, Canberrans spent approximately \$170m on gambling including \$120m on poker machines. Compared with the states and the Northern Territory, the ACT has the second highest expenditure on poker machines, at \$525 per person. ACT gambling expenditure has doubled in real terms over the past decade and the trend has been a move away from racing to poker machines. Clubs have in practice a monopoly on poker machines because the casino is not permitted machines and hotels are only permitted machines with very outdated technology.

2.118. Compulsive gamblers (about 1 to 3 per cent) of the population generate around one-third of gambling spending. Each problem gambler probably negatively affects another 10-15 people. No prevalence research has been conducted in the ACT but evidence suggests that there are probably between 2,300 and 7,000 problem gamblers.

2.119. Gambling has both positive and negative impacts in the ACT. The extent of many of these impacts cannot be quantified due to a lack of ACT-specific research although positive impacts appear to be more easily measurable.

2.120. Negative effects of gambling are hidden and borne by some of the most disadvantaged in our society. The positive effects include entertainment and leisure options, clubs' contributions to sport and community facilities, tax revenue funds, social/ community programs, employment and training opportunities. The negative impacts include the regressive nature of the tax, mental health problems, suicide, crime, relationship breakdowns, lost productivity, cost of court cases and prison sentences, possible lost revenue to the retail and services sectors, and (due to the current structure of the gambling industry) an unfair competitive environment, including taxation arrangements, for hotels and taverns.

2.121. The committee identified a clear need for research on the prevalence of problem gambling in the ACT, expenditure on poker machines by problem gamblers, a cost benefit analysis of the social/economic impacts and more data collection by government and non-government agencies to help identify the impacts of gambling in the future.

2.122. The committee is of the opinion that the cap on the number of poker machines in the ACT should be retained at 5,200 until baseline gambling prevalence research has been tabled and considered by the ACT Legislative Assembly.

2.123. In addition, some interim preventative measures designed to promote responsible gambling should be promoted. Improved treatment options should be introduced. Public education promoting the dangers of gambling is needed. The current code of practice covering ACT gambling providers has not been enforced. This code should be replaced with a mandatory code which links responsible gambling practices with licences and which strengthens the advertising/promotional guidelines. The ACT Gambling and Racing Commission should monitor and evaluate the new Code. The committee also recommends changes to cash-dispensing machines in gambling venues and improved consumer protection information. The committee identified unmet need for gambling counselling services and recommends a needs assessment be conducted to establish what new programs are needed.

2.124. A Community Benefit Fund should be established to fund gambling research, counselling, education and community projects and a community reference group established to advise on the funding priorities within these categories. The Government should consult widely within the general community before identifying the exact percentage of gambling revenue to be hypothecated to fund these projects.

### 3. The Allen Report

#### Background

3.1. In April 1998, the ACT Government commissioned the Allen Consulting Group to conduct a review of ACT gambling legislation. Their report, *Gambling and Related Legislation in the Australian Capital Territory: A National Competition Policy Review* was published in mid 1998.

3.2. To date, the Government has not acted on the report's recommendations with the exception of proposing the establishment of a new Gaming and Racing Commission to replace the Casino Surveillance Authority.

3.3. On 8 July 1998, the Chief Minister referred the Allen report to the Select Committee on Gambling for comment. The committee did not comment at that stage because it wanted to consider the report in the overall context of the socio-economic impacts of gambling in the ACT. The committee therefore advised the Chief Minister that its final report (this report) would provide the committee's comments on the Allen report.

#### Gambling and competition policy

3.4. Some researchers have argued that gambling represents a special case because it is based on addictive behaviour and so the normal economic assumptions about market behaviour cannot be applied.

3.5. The ACT Churches Council stated they deplore the effects of national competition policy on the social, economic and spiritual health of individuals, families and communities, where it has resulted in the de-regulation of poker machines.<sup>92</sup> The Council reminded the committee that restraints on trading were deliberately built into the legislation to reflect values the community wishes to preserve and protect and to provide safeguards against individual and corporate excesses.<sup>93</sup>

3.6. The committee is sympathetic to these views. Therefore, while there is some overlap in issues being considered by this committee and the Allen review, there is a clear difference in the assumptions driving the analysis.

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<sup>92</sup> Submission 10.

<sup>93</sup> *ibid*

3.7. Under competition policy analysis, the starting point is the assumption that free competition is the most desirable outcome unless it can be demonstrated that public interest considerations justify competitive restrictions being maintained. By contrast, this committee approached its analysis of the socio-economic impact of gambling with a view that the prevention of negative impacts should be the primary goal, not free competition for the sake of it. These differences in perspectives have resulted in different recommendations on key issues.

### **The committee's view**

3.8. The committee found the Allen report to be a very comprehensive and well-structured review of ACT gambling legislation. As a 'competition policy' legislative review, it is (to a large extent) a good analysis. Although the review probably does not recognise the full significance of the lack of ACT-specific gambling prevalence data, it does accept that the research is needed and suggests competitive reforms be introduced in stages so the social impact could be monitored.

3.9. The report's shortcomings mainly relate to its promotion of unproven assumptions about the social impacts of gambling in the ACT. For example:

*Social costs, principally associated with problem gambling, are limited but receive significant public attention because they are concentrated.<sup>94</sup>*

3.10. In the committee's view, these comments are unsubstantiated by the facts because there is no data or social impact research available to inform the discussion. We cannot assume that because only a small percentage of the population experiences problem gambling, then the social costs will be limited. The magnitude of these social costs should not be assumed to be limited because a few individuals are bearing the brunt of the pain and the impacts on others and services have not been measured. As discussed in Chapter 2, the potential social costs which can result from the activities of a small percentage of the population include negative impacts on 10-15 others including family members, costs of crime, counselling, suicide, domestic violence, unpaid debts and the ongoing impacts on children. The overall social impact extends well beyond the few individuals in whom gambling problems are 'concentrated'.

3.11. The Allen review assumes that the social impact of increasing the numbers of machines will be minimal as it will fall on a very small percentage of the population who can be directly targeted with policies.

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<sup>94</sup> Allen Consulting Group, *Gambling and Related Legislation in the ACT: A National Competition Policy Review*, p v.

3.12. The committee also questioned that assumption. While the full extent of the social impact of the current numbers and locations of poker machines remains unknown, how can we possibly know what the social impact of extending access of these machines could be?

3.13. The committee found the Allen review's recommendations to expand the total number of machines in the ACT to be based on unsubstantiated assumptions which need to be tested **before** the number of poker machines in the ACT is increased, not after, when it is too late and the social damage cannot be undone.

3.14. The report also advises that:

*There is no clear reason why the absolute level of gambling is or should be a problem per se. Instead of focusing on the absolute level of gambling, it is more important to identify who are the problem gamblers, then restrict gambling opportunities for these people.<sup>95</sup>*

and

*The existence of problem gamblers suggests that it is more important to direct policies at assisting this small percentage of the community who are adversely affected by gambling.<sup>96</sup>*

3.15. Such a statement could be compared with the argument that only tobacco smokers should be targeted with anti-smoking campaigns. This does not address the need to prevent future problems. The committee does not accept this analysis and prefers a public health approach which emphasises prevention and acknowledges the social, cultural and environmental factors which may precipitate problem gambling. Broad public education campaigns are needed in addition to targeting problem gamblers.

3.16. The Allen report also claims that the ACT will not suffer such a severe negative impact as other states because of its high average disposable income levels:

*[Gambling] expenditure levels and rankings may indicate a far higher prevalence in the ACT than is actually the case because they do not take into account the capacity of the community to absorb such expenditure. A much better picture of gambling can be determined by taking into account the community's level of disposable income. As the ACT's population has a high disposable income it is more likely that a high level of gambling can be accommodated.<sup>97</sup>*

3.17. This does not recognise that many ACT poker machine problem gamblers fall into the low income bracket. The fact that many other Canberrans have a higher

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<sup>95</sup> *ibid*, p30

<sup>96</sup> *ibid*

<sup>97</sup> *ibid*, pp vii-viii

disposable income will not necessarily shield individuals in the community from negative impacts of gambling.

3.18. The report also notes that:

*The ACT is a mature gambling market...as gambling on gaming machines has been a feature of the ACT for twenty years...while consumers in other states funded their gambling by running down savings this was not the case in the ACT.<sup>98</sup>*

3.19. The committee's view is that while the aggregate level of savings may not have fallen, the savings level of people with lower incomes may well have fallen. This has not been researched or measured. In addition it appears that the services sector may have been adversely affected by the expansion of gambling opportunities but, again, this needs further research.

3.20. The committee does agree wholeheartedly with the Allen report's comment that:

*More regulatory attention and funding needs to be directed at reducing the social costs associated with problem gambling by increasing funding for counselling, more regulatory attention on discouraging problem gambling and on-going research about problem gambling in the ACT.<sup>99</sup>*

## **Hotels and Poker Machines**

3.21. ACT gambling legislation currently includes provisions which restrict competition. The main restrictive elements are limiting hotels and taverns to machines with old technology (some no longer manufactured) and excluding the casino from having access to any poker machines. Hotels in the ACT are only permitted to have a limited number of old-style class b 'card machines'. These machines are less popular with customers than are the modern class c machines allowed in ACT clubs.<sup>100</sup>

3.22. These exclusions give ACT clubs a monopoly on remunerative poker machines. Because clubs can then use profits from poker machines to refurbish the club environment, subsidise alcohol and food, provide cash and prize giveaways and fund substantial amounts of television advertising, ACT hotels and taverns claim they cannot compete with clubs for customers.<sup>101</sup>

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<sup>98</sup> *ibid*, p26

<sup>99</sup> *ibid*

<sup>100</sup> Submissions 1 and 15

<sup>101</sup> *eg* Submissions 1, 15 and 32



3.23. The ACT and Western Australia are the only states/territories where hotels are restricted from access to poker machines. Hotels in NSW and Queensland may have up to 30 machines each, in South Australia they may have 40 machines and in Victoria they may have 105 machines. This situation is the result of the historical background that pertains in each state/territory.

3.24. The Allen report recommends that ACT hotels and taverns should be allowed access to all classes of machines but the current limit of two per tavern and 13 per hotel be maintained.

3.25. The committee has given careful consideration to the implications of extending poker machines to hotels.

3.26. During the course of this inquiry, committee members visited four hotels in Sydney and one hotel in Adelaide suggested by the Australian Hotels Association (AHA) as good examples of hotels which have access to poker machines. But the committee suspects this is the best face of what happens when hotels are allowed access to poker machines. Gambling counsellors in Adelaide, Sydney and Melbourne described a different side of the story, with people confronted with glaring neon signs inviting them to gamble on every street corner and hotels not always being responsible in their practices in relation to problem gambling. Wesley Gambling Counselling Service informed the committee that they had seen a big increase in problems since hotels in Sydney were permitted to have machines and similar stories were recounted in Adelaide.<sup>102</sup>

3.27. The committee acknowledges that the location of hotels in the ACT is different to the older cities. They are fewer in number, more sparsely located and they do not exist on every street corner. But this could change if a hotel licence were to become more lucrative and new owners could move in to establish new hotels and taverns. One of the benefits of clubs having market domination of machines in Canberra is that the visual promotion of machines to passers-by is almost non-existent. This can be contrasted with the situation in Sydney, Melbourne and Adelaide where problem gamblers cannot walk to their local shop without being confronted with glaring invitations to gamble. The committee doubts the majority of Canberrans would like to see taverns on every corner in Civic with flashing neon signs promoting poker machines.

3.28. The committee considered the question of the ability of hotels and taverns to compete with clubs.

3.29. The committee noted that ACT hotels only have 0.3 per cent of clubs' total turnover.<sup>103</sup> Comparing the turnover of machines allowed in hotels with those allowed in clubs also indicates the difference in popularity with customers. The average

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<sup>102</sup> Informal discussions, Sydney (14/12/98) and Adelaide (16/12/98)

<sup>103</sup> Submission 15, p 9 (In 1995/96 hotel turnover was \$3m compared with club turnover of \$1,156.6m)

annual turnover of class b machines in 1996/97 was \$43,939 per machine compared to clubs which had an average turnover of \$290,751 per machine in 1996/97.<sup>104</sup>

3.30. The AHA argued that if ACT hotels were allowed access to modern class c poker machines they would be able to compete more effectively with clubs and attract more customers. Some hotels could afford to be refurbished to provide more attractive environments and some small taverns may be able to stay in business instead of closing down.<sup>105</sup>

3.31. The committee acknowledged the difficulties faced by ACT hotels due to club monopoly over machines but wondered whether many ACT hotel patrons would wish to have machines in their hotel. Not one hotel patron contacted the committee to argue for having machines in their hotel. Rather, it was the hotel owners and their representatives who argued the case for access to poker machines.

3.32. Witnesses argued for gambling-free venues.<sup>106</sup> Interstate gambling counsellors suggested that Canberra hotels should promote themselves as 'mature' and 'sophisticated' environments because they do not have machines.

3.33. One gambling expert advised the committee:

*the danger is that small hoteliers will continue to turn to machine gambling as an economic saviour which will rescue them from financial difficulties. The role of small gaming operators in the emerging gambling market is very uncertain. It will be increasingly difficult for small hotels to establish and maintain a stable market share as corporate concentration and competition accelerate. Nor is it clear that machine gaming is a compatible product with small hotel operations. It may be that some hotels would be better advised to differentiate themselves from their competitors by marketing themselves as a non-gambling venue. This sort of niche marketing is already proving successful in some hotels in Victoria and South Australia.*<sup>107</sup>

3.34. The committee agrees that hotels should not turn to machines as their only saviour.

3.35. The committee was concerned that any attempt to remove the competitive restrictions could lead to more social problems with increased problem gambling and its flow-on effects. The committee was confronted with strong evidence that increased prevalence almost certainly leads to more people having problems with gambling.

3.36. The committee understands that no research has been conducted to date comparing the demographic profile of hotel customers with club members. One local gambling counsellor expressed the view that ACT hotel customers are different to

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<sup>104</sup> *ibid*, p12

<sup>105</sup> Transcript, p31

<sup>106</sup> *eg* Transcript, p24

<sup>107</sup> Letter from Professor McMillen to Chair of Select Committee on Gambling, 28 January 1999

club members. He informed the committee that he has counselled quite a few young men who have experienced gambling problems using the old-style card machines in the ACT hotels.<sup>108</sup> This suggests the committee has every right to be concerned about the possibility of different types of people experiencing gambling problems if hotels are allowed access to class c machines.

3.37. The Allen review recognised the need for caution by recommending a staged introduction of ‘competitive reforms’ so that ACT hotels would be allowed only 13 class c machines and taverns only 2 class machines. But, in the committee’s view, this is not sufficiently cautious, because it still opens up the floodgates and if the restrictions were removed it would be almost impossible to undo the changes if an adverse impact is discovered at a later date.

3.38. The committee weighed up the arguments for and against removing the restriction and came to a judgement that the public interest is better served by erring on the side of caution and containing the number of poker machines in the ACT until data has been collected and research completed on the impact of the current number of machines. The committee concluded that the current cap of 5200 machines should be maintained until research has established baseline community gambling patterns, the extent of problem gambling and the social and economic impacts of gambling in the ACT. The research should also address the social implications of hotels and taverns having access to more machines.

#### *Recommendation 14*

**3.39. The committee recommends that access to poker machines not be extended beyond clubs until research has been conducted on:**

- **the current prevalence of problem gambling in the ACT;**
- **the relationship between problem gambling and the prevalence of poker machines;**
- **the demographics of hotel customers compared with club members; and**
- **the likely social impacts if class c machines were allowed in ACT hotels and taverns.**

## **The Casino and Poker Machines**

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<sup>108</sup> Submission 34, also see Transcript p5

3.40. The Allen report recommends that the Canberra Casino should be allowed access to poker machines.<sup>109</sup> The report recommends the formula could be based on the average ratio of machines to gaming tables in other Australian casinos ie about 8:1. This would entitle the casino to 312 machines.

3.41. The committee notes that when Casino Canberra signed up to a 20 year licence it was with the clear understanding that it would not have access to poker machines within that 20 year period. The licence fee paid at the time reflected this condition; if they had been allowed machines, the fee could possibly have been much higher.

3.42. The committee therefore does not accept Recommendations 7 and 18 of the Allen report.

## **Summary of issues**

3.43. The Allen review and this inquiry both make recommendations on the social and economic impacts of gambling in the ACT and the appropriate regulatory structure for gambling.

3.44. The different underlying analytical assumptions have resulted in different recommendations on whether to increase the availability of machines by number and by location through type of venue. Competition policy assumes that the burden of proof should be on government interventions which apply competitive restrictions and assume the free market should prevail unless it can be demonstrated that restrictions are in the public interest. This committee, by contrast, assumes that restrictions limiting the availability of poker machines should be maintained until it is demonstrated that a loosening of controls would be in the public interest.

3.45. The committee has concerns about the possible negative social impact if access to gambling opportunities is increased. The extent of current impacts is unknown due to lack of data and research so future impacts cannot be predicted. The committee does not support increasing access to class c poker machines to hotels, taverns and the Canberra Casino until authoritative research shows that it will not lead to an increased negative social impact.

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<sup>109</sup> Allen Consulting Group, *Gambling and Related Legislation in the Australian Capital Territory: A National Competition Policy Review*, p75.

## **4. Regulation and the Proposed Gaming and Racing Commission**

4.1. This chapter considers community comments on the Gaming and Racing Control Bill 1998 and other regulatory issues requiring attention such as technology, integrity testing and interactive gambling.

4.2. As highlighted by the Allen report, regulation of gambling in the ACT has been unbalanced.<sup>110</sup> The casino has been the subject of extensive regulatory attention while poker machines have received relatively minimal attention. A Government official advised the committee the ACT is spending about one-third of the casino take on regulating it and nothing on regulating clubs.<sup>111</sup> The committee strongly supports the need for regulatory activity to be extended to cover all forms of gambling, including poker machines.

### **The Gaming and Racing Control Bill**

4.3. The Gaming and Racing Control Bill 1998 was tabled by the Chief Minister on 10 December 1998.

4.4. The Bill aims to establish a Gaming and Racing Commission to be responsible for regulating and controlling gaming, racing and wagering activities in the ACT to ensure that they are conducted honestly, with integrity and free from criminal influence. The Commission will also provide policy advice on gaming racing and wagering. The Bill abolishes the Casino Surveillance Authority and transfers its powers and functions to the Commission.

### **Consultation on the Gaming and Racing Control Bill 1998**

4.5. This committee heard some concerns about the Government's consultation process prior to the Bill being tabled. ACTCOSS commented that the consultation process was clearly not satisfactory and other stakeholders advised they were not consulted on the contents of the Bill.<sup>112</sup>

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<sup>110</sup>Private briefing on the Allen report- 7 October 1998

<sup>111</sup> *ibid*

<sup>112</sup> Submission 27 .

4.6. ACTCOSS advised they were ‘concerned that the manner in which the Bill has been made available is not sufficient to involve the community and instigate appropriate community debate regarding its provisions—simply tabling the Bill in the Assembly does not meet the ACT Government’s Consultation Protocol, nor was a Statement of Intent available in relation to the processes re consultation.’<sup>113</sup>

4.7. The Chief Minister advised the committee that key stakeholders were consulted during the Allen review.<sup>114</sup> The committee considers that because the proposed structure of the Gaming and Racing Commission contained in the Bill differs from that recommended by the Allen review, the Government and the community would have benefited from further consultation.

4.8. The committee sought views on the Gaming and Racing Control Bill 1998 from ACTCOSS, Lifeline, Australian Hotels Association and the Licensed Clubs Association. In addition, an advertisement was placed in *The Canberra Times* seeking public comment on the Bill.

## **Structure, Functions and Membership of the Proposed Commission**

4.9. ACTCOSS submitted that any changes to the industry or legislation should be to bring about improved community benefit and that Government should be aiming for an environment which empowers communities both to provide the necessary supports and control gambling through community influence.<sup>115</sup> The committee supports this view.

## **Terminology**

4.10. The committee does not accept that the term ‘Gaming’ should be used in the title of the Commission. Gaming is a term preferred by the gambling industry and not by gambling counsellors and community educators. It is a euphemistic term which conveys the sense that gambling is a positive activity, a game rather than an activity with both negative and positive associations.

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<sup>113</sup> *ibid*

<sup>114</sup> Letter from Chief Minister to Chair of Select Committee on Gambling, 2 December 1998

<sup>115</sup> Submission 27

## *Recommendation 15*

**4.11. The committee recommends that the proposed Gaming and Racing Commission be renamed the ACT Gambling and Racing Commission.**

4.12. The committee was concerned about some aspects of the Bill, including its functions, structure and membership.

## **Membership**

4.13. The proposed legislation provides for the Commission to comprise a Chief Executive, who will be the Chairperson and 2 ordinary part-time members.

4.14. The LCA was most concerned that the Chief Executive (to be appointed by the Minister and employed under the Public Sector Management Act) would also be the Chairperson of the Commission as this is inconsistent with best practice in management. They advised:

*There is no precedent for this approach in any other Government owned enterprise or agency. This approach severely weakens the independence of the Commission and is likely to draw strong criticism from the community and the industry that it will regulate and control.<sup>116</sup>*

4.15. The committee shares these concerns and believes that this structure could compromise the independence of the Commission as the Chief Executive will be a public servant responsible ultimately to the Minister and therefore not likely to speak out against the Government. This represents a move away from the independence of the Casino Surveillance Authority where the chairperson was **not** a public servant. Also the representative status of these members is not stated in the legislation. It is not clear whether they will be representatives of industry or community representatives.

4.16. To ensure independence of the Commission, ACTCOSS suggests the Commission should be chaired by a prominent Canberran with no recent links to the ACT Government, either through direct employment or as a contractor/consultant and have strong community links.<sup>117</sup> The committee is sympathetic to this view.

4.17. The committee proposes that the model contained in the Gaming and racing Control Bill 1998 be replaced with a different model which is clearly independent from Government and in which the membership reflects broader community interests,

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<sup>116</sup> Submission 33

<sup>117</sup> Submission 26,p3

not just those of the gambling industry. In fact the committee believes that the gambling industry should not be represented on the Commission.

4.18. The committee supports a model whereby the Commission has three members, and a Chief Executive Officer who is as a non-voting member. The Commission should be supported by the community reference group outlined in Recommendation 13. The relevant legislation should provide for a Legislative Assembly Committee to review proposed appointments to the Commission before they are appointed.

### ***Recommendation 16***

**4.19. The committee recommends that the ACT Gambling and Racing Commission should comprise three commissioners, who are independent of both the Government and the gambling industry and who represent broad community interests. The Chief Executive Officer should be a non-voting member of the board.**

### **Exclude development function**

4.20. The functions outlined in the Bill include a requirement in section 6(1) for the Commission to ‘develop gaming and racing’ in addition to regulating all forms of gambling, granting licenses, reviewing legislation, conducting inquiries, and collecting taxes. The LCA, the ACT Churches Council, ACTCOSS and McMillen objected to the Commission having a development function.<sup>118</sup> The LCA expressed the view that:

*This function (of developing gaming and racing) is likely to place the Commission in conflict with its regulatory and control functions. The development (through growth or expansion) of gaming and racing should not be a function of a Government regulatory body. Rather this is a matter best left to the responsible industry sectors to do within a policy framework established by the Government and administered by the Commission. The requirement to develop gaming and racing should be deleted from the functions of the Commission.*<sup>119</sup>

4.21. The ACT Churches Council expressed the view that to include ‘development’ could encourage a conflict of interest within the Commission, suggest ‘partiality’ in the control of gambling and open the Commission to pressure from gambling

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<sup>118</sup> Submissions 36, 33, 27 and Letter from Professor McMillen to Chair of Select Committee on Gambling, 28/1/99

<sup>119</sup> Submission 33.



interests.<sup>120</sup> McMillen noted this is not a function normally associated with a gambling regulatory body.

4.22. The Allen report also does not support the Commission including a gambling development function.<sup>121</sup> The committee agrees with these concerns and proposes that the new Commission should not be responsible for ‘developing’ gambling.

### ***Recommendation 17***

**4.23. The committee recommends that the Commission’s functions exclude ‘developing’ or ‘promoting’ gambling.**

### **Include research, education and counselling functions**

4.24. The committee also noted the proposed functions of the Commission do not include dealing with the social and economic impacts of gambling eg funding and directing ongoing research, funding counselling and treatment services and funding public education programs. The committee was advised of strong community support for the Commission to have these functions.<sup>122</sup> The LCA noted that while section 6 may give the Commission the capacity to monitor and study the social and economic impacts of gaming, these requirements should be specifically written into the functions of the Commission and the Commission should be required to regularly report on its activities in this area.<sup>123</sup> The committee supports the amendment of the legislation to include these functions.

### ***Recommendation 18***

**4.25. The committee recommends that section 6 of the Gaming and Racing Control Bill 1998 be amended to include explicit acknowledgment of the Commission’s role in monitoring, researching, and reporting to the ACT Legislative Assembly on the social and economic impact of gambling in the ACT. Section 6 should also be amended to acknowledge the Commission’s role in funding gambling research, counselling, education and community projects**

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<sup>120</sup> Submission 36.

<sup>121</sup> Allen Consulting Group, *Gambling and Related Legislation in the Australian Capital Territory: A National Competition Policy Review*

<sup>122</sup> Transcript, p31, Submissions 27, 31 and 33.

<sup>123</sup> Submission 33.

## **Include community reference group**

4.26. In chapter 2, the committee outlined an important role for community input on gambling issues via a community reference group. The committee supports ACTCOSS's view that the role of the community reference group should be set out in the Gaming and Racing Control Bill 1998.

### ***Recommendation 19***

**4.27. The committee recommends that the Gaming and Racing Control Bill 1998 be amended to provide for a community reference group comprising broad community representation to advise on gambling issues including priorities and allocations of funding for research, counselling, education and community projects.**

## **Complaints mechanism**

4.28. ACTCOSS argued strongly for the Commission to have an effective complaints mechanism.<sup>124</sup> The committee supports the need for the new Commission to provide for a complaints mechanism for gambling consumers.<sup>125</sup>

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<sup>124</sup> Submission 27

<sup>125</sup> *ibid*

### *Recommendation 20*

**4.29. The committee recommends that the Gaming and Racing Control Bill 1998 be amended to include provision of a complaints mechanism for gambling consumers and provide for information on complaints to be published in the Commission's annual report.**

### **Provision for Assembly-initiated inquiries**

4.30. ACTCOSS also suggested the Commission be allowed to inquire into matters referred by the ACT Legislative Assembly.<sup>126</sup> The committee supported this suggestion because it provides another avenue for community input into gambling policy development.

### *Recommendation 21*

**4.31. The committee recommends that Part IV of the Gaming and Racing Control Bill 1998 be amended to include provision for the ACT Legislative Assembly to initiate inquiries to be undertaken by the Commission.**

### **Access to information**

4.32. Under current legislative arrangements, the *Gaming Machines Act* is administered under the *Tax (Administration) Act*. This means that the Commissioner for ACT Revenue is not able to release any information about individual clubs to the LCA even with the consent of clubs. The LCA advised this lack of access to important data severely hampers their ability to conduct research and to respond to policy changes by Government. This committee experienced similar difficulties when seeking information on the number of poker machines in ACT clubs. While the Government provided information to the committee on the number of machines in individual clubs and hotels this was only on the condition that it be kept confidential.<sup>127</sup>

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<sup>126</sup> *ibid*

<sup>127</sup> Letter from Chief Minister to Chair of Select Committee on Gambling, 16 March 1999.

4.33. The LCA suggests that section 31(d) be amended by adding the LCA to the list of persons authorised to receive information on clubs. They note that the provisions of section 32 of the Bill against secondary disclosure of information will protect the interests of clubs.

4.34. During the course of this inquiry, the committee noticed a lack of research being conducted into gambling by the LCA and identified the need for an improved research capacity for this organisation. The committee supports the need for improved access to information. This would benefit not only the LCA but academic researchers.

### *Recommendation 22*

**4.35. The committee recommends the ACT Government provide for improved access to information to facilitate research by amending the Racing and Gaming Control Bill 1998 and through other mechanisms.**

### **Delegation of functions**

4.36. The LCA expressed concerns about the potential delegation of functions contained in the legislation. They considered that the effect of sections 8 and 10 is that the Chairperson of the Commission, exercising powers on behalf of the Commission, can effectively delegate all of the powers of the Commission to him/herself as the Chief Executive. Then, as the Chief Executive, he/she can then delegate any of those powers to another person. They recommended that section 8 be reworded so that the Commission may delegate any of its powers and functions, except the power to further delegate those powers and functions, to the Chief Executive or to an authorised officer and that this may require a consequential amendment to section 15.<sup>128</sup> The committee supports this view.

### *Recommendation 23*

**4.37. The committee recommends that section 8 of the Gaming and Racing Control Bill 1998 be amended so that the Commission may delegate any of its powers and functions, except the power to further delegate those powers and functions, to the Chief Executive or to an authorised officer.**

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<sup>128</sup> Submission 33.

## **Powers of investigation**

4.38. The LCA suggested that the powers of investigation set out in sections 17 to 25 are ‘unnecessary for the administration and regulation of an industry that has a strong record of compliance’ and ‘the provisions should be tempered to reflect the actual enforcement experience and to meet the minimum requirements for effective administration’.<sup>129</sup> On balance, the committee does not support this view and supports the inclusion of strong powers of investigation in the legislation.

## **Funding of the Commission**

4.39. The Explanatory Memorandum accompanying the Bill states that complete self-funding options are to be examined to meet the Commission’s future costs. The LCA objects to this and argued that ‘as clubs already make significant contributions to Government revenue through gaming tax, there should be no further impost on clubs to provide funding for the Commission.’

4.40. The committee supports the concept that a fully or partially self-funding Commission be examined. But the committee is concerned that the Government should not seek to avoid its responsibility to fund necessary regulatory activity.

## **Relationship between the Commission, the Government and the Assembly**

4.41. In the committee’s view, the new regulatory structure should ensure the independence of the ACT Gambling and Racing Commission, provide for a separation of policy and regulatory functions and provide for government-wide coordination of gambling policies.

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<sup>129</sup> *ibid*

## **Independence of the Commission**

4.42. As many submissions pointed out, the current regulatory mechanisms for gambling in the ACT place the ACT Government in a position of conflict because it is reliant on gambling taxes and at the same time guardian of the public good.<sup>130</sup>

4.43. The Commission should be independent from Government so the Government's revenue-raising imperative does not conflict with the need for impartial administration of gambling regulation.

4.44. The LCA expressed the view that the Commission should be at arms length from the day-to-day functions of controlling and regulating gaming and be independent from Government and must be able to act as an independent judge, have the capacity to critically evaluate information presented to it and be able to review the decisions of gaming/authorised officers, including the Chief Executive, in the performance of their administrative/enforcement roles.<sup>131</sup>

4.45. The committee considered that the Commission's independence would be assisted if all Ministerial directions were to be provided to the Commission in writing, tabled in the Assembly and published in the ACT Gazette and on the ACT Government's Internet site.<sup>132</sup> ACTCOSS also suggested that when the Commission makes recommendations or reports to the Minister, the Minister should be required to respond within a specified period to issues and both reports and responses should be tabled in the Assembly- to strengthen the independence and transparency of the Commission's processes and allow the Assembly sufficient scrutiny of the administration of the regulatory regime.<sup>133</sup> The committee agreed with these suggestions and noted that they are particularly important in relation to the functioning of the community reference group which will be advising the Commission.

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<sup>130</sup> eg Submission 12

<sup>131</sup> Submission 33

<sup>132</sup> *ibid*

<sup>133</sup> *ibid*

## **Separation of policy and regulatory functions**

4.46. ACTCOSS argued that:

*the Commission's function is the administration of the regulatory framework established by government, not the development of the framework itself. Changes in gambling industry regulation should reflect the requirement of the Government to make political decisions about the balance between community interests and business development.*<sup>134</sup>

4.47. The Allen review and the recent *Inquiry into Gaming in NSW* by the NSW Pricing and Regulatory Tribunal also supported the concept of separating the policy and regulatory functions. ACTCOSS highlighted the importance of this separation of policy and regulatory functions and that the Government must seek to avoid any perception of political interference in the regulatory functions of the Commission<sup>135</sup> The committee found the arguments for this model separating regulatory and policy functions convincing.

## **Gambling privileges**

4.48. The LCA also raised concerns that section 6(2)(b) appears to give the Commission the power to determine the forms of gaming and racing that can be operated by particular organisations and the Commission would have the power to expand gaming beyond the premises currently approved under the *Gaming Machines Act*.

4.49. Both ACTCOSS and the LCA expressed concerns about the Commission's power to grant gambling privileges. The LCA states that the Commission should not have the power to grant gambling privileges. In their view:

*The Government has the responsibility and accountability to establish the policy and legislative framework for control and access to gaming in the interests of the community and should not be seeking to move away from this responsibility. The granting of gaming privileges raises significant social, political and economic issues and involves the making of value judgements for which members of a statutory authority have no particular qualification. Such judgements should be made by the Minister, answerable to the ACT Legislative Assembly as a whole.*<sup>136</sup>

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<sup>134</sup> Submission 27

<sup>135</sup> *ibid*

<sup>136</sup> Submission 33.

4.50. The committee supports this view and agrees that the granting of gambling privileges should be a matter for consideration by the Minister and the ACT Legislative Assembly, not a statutory body. The ACT Legislative Assembly should establish the policy and regulatory framework and the Gambling and Racing Commission should administer this.

## **Coordination**

4.51. ACTCOSS argued the importance of ensuring:

*that cross-government activities related to gambling, eg health services, community funding, revenue, consumer issues and strategic policy frameworks are to be effectively coordinated.*<sup>137</sup>

4.52. ACTCOSS gives the example of the need for cross-government cooperation (separate from the regulatory role of the Commission) in the planning and coordination of health and support services for problem gamblers.<sup>138</sup> The committee supports the proposition that the Government should ensure that adequate mechanisms are in place to ensure such coordination.

4.53. ACTCOSS suggests it is also important the Government maintains the capacity to develop policy for related issues which arise from gambling in the ACT, to ensure the transparency for public scrutiny of revenue sources and that the Territory does not rely too much on gambling taxation as an ongoing revenue stream. ACTCOSS argued convincingly that the Government should retain control of the policy agenda, community funding and strategic policy development and the implementation could then be purchased from the Commission.<sup>139</sup>

4.54. The committee found that it is essential that the ACT Government maintain a gambling policy function separate from the new Gambling and Racing Commission.

4.55. The committee was, however aware that the lack of economies of scale in the ACT could mean such a model is not cost effective in our small jurisdiction. But there are variations on the theme which could ameliorate this problem eg the new Commission could include liquor licensing regulation and the policy function in Chief Minister's Department could be combined with other social policy functions.

4.56. Whichever model is implemented, the principles of independence of regulatory function, separation of policy/revenue raising and regulation, the maintenance of an

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<sup>137</sup> Submission 27

<sup>138</sup> *ibid*

<sup>139</sup> *ibid*



effective Government policy coordination function and strong community access should be provided for.

### **Gambling Strategic Plan**

4.57. A number of submissions and gambling experts have supported the importance of states and territories having a strategic plan for gambling.<sup>140</sup>

4.58. ACTCOSS suggests that one of the first tasks of the Commission should be the development of a ‘Statement of Community Impact from Gambling’—similar to the NSW Club Industry Policy Framework to provide a platform for the improvement of the industry as well as providing the community with a clear indication of the contribution gambling makes to the ACT community. It should include information on the costs to the ACT community of gambling and be developed as a collaborative effort from the gambling industry, community organisations, government and relevant unions.<sup>141</sup>

4.59. The committee supports the need for such a strategic plan and the development of community impact statement.

### ***Recommendation 24***

**4.60. The committee recommends that the ACT Government maintain a gambling policy function within the Chief Minister’s Department to ensure a whole-of-government strategic policy focus and establish effective mechanisms to ensure interagency cooperation.**

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<sup>140</sup> eg McMillen and Dickerson

<sup>141</sup> Submission 26

## **Regulation Issues**

### **Technology**

4.61. Since poker machines first appeared in the ACT there have been incremental changes to their technology. These changes have had an enormous impact on the industry and on players, in particular the compulsive gambler. But the impact of the technological changes has never been examined.

4.62. Where once a coin needed to be inserted for each play - a deliberate and slow business - now a note of up to \$100 can be accepted. Now credits accumulate instead of coins tumbling into the tray which means there is less incentive to take winnings and leave the venue.

4.63. Where there was just one line in play, now multiple lines can be played. At the moment the maximum investment on any one turn is \$10. Even one and two cent machines are inappropriately named as the maximum investment at each tum is \$10, limited by legislation.

4.64. This is a remarkable change in technology. One hundred dollars can be lost within minutes where with the early machines it would take a much longer time to lose that amount of money. The machines in use now are very different from, and much more dangerous than, those in use when their use was first authorised. If a player has problems of self control, the problem can become a crisis much more quickly.

4.65. These technological changes were made without reference to legislators or government and, as matters stand, further technological changes such as direct insertion of credit cards could be made without the consideration of the Assembly or the Government.

4.66. The committee identified the need for technological changes to machines to be evaluated by the Gambling and Racing Commission. The ACT Legislative Assembly should have the power to reject such changes.

4.67. The committee also received evidence that one poker machine supplier currently has strong market domination in the ACT.<sup>142</sup> If this supplier was not willing to produce machines to ACT specifications (if future Assemblies required certain design features) then other suppliers may be willing to do this. The committee

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<sup>142</sup> ACT Government briefing, 15 January 1999

therefore suggests that the ACT Gambling and Racing Commission should investigate, with alternative poker machine providers, the feasibility of providing machines to meet the ACT's special needs.

### *Recommendation 25*

**4.68. The committee recommends that existing legislation be amended to provide the Assembly the ability to reject future technological change to machines. The committee also recommends that the ACT Gambling and Racing Commission investigate with alternative poker machine providers the feasibility of providing machines to meet the ACT's special needs.**

### **Integrity testing**

4.69. The committee supports the Commission being entrusted with an additional function of regulating the introduction and monitoring of a centralised poker machine monitoring system.

4.70. Currently the ACT does not have a centralised electronic system for poker machines which can capture gambling expenditure in real time. Officials from the ACT Government advised the committee that such a system is needed in the ACT.<sup>143</sup>

4.71. McMillen advised the committee it is essential that the ACT moves quickly to have centralised monitoring both for improved auditing and regulatory compliance and to achieve compatibility with Queensland, Victoria, South Australia (and by 2000) NSW.<sup>144</sup>

4.72. The committee noted that the centralised monitoring systems vary from state to state and some states have contracted out provision of their monitoring systems to poker machine providers. This can create problems whereby the alternative poker machine providers can be locked out of a market if their machines are incompatible with the centralised monitoring system.

4.73. The Gambling and Racing Commission should investigate and evaluate different options for a centralised monitoring system for poker machines as one of its first tasks.

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<sup>143</sup> *ibid*

<sup>144</sup> Letter from Professor McMillen to Chair of Select Committee on Gambling, 28 January 1999

## ***Recommendation 26***

**4.74. The committee recommends that a centralised poker machine monitoring system replace the current arrangements.**

### **Casino regulation**

4.75. The LCA also raised the issue of powers to make decisions about the casino. Currently the Minister is able to make determinations concerning changes to the designation of the casino without reference to the Assembly. The committee has witnessed recent attempts by the casino to gain access to poker machines through establishing a licensed club on its premises and is concerned that this could occur without reference to the Assembly.

4.76. The committee therefore supports the LCA recommendation that section 4 of the *Casino Control Act* be amended to require that a determination by the Minister under that section will be a disallowable instrument for the purpose of the *Subordinate Laws Act*. We note that a private member's bill has recently been tabled to achieve this and the committee supports the bill.

### **Regulation of clubs**

4.77. Unlike NSW which has the *Registered Clubs Act*, the ACT has no single piece of legislation responsible for the overall regulation and control of club operations. The operation of clubs is subject to varying degrees of regulation from the *Associations Incorporation Act*, the *Gaming Machine Act* and the *Liquor Act*.<sup>145</sup>

4.78. The committee identified the need for improvements in the legislation regulating clubs to address: licensing of clubs including the question of pseudo clubs and the adequacy of and the transparency of information held by clubs.

4.79. The LCA advised the committee of a 'problem of pseudo clubs' who are gaining piecemeal approval of applications and progressively taking on the characteristics of a 'genuine' club for the purpose of gaining a poker machine licence.

4.80. The committee supports these concerns about pseudo clubs.

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<sup>145</sup> OFM, *Report on the Licensed Clubs Industry*, Feb 1997

4.81. The committee also saw scope for improving the quality and quantity of information provided by clubs to their members and the general community in clubs' annual reports.

### ***Recommendation 27***

**4.82. The committee recommends that the Government initiate a review of the legislation governing clubs. The review should include an assessment of whether current legislation provides for an appropriate level of accountability by clubs.**

### **Other issues**

4.83. The LCA also proposed additional functions for the Commission: to administer legislation governing the operation of licensed clubs; and have the power to confirm or veto decisions of the Land Planning Commissioner relating to lease purpose variations enabling gaming activities in premises which would otherwise be prohibited under the *Gaming Machines Act* or the *Casino Control Act*. The LCA notes that the net community benefit is not considered under the current land planning procedures. These matters should be further considered by the Government.

### **Interactive gambling**

4.84. Internet gambling is an emerging market and as it grows in the next few years will require additional government scrutiny and regulation. Internet gambling will allow anyone with their own personal computer to have a casino in their living room 24 hours a day, 365 days a year. Poker machines currently in a physical form in clubs will be transformed to a representation on the screen. The television and telephone also provide opportunities for gambling. Interactive gambling is a potential danger for children, young people and problem gamblers because of its ease of access.

4.85. The committee received a briefing from representatives of FONO, a company which has applied for a licence under this legislation for a game similar to lotto where players use their telephone. FONO has applied for licences in a number of jurisdictions. Even if the ACT does not provide FONO with a licence another state or territory could and ACT residents could still play the game. The committee acknowledges that FONO includes restrictions on credit gambling and impulse gambling. However the committee still believes the ACT should not become the first state or territory to licence this form of gambling.

4.86. The ACT Legislative Assembly passed the *Interactive Gambling Act 1998* last year. According to the Chief Minister it provides a 'regulatory regime for interactive gambling that ensures the highest standards of probity, integrity and player protection.'<sup>146</sup> It provides for licensing, consumer protection and tax collection. The committee cannot know at this stage if this legislation will provide adequate protection for consumers and suggests the Gambling and Racing Commission monitor this carefully.

### ***Recommendation 28***

**4.87. The committee recommends that the ACT Gambling and Racing Commission produce a comprehensive discussion paper on interactive gambling in the ACT.**

### **Summary of issues**

4.88. The committee supports the need for a new regulatory framework which covers the poker machines and other forms of gambling as well as the casino. The current regulatory structure is unbalanced.

4.89. However the new structure proposed by the Government is not appropriate. The committee believes the Gaming and Racing Control Bill 1998 should be amended to enable the Commission to be independent, transparent and accountable and not involved in 'developing' gambling. In addition, a community reference group should be established to allow more community input into gambling issues. The committee does not support the membership structure recommended in the draft Bill.

4.90. The committee also supports a separation of the policy and regulatory functions with Government maintaining an overall coordinating role. The granting of gambling privileges should be a matter for the Minister and the ACT Legislative Assembly.

4.91. The committee has concerns about the potential social implications of interactive gambling and sees a need for the Commission to do more work on this.

Mr Trevor Kaine MLA  
Chairman  
25 March 1999

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<sup>146</sup> Mrs Carnell, Tabling Speech, *Hansard*, 28 May 1998.

## **Appendix A: List of Submissions**

1. Pete's Bar and Tavern
2. Woden Valley Club
3. The Coolabah Club Limited
4. Licensed Clubs Association of the ACT
5. Belwest Juniors Limited
6. Adrian Glamorgan
7. John Hatton
8. Australian Democrats-ACT Division
9. Lifeline
10. ACT Churches Council
11. Society of St Vincent de Paul
12. ACTCOSS
13. Yvonne Wright
14. Casino Canberra
15. Australian Hotels Association
16. The Gambling Crisis and Counselling Service
17. Ainslie Football Club
18. Licensed Clubs Association
19. Lifeline-second submission
20. The Sports Club Kaleen
21. Ginninderra Swimming Club Inc
22. ACTSPORT
23. Bandits Baseball Club Inc (The Sports Club Kaleen)
24. Sports Club Kaleen Cricket Club
25. ACT Astros Gridiron Football Club

26. ACTCOSS-first supplementary (11/12/98)
27. ACTCOSS-second supplementary (6/1/99)
28. ACT Racing
29. Australian Democrats-ACT Division
30. New Christian Democratic Party (Fred Nile Group)
31. Lifeline
32. Jamieson Inn
33. Licensed Clubs Association
34. Mr Maurie O'Connor
35. Structured Data Systems
36. ACT Council of Churches



## **Appendix B: Public Hearings and Briefings**

### **28 May 1998**

#### **Private briefing**

Ms Tu Pham (ACT Government)

Mr Des McKee (ACT Government)

Mr David Spencer (ACT Government)

Mr R McHarg (Australian Hotels Association-ACT Branch)

Mr Michael Capezio (Australian Hotels Association-ACT Branch)

Mr Andrew Wilsmore (Australian Hotels Association-ACT Branch)

### **11 June 1998**

#### **Private briefing**

Mr Gerard Brennan (Licensed Clubs Association)

Mr Richard Bialkowski (Licensed Clubs Association)

### **7 October 1998**

#### **Private briefing on the Allen report**

Mr Jeremy Thorpe (Allen Consulting Group)

Mr Mick Lilley (OFM, Chief Minister's Department)

Mr Ian Primrose (OFM, Chief Minister's Department)

### **10 November 1998**

#### **Public Hearing**

Mr Ralph Goslin (Gambling Crisis and Counselling Service)

Ms Yvonne Wright

Mr Andrew Wilsmore (Australian Hotels Association-ACT Branch)

Mr Michael Capezio (Australian Hotels Association-ACT Branch)

Mr Peter Head (Southern Cross Club)

Ms Lyn Morgain (ACTCOSS)

Mr Adam Stankevicius (ACTCOSS)

### **30 November 1998**

#### **Public Hearing**

Ms Tu Pham (ACT Government)

Mr Des McKee (ACT Government)

Mr David Spencer (ACT Government)

Mr Gerard Brennan (Licensed Clubs Association)

Mr Richard Bialkowski (Licensed Clubs Association)

Ms Elizabeth Badawy (Lifeline Gambling and Financial Counselling Service)

Ms Joane Grant (Lifeline Gambling and Financial Counselling Service)

Ms Lyn Morgain (ACTCOSS)

Mr Adam Stankevicius (ACTCOSS)

### **14-17 December 1998**

#### **Visit to Sydney/Adelaide/Melbourne**

##### **Sydney**

Professor Mark Dickerson (Australian Institute of Gambling Research)

Professor Jan McMillen (Australian Institute of Gambling Research)

Mr Mitchell Brown (Wesley Gambling Counselling Service)

Ms Jennifer Davis (Wesley Gambling Counselling Service)

Ms Barbara Shelley (Wesley Gambling Counselling Service)

Mr Paul Symond (Betsafe)

Mr Andrew Wilsmore (Australian Hotels Association-ACT Branch)

Tour of 4 Sydney hotels

Visit to Star City Casino

### **Adelaide**

Mr Nick Xenophon MLC (SA Parliament)

Ms Pam Kaldis (Salisbury Breakeven)

Mr Tony Tonkin (Salisbury Breakeven)

Mr Vin Glenn (Adelaide Central Mission Breakeven)

Ms Helen Carrig (Relationships Australia-Breakeven)

Mr Peter Hurley (Australian Hotels Association)

Visit to Adelaide Casino and the Arkaba Hotel

### **Melbourne**

Ms Judy Dunster (Breakeven CBD)

Mrs Tania Coppel (Breakeven Western)

Mr Chris Freethy (Breakeven Southern)

Ms Diane Jenkins (Breakeven Eastern)

Mrs Marianne Mahoney (Breakeven CBD)

Ms Kate Earl (G-Line)

## **21 December 1998**

### **Private briefing**

Ms Lyn Morgain (ACTCOSS)

Mr Adam Stankevicius (ACTCOSS)

## **15 January 1999**

### **Private Briefing By ACT Government officials**

Mr Des McKee (Manager, Gaming)

Mr David Spencer (Assistant Director, Gaming)

Mr Greg Jones (Chief Casino Inspector)

Mr Brian Gordon (Manager, Racing Policy)

## **19 January 1999**

### **Private Briefing**

Representatives of the Smith Family, Salvation Army, Lifeline Gambling and Financial Counselling Service, Wired and St Vincent de Paul

## **19 February 1999**

### **Private Briefing**

Mr Simon Townsend (FONO)

Mr David Townsend (FONO)

## **5 March 1999**

### **Private Briefing**

Justice Else-Mitchell (Chairman of the Casino Surveillance Authority)

## Appendix C: ACT Gaming Expenditure and Revenue-1976-1998

**TABLE 1: ACT GAMING EXPENDITURE 1976-98** (Source: ACT Government)

Year	Lottery \$m	Tattslotto Lotto \$m	Instant Lottery \$m	Soccer pools \$m	Poker machines \$m	Minor gaming \$m	Casino \$m	Total gaming \$m
1976-77	0.664	0.605	–	–	3.650	n/a	–	4.918
1977-78	0.611	1.385	–	–	6.877	n/a	–	8.873
1978-79	0.524	2.453	–	–	8.353	n/a	–	11.330
1979-80	0.471	2.715	–	0.279	9.738	n/a	–	13.203
1980-81	0.417	3.778	–	0.180	12.002	n/a	–	16.377
1981-82	0.409	4.182	0.744	0.112	13.842	n/a	–	19.288
1982-83	0.368	4.437	1.135	0.267	16.636	n/a	–	22.843
1983-84	0.393	5.270	1.132	0.227	21.104	n/a	–	28.127
1984-85	0.422	6.095	1.178	0.135	25.173	n/a	–	33.004
1985-86	0.478	6.416	1.170	0.127	27.696	n/a	–	35.887
1986-87	0.480	6.708	1.219	0.133	28.723	n/a	–	37.262
1987-88	0.509	6.964	1.372	0.111	38.661	n/a	–	47.617
1988-89	0.617	6.878	1.330	0.091	52.129	n/a	–	61.044
1989-90	0.890	7.442	2.018	0.073	61.107	n/a	–	71.530
1990-91	0.942	8.179	2.297	0.064	68.235	n/a	–	79.717
1991-92	1.014	9.555	2.385	0.084	74.894	n/a	–	87.932
1992-93	1.103	9.593	2.639	0.077	78.115	n/a	21.322	112.848
1993-94	1.066	10.824	2.790	0.108	99.710	n/a	34.629	149.126
1994-95	0.954	11.500	2.552	0.061	108.563	n/a	39.580	163.210
1995-96	1.082	12.244	2.286	0.104	117.518	n/a	29.281	162.515
1996-97	1.005	11.668	2.071	0.064	118.913	n/a	17.800	151.521
<b>1997-98</b>	<b>1.028</b>	<b>12.063</b>	<b>2.186</b>	<b>0.179</b>	<b>127.163</b>	<b>n/a</b>	<b>17.280</b>	<b>159.899</b>

**TABLE 2: ACT GAMING TURNOVER 1976-98** (Source: ACT Government)

Year	Lottery \$m	Tattsлото lotto \$m	Instant lottery \$m	Soccer pools \$m	Poker machines \$m	Minor gaming \$m	Casino \$m	Total gaming \$m
1976-77	1.844	1.512			28.075	n/a	–	n/a
1977-78	1.698	3.463			52.898	n/a	–	n/a
1978-79	1.455	6.133			64.252	n/a	–	n/a
1979-80	1.308	6.788		0.433	74.909	n/a	–	n/a
1980-81	1.159	9.445		0.285	92.322	n/a	–	103.211
1981-82	1.136	10.454	1.859	0.177	106.477	n/a	–	120.103
1982-83	1.023	11.092	2.838	0.424	127.966	n/a	–	143.343
1983-84	1.093	13.176	2.829	0.360	162.342	n/a	–	179.800
1984-85	1.173	15.237	2.944	0.215	193.642	n/a	–	213.211
1985-86	1.328	16.040	2.925	0.254	213.049	n/a	–	233.596
1986-87	1.333	16.770	3.047	0.265	220.948	n/a	–	242.363
1987-88	1.415	17.409	3.430	0.222	297.394	n/a	–	319.870
1988-89	1.714	17.195	3.324	0.182	400.989	n/a	–	423.404
1989-90	2.471	18.604	5.045	0.146	470.057	n/a	–	496.323
1990-91	2.616	20.447	5.743	0.128	524.884	n/a	–	553.818
1991-92	2.816	23.888	5.962	0.168	624.332	n/a	–	657.166
1992-93	3.063	23.982	6.597	0.154	626.277	n/a	92.300	752.373
1993-94	2.961	27.059	6.975	0.215	767.000	n/a	178.400	982.610
1994-95	2.649	28.751	6.380	0.122	1,035.501	n/a	191.208	1,264.611
1995-96	3.005	30.810	5.714	0.208	1,163.641	n/a	141.454	1,344.832
1996-97	2.873	29.317	5.177	0.144	1,159.641	n/a	85.990	1,283.142
<b>1997-98</b>	<b>2.937</b>	<b>30.099</b>	<b>5.465</b>	<b>0.181</b>	<b>1,249.467</b>	<b>n/a</b>	<b>83.478</b>	<b>1,371.627</b>

**TABLE 3: ACT GOVERNMENT REVENUE FROM GAMING 1987-98**

(Source: ACT Government)

Year	Lotteries & soccer pools \$m	Minor gaming \$m	Casino gaming \$m	Poker machines EGM/VGM/Club Keno \$m	Total revenue \$m
1987-88	6.797	0.069	–	3.828	10.694
1988-89	6.747	0.085	–	6.122	12.954
1989-90	7.773	0.300	–	8.573	16.646
1990-91	8.551	0.356	–	11.764	20.671
1991-92	10.041	0.402	–	15.052	25.495
1992-93	10.280	0.422	5.732	16.451	32.885
1993-94	11.333	0.501	11.078	18.641	41.553
1994-95	11.734	0.566	10.886	23.025	46.211
1995-96	12.363	0.635	7.504	25.755	46.257
1996-97	11.549	0.690	3.561	26.583	42.383
<b>1997-98</b>	<b>11.920</b>	<b>0.863</b>	<b>3.456</b>	<b>28.173</b>	<b>44.412</b>

## Appendix D: Excerpt from Community Contributions by Clubs<sup>147</sup>

### TOTAL CONTRIBUTIONS (Hotels and Clubs)

Category	Total Contributions - \$	% of GGMR	% of NGMR	% of total contributions
1. Charity	607,939	0.48	0.70	6.43
2. Sports	1,106,717	0.87	1.27	11.70
3. Volunteer Organisations	34,485	0.03	0.04	0.36
4. Non-Profit	430,833	0.34	0.50	4.56
5. Direct to Public	30,377	0.02	0.03	0.32
6. Ethnic Organisations & Multicultural Activities	101,853	0.08	0.12	1.08
7. Associated Organisations	1,253,480	0.99	1.44	13.26
8. Infrastructure Assets:				
• Members Facilities	1,214,728	0.96	1.40	12.85
• Public Access	2,691,986	2.13	3.10	28.48
9. In Kind	542,518	0.43	0.62	5.74
10. ACT Events	111,335	0.09	0.13	1.18
11. Political/Union/Lobby Groups	1,329,656	1.05	1.53	14.06
<b>TOTALS</b>	<b>9,455,907</b>	<b>7.47</b>	<b>10.89</b>	<b>100.00</b>

<sup>147</sup> OFM, *Contributions Made by Gaming Machines Licensees to Charitable and Community Organisations*, 1997-98.



## CONTRIBUTIONS BY CLUBS

Category	Total Contributions - \$	% of GGMR	% of NGMR	% of total contributions
1. Charity	606,903	0.48	0.70	6.44
2. Sports	1,083,595	0.86	1.25	11.50
3. Volunteer Organisations	34,485	0.03	0.04	0.36
4. Non-Profit	430,833	0.34	0.50	4.57
5. Direct to Public	30,377	0.02	0.04	0.33
6. Ethnic Organisations & Multicultural Activities	101,853	0.08	0.12	1.08
7. Associated Organisations	1,253,480	0.99	1.45	13.30
8. Infrastructure Assets:				
• Members Facilities	1,214,728	0.96	1.40	12.89
• Public Access	2,691,986	2.13	3.11	28.56
9. In Kind	541,697	0.43	0.63	5.74
10. ACT Events	106,335	0.08	0.12	1.13
11. Political/Union/Lobby Groups	1,329,656	1.05	1.53	14.10
<b>TOTALS</b>	<b>9,425,928</b>	<b>7.45</b>	<b>10.88</b>	<b>100.00</b>

## **Appendix E: Responsible Gaming: A Voluntary Code of Practice for the ACT**

### **INTRODUCTION**

In the ACT Licensed Clubs, Hotels, ACTTAB and the Casino make up the major part of the ACT gaming industry. They are an integral part of its social and economic structure and contribute greatly to the quality of life enjoyed by the community. There are now a large number of venues which provide high quality recreational facilities to the local community, interstate and overseas visitors. They employ over 2000 staff and contribute significantly to the ACT and regional economies.

Industry participants have long recognised their responsibility to ensure not only that they manage their organisations in a professional manner but especially in regard to the provision of gaming services, in accordance with the community's expectations.

Australians' enjoyment of gambling is well known and indeed is part of our folklore. For the vast majority of Australians, the attraction to test one's judgment or luck by gambling does not appear to create problems. Nevertheless, there is a growing recognition by government and the gaming industry of the fundamental responsibility to assist those persons who have gambling problems.

The ACT Government gambling counselling and support agencies and the ACT gaming industry have co-operated to develop a voluntary code of practice for gaming services. Among other things this code is designed to enable licensees, managers and staff of organisations operating under a gaming licence to provide information and assistance to those patrons with gambling problems.

The Code forms an essential part of managing gaming services in a responsible manner and in harmony with community expectations.

The Australian Capital Territory Gaming Industry Voluntary Code of Practice has been established by the following participants in the gaming industry within the Australian Capital Territory:

- 1) Australian Hotels Association ACT Region
- 2) Casino Canberra Limited.
- 3) Gambling Crisis and Counselling Service
- 4) Licensed Clubs Association of the Australian Capital Territory Inc
- 5) Lifeline Gambling and Financial Counselling Service
- 6) ACTTAB Limited
- 7) Office of Financial Management ACT Government
- 8) ACT Consumer Affairs Bureau.

The content of the Australian Capital Territory Gaming Industry Voluntary Code of Practice is in the following parts:

- 1) The Accord.
- 2) Gaming Industry—Advertising Ethics.
- 3) Code of Practice.

### **Acknowledgment**

This Code is modelled on the Victorian Code of Practice for *Responsible Gaming* as well as the guidelines for the *Responsible Provision of Gaming Machine Services* developed by the Licensed Clubs Association of South Australia and the Australian Hotels Association (SA).

### **SIGNATORIES**

All parties to this Code agree to be bound by its terms, conditions and obligations:

Australian Hotels Association ACT Region

Licensed Clubs Association of Australian

Casino Canberra Limited.

Capital Territory Inc.

ACTTAB Limited.

Chief Minister of the Australian Capital Territory

5 August 1997

# **1 Gaming Industry Accord**

## **1.1 OBJECTIVES**

- To develop and promote guidelines and programs for the responsible delivery, advertising and marketing of the gaming industry.
- To promote economic development generally throughout the Australian Capital Territory.
- To enhance the appropriate development of the gaming industry generally throughout the Australian Capital Territory.
- To ensure that gaming constitutes a socially rewarding leisure and entertainment activity.
- To assist those patrons who experience gaming related difficulties with information on appropriate support services.
- To enhance the public image of the gaming industry.
- To consider legitimate community concerns related to issues covered by the Australian Capital Territory Gaming Industry Voluntary Code of Practice.
- To comply with Government policy relevant to gaming.

## **1. 1.2 CODE OF PRACTICE**

2. The Code of Practice is a voluntary Code of self regulation and is to be read in conjunction with the requirements for the conduct of gaming which are set out in the Australian Capital Territory Gaming Machine Act 1987, the Betting (ACTTAB Limited) Act 1996, the Australian Capital Territory Casino Control Act 1988 and their relevant regulations, By-Laws, procedures and directions.
3. The handling of complaints related to the Code is not intended to replace any policies or procedures that may exist as part of Government legislation.

### **1.3 CONSULTATION**

The participants recognise that the Code of Practice may require review due to changing circumstances. Consequently a committee comprising of representatives of each of the participants and convened by the Director ACT Consumer Affairs Bureau will meet on a needs basis, or at least every two years, to consider any issues. The committee may, as necessary, consult with other appropriate persons or organisations.

### **1.4 RESPONSIBLE GAMING**

The signatories agree to maintain programs (including self-exclusion programs) and training for the responsible provision of gaming and to make available information on community support services.

### **1.5 HANDLING OF COMPLAINTS**

1. The timely and effective resolution of complaints is a major objective of the Australian Capital Territory Gaming Industry Voluntary Code of Practice.
2. Licensees will ensure that they:
  - a) support the Code of Practice in respect of the handling of complaints and fully co-operate with the relevant authorities in the complaint resolution process;
  - b) maintain adequate procedures for receiving and responding to both oral and written complaints; and
  - c) respond promptly to all complaints and make every reasonable effort to resolve them.

#### **Clubs, General and On Licenses**

Complaints on matters relating to the operation of gaming machines on licensed gaming premises may be made to the management of the premises, either verbally or in writing. Unresolved disputes or complaints regarding gaming machines should be referred to the ACT Revenue Office, Office of Financial Management Ground Floor, Nara Building, Canberra City 2601. *Telephone: 20 70070.*

## **Casino Canberra**

Complaints on matters relating to the operation of Casino Canberra may be made to the management of the Casino, either verbally or in writing. In all unresolved disputes or complaints related to the conduct of gaming, Casino Canberra will advise patrons of the availability of a Chief Casino Inspector and shall direct complainants to that person if requested or as required. *Telephone: 25 77074*

## **ACTTAB**

Complaints on matters relating to the operation of ACTTAB may be made to the Chief Executive of ACTTAB, either verbally or in writing. *Telephone, 24 56211*

## **Gaming Industry Voluntary Code of Practice**

Complaints relating to the operation of the Code should initially be made to the Management of the relevant establishment and in the case of ACTTAB, complaints should initially be made to the Chief Executive. However if the matter is unable to be resolved, it may be referred to the Director, ACT Consumer Affairs Bureau, GPO Box 158 Canberra City 2601. *Telephone 20 70400.*

## **2 Gaming Industry Advertising Ethics**

### **2.1 APPLICATION**

This part of the Code covers communication activities associated with gaming operations including advertising and promotion in media, venue point of sale material, leaflets, displays and other materials designed for public communication.

### **2.2 ADVERTISING**

1. Advertising shall not be false or misleading and deceptive, particularly with regard to winning.
2. Advertisements should be in good taste, not offend prevailing community standards and not focus on minors.
3. In all instances, the target audience will be people of 18 years and over and media selection and placement will be in accordance with the Federation of Commercial Television Stations (FACTS) Code of Practice as follows:

*Commercials Relating to Betting or Gambling:*

*6.9 Except in news, current affairs and sporting programs, a commercial relating to betting or gambling must not be broadcast in 'G' classification periods Monday to Friday, nor on weekends between 6.00 am and 8.30 am, and 4.00 pm and 7.30 pm.*

*6.10 Commercials relating to betting or gambling do not include commercials relating to such things as Government lotteries, lotto, keno or contests.*

4. Advertisements must comply with the laws of the Commonwealth of Australia and the Australian Capital Territory.
5. The conformity of an advertisement with the Code will be assessed in terms of its probable impact, taking its contents as a whole, upon a reasonable person within the class of those to whom the advertisement is directed and taking into account its probable impact on persons within other classes to whom it is likely to be communicated.
6. The advertising of gaming should not be associated with excessive consumption of alcohol.

### **3 Gaming Code of Practice**

To promote the concept of responsible gaming the signatories agree:

#### **3.1 Responsible Gaming**

1. To abide by all relevant Acts and Regulations applicable to the delivery of gaming in the Australian Capital Territory and to promote the spirit of the Australian Capital Territory Gaming Industry Voluntary Code of Practice.
2. To abide by the Gaming Industry Advertising Ethics.
3. To ensure that in the case of businesses having licensed gaming areas, gaming is provided as an ancillary activity to a reasonable range of traditional hospitality services.
4. To ensure general information pertaining to the conduct of games, including rules, basic strategies and odds is available to patrons within the venue.
5. To conduct their businesses in a manner that precludes the following persons from entering their licensed gaming areas:
  - minors
  - intoxicated persons
  - persons known by a business to be participating in a self-exclusion program.

#### **3.2 Signage**

To ensure that there is a display of appropriate signs relating to:

- minors
- intoxicated persons
- gambling support agencies
- rules of gaming
- credit betting

### **3.3 Problem Gamblers**

1. To assist patrons to whom gaming presents problems by supporting a venue self-exclusion program, displaying signs and providing brochures, promoting gambling counselling services and directing those patrons to avenues of effective counselling and support.
2. To work co-operatively with Lifeline Gambling and Financial Counselling Service, Gambling Crisis and Counselling Services and any other support services.

### **3.4 Credit Betting**

To prohibit any form of credit being provided for the purposes of gaming, including:

- credit in anticipation of future payments by employer, government or other third party;
- credit by postdated personal cheque;
- ensuring that credit is not inadvertently provided by the purchase of goods and services on credit cards or charge cards that are returned for cash; or
- misrepresentation of credit card or charge card transactions.

### **3.5 Cheques**

To prohibit the cashing of:

- third party, employer or government cheques; or
- personal cheques, unless by prior arrangement with the venue which will subject such arrangements to appropriate limits and careful monitoring.



### **3.6 Cash**

1. To ensure that Automatic Teller Machines are not permitted within the licensed gaming area.
2. To ensure that EFTPOS machines for cash transactions are not permitted within the licensed gaming area.

### **3.7 Payment**

To encourage members and customers with winnings of \$500 or more to have a cooling off period and take payment by cheque.

### **3.8 General**

1. To train all staff in the responsible provision of gaming services.
2. To support the local community as part of their commitment to the provision of responsible gaming.
3. To provide language and other assistance to non-English speaking patrons.
4. To prohibit their staff from taking part in any gaming activities whilst on duty.
5. To clearly mark gaming machines that are unplayable to avoid members and customer confusion and disappointment.

### **3.9 Meaning of licensed Gaming Area**

In this Code, 'licensed gaming area' means that part of licensed premises in which gaming machines have been installed with the approval of the Commissioner for Australian Capital Territory Revenue under the *Gaming Machine Act 1987* or an area designated as a casino for the Purposes of the *Casino Control Act 1988*.

## **Appendix F: Acronyms**

ACTCOSS	ACT Council of Social Service Inc
AFP	Australian Federal Police
AHA	Australian Hotels Association
GFCS	Gambling and Financial Counselling Service
LCA	Licensed Clubs Association
OFM	Office of Financial Management
SOGS	South Oaks Gambling Screen

## **Appendix G: Additional Comments by Mr Bill Wood MLA**

I have considered the issue claimed by some of a conflict of interest in that a member of the Labor Party in the Assembly should not deliberate on matters concerning clubs because of the existence of the Labor Club.

Certainly I have to approach the matter with caution, to exercise careful judgment and, as always, to act with integrity.

In exercising my duty to consider all aspects in this Report I noted the view of the Chief Minister: "... if every single activity that any of us is involved in were a conflict of interest, nobody would be able to sit in this place." (Hansard 24 September 1996)

And if I should not join this debate now, what's the position of the Chief Minister who along with the Liberal Party has received election donations from Casino Canberra, the Licensed Clubs Association and individual clubs.

I have participated fully in the Committee and judged all issues entirely on their merits.

My response has been determined by my growing concerns during the course of the inquiry that gambling, particularly with poker machines, has now become a significant problem, accelerated by the continued growth in the number of machines and the ability of their technology to increase the rate of losses of problem players.

Measures have to be taken to curtail these alarming trends.

Bill Wood MLA

25 March 1999