

1. INTRODUCTION

1.1 Casinos and controversy seem inevitably linked. Casinos are significant sources of government revenue, most transactions use cash and are not recorded, and because casinos are often associated with concern about organised crime, casinos and political sensitivity are also inevitably linked.

1.2 On 5 September 1993 the Victorian Casino Control Authority (VCCA) selected Crown Casino Limited as the preferred applicant for the Melbourne Casino Licence. The decision followed many years of controversy about whether Victoria should have a licensed casino, and the outcome of the tender process has been the source of even more intense controversy and dispute.

The Casino Industry in Australia

1.3 Licensed casinos have operated in Australia only since February 1973. The first licensed casino in Australia commenced operation in February 1973 at Hobart's Wrest Point Casino. Since then casinos have been opened in all of Australia's capital cities and in Alice Springs, Launceston, the Gold Coast, Townsville, Cairns and Christmas Island. A number of casino operators are public companies listed on the Australian Stock Exchange.

1.4 There have been two distinct phases of development - the first involving relatively modest developments in smaller centres. The second phase has seen casinos located in the heart of major Australian cities. Australia's state and territory governments have been responsible for the licensing and ongoing regulation of each of the casinos that has been established. The pattern of development of casinos in Australia has been termed "extraordinarily decentralised".¹

Within a broad pattern of national development, various State governments also have adopted distinctly regional responses to casinos and casino regulations, based on different moral climates, political-economic calculations and market competition. Specific regional conditions have influenced when and where to introduce casinos, the

¹ Jan McMillen, *'When the Chips are Down: A Comparison of Australian casino Developments'*, Paper delivered at the Second National Conference of the National Association for Gambling Studies (1986), p 22.

types of casinos to be established, the choice of operators and the structures and conventions of control.²

1.5 However, there are some common features. The consistent approach has been to grant each casino operator an exclusive licence for a city for a period of time. Sir Laurence Street has seen other common features:

Legalisation of casinos has proceeded in Australia within a strict regulatory framework. Rather than exercising control through ownership, Governments have preferred to exercise control by regulation, although some have seriously considered the ownership option. The result has been, broadly speaking, the development of a distinctively Australian casino system. There are some differences of approach to casino control and regulatory systems reflecting the different political and economic situations among the States, as well as the period within which each State's casino policy was developed. Yet there are many common features. Casinos are usually part of a tourist/entertainment complex, with a range of associated amenities. Governments have granted a degree of exclusivity to casinos, protecting the operator from geographic competition in return for revenue contributions which are high by international standards. Again broadly speaking, a primary objective of the Australian regulatory system is to ensure the casino industry operates honestly and free from criminal influence. Mechanisms adopted include the licensing of casino operators and staff, comprehensive regulations which control both activities at the gaming table and the movement of chips and cash, surveillance and monitoring of compliance with those regulations and imposition of sanctions should breaches occur. A key feature is the permanent on-site presence of government inspectors to supervise gambling and detect violations. This system has created what is arguably the most stringent casino control system in the world.³

1.6 The establishment of these casinos in Australia has often been a prolonged and sometimes controversial process. Controversy surrounding the granting of the licence for the Melbourne casino was the primary reason leading to the establishment of this Committee.

² id.

³ Sir Laurence Street, *Report: Inquiry into the Establishment and Operation of Legal Casinos in New South Wales*, 27 November 1991, para 2.2.3.

The Victorian Casino

1.7 In December 1990, the Victorian State Government decided to permit the operation of a casino in Victoria. The Government passed the Casino Control Act and some accompanying regulations in October 1991. On 5 September 1993 the Victorian Casino Control Authority (VCCA) selected Crown Casino Limited as the preferred applicant for the Melbourne licence.

1.8 However, the selection process has become involved in considerable controversy. Questions have been raised in the media about the adequacy of the probity investigations, the lack of confidentiality in the selection process and a range of other issues. It was both general concerns about the licensing of casinos in Australia, and these issues concerning Crown Casino in particular, which led to the Senate establishing this Committee.