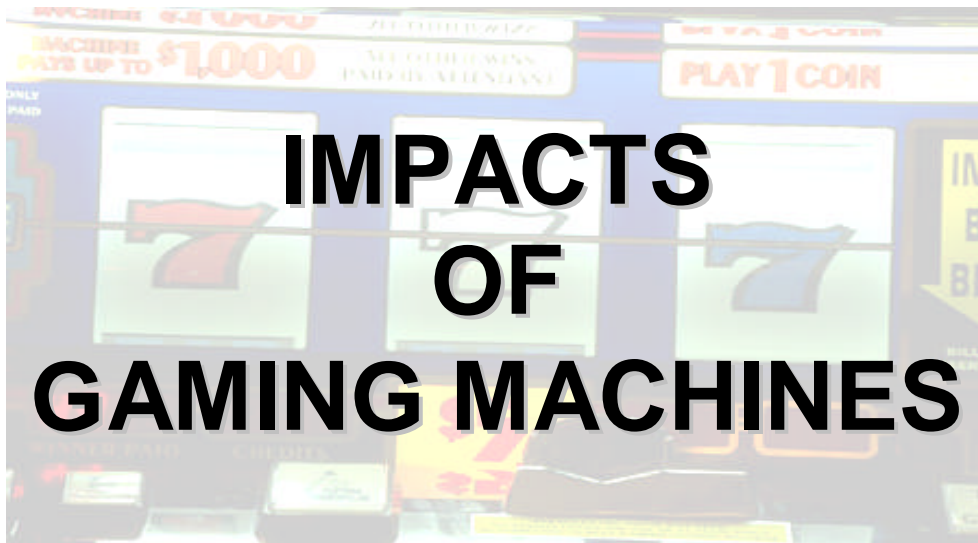




2002

Parliament of Tasmania

LEGISLATIVE COUNCIL SELECT COMMITTEE



Members of the Committee

Mrs Silvia Smith (Chairperson)
Mr Geoff Squibb

Mrs Sue Smith

Secretary: Mrs Sue McLeod

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Executive Summary

During the year 2001, the media consistently reported that the Tasmanian public were concerned about the impact of Video Gaming Machines (VGMs), on the social and economic fabric of the Tasmanian Community. Why do gaming machine losses keep rising? How many 'problem gamblers' are there in Tasmania? What dollars are being lost in local communities to these machines? These were some of the questions that instigated the need for a Select Committee of the Legislative Council.

Media headlines such as :

“\$12.4 billion record loss by gamblers”¹

“Society to be the big loser”²

“Pokies spree on pub cash admitted”³

“Tassie punters blow a billion since '94”⁴

“Poor sure bet”⁵

“Pokies blow to Welfare”⁶

These headlines promulgated further the belief that there had evolved a serious gambling issue with the expansion of VGMs into hotels and clubs. It showed that Tasmanians had lost up to \$750 million⁷ during the 2000/2001 financial year on gaming machines and it was therefore perceived that there was an escalating problem with this form of gambling and that the growth was considered to have occurred because of the expansion of VGMs into hotels and clubs since 1997.

Grave concern also emerged regarding the Government's reliance on the “gaming dollar” as a form of taxation revenue and that it was possibly to the detriment of the “problem gambler”. \$46 million went into Treasury revenue during the financial year 2000/2001⁸ rising from \$29 million in 1997/1998.⁹ However, in 2001/2002 the figure has reduced to approximately \$40 million.¹⁰ Therefore, the resounding question to be asked was, had there been any social or economic impacts on the Tasmanian community since the expansion

¹ The Mercury, 10 May 2000, p. 25.

² The Examiner, 29 May 2000, p. 19.

³ The Mercury, 7 December 2000, p. 5.

⁴ The Examiner, 24 February 2001, p. 5.

⁵ The Mercury, 7 March 2001, p. 18.

⁶ The Examiner, 15 June 2001, p. 7.

⁷ The Examiner, 29 November 2001, p. 5.

⁸ Tasmanian Gaming Commission, *Annual Report 2000-01*, p. 16.

⁹ Tasmanian Gaming Commission, *Annual Report 1997-98*, p. 14.

¹⁰ Tasmanian Gaming Commission, *Annual Report 2001-02*, p. 17.

of VGMs into hotels and clubs in Tasmania and does the rise in taxation revenue correlate in any way with that expansion?

This question was the catalyst for the first term of reference and other terms of reference were included to understand the reality of current Government policy direction, and whether there was a responsible approach to the provision of gaming by both Government and industry.

It is acknowledged that Tasmania has benefited with jobs in new building and renovations, plus in new gaming venues, and that the economy is also boosted by the on-going supply of goods and services.

Another term of reference related to the role and membership of the Tasmanian Gaming Commission. Whilst the Committee found that the Commission has been operating in accordance with the Gaming Control Act 1993 and has demonstrated its importance and effectiveness through its achievements to date, the public perceives it as not being independent of Government.

It will be important for the Commission to be seen as independent from 2003, when the Deed allows for an increase in the number of gaming machines with agreement between the companies involved and the Tasmanian Gaming Commission. Accordingly, the Committee has recommended that the Commission be restructured to ensure total separation from Government.

The Committee also investigated the obligations contained in the Gaming Control Bill 1993 and the attached Deed. It was concluded that, apart from a few minor exceptions, the parties to the Deed have complied with these obligations, as well as the undertakings given during the debate in the Legislative Council on the Bill.

Returning to the first term of reference, the Committee looked at whether the Government as a key player, understood or even acknowledged that there was a real impact both socially and economically on the community.

It could be concluded that the Tasmanian Government is playing a contradictory role, because as a Government, they are both participants in, and promoters of gambling activity whilst also attempting to reduce the social harms of gambling.

The question that also needed to be asked was what proportion of the total gambling population fits into the 'problem gambler' range and does this group have a social or economic impact on the community?

The Committee also needed to decide what, if anything, needs to be done to bring our gambling expenditure under control. Do we need further studies? Do we need to reconsider policy direction? Is enough being done via the Community Service Levy to alleviate any impacts on persons or communities and is the current Gaming Control Act doing exactly what was intended when it was enacted in 1993?

Many eminent persons, groups and departmental persons were questioned and this was balanced by hearing personal stories and family related anecdotes, to help the Committee understand what was the true extent of the problem, or even if there really was a problem.

Evidence presented to the Committee showed that current research is insufficient and inconclusive. It also showed that clarification is needed as to what the 'actual' social and economic costs are to the community since the expansion of poker machines into hotels and clubs. The community are requesting answers to better understand the issues surrounding gaming.

The Committee therefore considers that it is important that an immediate, and totally independent of Government, study be done to measure the social and economic impacts on the Tasmanian community of the expanded operation of gaming machines in hotels and clubs and that funding for the study should be provided from gaming revenue. It is further suggested that this study be on a bi-annual basis using consistent criteria and guidelines each time.

This research must also incorporate an understanding of whether or not the Tasmanian Government has in place sufficient measures to adequately address the issue of 'harm minimisation' to its gambling clients.

When gamblers were asked why they became addicted to gaming machines, it appeared that most felt they had no real control over their behaviour and didn't realise how their behaviour was affecting either themselves, their friends, their family or the broader community. Therefore, another question to be answered was, is this indicative of a bigger community problem? Whilst current studies indicate that 0.9% of Tasmanians are acknowledged as problem gamblers, is the number of people affected by gambling much larger?

Due to the stigma attached to problem gambling, it appears that many in the community would not admit to having such a problem and that the number of those affected could be much higher than the support services or studies are aware of.

Furthermore the Government, who is the major beneficiary from gaming machine revenue, needs to accept responsibility for any social problems resulting from gambling and ensure adequate funding is provided and dispersed.

The State Government's reliance on the gaming machine dollar should be reduced, but it is also clear that this will not be an easy task. What should be taken into account is that in 2007/2008 it is estimated that revenue from the GST is forecast to become approximately \$50 million revenue positive for this State.¹¹

This could provide the Tasmanian Government with an opportunity to reduce its reliance on gaming taxes. It is also an opportunity for the Government to put into place sound social policy and prove to the Tasmanian community

¹¹ Budget Paper No.1 "Overview" 2002-03, *Chart 7.3*, p. 157.

that it has addressed their concerns with regard to the issue of the impact of gaming machines.

These reforms may be difficult or controversial, but in the end they could also be popular with the community.

**Parliament House, Hobart
12 December 2002**

**Silvia Smith MLC
Chairperson**

Summary of Recommendations

The Committee recommends that :

Chapter 2

1. The State Government immediately commission a study to determine the social and economic impacts on the Tasmanian community, since the expanded operation of gaming machines in hotels and clubs.
2. The social impacts be considered separately from the economic impacts.
3. The study be conducted on a regular (bi-annual) basis to carefully monitor changes, using the same terms of reference, criteria and guidelines.
4. This research be more extensive and independent of government.
5. The issue of harm minimisation practices be re-addressed.

Chapter 3

1. The funding framework be broadened to include emergency relief services where Relief Agencies can prove the link between the need for emergency relief and gambling problems.
2. Gaming venues ensure that appropriate literature be given more prominent status.
3. Research be commissioned to ensure that the processes used for harm minimisation programs have the most impact.
4. The Tasmanian Gaming Commission be given the sole responsibility for the implementation of the self-exclusion program.
5. Emergency outside hours counselling and assistance be provided.
6. Counselling services be expanded to ensure support for the families of people with gaming problems.

Chapter 4

1. The Tasmanian Gaming Commission be restructured to ensure total separation from Government.

Chapter 5

1. The State Government establish of a Community Board replacing the Tasmanian Gaming Commission's role, to oversee the distribution of the Community Support Levy, funded from gaming taxation receipts.

Chapter 6

1. This chapter makes a similar recommendation to Chapter 5.

Chapter 7

1. This chapter makes a similar recommendation to Chapter 5.

1.1 APPOINTMENT AND TERMS OF REFERENCE

On Thursday, 4 October 2001 the Legislative Council resolved that a Select Committee of Inquiry be appointed “to inquire into and report upon :

- (1) the immediate and long term social and economic impacts upon the community of the expanded operation of poker machines in hotels and clubs;
- (2) the adequacy of current funding and support services for gaming machine addicted persons, families and communities;
- (3) the role and membership of the Tasmanian Gaming Commission;
- (4) the role and application of the Community Support Levy;
- (5) the degree to which undertakings given during the debate on the Gaming Control Bill 1993 have been adhered to;
- (6) the degree to which the Parties have complied with the obligations contained within the Gaming Control Bill 1993 and attached Deed; and
- (7) other matters incidental thereto”.¹²

The Committee comprised three Members of the Legislative Council – Mrs Silvia Smith (Chairperson), Mrs Sue Smith and Mr Squibb.

The Select Committee was disbanded on 1 February 2002 due to the prorogation of the Parliament and re-established on 12 March 2002. The Committee was again disbanded on 21 June 2002 for a State Election and re-established on 25 September 2002.

1.2 THE REASON FOR ESTABLISHING THE COMMITTEE

The Committee was established as a result of the concerns of many in the community, which were expressed in the media and in other written material. The Chairperson, on moving for the establishment of the Committee, quoted that :

“[Reverend Tim] Costello believes the proposed increase of gaming machines in Tasmania will have a severely detrimental effect. He is pessimistic about the impact on local communities”.¹³

¹² Legislative Council Select Committee on Impacts of Gaming Machines – *Terms of Reference*.

¹³ Hon Silvia Smith MLC, *Hansard of the Legislative Council*, 4 October 2001, p. 13.

Mrs Silvia Smith also mentioned the concerns of TasCoss in relation to the increase in poker machines :

“The welfare lobby has slammed the increase in poker machines, saying it is sucking the money out of 40% of Tasmanians on welfare benefits”.¹⁴

The Hon. Don Wing MLC supported the establishment of the Committee, believing it was desirable to conduct an investigation to see :

“... what the effects are, now that the gaming machines are in operation, not only in casinos here, but in clubs and hotels. ... It is desirable and I believe important to investigate what effect that is having on the community, on individuals, on the economy and different parts of the economy”.¹⁵

In further support of the Committee, the Hon. Tony Fletcher MLC stated that he believed there is :

“... very widespread concern in the community with regard the impacts of gambling. ...We advantage our society by giving those people a chance to logically put their case forward, have it assessed in a logical way, have it reported upon so an independent umpire can say you have a case or you do not have a case. I think if we can do that service for society we will be doing a very considerable service indeed”.

It was for these reasons, therefore, that the Committee was established and to allow clarification of the issues concerning the impacts of gaming machines on the Tasmanian community.

1.3 PROCEEDINGS

The Committee called for evidence in advertisements placed in the three regional daily newspapers and the local newspaper on the West Coast. In addition invitations were sent to key stakeholder groups and individuals.

Thirty-six written submissions were received and verbal evidence given by thirty-six witnesses in Tasmania and twenty-five witnesses on the mainland.

The Committee met on twenty three occasions. The Minutes of such meetings are set out in Attachment 4.

The witnesses are listed in Attachment 1. Documents received into evidence are listed in Attachment 3.

¹⁴ Hon Silvia Smith MLC, *op. cit.*, p. 13.

¹⁵ Hon Don Wing MLC, *Hansard of Legislative Council*, 4 October 2001, p. 28.

Social and Economic Impacts

TERM OF REFERENCE NO. 1 – IMMEDIATE AND LONG TERM SOCIAL AND ECONOMIC IMPACTS UPON THE COMMUNITY OF THE EXPANDED OPERATION OF POKER MACHINES IN HOTELS AND CLUBS

The expanded roll out of gaming machines into hotels and clubs began on 1 January 1997 and since that time one study, “The Third Study into the Extent and Impact of Gambling in Tasmania with Particular Reference to Problem Gambling”¹⁶ has been conducted and was reported on 9 February 2001.

The 1994 and 1996 studies¹⁷ were undertaken to determine the extent and impact of gambling behaviour, with particular reference to problem gambling.

However, none of these studies has taken a particular interest in either the social or the economic impact on the community, of the expansion of numbers of video gaming machines.

Intense media interest and the concerns raised by the public has prompted the need for this inquiry to be undertaken, to ascertain what future directions may need to be taken with regard to further studies, and/or policy directions.

The Final Report of the Select Committee on Gambling in the Legislative Assembly for the Australian Capital Territory acknowledged that :

“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.”¹⁸

In the results of the survey conducted by Roy Morgan Research for the Tasmanian Department of Health and Human Services in October 2001, points of interest in the Executive Summary require noting :

- “Seventy eight percent of Tasmanians thought the Tasmanian community had not benefited from having poker machines in clubs and hotels. Only 10% said

¹⁶ Roy Morgan Research for the Department of Health and Human Services, *The Third Study into the Extent and Impact of Gambling in Tasmania with Particular Reference to Problem Gambling*, 9 February, 2001.

¹⁷ Australian Institute of Gambling Research – *The Extent and Impact of Gambling in Tasmania with Particular Reference to Problem Gambling*.

¹⁸ Select Committee of the Legislative Assembly ACT, *The Social and Economic Impacts of Gambling in the ACT (with particular reference to poker machines)*, Final Report, March 1999, p. 7.

they thought the Tasmanian community had benefited from having poker machines in clubs and hotels, whilst 12% were undecided;

- Over one quarter (27%) of Tasmanians did agree, however, that the Tasmanian community had benefited financially from having poker machines in clubs and hotels, but only 17% agreed that the Tasmanian community had benefited socially from having poker machines in clubs and hotels.”¹⁹

These two outcomes illustrate that there are two sides to this debate and also indicate that most Tasmanians believe that the advent of video gaming machines into pubs and clubs has had a negative impact on the community.

When conducting this survey in 2000, Roy Morgan Research asked three questions that clearly explain what Tasmanians at that time, and now, believe about the introduction of gaming (poker) machines into the pubs and clubs of Tasmania and those questions were :

- “Do you think the Tasmanian community has benefited FINANCIALLY from having poker machines in clubs and hotels?
- Do you think the Tasmanian community has benefited SOCIALLY from having poker machines in clubs and hotels?
- Do you think that the Tasmanian community has benefited OVERALL from having poker machines in clubs and hotels?”²⁰

¹⁹ Roy Morgan Research for the Department of Health and Human Services, *op. cit.*, p. 2.

²⁰ *Ibid.*, p. 96.

Table 1: Attitudes Toward the Introduction of Poker Machines to Clubs and Hotels by Gender²¹

		Total Respondents (1,223) %	Male (594) %	Females (629) %
Q22B: Do you think that the Tasmanian community has benefited from having poker machines in clubs and hotels?	Yes	10	11	9
	No	79	78	79
	Can't Say	12	11	12
Q22B1: The Tasmanian community has benefited financially from having poker machines in clubs and hotels	Total Agree	27	30	24
	Neither Agree / Disagree	6	6	7
	Total Disagree	58	57	60
	Can't Say	8	7	9
Q22B2: The Tasmanian community has benefited socially from having poker machines in clubs and hotels	Total Agree	17	17	17
	Neither Agree / Disagree	6	6	5
	Total Disagree	73	73	73
	Can't Say	5	4	5

Base: Total Respondents

Table 2: Attitudes Toward the Introduction of Poker Machines to Clubs and Hotels by Age²²

		18-24 (151) %	25-34 (215) %	35-49 (368) %	50+ (489) %
Q22B: Do you think that the Tasmanian community has benefited from having poker machines in clubs and hotels?	Yes	13	12	11	8
	No	76	77	79	80
	Can't Say	11	11	11	13
Q22B1: The Tasmanian community has benefited financially from having poker machines in clubs and hotels	Total Agree	30	30	27	25
	Neither Agree / Disagree	11	6	8	4
	Total Disagree	52	53	60	61
	Can't Say	7	10	5	10
Q22B2: The Tasmanian community has benefited socially from having poker machines in clubs and hotels	Total Agree	25	17	15	16
	Neither Agree / Disagree	10	6	6	4
	Total Disagree	61	71	77	75
	Can't Say	4	6	2	6

Base: Total Respondents

²¹ Roy Morgan Research for the Department of Health and Human Services, *op. cit.*, p. 89.

²² *Ibid.*, p. 90.

Table 3: Attitudes Toward the Introduction of Poker Machines to Clubs and Hotels by Area²³

		Tasmania Overall (1,223) %	Hobart / Launceston (779) %	Other Tasmania (444) %
Q22B: Do you think that the Tasmanian community has benefited from having poker machines in clubs and hotels?	Yes	10	11	7
	No	79	77	81
	Can't Say	12	12	12
Q22B1: The Tasmanian community has benefited financially from having poker machines in clubs and hotels	Total Agree	27	28	25
	Neither Agree / Disagree	6	8	4
	Total Disagree	58	56	62
	Can't Say	8	8	9
Q22B2: The Tasmanian community has benefited socially from having poker machines in clubs and hotels	Total Agree	17	17	16
	Neither Agree / Disagree	6	7	4
	Total Disagree	73	72	75
	Can't Say	5	4	5

Base: Total Respondents

1.1 Further Research Required

The results indicated in Tables 1, 2 and 3, clearly show that a majority of Tasmanians believe we have not gained financially or socially by the introduction of VGMs into the broader community and that the introduction of VGMs into clubs and hotels is perceived in a mostly negative manner by the general public.

It is also apparent that in Tasmania, as in some other jurisdictions, there has been no clear survey done to accurately measure either the social or economic impacts of the introduction of VGMs into the broader community and this is indicated by Professor Charles Livingstone :

“The second point to make is that the actual impacts of poker machines are very poorly understood at the present moment in time. The research findings are very inconclusive as to what the impacts actually are. It is almost certainly the case that we have understated what those impacts are and we have failed to comprehend a large proportion of those impacts, particularly the indefinable social impacts. It is very hard to define how much a poker machine habit can impact on somebody’s well being or on the well being of their family and loved ones. We do know that each so-called problem gambler impacts on between five and ten other persons but how you quantify that is a very difficult task.

²³ Roy Morgan Research for the Department of Health and Human Services, *op. cit.*, p. 91.

...What are the problems? The first one is that in most of the studies so far which have attempted to assess the local impacts of gambling at the social level, there have been numerous methodological flaws and deficiencies, which means essentially that we have not settled on a comprehensive methodology to assess social impacts of anything much and we certainly have not settled on one to assess the socioeconomic impacts of gambling, particularly poker machine gambling at the local level.”²⁴

Rev Tim Costello showed particular concern at the lack of clear data to “map the social and economic impacts on the community”²⁵ when he stated :

“...when you inquire into the medium and long-term social and economic impacts on the community you have to do it rigorously, virtually arm’s length from government and you must not have any research that is actually funded by the industry.”²⁶

This comment is indicative of many similar requests urging the Tasmanian Government to have a fully independent assessment of whether or not there are any social or economic impacts upon the Tasmanian community because of the expanded operation of gaming machines in hotels and clubs.

Anglicare Tasmania Inc, in their extensive contribution to the Committee were adamant that this study needs to be a priority. Even after the baseline study follow-up by the Department of Health and Human Services in 2000, Anglicare believes the Government falsely claims that its research was extensive with regards the impact of gaming machines :

“This is blatantly false in regards to Tasmania, where there was no impact research from the introduction of the machines in to clubs and hotels until last year. There has been extensive research on the mainland, which should have been raising alarm bells, but when acknowledged at all, is dismissed as unrepresentative of Tasmania. This has even applied to the comprehensive Productivity Commission Inquiry, whose many recommendations neither the TGC nor the Government have responded to. They and the Gambling Industry Group have largely dismissed this landmark study, reducing its enormous worth to a few comparatively minor patron care measures.”²⁷

“...the main point remains, neither we, nor the TGC, Government or industry know what the impacts have been. We don’t know how effective the voluntary code of patron care has been in mitigating social harm. We don’t know what such studies would

²⁴ Professor Charles Livingstone, *Transcript of Meeting*, 16 May 2002, pp. 2-3.

²⁵ Rev Tim Costello, *Transcript of Meeting*, 17/05/2002, p. 1.

²⁶ *Ibid.*, p. 6.

²⁷ Anglicare Tasmania Inc., *Submission to the Legislative Council Select Committee on the Impacts of Gaming Machines*, November 2001, p. 3.

have revealed or what an independent TGC may have recommended in the light of them.”²⁸

The Baptist churches of Tasmania, through their Public Questions Committee, also commented regarding the need for more detailed data :

“The main effect of the expansion of EGMs into hotels and clubs has been to make them more widely accessible. At the same time there has been a push by promoters to present gambling on the machines as a harmless and socially desirable form of entertainment for all. Yet, along with this greater accessibility there is clear anecdotal evidence of a parallel increase in adverse social and economic consequences. The churches, welfare agencies and members of the community-at-large are well aware of this. However, the lack of specific, detailed hard data make it difficult to quantify these effects. Hence a prerequisite for informed policy decisions for the future is the commissioning of comprehensive, rigorous, independent local research to provide such data.

The Roy Morgan telephone survey commissioned by the Department of Health and Human Services (the Morgan survey) provided some indicative data for the year 2000. It found that about one-third of Tasmanians had played a poker machine in the past twelve months. Had they not gambled their money, about half would have spent it on either groceries, household or personal items, entertainment or recreation. The net economic and social effect of this redistribution of wealth is something that can now only be speculated on, but it seems hardly likely to be beneficial. Small businesses, for example, often complain of a down turn accompanying the spread of gaming machines.”²⁹

The Hobart Benevolent Society prepared a report on ‘The Impact of Gambling on Emergency Relief Services’ in December 2001 which showed that 55% of the 11% of clients surveyed chose gaming machines as their main form of gambling. However, as the numbers surveyed were considered low (279 clients), they :

“... therefore recommended that the data collection be continued to enable longitudinal analysis and that the client-base be increased to encompass a greater range of clients.

Nonetheless, this report provides an analysis of the existing clients, and as such provides hard evidence of the impact of gambling upon the clients of an agency providing emergency relief services.”³⁰

²⁸ Anglicare Tasmania Inc., *op. cit.*, p. 6.

²⁹ Public Questions Committee of the Baptist Churches of Tasmania, *Submission to the Legislative Council Select Committee on the Impacts of Gaming Machines*, November 2001, pp. 1-2.

³⁰ Mr David Knox, The Hobart Benevolent Society, *A Report to the Community Support Levy Program*, 2001, p. 55.

TasCOSS in their written submission to the Committee offered two specific recommendations regarding research which are worthy of note :

“Recommendations

- 1.1 That the State Government commission independent research on the economic and social impacts of gaming machines in Tasmania.
- 1.2 That the research investigates the viability of rolling back the number of gaming machines in Tasmania.”³¹

Senator Guy Barnett in his submission has called for a full inquiry asking for three specific points to be scrutinised :

- a) The Tasmanian Government should, without delay, commission a comprehensive inquiry into the social and economic impact of gambling and the use of gaming machines in Tasmania. This should take special account of the impact on families and regional areas.
- b) The reason for the study would be to measure the financial impact of gaming machines on Tasmania’s small and diverse regional communities and whether this impact is in the best interest of Tasmania.
- c) The study would also measure the impact of gambling on Tasmania’s retail sector, given that Federal Hotels believes gambling is being blamed for the retail sector’s own peculiar slump.”³²

Mrs J. Hyneman in her testimony urged the Committee to do something as a matter of urgency to get the factual data on the issue by doing conclusive research that will benefit all the community.

“I urge you to look at the problem by conducting research into what is going on in our community. To take the raw data collected from observation and make a conclusion on your findings. You must do this for the future of all Tasmanians and the health and well being of our community.”³³

1.2 Social and Economic Impacts

The Committee found that it was increasingly difficult to separate the social impact from the economic impact as the two had a definite “flow on effect” from each other and were inextricably linked.

³¹ Tasmanian Council of Social Service Inc (TasCOSS), *Submission to the Legislative Council Select Committee on the Impacts of Gaming Machines*, November 2001, p. 3.

³² Senator Guy Barnett, *Submission to the Legislative Council Select Committee on the Impacts of Gaming Machines*, June 2002, p. 2.

³³ Mrs Judy Hyneman, *Submission to the Legislative Council on Impacts of Gaming Machines*, Introductory Letter.

Many witnesses were asked to offer a definition or examples of what the social and economic impacts were, either to them, their extended families or communities and it soon became obvious that there was quite a lot of opinion on this matter.

The Local Government Association of Tasmania, Executive Director, Mr Stewart Wardlaw stated that :

“...the social and economic impacts of gambling is of a very serious concern to councils because of what they see happening in their local communities.

But it is the third dimension of the impact where most concern lies. That is, what impact the increased availability and access to gaming machines has had on people in the community. It is the people issue that is of most concern, and that is on the individual himself or herself who has a habit of gambling that is uncontrollable, and then that impact then transcends certainly into members of the family and into friends as well.”³⁴

Dr Michael Walker, Co-director, University of Sydney Gambling Unit, compared the issue with other statistics gathered and said :

“Problem gambling means 1% or 2% whose lives are basically wrecked by the money they’ve lost. And that to my way of thinking is a serious social problem. Prior to introducing helmets for cyclists in New South Wales we had 20 deaths on the roads in one year because we didn’t have people wearing helmets. Twenty deaths was enough for us to say ‘This is a serious problem, all cyclists must wear helmets’. So I think in the scheme of things problem gambling is a serious social problem not just a minor or relatively ineffective problem. It’s one that causes terrible trouble in people’s lives.”³⁵

Ms Peg Putt MHA believes that impacts are both social and economic when she states :

“...problem gambling extends further than the gambler themselves in terms of their personal relationships and the fact that it has a broader economic impact, are matters that need to be assessed.

... we have local business that’s being penalised in particular areas where there are high numbers of poker machines and that’s having an effect through the economy, it’s not just that someone doesn’t buy there. That affects the profit margins in that operation and it may affect their staffing levels, it may affect

³⁴ Mr Stewart Wardlaw, Executive Director, Local Government Association of Tasmania, *Transcript of Evidence*, 15 April 2002, pp. 1-2.

³⁵ Dr Michael Walker, *Transcript of Meeting*, 22 January 2002, p. 16.

their viability and so on. So we've got quite extensive effects through local economies and through local communities."³⁶

David Owen, Acting Director, TasCOSS, commented that the impact of gambling on lower income families was a major concern when he said :

"...we are especially concerned about the impact of the availability of gambling generally and gaming machines specifically to those households where gambling is seen as one way out of the predicament..."

"...and you have already had access to Anglicare's information in that regard. So we're particularly concerned to make the point that in terms of that very Tasmanian sector of long-term unemployed households the impacts of gaming and gambling more generally are especially important."³⁷

Families were also a concern to Mr Paul O'Halloran when he commented :

"...[you] need to be able to identify what the social cost of all those activities is and it's quite clear that there is a social negative cost with gambling.

"What it's costing families is the big issue of concern for me and the fact that it's been made so readily available now is a major issue. When it was stuck in casinos it probably wasn't quite so bad but once you open it up to pubs and clubs like your corner pub's got poker machines in it then it's just so accessible and the trouble is the people who are most affected are those who are most vulnerable..."³⁸

Senator Barnett believes, as so many others that :

"The most tragic losers are the problem gamblers. The unseen majority of losers are those battlers, with families, who sadly and misguidedly look for quick-fix solutions to their woes such as gambling or alcohol, or a combination of both. Gambling may not always drive them into poverty – but it does its fair share of harm in all cases of problem gambling.

There is no doubt that gambling in small communities would have a negative impact on local commerce and culture. Therefore, the State's objective should be to have an inquiry to measure and evaluate this impact and determine whether it is entirely a bad development.

³⁶ Ms Peg Putt MHA, Tasmanian Greens, *Transcript of Evidence*, 15 April 2002, p. 4.

³⁷ Mr David Owen, Tasmanian Council of Social Service Inc (TasCOSS), *Transcript of Evidence*, 17 April 2002, p. 3.

³⁸ Mr Paul O'Halloran, *Transcript of Evidence*, 18 April 2002, p. 5.

'We as community leaders have an obligation to our constituents to show leadership and take the necessary steps to ensure this social indulgence is managed primarily in the best interest of Tasmanian people.'³⁹

Mrs J Hyneman made a very personal affirmation that summarised many of the general concerns about the impact of problem gambling on individual persons and the community by stating :

"In summary, problem gambling can happen to anyone. Problem gambling causes depression, relationship problems and financial loss therefore it is of no benefit to our community. Those who are isolated and lonely will find that gambling is an insidiously isolating activity. Social acceptance and support by a partner, friend or family will increase the likelihood of an individual seeking counselling."⁴⁰

The Productivity Commission in its 1999 Report, "Australia's Gambling Industries", made three statements in its key findings and they offer thought for serious consideration on how gambling in general has had a financial and emotional impact on the community and that policy matters have often lacked objective or independent advice.

"The costs include financial and emotional impacts on the gamblers and on others, with on average at least five other people affected to varying degrees. For example :

- One in ten said they have contemplated suicide due to gambling; and
- Nearly half those in counselling reported losing time from work or study in the past year due to gambling.

The adverse impacts on individuals and the community, help explain the ambivalence of most Australians about the gambling industries, despite their widespread involvement :

- Around 70% of people surveyed believed that gambling did more harm than good; and
- 92% did not want to see further expansion of gaming machines.

Policy decisions on key gambling issues have in many cases lacked access to objective information and independent advice including about the likely social and economic impacts – and community consultation has been deficient."⁴¹

³⁹ Senator Guy Barnett, *op. cit.*, p. 1.

⁴⁰ Mrs Judy Hyneman, *Transcript of Evidence*, 17 April 2002, p. 3.

⁴¹ Productivity Commission 1999, *Australia's Gambling Industries*, Report No. 10, AusInfo, Canberra, pp. 2-4.

Furthermore, there is an array of evidence from persons with a gambling problem, from community concerns that have been raised and from those establishments whose task it is to offer assistance when and where required or requested (for example, The Salvation Army). This leads us to conclude that there is an adverse social and economic impact upon some members of the Tasmanian community because of gambling related issues.

Mr Bill Parcell, Gambling Outreach officer with the Salvation Army gave evidence of case studies that indicated there is a mounting 'social' problem in our society with the advent and easy accessibility of gaming machines in the community, for example, Case Two :

"Case study number two is of Tom, who was married with two children and was in the process of purchasing his home. In fact he had nearly bought his home. He was never late in paying bills, and appeared to enjoy a normal and happy life. Tom worked for a company that was downsizing its work force and eventually he was made redundant. Tom's wife first came to the Salvation Army to seek counselling to cope with her husband's depression, and not only her husband's depression but also her own depression, following the redundancy. Their relationship had become strained and verbal abuse was becoming the norm, which was quite unusual. It really was shaking this particular partner up. Tom began to spend a lot of time away from home at the pub gambling on the pokies. One of Tom's workers who had also taken a redundancy had had a big win on the pokies, and so there was a group of these men who were trying to see if they could copy his result with the pokies.

Tom had tried to hide his gambling problem at first then the bills began to pile up. His gambling increased and his family relationships declined. Tom became convinced that the big win was just around the corner. A big thing about Tom's life was that Tom was used to being the provider of the family and this option for him as a member of the family was taken away with the redundancy issue. He found that his role in the family life was changing and this was also, in my opinion, part of the depression that he was going through at the time.

First on their relationship. Tom's wife lost respect for her husband and began to plan to leave him. This shook her up terribly. She informed him that the effect of his gambling was ruining their family life. Tom appeared not to care. That's the end of that scenario which had an unhappy conclusion."⁴²

Alderman Brett Whiteley of Burnie City Council said in evidence that his Council :

⁴² Mr Bill Parcell, The Salvation Army, *Transcript of Evidence*, 17 April 2002, pp. 2-3.

“...has been concerned about the immediate and long-term social and economic impacts of poker machines in hotels and clubs since their introduction back in 1997.

The real impact and the real soul of this issue is to be found in the life stories, may I say very sad life stories, of those watching members of their family or their friends throw their lives away in relation to problem gambling. These people often stand by and attempt to support and restore their friends and family to normality.”⁴³

Mr Paul Morgan, Vice President, South, Retail Traders’ Association of Tasmania gave an anecdotal example regarding the perceived changing directions of expenditure of people’s discretionary dollar and its impact on a small rural community. The example was provided by one of his members at an executive meeting when discussing this inquiry.

“... a particular woman would come in and every week or couple of weeks would have a hair treatment et cetera. Now that lady goes to a neighbouring town which has gaming machines and she just never sees her. We get a lot of anecdotal comments like that, where the discretionary dollar which a lot of small retailers would have access to previously”.⁴⁴

The Committee further asked :

“So with that example you are giving, you are saying she is going to another community to have her hair done, or to use that dollar to put in gaming machines?”

In reply Mr Morgan said :

“She is not so concerned about her hair and she is more concerned about spending money at the gaming machines, basically.”⁴⁵

This type of comment was indicative of others in the community when it came to spending the ‘discretionary dollar’ or any other part of the household income.

‘In camera’ evidence from affected family members gave the committee an insight into what was happening to children’s respect of a parent and other family relationships where lies are told and family trust had broken down, as did marriages.

⁴³ Alderman Brett Whiteley, Burnie City Council, *Transcript of Evidence*, 18 April 2002, pp. 1-2.

⁴⁴ Mr Paul Morgan, Vice President, South, Retail Traders Association of Tasmania, *Transcript of Evidence*, 16 April 2002, p. 2.

⁴⁵ *Ibid.*

In one instance a bill was supposed to be paid for repairs to a son's motor bike, but the parent gambled away the payment monies and disposed of overdue accounts for some time before the issue came to a head. More dollars were borrowed from extended family members to feed the habit and wages meant for household accounts were also being used for gaming machines.

The other parent made a very personal statement that the worst part, and that which hurt the most, was the lies that had been told over a long period of time plus all the broken promises.

In its submission to the Committee, The Federal Group cited the "Third Study into the Extent and Impact of Gambling in Tasmania with Particular Reference to Problem Gambling" where the question was asked of respondents as to how they may otherwise have used their gambling dollar and said in defence of their argument that :

"... a lowly 6% indicated that, as an alternative, they would save this money. The conclusion that can be drawn from the following table is that consumers are likely to spend this money and as such, the gambling industry, like all businesses in a free-market economy compete for their share of the consumer's dollar."⁴⁶

However, the 'compiled' table that was added, indicated that many other important areas were at risk of losing the discretionary dollar and this is of concern when considering the economic impacts on a community.

The question asked by the Roy Morgan Research Group, and the replies given (see Table 4), show that there is potential for a much larger economic effect upon the community and it is suggested that comprehensive research be undertaken to accurately measure what is actually happening to the discretionary dollar.

⁴⁶ The Federal Group, *Submission to the Legislative Council Select Committee on the Impacts of Gaming Machines*, December 2001, p. 5.

Table 4 Alternatives for Spending Gambling Money by Area⁴⁷

“Q23B: If you hadn’t spent the money on gambling, could you please tell me what other ways you might have used it?”

	Total Gamblers (1,002) %	Hobart/ Launceston (779) %	Other Tasmania (444) %
Spend it on groceries or small household items	19	16	24
Spend it on other entertainment or recreation activities	17	18	14
Spend it on personal items	13	13	13
Spend it on alcohol	12	12	11
Spend it on restaurant meals	10	9	10
Put it towards major household items	6	5	8
Spend it on children/grandchildren/family	5	6	5
Use it to pay bills/credit cards	5	5	5
Spend it on the movies or a concert	5	5	5
Spend it on petrol	3	3	3
Buy magazines/books	2	3	2
Donate it to charity	2	3	2
Use it to pay rent/mortgage	1	1	2
Put it towards a holiday	1	1	1
Spend it on cigarettes	1	1	1
Take-away food/lunch/coffee	1	2	-
Spend it on other items	4	4	3
Can't say	16	15	17
Not spend it/save it/put it in the bank	6	5	7

Base: Total Gamblers

The AHA (Tasmania Branch) in its submission concluded that :

“...The overall economic and social benefits associated with the introduction of gaming in Tasmania far outweigh the negative impacts associated with the small percentage of the population that develop gambling related problems.”⁴⁸

The submission briefly cited the three Reports undertaken in 1994, 1996 and 2000 and concluded that the research :

“... highlighted the inaccuracy of many of the concerns raised by some members of the community suggesting that the impact of gaming machines is greater than the research has found.”⁴⁹

The community hears and understands the arguments that Tasmania has benefited with jobs in new building or renovations plus in new gaming venues and that the economy is also boosted by the on-going supply of goods and services. However, they also request factual data on what the social and economic impacts really are on their communities and what can be done to alleviate any problems.

⁴⁷ Roy Morgan Research for the Department of Health and Human Services, *op. cit.*, p. 100.

⁴⁸ Australian Hotels Association, Tasmania, *Submission to the Legislative Council Select Committee on the Impacts of Gaming Machines*, April 2002, p. 15.

⁴⁹ *Ibid.*

The broader community strongly argues that an accurate and detailed study needs to be done to assess the true social and economic impact upon the Tasmanian community of the expanded operation of VGMs into hotels and clubs.

1.3 Community Concern

Ms Catherine Fernon, Community Planning and Development Manager at Burnie City Council had concerns about how the broader community was being adversely affected and also the lack of reliable data. She said :

“...does gambling really affect affluent and disadvantaged areas equally?

Does it result in increasing crime? What are the costs to individuals and family? What are the costs to the community? I think the last one that is really important, what are the long-term costs of living in a society that condones gambling? So we have not been able to get answers to any of those questions and I think that goes back to the fact that more research is needed.”⁵⁰

“If more information were available to a community to make informed decisions then I think the community could make that choice or have a good input into making that choice. At the moment they do not have the choice.”⁵¹

The Tasmania Together document was produced by the Tasmanian community via the Community Leaders Group (CLG) and originally supported by all political parties. It lays out benchmarks to provide a foundation for a fairer, more just Tasmania.

Tasmanians told the CLG that they wanted “fewer problem gamblers”⁵² and that “the number of electronic gaming machines in Hotels and Clubs to be monitored” .⁵³

“What Tasmanians Told Us

We Want:

To improve Tasmanians’ health through promotion of a comprehensive approach to a healthy lifestyle.

To live in an environment that improves health and wellbeing.

Reduced levels of risk-taking and addictive behavior.

Fewer problem gamblers.

The number of electronic gaming machines in hotels and clubs to be monitored.⁵⁴

⁵⁰ Ms Catherine Fernon, Burnie City Council, *Transcript of Evidence*, 18 April 2002, p. 12.

⁵¹ *Ibid.*, p. 18.

⁵² *Tasmania Together Community Leaders Group*, September 2001, p. 11.

⁵³ *Ibid.*

⁵⁴ *Ibid.*

Goal 5 Standard 3 succinctly states that issues regarding negative social and economic impacts need to be addressed as a matter of priority.

“Standard 3

Reduce levels of risk-taking and addictive behaviour.

Indicator(s)

Prevalence of problem gambling (1)

Those at risk

1994: 0.9%

1996: 3.0%

2000: 0.9%

Source: DHHS 3rd Baseline Study 2000

Targets

2005: 0.8%

2010: 0.7%

2015: 0.6%

2020: 0.5%

Rationale: Problem gamblers negatively affect themselves, family and the community.

Recommendation: The CLG noted that there was concern expressed in the consultation process regarding the number of electronic gaming machines in hotels and clubs and recommends that the Progress Board addresses this issue as a matter of priority.”⁵⁵

1.4 Expanded operation of gaming machines in hotels and clubs

The Burnie City Council were so concerned with the “increase in the number of poker machines in the City of Burnie”⁵⁶ they wrote to the State Government to :

“... demand an assessment independent of government to immediately establish and report on (a) the social and economic impacts of the expanded operations of poker machines throughout the community in pubs and clubs; and (b) the adequacy of current funding and services for gaming- addicted persons and for gaming affected families and may we say, gaming affected communities.”⁵⁷

Mr Peter Schulze was also concerned about the apparent concentration of larger numbers of machines in certain areas such as on the West Coast :

⁵⁵ *Tasmania Together Community Leaders Group, op. cit.*, p. 43.

⁵⁶ Alderman Brett Whiteley, *op. cit.*, p. 1.

⁵⁷ *Ibid.*

“You and I have lists of how many machines are in what hotels and clubs right around Tasmania but to do a proper analysis over my area I would have liked to have known how much money is actually lost in Queenstown. I believe that it is quite substantial, in fact the Lyell Municipality 3.8% of the club and hotel machines – 3.8% [core] on the West Coast, and we only represent 1.4% of the population – so whether they are focusing on us heavily or not I do not know and even if you include the casino machines, we still have 2.34% of all machines and we’re only 1.4% of the population. This is a matter I’m quite concerned about that it seems that we are targeted and if we’re losing the same amount per machine as the State average, well then we’re losing a lot more per capita.”⁵⁸

And Ms Putt was concerned that :

“...a pattern that is emerging in Tasmania which is we do not have an even spread of gaming machines and they often are more prevalent in those areas where people have basically less money and are looking to get lucky as a way out of their situation.”⁵⁹

When asked if it was possible that certain areas were being targeted for placement of machines, Ms Putt stated :

“I have it by the Lower House electorates. But when you look at this it is fairly noticeable and the spread across is not even either, it is quite disparate. For example, just to go through the House of Assembly electorates, because that is what I have, in the Bass region there are 384 machines, in Braddon there are 578 which reflects the high number along the coast in the coastal towns or cities, in Denison there are 439, in Franklin there are 214 and in Lyons there are 408.”⁶⁰

And :

“Part of the determination is around the profitability of the machines that are already there which means that the areas where they’re obviously taking a lot of money out of the community already are the areas which are targeted for more because they are already functioning well in that they are making the money.

So it is a difficult situation that we’re confronted with because, as I say, it’s where more money is already coming out of the

⁵⁸ Mr Peter Schulze, *Transcript of Evidence*, 15 April 2002, p. 13.

⁵⁹ Ms Peg Putt MHA, *op. cit.*, p. 8.

⁶⁰ *Ibid.*

community that you're likely to get even more machines in because of the profitability aspect."⁶¹

Several witnesses gave evidence 'in camera' stating that when the gaming machines were put into hotels and clubs, access was much closer and easier than going to either of the casinos. Witnesses spoke of people going to venues before work or after dropping children at school. Loss of money in some instances was huge plus the compounding factor of loss of family, self-esteem, personal pride in one's self and even loss of their jobs and their homes.

Most considered that if the machines had not become so widespread, their addictive behaviour may never have surfaced to the extent that it did and thus many may never have had a problem with gambling or VGMs.

Community concern regarding the increase of the number of machines is summarised in the following statement from the Burnie City Council.

"At January 2001, the Mersey-Lyell Region had 35 licensed gaming premises and 581 machines within its boundaries.

The Burnie local government area has 5 licensed gaming premises and 108 machines. The premises consist of four hotels and one club. Three of these hotels has [sic] twenty-five machines, the maximum number currently allowed, the other 15, while the club has 18.

It is Council's understanding that the Tasmanian Gaming Control Act 1993 allows for a further increase in the maximum number of machines, that is up to 30 in a hotel and 40 in a club by June 2003. Past June 2003 the legislation ceases to define the upper limit and allows that decision to be made by the Gaming Commission and the companies involved. Research undertaken by Councils in other States indicates that new machine licences are granted to the most profitable venues most of which are in the state's least affluent suburbs.

The Council cannot help but be concerned by any activity that results in large amounts of money draining out of the community for no obvious benefits. Figures obtained from the Gaming Control Commission's Annual reports show that since the introduction of VGMs into clubs and hotels during the 1996 financial year there has been an increase in both revenue and turnover of approximately 1500%. For example the turnover recorded from gaming clubs and hotels for the 1996/97 financial year was \$45,001,895 increasing to \$749,549,881 in the 2000/01 financial year.

⁶¹ Ms Peg Putt MHA, *op. cit.*, p. 9.

On a per capita basis these figures mean that there was a turnover of \$30,699,426 in the Burnie Area".⁶²

The 1999 "Just Tasmania" forums that were conducted in the Burnie area gave an insight into how people were affected by the spread of gambling in the that community is well worth noting.

Statements of concern were expressed, such as :

"Gambling is the biggest killer.

It's a habit – you think you'll get away, you'll be free – but one day I spent my pension and was left with \$30 for the rest of the fortnight. I walked out and thought why did I do that?

I spent my husband's pension - \$400 – in two hours. I remember walking out of there thinking 'what have I done? – he's so good to me. He never abuses me or hurts me and I've done this. I couldn't face it so I took myself off and I was going to kill myself. There wasn't any choice. But for some reason my husband came looking for me and he found me. I've gone to GABA now and they helped me. I'm over it now.

People don't understand. My son never goes anywhere or gets to do anything. There was a school excursion on and he really wanted to go. He said: 'I'll cut the flowers from the garden and sell them to the neighbours'. I said no. I didn't want the neighbours knowing we didn't have enough. He started crying and it just tore me apart so I took the \$20 I had in my purse and went to play the pokies. It was all the money we had left for the fortnight but it was the only chance I had of getting the money for the school excursion.

People are very judgemental about people on low incomes who smoke or gamble. In the end you start believing the negative stereotypes and you start to feel worthless."⁶³

Ms Fernon from the Burnie City Council showed particular concern with the expansion of gaming machines in the Burnie area and its connection to the rise in problem gambling.

"...the Productivity Commission's report looked at the whole range of arguments and they decided that there was a definite connection between greater accessibility and the prevalence of problem gambling, particularly in relation to gaming machines. You really only have to look at the figures that Brett talked about before and you have to see that there has to be some sort of

⁶² Burnie City Council, *Submission to the Legislative Council Select Committee on the Impacts of Gaming Machines*, April 2002, pp. 3-4.

⁶³ *Ibid.*, p. 3.

connection there. The report actually talks about accessibility is not just about proximity or just about closeness but it is about how welcoming these facilities make themselves, the ease of using gaming machines, entry conditions and all those sorts of things.”⁶⁴

Ms Fernon also believed that certain premises could be utilizing specific methods for drawing gamblers to venues and that these processes are compounding the issue of social impact and potentially problem gambling.

“We were quite distressed to see that one hotel has now installed video games for children so they keep themselves occupied while their parents are using the gaming machines. We find that a particularly distressing thing that that has been able to be introduced. I think that that table lays it out pretty clearly. When they went there it was daylight saving. It was light but all the curtains were drawn. You could not see. They were not encouraging people to even look outside. Everything you would want there.

It says that from the above information it can be deduced that the facilities in Burnie and presumably elsewhere are designed to ensure that the gambler never has to leave. You can generally buy your drinks, have a smoke, buy a snack, go to the toilet, use EFTPOS and cash your money all within the confines of the very one close area. Added to this the free spin features as a promotion, the rewards, the music that goes off, all the sort of thing to encourage people to play longer and spend more time”.⁶⁵

1.5 Problem Gambling/Gamblers

*“Gambling can be a problem without people being problem gamblers.”*⁶⁶

The Burnie City Council’s submission showed strong concern with the issue of problem gambling/gamblers in their community and they were also concerned that the community, via local government, had no say at present about increasing or decreasing accessibility to video gaming machines.

Of particular concern was what the costs were to the individual and his/her extended family when they said :

“These costs could include costs of job losses, unemployment benefits, poor physical and mental health, treatment for problem gambling and costs of any gambling related incidences of theft, embezzlement, divorce etc. These costs are not mentioned in

⁶⁴ Ms Catherine Fernon, *op. cit.*, p. 10.

⁶⁵ *Ibid.*, p. 11.

⁶⁶ Burnie City Council, *op. cit.*, Title Page.

the latest study into the extent and impact of gambling in Tasmania released on February 9th 2001. They are however, mentioned in the Productivity Commission's Report. Some estimated costs to society contained within that report are :

<u>Gambling related bankruptcy</u>	<i>per bankruptcy \$4000 total annual cost \$1.3 million.</i>
<u>Lost productivity</u>	<i>total cost of lost productivity is estimated to be \$21 million - \$150 million each year.</i>
<u>Income loss when unemployed</u>	<i>estimated total cost to be \$24 million</i>
<u>Cost of staff replacement</u>	<i>for the employer - \$22 million</i>
<u>Court costs</u>	<i>involving problem gamblers are estimated to cost \$5.6 million per year.</i>
<u>Prison terms</u>	<i>related to problem gambling is estimated to be \$5.1 million each year.</i>
<u>Financial costs of divorce or separation</u>	<i>estimated total annual financial cost of \$2.8 million nationally for divorce and separation as a result of gambling.</i>

These costs calculated on a national basis are only given as estimates, however they do support the concern by the Council that the community is paying dearly for the profits enjoyed by a very few yet the community has no real say in the establishment or expansion of the cause of these costs."⁶⁷

So how do we define a problem gambler or problem gambling?

Rev Tim Costello, in his discussions with the Committee said :

"You can say, 'I've got an alcohol problem'; you can say, 'I've got a drug problem'; you can say, 'I've got just about any other problem' and that is okay. But gambling is a huge stigma because it is only entertainment and you are only ever one win away from not having a problem."⁶⁸

Therefore it stands to reason that defining the person as a 'problem gambler' is very difficult and possibly fraught with danger.

Ms Penny Reader-Harris, Deputy Chairperson of the ACT Gambling and Racing Commission, advised the Committee that in 2001 their first survey on gambling and problem gambling was conducted to gather relevant information on this issue and further more stated that follow ups would occur :

"... We conducted the first survey on gambling and problem gambling in the ACT about this time last year and Jan McMillan from the Australian Institute of Gambling Research at the

⁶⁷ Burnie City Council, *op. cit.*, pp. 5-6.

⁶⁸ Rev Tim Costello, *op. cit.*, p. 1.

University of Western Sydney conducted the research and analysis. We got some very useful information out of that and we also followed that up with a needs analysis which looked at the services, or lack of services, that were being provided to problem gamblers. ...Yes, we will certainly do follow-ups.”⁶⁹

The ACT has also set up a research unit to look at all aspects of those people who gamble, including adolescents and children.

“The latest development with regard to our research also – just last Friday we announced that the Commission has established a partnership with the Australian National University which has, in the School of Social Sciences, a regulatory research unit. We have donated or put up \$1.1 million and the University has matched this, set up a professorial chair and gambling research centre, so we anticipate that a lot of research will be done through that centre. It is set up for the next 10 years at least and we hope that it will be primarily focused on research in the ACT, but it may at some point expand further. I guess everyone here would like to see it as perhaps the centre of excellence for research on gambling, both in Australia and probably on an international scale.

In fact, the first thing that we have started discussions about, which I think will be our focus over the next 12 months, will be adolescents gambling. We had Professor Jeff Deverensky from McGill University in Montreal, who is an expert in this.

The research they have done so far in North America shows that many problem gamblers – most of whom I think are in the 18-24 year age group, which is something the Productivity Commission found and that was certainly followed up with our research here – often start at a much younger age than that. They start with the video games and betting on those and I suppose some of them get on the Internet. Others have things like parents buying scratchies and Lotto tickets for their kids and it all starts rolling. The research they have done shows that children as young as 10, 11 and 12 develop this taste for gambling. It is a huge problem but very little research has been done on it so far. Professor Deverensky has done some, as I say, in North America but he would like to expand it in other Western countries. We are having discussions with the ACT Department of Education and Community Services to work with them and the ANU to do a whole research program on that particular topic.

Certainly the idea is to follow-up with research every couple of years or so and to see whether measures that we have brought in, whether education and everything else, whether community

⁶⁹ Ms Penny Reader-Harris, ACT Gambling and Racing Commission, *Transcript of Meeting*, 15 May 2002, p. 7.

attitudes have changed and all those different things. I think it is certainly not something you can do just once; you need to follow it up and see how things are changing.”⁷⁰

The Productivity Commission spent some considerable time attempting to understand the ‘nature and extent’ of the phenomenon of problem gamblers. They did this through three surveys and discussion with a range of specialists in this particular field, for example, researchers and practitioners, as well as problem gamblers.

“What is ‘problem gambling’?”

There are a variety of definitions of problem gambling [Box 1], but most emphasise :

- a lack of control by the gambler over his or her gambling behaviour; and/or
- adverse personal, economic and social impacts which result from a gambler’s actions – particularly the financial losses (relative to the gambler’s means).

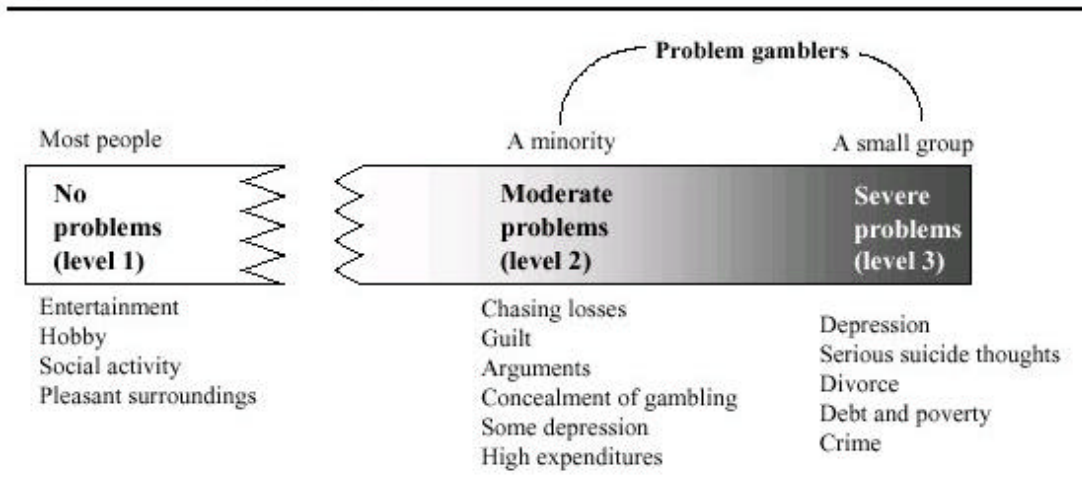
There is no clear point, however, at which a ‘recreational gambler’ becomes a ‘problem gambler’ and, for problem gamblers, there is a continuum of behaviour and impacts of escalating severity [see Table 4].

Box 1	Some definitions of ‘problem gambling’
	<ul style="list-style-type: none">• The situation when a person’s gambling activity gives rise to harm to the individual player and/or to his or her family, and may extend to the community (Market Solutions and Dickerson 1997, p. 2).• Problem gambling encompasses all of the patterns of gambling behaviour that compromise, disrupt or damage personal, family or vocational pursuits (National Council on Problem Gambling (US) 1997).• 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 (Select Committee on Gambling, ACT, 1999, p. 12, based on Hraba and Lee 1996).• Problem gambling is any pattern of gambling behaviour that negatively affects other important areas of an individual’s life, such as relationships, finances or vocation. The mental disorder of “pathological” gambling lies at one end of a broad continuum of problem gambling behaviour (Volberg et al. 1998, p. 350).• ... we will use ‘pathological’ and ‘compulsive’ gambling in an equivalent sense to describe gamblers who display clear signs of loss of control. ‘Problem’ gambling is used to refer to the wider group of people who show some but not all signs of developing that condition (Blaszczynski 1998, p. 13).”⁷¹

⁷⁰ Ms Penny Reader-Harris, *op. cit.*

⁷¹ Productivity Commission, *op. cit.*, pp. 17-18.

Table 5 : The gambling continuum⁷²



It is therefore quite apparent that categorically identifying someone as a 'problem gambler' is extremely difficult because of a lack of precise boundaries or testing procedures. SOGS (South Oaks Gambling Screen) is the dominant tool used in this field but there are some difficulties in the use of this survey method according to the Productivity Commission and attempts are being made to replace it.

"The SOGS has some deficiencies which have prompted attempts to replace it. Having consulted experts in the field, the Commission nevertheless saw value in using the SOGS in its surveys, buttressed by self-assessment questions and other indicators of harm."⁷³ (see Box 2)

[Box 2] The SOGS and other screening instruments for measuring problem gambling

Several measurement instruments or tests are used by researchers to try to determine whether a person is a problem gambler.

- One of the most common tests is the South Oaks Gambling Screen (SOGS). This test poses questions about a gambler's behaviour, such as whether they chase losses, have problems controlling their gambling, gamble more than intended, feel guilty about gambling and believe that they have a problem.
- Another test is the Diagnostic and Statistical Manual of Mental Disorders of the American Psychiatric Association, fourth edition (DSM-IV). This shares many features of the SOGS, but has a greater emphasis on psychological aspects of problems, such as preoccupation, development of tolerance, irritability, and gambling as an escape.

The SOGS has been the most widely used and validated test around the world and has been applied in all past Australian prevalence studies. It has also been used in contemporary studies in New Zealand and Sweden to examine the prevalence of problem gambling.

Nevertheless, like all screening instruments, the SOGS has a number of limitations, including:

- Identifying some people as having severe problems when they do not, but missing out on others who do have severe problems; and

⁷² Productivity Commission, *op. cit.*, p. 19.

⁷³ *Ibid.*

- perhaps not working well for all cultural groups in the population.

US, Canadian and Australian researchers are developing replacements for the SOGS that try to deal with some of these limitations – a move the Commission believes will be useful for the future measurement of the prevalence of problem gambling, and obtaining a better understanding of its wider impacts, beyond the more narrow concerns of existing tests.

However, having consulted experts in the field, the Commission employed the SOGS in its surveys, which enabled comparisons to be made with other Australian and overseas prevalence estimates using the same methodology. It should also be noted that the Commission:

- asked respondents many other questions about any harms associated with gambling (as well as detailed spending questions) to see whether people were likely to be problem gamblers; and
- has interpreted the SOGS as suggesting that problem gamblers lie on a continuum, with some having severe problems, but the bulk having moderate problems, and has been careful to distinguish these differing levels of harm in its results.

The Commission has used a threshold of 5 or more on the SOGS to indicate a problem gambler and has applied Dickerson's method (chapter 6) to estimate the number of severe problem gamblers."⁷⁴

CONCLUSION

The Committee concludes that :

1. Within the Tasmanian community there is concern about the social and economic impacts caused by the expansion of gaming machines into the community, especially since the rollout into local clubs and hotels from January 1997.
2. Previous studies did not take into account the 'social' impacts of VGMs on the broader Tasmanian community and their families.
3. Previous studies did not specifically measure the 'economic' impacts of VGMs on the Tasmanian community and particularly in regional/rural areas.
4. A large percentage of Tasmanians thought that the Tasmanian community had not benefited from having machines in hotels and clubs and that a Social and Economic Impact study is needed.
5. There is concern indicating that harm minimization practices need to be re-addressed.
6. There is recognition of the positive aspects, such as new entertainment options, extra revenue to fund social problems and employment opportunities, but the question was often raised as to whether or not the government has become too reliant on the "gaming dollar", as a revenue source.

⁷⁴ Productivity Commission, *op. cit.*, p. 20.

Current Funding and Support

TERM OF REFERENCE NO. 2 – THE ADEQUACY OF CURRENT FUNDING AND SUPPORT SERVICES FOR GAMING MACHINE ADDICTED PERSONS, FAMILIES AND COMMUNITIES

Since the commencement of the Community Support Levy from 1 January 1997 until 30 June 2001, over \$8 million dollars has been received from gaming operators to assist in funding services for problem gamblers, sport and recreation organisations and charitable organisations.

With the distribution of 25% to sport and recreation clubs, 25% to charitable organisations and 50% for the provision of research into gambling services for the prevention of compulsive gamblers, treatment and re-habilitation of compulsive gamblers, community education concerning gambling and other health services, the fund shows an accumulation of \$2.5 million in the summary table of receipts and expenditure provided by the Tasmanian Gaming Commission.

A study of the breakdown shows that, whilst the legislation allocates 50% to problem gambling, only \$2,091,024 has been expended over a five year period, leaving close to \$2 million dollars of unexpended funds in the Trust Account for allocation.

Table 6 : Summary Table of Receipts and Expenditure⁷⁵

	Receipts	Expenditure			
		Problem Gambling	Sport & Recreation	Charitable Organisations	Balance C/Forward
1996-97	\$203 334	\$142 953	-	-	\$60 380
1997-98	\$939 613	\$318 880	\$219 164	\$78 405	\$383 544
1998-99	\$1 484 502	\$373 614	\$249 957	\$506 672	\$1 116 642
1999-00	\$2 323 674	\$683 704	\$713 912	\$504 672	\$1 538 028
2000-01	\$3 062 604	\$571 873	\$685 960	\$833 859*	\$2 508 940

*Includes \$128 344 for the administration of the problem gambling and charitable component of the Levy.

As many of the programs are managed externally, funds are carried forward into the following financial year to meet contractual requirements, but the continuing growth of accumulated funds combined with the manner of reporting leads to a presumption of more than adequate funds to assist support services. In its submission to the Committee, Federal Hotels included a history of the Community Support Levy taken from various Tasmanian Gaming Commission Annual Reports and concluded :

⁷⁵ Tasmanian Gaming Commission, *Submission to the Legislative Council Select Committee on the Impacts of Gaming Machines*, 9 December 2001, p. 8.

“As illustrated by the above table, since its inception, the Community Support Levy has consistently received more funding than what has been required to finance the programs and provide assistance to problem gamblers.”⁷⁶

In evidence to the Committee, Ms Mary Eckhardt, Consultant, Community Support Levy, Department of Health and Human Services explained that :

“In 1999 the Community Support Levy component that looked after services, education, community education research into the social impact and a little component called other health services... moved to Health”.⁷⁷

She further stated :

“We cover services, three year tenders have been signed with gambling support services for Tasmania. They were signed in July 2001 and we have personal and family support, we have group support, we have financial counselling and we have a 24 hour help-line”.⁷⁸

Ms Eckhardt explained that the Department had a flexible funding model that allowed back charging if services had more than their baseline client numbers so that there was always adequate funding. In response to a question as to whether there had been any call for extra funding, Ms Eckhardt responded that there had been.

“Our own figures are showing there has been over the last three years up and down but overall, a 30% increase in attendances at the service”.⁷⁹

A Community Education Strategy has been developed which aims at educating the general population on harm reduction for problem gambling, and funding is provided for a 1800 help line for problem gambling support and referral services which has been in place since January 1997.

In the submission by the Tasmanian Gaming Commission it was stated that :

“... the initial uptake of gaming machines in Tasmanian clubs and hotels was less than originally expected ... This slower than anticipated uptake meant that initial funding available through the Community Support Levy was limited, thus reinforcing the need for a gradual implementation of problem gambling services”.⁸⁰

⁷⁶ The Federal Group, *op. cit.*, p. 11.

⁷⁷ Ms Mary Eckhardt, State Government Briefing, *Transcript of Briefing*, 12 December 2001, p. 3.

⁷⁸ *Ibid.*

⁷⁹ *Ibid.*, p. 4.

⁸⁰ Tasmanian Gaming Commission, *Submission to the Legislative Council Select Committee on the Impacts of Gaming Machines*, 9 December 2001, p. 11.

The number of years it has taken to achieve what the Government and the Commission now see as being the appropriate model, may explain the concerns expressed by some who gave evidence to the Committee. The Tasmanian Inter-church Gambling Taskforce in its submission commented :

“The Taskforce is generally satisfied with the problem gambling counselling services and funding planned for these. The way the industry and the TGC sometimes present these services as able to effectively manage most of the problem gambling issue is of great concern however. No responsible professional or agency delivering these services would ever make such a claim. These are essential services to have in place, but can only effectively deal with a comparatively small number of individuals highly motivated to change. They are thus no substitute for prevention, regulation or a responsible policy framework”.⁸¹

Anglicare Tasmanian Inc also believe that :

“... the Community Support Levy is an adequate source for funds for specialised problem gambling services”.⁸²

Anglicare did explain, however, that whilst funding was adequate there are major problems in the pressures being placed on other community services, in particular emergency relief, where services are vulnerable due to gambling growth.

This sentiment was expressed by other service providers who gave evidence that they had experienced a significant increase in the number of people accessing their services due to problem gambling. The Salvation Army submission recommended that consideration be given to funding services such as emergency relief and accommodation for specific problem gamblers. The TasCoss submission also recommended investigation of the service and support needs of problem gamblers with a view to funding practical financial support services for problem gamblers.

It was only when the Committee received evidence from witnesses with acknowledged severe gaming machine addictions and family members of those with severe gaming machine addiction, that the test of the success or otherwise of the programs in place could be benchmarked.

The Committee is extremely grateful to those individuals who, with exceptional dignity, explained their situation and gave an insight to the problems experienced by those caught up in the gaming machine addiction. In hearing the stories of self-confessed addicted gamblers, the issue of support services for most was well down their list of priorities. In answer to a question from the Chair of the Committee about whether they accessed any services, one replied :

⁸¹ Tasmanian Interchurch Gambling Taskforce, *Submission to the Legislative Council Select Committee on the Impacts of Gaming Machines*, November 2001, p. 8.

⁸² Anglicare Tasmania Inc, *op. cit.*, p. 11.

“No I haven’t only because I don’t know where I’m going next. It’s really hard. I’m not quite over it”.⁸³

In answer to a question of whether the witness would benefit from counselling, the reply was :

“I’m sure I would. I guess I was waiting for this day because it’s the first time I’ve actually admitted openly that I did have a problem or do have a problem and that this is what I’ve lost. Nobody I know knows what I’ve lost”.⁸⁴

At no stage, through a substantial loss of tens of thousand of dollars, did any support services and their capacity to assist enter into this gambler’s world, until all was lost and the gambler had “admitted openly” that they had a problem.

In contrast, Ms Judy Hyneman who gave evidence in the public arena commented :

“... We then decided as a couple to go to Break Even counselling and be prepared for help. I had already been to Gamblers Anonymous but did not find this helpful or constructive so I did not know if I could be helped.

In talking to a counsellor, it was recommended that I ban myself from clubs that I frequented. This helped for a short while but then I found myself going to other clubs at which I was not excluded. ... The final solution for me was to ban myself from all clubs and the casino. This is the only thing that worked. My gambling has now ended and I am a recovering problem gambler thanks to the counselling I received ... at Anglicare. ... If being banned from venues was not possible I think I would have found it impossible to give up”.⁸⁵

Ms Hyneman, as part of her University studies, carried out research observing the behaviour of patrons at a particular establishment and noted :

“When you’re a problem gambler, when you’re that far in, you’re down that sinking hole and no amount of literature would help you. But before you get to that stage, that’s when you need it”.⁸⁶

‘In camera’ evidence from family members of persons addicted to gaming machines supports Ms Hyneman’s evidence that self-exclusion only works if it is total exclusion. The literature provided at venues is of no use to the problem gambler unless it is prominent at the stage of social gambling.

⁸³ ‘In camera’ evidence.

⁸⁴ *Ibid.*

⁸⁵ Mrs Judy Hyneman, *Transcript of Evidence*, 17 April 2002, p. 2.

⁸⁶ *Ibid.*, p. 7.

Evidence shows that it lacks prominence and thus is of little use when it could be of most value.

The partner of one problem gambler added weight to the issue of self-exclusion :

“We banned ourselves from the casino ... I realised he was never home ... Then we started the process of banning ourselves from the gaming machines; we banned from 129 hotels individually ... 129 photos, 129 forms, because you could not do one single ban. It was a lengthy process; it took weeks and probably cost us thousands of dollars more”.⁸⁷

The witness suggested one self-exclusion process and the need for a holistic approach with counsellors working alongside the Gaming Commission and with clear guidelines and penalties for hotels who work outside those guidelines. The same person gave evidence of phone calls from people who worked in a hotel that would say :

“There’s a machine down here about ready to pay out” and when there was a response of - “I don’t have any money”, an offer of - “You come down and I’ll slip you \$50.00”.⁸⁸

Evidence from the Chairman of the Gaming Commission and from the Annual Reports showed that penalties were imposed, licences suspended and in some cases, licences cancelled.⁸⁹ However, the Committee believes these actions should receive greater publicity, both within the community and amongst operators of gaming machines, as the issue of the responsible serving of alcohol and legal liability may extend to the responsible provision of gaming machines and legal liability.

One witness suggested :

“We do drug education and alcohol education for our kids in school and I think it is absolutely imperative that the Education Department or someone puts together a package that starts to look at the impact of gambling”.⁹⁰

Representatives of the Department of Health and Human Services explained that :

“We now have a three-quarter time officer in the Department working on harm minimisation community education. He has developed a full work plan from that and we have a three year budget for that as well”.⁹¹

⁸⁷ ‘In camera’ evidence.

⁸⁸ *Ibid.*

⁸⁹ Mr Don Challen, Tasmanian Gaming Commission, *Transcript of Evidence*, 17 April 2002, p. 13.

⁹⁰ *Ibid.*

⁹¹ Ms Mary Eckhardt, *op. cit.*, p. 4.

The Committee notes that the Department has started working with schools and hopes that an education package will be part of that work on harm minimisation. The Department has distributed brochures to every Tasmanian household, however, the Committee's inquiry of witnesses showed little knowledge of this and suggests that research should be done to ensure that advertising with the most impact is utilised.

Evidence was given by Departmental representatives that there has not been an uptake on the help-line or services as yet.⁹² This supports the lack of recognition by other witnesses of the brochure campaign undertaken by the Department.

The Committee believes that research into the most appropriate form of promotion of the help-line and other services should be undertaken to ensure that this important information is well known.

The issue of the adequacy of services arose from 'in camera' evidence on several occasions and the need for seven day a week support. In evidence, one witness explained that :

“He banned at the casino one night with \$10,000 in his pocket; it was 4.30 on a Friday night and the casino said, I'm sorry, we cannot ban you now. You'll have to go through Relationships Australia. Well, obviously there is no \$10,000 left on Monday morning ... We called Relationships Australia at 4.30 on a Friday night and they said, I'm sorry, we can't see you until Monday. It was probably another two weeks before I could get him to Relationships Australia”.⁹³

Another partner in contact with Anglicare stated :

“It just appeared to me because it was so long in getting a response – leaving messages, you had to ring several times and then it was two weeks before she got in and she only gets to go every two weeks”.⁹⁴

The following table, produced by Anglicare, shows the significant uptake in services over the past two years.

⁹² Ms Mary Eckhardt, *op. cit.*, p. 4.

⁹³ 'In Camera' evidence.

⁹⁴ *Ibid.*

BREAK EVEN STATISTICS 2000⁹⁵

Month	Devonport	Burnie	Hobart	TOTAL	Launceston	STATE TOTALS
January		7	9	16		16
February		3	11	14		14
March	10	8	22	40		40
April	9	2	10	21		21
May	5	6	16	27		27
June	7	16	12	35		35
July	6	3	32	41	2	43
August	11	4	20	35	6	41
September	7	6	18	31	5	36
October	21	0	14	35	2	37
November	7	0	27	34	3	37
December	3	3	21	27	4	31
TOTAL	86	58	212	356	22	378

BREAK EVEN STATISTICS 2001⁹⁶

Month	Devonport	Burnie	Hobart	TOTAL	Launceston	STATE TOTALS
January	9	3	44	56	2	58
February	4	2	16	22	11	33
March	4	8	26	38	13	51
April	5	3	23	31	8	39
May	9	6	36	51	12	63
June	8	11	24	43	15	58
July	10	8	42	60	9	69
August	4	3	45	52	10	62
September	0	12	27	39	10	49
October	2	13	26	41	17	58
November	1	19	26	46	15	61
December	3	7	16	26	13	39
TOTAL	59	95	351	505	135	640

⁹⁵ Break Even Group, *Break Even Statistics*, 2000.

⁹⁶ *Ibid.*, 2001.

It is quite apparent that the issue of availability of emergency provisions for outside hours counselling and assistance must be addressed, particularly with the lower than expected uptake of funds available. When questioned about the need to provide a 24-hour capacity, the Chair of the Tasmanian Gaming Commission, Mr Challen commented :

“It’s not an issue that’s been brought to my attention before ... We have a 24-hour help-line. So there’s somebody at the end of a telephone who is available 24 hours a day, 7 days a week. We would look carefully and favourably at a submission from a service provider to provide a 7 day a week service and I think you make a good point that particularly a Friday and Saturday evenings service would be a valuable addition”.⁹⁷

The funding process for emergency relief was raised by several service providers, who explained that the financial losses of gaming have put extra strain on the other services provided. In its submission, the Salvation Army explained that :

“... emergency relief services have experienced a significant increase in the number of people accessing our services due to problem gambling. Whilst there are currently a number of services provided by the State to support people with gambling addictions, the type of client who accesses our services ... do not access those mainstream services. ... There is a significant need to extend services to that group of people who access programmes such as emergency relief and family support agencies”.⁹⁸

The Tasmanian Inter-Church Gambling Taskforce supported this position :

“... Gambling has significantly added to these pressures and yet we have not been able to access the funds from the levy to help with this increased load. ... Emergency relief providers in particular should be able to access some Community Support Levy funds”.⁹⁹

The position of Anglicare Tasmania perhaps best sums up the situation :

“While funding for problem gambling services and research are adequate, there is a major problem in the pressures being placed on other community services, for example housing, financial counselling, relationship counselling and, in particular, emergency relief”.¹⁰⁰

⁹⁷ Mr Don Challen, *op. cit.*, p. 11.

⁹⁸ The Salvation Army Tasmania, *Submission to the Legislative Council Select Committee on the Impacts of Gaming Machines*, December 2001, p. 4.

⁹⁹ Tasmanian Interchurch Gambling Taskforce, *op. cit.*, p. 9.

¹⁰⁰ Anglicare Tasmania Inc, *op. cit.*, p. 11.

Although there is general agreement within service providers that the funding is adequate, there is debate as to the best use of the funds. The Salvation Army suggested further research is required to fully understand the nature and extent of this section of society who access programs such as emergency relief and family support for a problem aligned to gaming machine addiction.

The issue of the lack of support counselling services for families of gaming addicts was raised in confidential evidence by several witnesses. When one accompanied a partner to both a private psychologist and to Relationships Australia they were told that they could not counsel the partner as it was a conflict of interest. Quite rightly, the response of the partner was, "how can treating a family be a conflict of interest".

Again on accompanying a partner to GABA and Gamblers Anonymous to provide support it was found that they were "forums for people to sit around and discuss how well they had or hadn't been." Never in the entire time that the partner was present did anyone talk about the families and it was seen by the witness as being self indulgent to the exclusion of families.

Again, whilst the first priority is always the gaming machine addict, programs to support families with advice on how to cope with the strain both financially and emotionally were seen as lacking.

CONCLUSIONS

The Committee concludes that :

1. Current funding is adequate for gaming addictions, but pressure has increased on other vulnerable community services due to gambling growth. The funding framework should be broadened to include emergency relief services where Relief Agencies can prove the link between the need for emergency relief and gambling problems.
2. Research should be commissioned to ensure that advertising with the most impact is utilised for harm minimisation programs.
3. Gaming literature at venues should have more prominent status.
4. Availability of emergency outside hours counselling and assistance should be addressed.
5. Increased counselling services for the families of gaming addicts must be supported through financing and promotion of such services.
6. The Tasmanian Gaming Commission should have the responsibility for the implementation of the self-exclusion program. An accountability process should be implemented for gaming venues with regard to the effectiveness of self-exclusion processes and for the prominent positioning of gaming literature.

TERM OF REFERENCE NO. 3 - ROLE AND MEMBERSHIP OF THE TASMANIAN GAMING COMMISSION

The functions of the Tasmanian Gaming Commission are prescribed by the *Gaming Control Act 1993* and are interpreted by the Commission itself, as follows :

“Regulate and control gaming to ensure that it is conducted honestly and free from criminal influence and exploitation. This encompasses gaming in casino, hotels and clubs and extends to minor gaming activities and interactive gaming and wagering;

Approve internal control, administrative and accounting procedures rules and conditions in relation to gaming activities and determine disciplinary matters;

Investigate and make recommendations to the Minister on matters relating to gaming policy;

Research and investigate matters relating to the control of gaming including the probity and financial security of persons involved in the management of gaming operations. Those persons include applicants for special employee, technician, licensed premises gaming licences and Tasmanian gaming licences;

Liaise with authorities or persons responsible for the regulation and control of the conduct of gaming;

Administer the Community Support Levy and make recommendations to the Treasurer on the allocation of funds from the Levy to appropriate projects and services;

Investigate and resolve complaints relating to the conduct of gaming; and

Perform such other functions as are imposed on it by the *Gaming Control Act 1993* and *TT-Line Gaming Act 1993*.¹⁰¹

There are currently three members of the Tasmanian Gaming Commission (TGC) :

Mr Don Challen – Chairman
Mr Clyde Eastaugh
Professor Kate Warner

¹⁰¹ Tasmanian Gaming Commission, *Submission to the Legislative Council Select Committee on the Impacts of Gaming Machines*, 9 December 2001, pp. 2-3.

In written evidence provided by the Tasmanian Government, it was indicated that the Commission fulfilled its responsibilities in accordance with the Gaming Control Act “assiduously and impartially” and demonstrated its independence consistently. The submission further recognised the Commission’s role :

“The internationally recognised high probity environment of Tasmania’s gaming industry is testament to the effectiveness with which the Commission conducts its functions. It has taken a lead role in the development of harm minimisation strategies and in requiring industry to develop a Code of Practice.

The Commission has demonstrated its importance and effectiveness by way of this framework and its achievements to date in the area of gaming regulation and in this way the Government considers both the role and membership of the Tasmanian Gaming Commission to be appropriate.

It is a requirement of the Act that members of the Commission appointed by the Minister have appropriate knowledge, experience and expertise to act as a member. Further, no member can be previously employed by or significantly associated with a licensed premise gaming operator, casino operator or gaming operator within the preceding two years. This ensures that only qualified persons become members of the Tasmanian Gaming Commission and that the decisions made are impartial”.¹⁰²

The Australian Hotels’ Association submitted that, from an industry perspective, the TGC is proactive and viewed as :

“... a body that is truly committed to the issues of responsible service and provision of gambling ... The Tasmanian Gaming Commission is viewed by the industry as being firm and has ensured the maintenance and integrity of the gaming sector in Tasmania”.¹⁰³

The Federal Group also recognised the important role of the TGC and stated that :

“... under the proactive chairmanship of Mr Don Challen, [the TGC] has instituted measures that have resulted in Tasmania proudly having one of the lowest rates of expenditure of gaming as a percentage of household disposable income and the lowest percentage of problem gamblers in Australia”.¹⁰⁴

¹⁰² State Government, *Submission to the Legislative Council Select Committee on the Impacts of Gaming Machines*, 12 December 2001, p. 10.

¹⁰³ Australian Hotels Association, Tasmania, *op. cit.*, pp. 25-26.

¹⁰⁴ The Federal Group, *op. cit.*, p. 16.

The 1999 Productivity Commission report recommended that a regulatory 'model' should comprise :

- “- ‘big picture’ policy decisions being made by each government/Parliament, but informed by more open processes and better information;
- an independent gambling control authority in each state and territory :
 - with the primary objective of furthering the public interest;
 - its charter emphasising a high standard of consumer protection as a central objective; and
 - with the role of making decisions in accordance with legislative criteria, as well as providing objective information to government and the community.
 - It would have –
 - a structure which facilitates its statutory independence;
 - coverage of all gambling activities; and
 - processes based on transparency and public consultation;
- an enforcement function separate to the control authority or the policy department;
- an independent board with responsibility for (a) administering the Community Benefit Fund, (b) funding of counselling and harm minimisation programs, and (c) research and information gathering and dissemination”.¹⁰⁵

Whilst it can be argued that the Tasmanian Gaming Commission fulfills some of these recommended guidelines, many witnesses expressed their concerns relating to the perceived independence of the TGC. According to TasCoss :

“The independence of the Commission is critical to both its success and function but also for reasons of public accountability. The fact that the Secretary of the Department of Treasury chairs this three-member Commission seriously undermines the public perception that the Commission is genuinely independent”.¹⁰⁶

¹⁰⁵ Productivity Commission 1999, *op. cit.*, p. 22.1.

¹⁰⁶ Tasmanian Council of Social Service Inc (TasCOSS), *op. cit.*, p. 4.

Professor Jan McMillen, Executive Director of the Australian Institute for Gambling Research at the University of Western Sydney argued for :

“... a genuinely independent commission (ie independent of government influence and involvement) that is adequately resourced, comprised of reputable community members with relevant expertise with appropriate regulatory powers, and accountable to Parliament”.¹⁰⁷

Professor McMillen does not believe that these criteria have been met, or the standards suggested in the Productivity Commission Report.

Ms Sue Strugnell, General Secretary of the Community and Public Sector Union, questioned the role of the head of Treasury and that of the chairperson of the Tasmanian Gaming Commission :

“Is it realistically possible for one person to regulate and control gambling as prescribed by the Gaming Control Act in a capacity of commissioner, to ensure that the services of employees in an agency are used in an effective and efficient way in the capacity of head of agency and also to achieve an objective of that agency in ensuring the sound Tasmanian public sector financial position, again in the capacity of a head of agency but also as head of Treasury? It is our submission that in just looking at those three individual requirements it does demonstrate potential for possible conflict of interest”.¹⁰⁸

Under the heading “What are the main areas of majority agreement and consensus?” in an unpublished report entitled *Tasmania Responds*, the role of the Gaming Commission is referred to. It states that :

“Whilst the Gaming Commission depends on the Public Service for its chairperson, its policy advice and its budget, it cannot be independent. The Commission has the regulatory authority to be independent and, until it achieves that independence, deep and abiding mistrust and misunderstanding will persist within the community-based organisations. This will only be prevented by reform of the Commission”.¹⁰⁹

It should be acknowledged that this report has not been publicly released and is the result of input by a Steering Committee with representation from the Australian Hotels Association, Anglicare, Federal Hotels, Relationships Australia, the Tasmanian Gaming Commission and Revenue and Gaming Division and the Department of Treasury and Finance.

¹⁰⁷ Professor Jan McMillen, *Submission to the Legislative Council Select Committee on the Impacts of Gaming Machines*, 10 December 2001, p. 5.

¹⁰⁸ Ms Sue Strugnell, General Secretary, Community and Public Sector Union, *Transcript of Evidence*, 16 April 2002, p. 2.

¹⁰⁹ Anglicare Tasmania, *Tasmania Responds*, Vol. 1, p. 30.

The Baptist Churches of Tasmania believe that :

“The only way to ensure that the regulating body has the required level of independence seems to be to implement the recommendations of the Productivity Commission that it should comprise independent commissioners appointed for a fixed term and have its own budget, voted by parliament, and its own staff”.¹¹⁰

Representatives from the Queensland Office of Gaming Regulation believe that the Queensland Gaming Commission is independent. Although their Executive Director acts as Secretary to the Commission, he has no voting power. According to Mr Michael Sarquis, Director (Compliance) at the Queensland Treasury, there are four categories that must be represented :

“There has to be an accountant, there has to be a lawyer, there has to be someone from the gaming machine industry and there has to be someone from the social welfare industry”.¹¹¹

Despite this view, Professor McMillen suggests that :

“...no Australian Government has what I would consider to be an adequate regulatory regime”.¹¹²

She believes that the Tasmanian Gaming Commission :

“... is very similar to the Queensland Commission in that it is independent, they are part-time commissioners, and that is a problem for a start because they are dependent on information provided by full-time administrators who are the experts. And then they do not have their own full-time secretariat. I think Tasmania does have its own capacity to seek its own independent legal advice, but if they haven't, they certainly need that, independent of the Crown Solicitor. So they need both independent administrative and legal support, and they need to be allowed to commission independent research advice, because government is a stakeholder in this. They have a vested interest. They are not independent, with respect, and the public representation, the watchdog for the public, should be the commission”.¹¹³

There were other written and verbal submissions that also indicated the importance of the independence of the TGC. The Salvation Army believes it is critical that the independence of the Commission is maintained to ensure public accountability and its on-going role. It was suggested that :

¹¹⁰ Baptist Churches of Tasmania, *Submission to the Legislative Council Select Committee on the Impacts of Gaming Machines*, November 2001, p. 3.

¹¹¹ Mr Michael Sarquis, Director (Compliance), Queensland Treasury, *Transcript of Evidence*, 24 January 2002, p. 16.

¹¹² Professor Jan McMillen, *Transcript of Meeting*, 21 January 2002, p. 21.

¹¹³ *Ibid.*

“When the Tasmanian Gaming Commission was established under the Gaming Control Act of 1993, its purpose was to act as an independent body responsible for the regulation of gaming in Tasmania. ...Given that the Secretary of the Department of Treasury chairs this three-member Commission, public perception of the genuineness of the Commission is seriously undermined. The Salvation Army recommends a review of the current structure and membership of the Commission take place, in order to ensure the Commission’s independence and autonomy”.¹¹⁴

The Tasmanian Interchurch Gambling Taskforce also suggested that the Commission :

“... not only needs to have some distance from government, it needs to be seen to be so. Parliament and the community has a right to know its independent policy advice to Government. Transparency is vital if the public is to have confidence in the decisions being made. Current TGC advice on politically sensitive matters seems to be regarded as confidential, as if the TGC was in a public service role ...”¹¹⁵

Senator Guy Barnett believes that the “State Government ... [should] divest itself of the regulatory role over gambling in Tasmania”.¹¹⁶ In his submission to the Committee, he asked :

“How can the head of the Gaming Commission be seen to be occupying an independent regulatory role, while in receipt of up to \$90 million a year in gambling fees and taxes, as head of Treasury and Finance?”.¹¹⁷

Anglicare Tasmania were strong in their opposition to the role and membership of the TGC :

“Seen apart from Treasury, the Tasmanian Gaming Commission is like the Emperor with no clothes. The TGC has no staff, no offices, no management, not even a separate phone listing or web page. It does have a glossy annual report, a corporate seal, legal entity and a monthly board meeting of two commissioners who are totally dependent for information on their Treasury management and Treasury chair. It thus does not exist as an independent entity except in a very narrow and residual sense. Believing in its organisation existence is essentially a matter of collective delusion”.¹¹⁸

¹¹⁴ The Salvation Army Tasmania, *op. cit.*, p. 5.

¹¹⁵ Tasmanian Interchurch Gambling Taskforce, *op. cit.*, pp. 10-11.

¹¹⁶ Senator Guy Barnett, *op. cit.*, p. 1.

¹¹⁷ *Ibid.*

¹¹⁸ Anglicare Tasmania, *Tasmania Responds*, Vol. 1, p. 14.

Mrs Jean Trethewey, a former member of the Commission, saw no problem with the Chairman of the Commission also being the Secretary of Treasury and Finance and stated :

“If the other two on the commission are totally independent then there is not a problem. If there was a problem, which we did not ever have, you could out vote him. It did not ever come to that, but it could have”.¹¹⁹

From the evidence presented, however, it is clear that there is some concern about the public’s perception of the independence of the TGC. For this reason, it is important that steps be taken to ensure that the Commission is not only seen to be independent, but actually operates independently of government.

The Australian Liquor, Hospitality and Miscellaneous Workers’ Union agreed that the role and membership of the Commission be reviewed and that :

- “The functions of the Commission should include monitoring and investigating any negative effects on local communities or the social well being of the Tasmanian community more generally through increased gaming activity over time.
- The Commission itself should not include persons associated with government who benefit from increased gaming taxes nor from persons associated with the gaming industry.
- The commission should include a representative of employees in the industry and a representative from the Tasmanian community”.¹²⁰

The Tasmanian Interchurch Gambling Taskforce concurs, believing that “at the minimum, an independent director or a full-time independent Chairperson must be quickly appointed if confidence is to be restored in the TGC”.¹²¹

The Gaming Commission views its link with the Department of Treasury and Finance in a positive manner, and acknowledges that support is provided by the Gaming Operations Branch located in the Revenue, Gaming and Licensing Division.

“The Commission realises many benefits from the synergies between the existing regulatory activities of the Department and the functions of the Commission. A significant number of the officers who provide support to the Commission possess strong regulatory or compliance backgrounds having either worked in other regulatory areas of the Department or have held regulatory or compliance-related occupations. Access to Departmental

¹¹⁹ Mrs Jean Trethewey, *Transcript of Evidence*, 6 June 2002, p. 6.

¹²⁰ Australian Liquor, Hospitality and Miscellaneous Workers’ Union, *Submission to the Legislative Council Select Committee on the Impacts of Gaming Machines*, November 2001, p. 2.

¹²¹ Tasmanian Interchurch Gambling Taskforce, *op. cit.*, p. 11.

resourcing has enabled more sophisticated compliance programs to be developed, particularly with regard to compliance of electronic gaming software, hardware and systems and has enabled greater interaction and access to gaming regulation best practice as well as participation by Commission officers on national gambling working groups".¹²²

Mrs Trewethey gave further evidence in support of the operation of the TGC. She believes that :

"The Commission had absolutely no influence ...on government ...on increasing machines and increasing the amount that people were allowed to bet with. The Commission had absolutely no say in that so basically the commission did not have any influence over the revenue government received because we had no influence on that. The Government made that decision and then that was something we had to live with".¹²³

Despite the public perception, the Tasmanian Gaming Commission has had, and will have, no input into the number of venues or gaming machines until 2003. After this time, however, it will be necessary for agreement to be reached between the companies involved and the Tasmanian Gaming Commission before any future increase in the maximum number of gaming machines in any club or hotel. If agreement cannot be reached on the maximum numbers, then the limit shall be 40 in any club and 30 in any hotel.

As the Deed expires in 2008, the Committee believes that there is a need for a full public consultation process to take place prior to the formulation of any future arrangement.

CONCLUSIONS :

The Committee concludes that :

1. Government and industry believe that the Tasmanian Gaming Commission is operating in accordance with the Gaming Control Act 1993 and has demonstrated its importance and effectiveness through its achievements to date.
2. The public perceives the Tasmanian Gaming Commission as being not independent of Government. It relies heavily on the Department of Treasury and Finance, not only for its advice and administrative resources, but also for the chairmanship.
3. Due to the existence of the Deed, the Tasmanian Gaming Commission has not had, and will not have, input into the number of venues or machines until 2003. However, the Deed allows for an increase in the

¹²² Tasmanian Gaming Commission, *Letter to the Legislative Council Select Committee on the Impacts of Gaming Machines*, dated 19 November 2002, p. 7.

¹²³ Mrs Jean Trethewey, *op. cit.*, p. 3.

number of machines past that date with agreement between the companies involved and the Tasmanian Gaming Commission.

4. The Tasmanian Gaming Commission be restructured to ensure total separation from Government.

Community Support Levy

TERM OF REFERENCE NO. 4 – THE ROLE AND APPLICATION OF THE COMMUNITY SUPPORT LEVY

The Gaming Control Bill 1993 - Clause 151 saw the introduction of the Community Support Levy whereby :

- (1) A gaming operator must pay to the Treasurer a levy each month being a sum equivalent to the community support percentage of the gross profit derived from gaming machine games.
- (2) The community support percentage is :
 - (a) in the case of the gross profit derived from an approved venue in respect of which a licence is in force under section 10 of the Liquor and Accommodation Act 1990 – 2% and
 - (b) in any other case – 4%.
- (3) A sum payable under subsection (1) must be paid to the Treasurer on or before the 7th day of each month immediately following the month of which it relates.
- (4) The Treasurer must distribute the levy as follows :
 - (a) 25% for the benefit of sport and recreation clubs,
 - (b) 25% for the benefit of charitable organisations,
 - (c) 50% for the provision of –
 - (1) Research into gambling; and
 - (2) Services for the prevention of compulsive gambling; and
 - (3) Treatment or rehabilitation of compulsive gamblers; and
 - (4) Community education concerning gambling; and
 - (5) Other health services.

Thus, quite clearly from both the legislation and the second reading speech of the Government Leader in the Legislative Council, the Treasurer has the onus of responsibility regarding the distribution of the Community Support Levy.

“As recommended by the Select Committee on the extension of video gaming machines beyond casinos, a community support fund will be established which will be funded by a levy on gaming machine gross profits generated by clubs and hotels. A levy of two percent and four percent of the gross profit derived from gaming machines in licensed clubs and hotels respectively will be paid into the Consolidated Fund which the Treasurer is required to use to benefit sporting and recreational clubs; charitable organisations; to treat compulsive gamblers; and for any other purpose approved by the Governor”.¹²⁴

¹²⁴ Hon Peter McKay MLC, *Second Reading Speech, Gaming Control Bill 1993*, Hansard of the Legislative Council, 1 December 1993, pp. 91-92.

In evidence forwarded in their submission, The Tasmanian Gaming Commission stated that :

“The Tasmanian Gaming Commission ... through the Gaming Control Act 1993 was given the task of administering the CSL and making recommendations to the Treasurer on the allocation of funds to appropriate projects and services.”¹²⁵

Whilst the Act gives no specific function to the Commission for this role, the Committee can only assume that Clause 125 (f) or 126 has been used to delegate this authority. Both the Commission and the Department of Health and Human Services gave evidence that the Department of Health and Human Services administers the charitable grants under the Community Support Levy.

Ms Mary Eckhardt, Consultant Community Support Levy of the Department of Health and Human Services indicated that :

“In 1999 the Community Support Levy component that looked after services, education, community education, research into the social impact and a little component called ‘other health services’ plus the Charitable Grant Program, which makes up 75% of the levy, moved to Health. ...The other 25% stays with the Office of Sport and Recreation so they manage that subject of sports grants”.¹²⁶

The submission from the Tasmanian Gaming Commission stated that :

“In February 2000, the Treasurer agreed to the Premier’s request to apply \$300,000 per annum to small grants to sport and recreational organisations with the balance of the CSL in this category applied to facility development on an on-going basis. This grants program is administered by the Department of State Development’s Office of Sport and Recreation. A process has been established to distribute funds with the Office of Sport and Recreation making grants when approved by the Treasurer and seeking reimbursement for the sport and recreation organisation grants on a quarterly basis when sufficient funds have accumulated under the CSL”.¹²⁷

We thus have a system where all grants programs funded through the CSL pass through the lead agency (Health or Sport) to the Commission which reviews the process undertaken in the allocation of grants. The Commission then forwards the recommended grants to the Treasurer for approval. In evidence to the Committee, Ms Jean Trethewey, a former member of the Tasmanian Gaming Commission commented :

¹²⁵ Tasmanian Gaming Commission, *Submission to the Legislative Council Select Committee on the Impacts of Gaming Machines*, 9 December 2001, p. 7.

¹²⁶ Ms Mary Eckhardt, *op. cit.*, p. 3.

¹²⁷ Tasmanian Gaming Commission, *Submission to the Legislative Council Select Committee on the Impacts of Gaming Machines*, 9 December 2001, p. 8.

“The Commission of course had to delegate. There’s an enormous amount of work that has to go into checking all the submissions and so on but the Commission did give guidelines when they delegated to Health and to Sport and Recreation and so on what they were supposed to look for. It wasn’t unknown for recommendations to be sent back.”¹²⁸

A summary table of receipts and expenditure was presented by the Commission, which shows a balance carried forwarded in 2000-01 of \$2,508,904.00

Table 7: Summary Table of Receipts and Expenditure¹²⁹

	Receipts	Expenditure			
		Problem Gambling	Sport & Recreation	Charitable Organisations	Balance C/Forward
1996-97	\$203 334	\$142 953	-	-	\$60 380
1997-98	\$939 613	\$318 880	\$219 164	\$78 405	\$383 544
1998-99	\$1 484 502	\$373 614	\$249 957	\$127 833	\$1 116 642
1999-00	\$2 323 674	\$683 704	\$713 912	\$504 672	\$1 538 028
2000-01	\$3 062 604	\$571 873	\$685 960	\$833 859*	\$2 508 940

*Includes \$128 344 for the administration of the problem gambling and charitable component of the Levy.

Since this time, the 2001-2002 Annual Report has been released which indicates that \$3 784 115 has been received, with \$1 225 342 being expended on Problem Gambling, \$910 415 on Sport and Recreation and \$466 720 on Charitable Organisations. The balance brought forward for that year is \$3 690 577. It should also be noted that the figure for Problem Gambling includes \$163 944 for the administration of the problem gambling component of the Levy; the figure for Charitable Organisations includes \$4 882 for the administration of the charitable component of the Levy; and the balance carried forward includes only funding expended in 2001-02.¹³⁰

The Commission gave evidence that accumulated funds are held in a trust account and carried forward into the next financial year to be expended as required.

However, the table shows that the accumulated balance has grown substantially since 1996. The Committee is concerned that the unexpended amount has grown, whilst community groups are expressing frustration at the changing processes to access funds. Whilst the process has been allocated to lead agencies at this time, without specifics in legislation, this process could again change on a direction of the Treasurer who has responsibility for the CSL and would again see community organisations having to re-educate themselves in the application process.

¹²⁸ Mrs Jean Trethewey, *op. cit.*, p. 3.

¹²⁹ Tasmanian Gaming Commission, *Submission to the Legislative Council Select Committee on the Impacts of Gaming Machines*, 9 December 2001, p. 8.

¹³⁰ Tasmanian Gaming Commission, *Email to the Secretary of the Legislative Council Select Committee on the Impacts of Gaming Machines*, dated 5 December 2002.

In evidence, Mr David Owen, Acting Director TasCoss explained :

“There has been a continuing frustration even this year with expenditure from that levy with initial recommendations since overturned with a request for a different kind of a funding approach and it has led some of the participating community organisations, including ourselves to throw our hands up in some level of despair about what’s occurring there. We will continue to participate because it’s an important source of funds that’s going to important projects but we do believe that it requires a different kind of oversight with a broader range of people being able to make input to decisions”.¹³¹

The TasCoss written submission also expressed concern at the way the levy was spent and quoted figures published in the Tasmanian Gaming Commission Annual Reports. These figures differed from those quoted by the Tasmanian Gaming Commission to the Committee and when the issue was queried in evidence given by Mr Challen, on behalf of the Commission, he responded :

“It is a bit of a nightmare trying to manage the movements through these trust accounts”.¹³²

Whilst the Committee has confidence in the accounting processes of the Commission and the Treasurer, it supports the position of TasCoss that :

“It is acknowledged that the total amount of the Community Support Levy is difficult to quantify at any one time given that gaming operators pay the levy on a monthly basis. However, this lack of clarity leads to poor reporting and a lack of transparency and accountability in spending of the levy.

Administration of the levy is currently undertaken by the Department of Health and Human Services and it is understood that administration costs are taken from the levy. This is currently unclear and the relevant information should be made publicly available”.¹³³

Several other submissions queried the issue of transparency and expressed a nervousness that over time responsibilities of Departments could be funded inappropriately by the CSL instead of through the general budgeting processes of Government.

The Salvation Army, in its submission, commented :

¹³¹ Mr David Owen, *op. cit.*, p. 9.

¹³² Mr Don Challen, *op. cit.*, p. 20.

¹³³ Tasmanian Council of Social Service Inc (TasCOSS), *op. cit.*, p. 5.

“The Community Development Board, disbanded in March 1999 was originally established to oversee the distribution of monies from the Community Support Levy. A re-establishment of that body would assist in providing a transparency to the system by being able to independently identify and respond to community need”.¹³⁴

Several other organisations supported this call and TasCoss expanded that :

“The spending pattern illustrates the critical need to re-establish this Board in order to introduce transparency and fairness into the system. Rather than responding to political agenda, the Board would be able to independently identify and respond to community need”.¹³⁵

The position of many who gave evidence would support the submission of the Tasmanian Greens, which included the establishment of a Community Support Levy Foundation to distribute the Community Support Levy with a reporting to parliament mechanism annually. In evidence Ms Putt claimed :

“The Community Support Levy is now openly spent and controlled by Government Departments and this is all part of growing totally away from the undertakings that were given to the Legislative Council on this”.¹³⁶

In a letter from the Tasmanian Gaming Commission, dated 19 November 2002, this issue was explained :

“The Department of Health and Human Services does not treat the CSL funding as departmental expenditure. There are direct funding arrangements under the trust management that sees all CSL expenditure costed either directly to the CSL trust account or backcharged by the Agency to the trust account with separate cost codings allocated to the Gambling Support Bureau. The Manager of the Gambling Support Bureau is responsible for acquitting the expenditure against the Levy cost codes”.¹³⁷

The other area of concern regarding the role and application of the Community Support Levy was the research into the gambling component. Fulfilling a commitment given by the then Treasurer, Hon T. Rundle in a letter dated 3 December 1993 to the Legislative Council, the Government funded a baseline study by Professor Mark Dickerson, Australian Institute for Gambling Research, University of Western Sydney, into the extent and impact of gambling in Tasmania, with particular reference to problem gambling. Professor Dickerson was again commissioned in 1996 to conduct a follow-up

¹³⁴ The Salvation Army Tasmania, *op. cit.*, p. 5.

¹³⁵ Tasmanian Council of Social Service Inc (TasCOSS), *op. cit.*, p. 6.

¹³⁶ Mrs Peg Putt MHA, *op. cit.*, p. 16

¹³⁷ Tasmanian Gaming Commission, *Letter to the Legislative Council Select Committee on the Impacts of Gaming Machines*, dated 19 November 2002.

study. Aligned to this has been the 1999 Productivity Commission Report into Gaming.

However, many witnesses expressed concern about the lack of consistent research that gives an on-going snapshot of any impacts of gaming machines on the Tasmanian community and the Committee believes the lack of on-going research allows for distortions of the true picture. The submission from the Tasmanian Interchurch Gambling Taskforce stated :

“Relevant issues of concern in relation to the Levy, namely, the urgent need for independently commissioned publicly accessible research as required by legislation”.¹³⁸

Mr Peter Fehre, Executive Director, Retail Traders’ Association of Tasmania, commented :

“The gaming aspect of the State and its community is a pretty significant issue and we do not know enough about it. I do not think we know enough about what impact it has had upon retail, therefore we need some money invested in research”.¹³⁹

Again, Mr David Owen, Acting Director of TasCoss, commented :

“I will still say that we need more research. Again I don’t think we have that generalised understanding of what gambling is doing in Tasmania. Specifically while the Department of Health and Human Services Studies – and the Anglicare Study that has not been publicly released will no doubt provide information – do provide information of value. The Department of Health and Human Services Studies at least are focussing on that problem gambling aspect of it. Again, we simply don’t know what’s happening in the broader community. It would be so much easier from a public policy perspective if we were able to say with confidence that this is a low income issue or this if generally across the spectrum ... I do feel we need to have better data”.¹⁴⁰

Professor Jan McMillen, Executive Director of the Australian Institute for Gambling Research, University of Western Sydney, added some professional explanation to the issue of research. She told the Committee that since 1997 the Institute has broadened its focus and concentrated on largely impact studies, issues of regulation policy and a fairly broad brief and assisted the Productivity Commission with its inquiry.

However, Professor McMillen believes that the biggest limitation of the Productivity Commission’s Report was that the brief was to take an overview and yet :

¹³⁸ Tasmanian Interchurch Gambling Taskforce, *op. cit.*, p. 12.

¹³⁹ Mr Peter Fehre, Retail Traders Association, *Transcript of Evidence*, 16 April 2002, p. 5.

¹⁴⁰ Mr David Owen, *op. cit.*, pp. 7-8.

“The impacts are felt at a local level. So the research down at the local level still remains to be done, and very few State Governments have actually bitten the bullet and progressed that”.¹⁴¹

Whilst Professor McMillen explained that the Institute had done research in every Australian State and Territory, New Zealand, South Africa and Canada and thus have a fairly broad view of what is happening in terms of the development of gambling and its impacts, and have learned a lot about how to research this area, she commented :

“We are on a very steep learning curve and I still don’t think we’ve got it right yet. There is very little agreement about appropriate methodologies”.¹⁴²

Professor McMillen is involved in an international working party to develop frameworks for impact analysis to identify what datasets are needed, how to get consistency, what really counts and what weight to give certain indicators. These comments by a leading professional in the field possibly assist in explaining the frustration of organisations working on the ground in the arena of problem gambling who struggle to find quantitative research that they feel relates to what they see and deal with every day.

Ms Penny Reader-Harris from the ACT Gambling and Racing Commission, told the Committee that the ACT Commission had decided to fund a Chair at the University to ensure continuity of research. This has credibility and warrants investigation by the Tasmanian Gaming Commission.

Again, Professor McMillen added legitimacy to this process by commenting :

“I would like to see the Tasmanian Commission’s powers broadened and extended so they explicitly address the need to monitor community impacts and that the onus should be on the providers to demonstrate community benefit. There has been a move in some jurisdictions towards this.”¹⁴³

In response to a question, Mr Challen, Chairman of Tasmanian Gaming Commission commented :

“Most of the balance is driven by the fact that we just haven’t been able to get enough money out the door in the research and problem gambling section. That’s where the large balance exists”.¹⁴⁴

Jean Trethewey, in answer to a question regarding the continuation of research every two years, commented :

¹⁴¹ Professor Jan McMillen, *Transcript of Meeting*, 21 January 2002, p. 1.

¹⁴² *Ibid.*

¹⁴³ *Ibid.*, p. 20.

¹⁴⁴ Mr Don Challen, *op. cit.*, p. 9.

“I always thought that was our original intention that we were going to do that...”¹⁴⁵

CONCLUSION :

The Committee concludes that :

1. The Community Support Levy balance has grown, whilst community groups are expressing frustration at the changing process to access funds. There is also a concern that other responsibilities of departments could be funded inappropriately by the Community Support Levy, instead of the general budgeting processes of Government.
2. A Community Board should be established, replacing the Tasmanian Gaming Commission's role, to oversee the distribution of the Community Support Levy, funded from gaming taxation receipts.

¹⁴⁵ Mrs Jean Trethewey, *op. cit.*, p. 8.

Gaming Control Bill 1993

TERM OF REFERENCE NO. 5 – THE DEGREE TO WHICH UNDERTAKINGS GIVEN DURING THE DEBATE ON THE GAMING CONTROL BILL 1993 HAVE BEEN ADHERED TO

Terms of Reference 3, 5 and 6 in many respects were quite similar and cover much of the same evidence.

This Chapter will investigate those undertakings given during the debate on the Gaming Control Bill 1993 which are additional to the obligations contained within the Bill or the Deed.

The following have been identified as undertakings given by the then Leader for the Government in the Legislative Council, the Hon. Peter McKay MLC, during the debate on the Gaming Control Bill 1993¹⁴⁶ :

- (a) the extension of video gaming machines would ease the job of reaching the Government's financial targets;
- (b) the Government would rebate any excess taxation payments above the guaranteed amount earned from casino gaming machines only, up to a maximum amount equal to the additional licence fee;
- (c) real-time monitoring;
- (d) guaranteed maintenance of stake money to the racing industry in real terms;
- (e) if the Community Support Levy was not sufficient the Government would fund the shortfall from its 35% tax;
- (f) the conduct of a baseline study by independent consultants of the extent and impact of gambling in Tasmania with particular reference to problem gambling;
- (g) the tabling of undertakings in the Council on the completion of that baseline study;
- (h) if the baseline study indicates that there is more of a problem with problem gambling which needs to be addressed the matter would be brought back to Parliament;
- (i) to consult with the former members of the Select Committee prior to selecting the independent consultants;
- (j) to fund the study from the Consolidated Fund.

¹⁴⁶ Hon Peter McKay MLC, Hansard, *Gaming Control Bill 1993*.

(a) The extension of video gaming machines would ease the job of reaching the Government's financial targets

Mr McKay (Leader for the Government) stated during the second reading debate in the Legislative Council on the 1st December 1993 :

“... that extending video gaming machines would significantly ease the job of reaching the Government's financial targets. It would reduce the need to increase other taxes or make additional cuts to services. They [Premier and the Minister for Racing and Gaming] pointed out that gaming machines are the only significant option the State has to increase revenue in a way that will not adversely affect economic growth and job creation.”¹⁴⁷

Mr McKay told the Council that Federal Hotels had agreed to guarantee revenue to the Crown from gaming machines in casinos of \$21.4 million in respect of the financial years 1996-97, 1997-98, 1998-99 and 1999-2000.

Taxation from gaming machines at Wrest Point Hotel Casino and Country Club Casino for each of those years has been :

“1996-97	\$17.2 million
1997-98	\$19.5 million
1998-99	\$22.0 million
1999-2000	\$21.0 million” ¹⁴⁸

In addition to the taxation from gaming machines at the two casinos, Federal Hotels made the following payments to top-up the guaranteed revenue :

1996-97	\$3,865,950
1997-98	\$1,890,799
1999-2000	\$388,256

All amounts were paid into the Consolidated Fund account Y058.¹⁴⁹

In the financial year ended 30 June 2001 Federal Hotels paid \$2.9 million in payroll tax, \$1.9 million in rates and \$0.3 million in land tax and stamp duty in addition to the gaming tax.

The taxation on gaming machines, which was 20% of gross profit at the time of the introduction of the Gaming Control Bill in 1993, was due to increase progressively to 35% of gross profit in excess of \$35 million.

¹⁴⁷ Hon Peter McKay MLC, *Second Reading Speech, Gaming Control Bill 1993*, Hansard of the Legislative Council, 1 December 1993, p. 90.

¹⁴⁸ Tasmanian Gaming Commission, *Letter to the Legislative Council Select Committee on the Impacts of Gaming Machines, dated 31 October 2002*.

¹⁴⁹ Tasmanian Gaming Commission, *Letter to the Legislative Council Select Committee on the Impacts of Gaming Machines, dated 21 November 2002*.

Tax on casino games and club Keno was 15% at the time and the increased tax on gaming machines was designed to ensure that casinos maintained an emphasis on table gaming.

Clearly, the extension of video gaming machines has eased the job of reaching the Government's financial targets.

(b) The Government would rebate any excess taxation payments above the guaranteed amount earned from casino gaming machines only, up to a maximum amount equal to the additional licence fee

"Under the Deed, Federal Hotels is required to pay a guaranteed minimum amount of \$21.4 million in respect of gaming machine tax for the Wrest Point and Country Club Casinos in each financial year from 1996-97 to 1999-2000 inclusive. The Deed specifies that if the amount of tax payable exceeds \$21.4 million, the excess tax up to the total amount of the additional licence fees payable under the Deed, be rebated from the gaming machine tax. I am able to confirm that a total rebate of \$881,864.23 was paid for the year 1998-99 against the tax payable for that year for the Wrest Point and Country Club Casinos. This was the only year a rebate was paid."¹⁵⁰

This undertaking has been adhered to.

(c) Real-time monitoring

Network Gaming has installed real-time monitoring.

(d) Guaranteed maintenance of stake money to the racing industry in real terms

During debate on the Bill in the Legislative Council on the 2 December 1993 the Honourable George Shaw, MLC quoted figures supplied by the Gaming Commission which indicated expected impacts on existing forms of gambling if VGMs were introduced to hotels and clubs. In 1991 the total per capita adult expenditure on gambling in Tasmania was \$327. It was anticipated an additional \$129 per capita, or 28% 'new money', would be raised by the machines. Of the \$327 being expended by each adult, the following is a break-up of that expenditure:

Bookmakers: \$9 and not expected to change;
TAB: \$84 expected to reduce to \$68. A reduction of \$16 per capita or \$5.28 million;
Casino Gambling: \$133 expected to reduce to \$89. A reduction of \$44 or \$14.5 million;

¹⁵⁰ Letter dated 27 August 2002 from the Treasurer to the Committee Secretary, p. 1.

Lotteries: \$78 expected to reduce to \$53. A reduction of \$25 or \$8.25 million;
Soccer Pools: a reduction of \$1 or \$4.95million.¹⁵¹

In all the figures indicated a transfer of \$33 million from existing forms of gambling to VGMs in hotels and clubs.

The five year summary included in TOTE Tasmania's Annual Report 2000-2001 confirms there has been a reduction in the turnover of the TAB. Turnover per capita has also dropped considerably. Figures since the expansion of VGMs to hotels and clubs are:

	Turnover	Turnover per head of population \$
1997	240, 659, 730	508
1998	219, 297, 230	463
1999	214, 208, 846	455
2000	207, 174, 181	440
2001*	203, 793, 763	434 ¹⁵²

Contribution by the TAB to the Racing Industry has been maintained, however, the contribution to Government has been considerably reduced.

	Contribution to Racing Industry \$	Contribution to Government \$
1997	13,524,395	10,121,057
1998	11,400,010	9,169,104
1999	12,429,445	7,786,774
2000	13,902,199	7,493,711
2001*	13,757,627	3,852,874 ¹⁵³

*The data for 2001 is only for 11 months 1 August 2000 to 30 June 2001 whereas the other figures are for 12 months ending 31 July each year.

According to information supplied to the Committee by TOTE Tasmania, in 2000-01 a total of \$10,183,728 was provided to the racing industry in stake money. This is a 9.97% real increase on the \$8,516,673 provided in 1996-97.¹⁵⁴ These figures would therefore indicate that the undertaking given by the Government of the day during the debate on the Gaming Control Bill 1993 has been adhered to.

(e) If the Community Support Levy was not sufficient the Government would fund the shortfall from its 35% tax

Since the introduction of gaming machines into hotels and clubs in 1997 over \$8 million has been paid into the Community Support Levy Fund as at 30 June 2001. Each year there has been a carry-over of funds due to under-expenditure and there has therefore been no need to fund any shortfall.

¹⁵¹ Hon George Shaw, MLC, Debate in the Legislative Council, *Hansard*, 2 December 1993.

¹⁵² Tote Tasmania, *Annual Report 2000-2001*, p. 17.

¹⁵³ *Ibid.*

¹⁵⁴ *Ibid.*

A number of community organisations, however, submitted that a need for additional funding existed and the reason for under-spending each year was due to a reluctance by the Tasmanian Gaming Commission to allocate the resources.

As the Community Support Levy is not being fully expended each year, there is no need to fund a shortfall.

(f) The conduct of a baseline study by independent consultants of the extent and impact of gambling in with particular reference to problem gambling

A baseline study was undertaken by a project team, consisting of Associate Professor Mark Dickerson, Dr Michael Walker and Ms Ellen Baron from the University of Western Sydney. Surveying for the study commenced on the 2 June 1994 and was completed in a five week period. Data entry was completed by the end of August and data analysis during September and October.¹⁵⁵

This undertaking has been adhered to.

(g) The tabling of the report in the Council on the completion of the baseline study

According to records held by the Legislative Council, the Baseline Study was not tabled in the Council. It appears that the further studies were also not tabled.

This undertaking was not met.

(h) If the baseline study indicates that there is more of a problem with problem gambling which needs to be addressed the matter would be brought back to Parliament

The study found that the level of risk in Tasmania was lower than Sydney, Brisbane, Melbourne and Adelaide and similar to the lower levels found in Western Australia.¹⁵⁶ The results of the Baseline Study suggested that the prevalence of cases of problem gambling in Tasmania may, as in Western Australia, be lower than the 1.6% established from the 1991 national survey.¹⁵⁷

As there did not appear to be more of a problem with problem gambling there was no need to bring the matter back to Parliament.

This undertaking has been adhered to.

¹⁵⁵ Roy Morgan Research for the Department of Health and Human Services, *op. cit.*, p. 11.

¹⁵⁶ *Ibid.*, p. 36

¹⁵⁷ *Ibid.*, p. 46

(i) To consult with the former members of the Select Committee prior to selecting the independent consultants.

Information provided suggests that informal consultation did take place with Members of the former Select Committee in relation to the appointment of a consultant to carry out the baseline study.

It appears that this undertaking was adhered to.

(j) to fund the study from the Consolidated Fund.

The Chairman of the Tasmanian Gaming Commission advised the Committee that the study was undertaken in 1994 and funded through the Department of Treasury and Finance's budget, at a cost of \$38,976.¹⁵⁸

This undertaking as been adhered to.

CONCLUSION :

It would appear that most of the undertakings given during the debate on the Gaming Control Bill 1993, with the exception of the tabling of report in the Council at the completion of the Baseline Study, have been adhered to.

Although the Community Support Levy is not being fully expended, most witnesses felt that it raised sufficient funds. It was claimed, however, that it was the reluctance of the Tasmanian Gaming Commission to allocate sufficient resources, which left some service providers under funded.

It is recommended that this role be re-allocated to an independent body.

¹⁵⁸ Mr Don Challen, Tasmanian Gaming Commission, *Transcript of Evidence*, 21 November 2002, p. 2.

Obligations of the Act and Deed

Chapter 7

TERM OF REFERENCE NO. 6 – THE DEGREE TO WHICH THE PARTIES HAVE COMPLIED WITH THE OBLIGATIONS CONTAINED WITHIN THE GAMING CONTROL BILL 1993 AND ATTACHED DEED

This chapter will investigate those obligations contained within the Gaming Control Bill 1993 and the attached deed and not addressed in previous chapters.

The following have been identified as such obligations :

1.1 Obligations within The Gaming Control Bill 1993

- (a) Licensed premises, gaming licence holders to obtain gaming equipment of a type approved by the Commission under section 80 or 81.
- (b) The Commission to investigate applications for a licensed premises gaming licence including reference to the Commission of Police.
- (c) The Commission to maintain a Roll of Recognised Manufactures and Suppliers of Gaming Equipment.
- (d) The Commission to comply with section 76ZN regarding complaints.
- (e) The Commission must not approve a jackpot or linked jackpot arrangement unless it has approved the rules under which it is to operate.
- (f) The operation of the Commission as a corporation sole constituted by the Secretary of the Department not to exceed one year after the commencement of the Act.
- (g) Each casino operator, gaming operator and licensed provider must as near as practicable after the end of each financial year cause the books, accounts and financial statements of the operator to be audited by a registered company auditor and to lodge same with the Commission within 4 months after the end of the financial year to which the report relates.
- (h) The Treasurer must distribute the Community Support Levy as follows:
 - (i) 25% for the benefit of sport and recreation clubs;
 - (ii) 25% for the benefit of charitable organisations; and
 - (iii) 50% for the provision of –
 - research into gambling;
 - services for the prevention of compulsive gambling;

- treatment or rehabilitation of compulsive gamblers;
- community education concerning gambling; and
- other health services.

1.2 Obligations within the Deed

The Companies agreed to :

- (a) “undertake significant building and upgrading work at both Wrest Point and the Country Club at an estimated capital cost of not more than twenty five million dollars and to be substantially completed by 31 December 1995;
- (b) guarantee revenue to the Crown in respect of Casino Gaming Machines Tax of twenty one million four hundred thousand dollars in respect of the financial years 1996-97 to 1999-2000 inclusive;
- (c) To operate both Wrest Point and the Country Club in accordance with all Federal and State laws and regulations and all municipal by-laws which may from time to time affect or concern Casino Operations;
- (d) To use their best endeavours to ensure that an additional 300 positions are created between Wrest Point and the Country Club as a result of the works referred to in clause 3(a) hereof and the exclusive rights granted pursuant to the terms hereof;
- (e) To where possible and commercially feasible engage Tasmanian contractors and labour and use Tasmanian materials in all construction works contemplated pursuant to clause 3(a) hereof;
- (f) To maintain Wrest Point and the Country Club as international style casinos and operate and maintain a similar range of Casino Games and a level of service comparable with that existing at Wrest Point and the Country Club as at the date hereof PROVIDED THAT nothing herein shall prevent the Companies from changing or varying the type of Casino Games or the hours of operation to maintain their commercial viability;
- (g) To operate and maintain all Gaming Machines and subject to clause 4 hereof operate Keno in accordance with the Legislation the Gaming Act 1983 and all licences granted to the Companies from time to time;
- (h) To ensure that not before the 1st day of January 1997 but by the 31st day of December 1997 at least 750 Gaming Machines have been introduced into Clubs and Hotels in accordance with the procedures described in the document entitled ‘Procedures for the Issue by the Tasmanian Gaming Commission of Venue Licences’ dated the 15th day of October 1993 PROVIDED THAT the Companies will use their best commercial endeavours to have as many Gaming Machines as possible in operation as soon as possible after the 1st day of January

1997 PROVIDED ALSO THAT should the Companies fail to comply with the provisions of this clause then all rights with respect to the operation of Gaming Machines in Clubs and Hotels may at the option of the Crown in its absolute discretion be terminated in accordance with the terms hereof PROVIDED FURTHER that the Companies shall not be in breach of this clause if the Gaming Commission has not issued or indicated its intention to issue subject to conditions sufficient Venue Licences to permit the operation of at least 750 Gaming Machines by the 30th day of September 1997 BUT that the Companies shall be in breach of this clause if they have not complied with it within three (3) months of the Gaming Commission issuing or indicating its intention to issue a Venue Licence which will permit the operation of the 750th Gaming Machine;

- (i) To use its best commercial endeavours to ensure that by the 31st day of December 1998 at least 1250 Gaming Machines in total have been introduced into Clubs and Hotels in accordance with the procedures described in the document entitled 'Procedures for the Issue by the Tasmanian Gaming Commission of Venue Licences' dated the 15th day of October 1993 PROVIDED THAT should the Companies fail to comply with the provisions of this clause then all rights with respect to the operation of Gaming Machines in Clubs and Hotels may at the option of the Crown in its absolute discretion be terminated in accordance with the terms hereof PROVIDED ALSO that the Companies shall not be in breach of this clause if the Gaming Commission has not issued or indicated its intention to issue subject to conditions sufficient Venue Licences to permit the operation of at least 1250 Gaming Machines by the 30th day of September 1998 BUT that the Companies shall be in breach of this clause if they have not complied with it within three (3) months of the Gaming Commission issuing or indicating its intention to issue a Venue Licence which will permit the operation of the 1250th Gaming Machine;
- (j) To limit coin denominations used in Gaming Machines operated in Clubs and Hotels during the period from the 1st day of January 1997 to the 31st day of December 1998 to five ten and twenty cent coins and to impose a maximum bet limitation being 25 cents per game for 5 cent machines 30 cents per game for 10 cent machines and 20 cents per game for 20 cent machines;
- (k) To continue to promote and market tourism to a standard not less than the existing standard employed by the Companies as at the date hereof and to maintain in each year of this Deed in real terms at least the existing level of marketing expenditure (1992-93 Eight Million Dollars) and to provide to the Minister for the Crown responsible for the Department of Tourism Sport and Recreation an annual presentation sufficient to satisfy the Minister that the Companies have complied with the provisions of this clause 3(j);
- (l) investigate the commercial viability of introducing Keno in Clubs and Hotels on terms and conditions agreed with the Crown and provide to

the Crown by the 31st day of March 1994 or such other date as may be agreed a written report with respect to the Companies conclusions with regard to the commercial viability of Keno;

The Crown agreed to :

- (a) by the 30th day of June 1994 or such other date as may be agreed after consultation with the Companies advise the Companies in writing whether the Crown agrees or disagrees with the Companies report referred to in clause 4(a) hereof;
- (b) the Crown resolve any conflict between this Deed and the Lottery Revenue Sharing Agreement to the satisfaction of the Crown;
- (c) to notify the Companies by the 30th day of September 1994 as to whether or not it has been able to satisfactorily resolve any conflict between this Deed and the Lottery Revenue Sharing Agreement¹⁵⁹.

1.3 Obligations within the Gaming Control Bill

<p>(a) Licensed premises, gaming licence holders to obtain gaming equipment of a type approved by the Commission under Section 80 or 81</p>
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The Tasmanian Gaming Commission advised the Committee, in a letter dated 31 October 2002, that :

“Before any operator can employ any form of gaming equipment the manufacturer must seek and obtain approval under the relevant section.

This approval process may include independent testing of the equipment by an Accredited Testing Facility (ATF) when required to ensure the submitted gaming equipment meets the requirements of any relevant standard.

Once gaming equipment is approved, it is detailed in the Commission’s register of approved gaming equipment types.

Any subsequent requests to install updated software in or modify any physical component of approved gaming machines are referred to accredited testing facilities for testing. Each amendment is subject to separate approval under the relevant section.

Further, all games and their related artwork intended for use in Tasmania are individually tested against the prevailing standards and, provided they meet these standards, are also approved pursuant to the requirements of section 80 of the Act.

¹⁵⁹ *Gaming Control Act 1993, Schedule 1 – Deed.*

An inventory of major approved gaming equipment in service in Tasmania is also maintained by the Commission. Subsequently all gaming machines put into service by operators are recorded and monitored through routine inspections of venues and casinos by inspectorate staff.

Some types of gaming equipment such as keno terminals and gaming machines are monitored by electronic surveillance equipment and reporting systems to ensure the on-going integrity of the equipment.”¹⁶⁰

Finding :

It would appear that this obligation is being complied with.

<p>(b) The Commission to investigate applications for a licensed premises gaming licence including reference to the Commissioner of Police</p>

According to the Tasmanian Gaming Commission :

“Division 2 of Part 4 of the *Gaming Control Act 1993*, prescribes the requirements in relation to licensed premises gaming (LPG) licences. Specifically, section 38 requires that the Commission considers certain matters in determining an application for a LPG licence. In particular, the Commission must consider whether:

- the applicant and any associates, as defined in the Act, are of good repute, having regard to character, honesty and integrity;
- each person is of sound and stable financial background;
- in the case of an applicant that is not a natural person, the applicant has, or has arranged, a satisfactory ownership, trust or corporate structure;
- the size, layout and facilities of the applicant’s premises are suitable; and
- the proposed security arrangements are adequate.

The Act requires that the Commission must undertake investigations and inquiries to allow it to fully consider applications for LPG licences, including the referral of an application to the Commissioner of Police for inquiry and to report back to the Commission (sections 39 and 40). The Commission is given authority to seek further information from applicants and associates. Information may also be sought, with the applicant’s consent, from a third party if this will assist the Commission in its consideration of an application (section 40).

¹⁶⁰ Tasmanian Gaming Commission, *Letter to the Legislative Council Select Committee on the Impacts of Gaming Machines*, dated 31 October 2002, pp. 1-2.

Under section 36, the Commission must forward appropriate information regarding the application to the gaming operator from whom the applicant proposes to obtain gaming equipment. The gaming operator is able to advise the Commission on the suitability of the proposed premises and on any other matter relating to the application.

Accordingly, the Commission's investigations when determining the issue of a LPG licence are substantial. For a natural person, investigations involve a criminal history check and a finger and palm print check, with the cooperation of Tasmania Police. Prints are checked against a national database to establish whether or not the applicant has had any criminal convictions in any Australian jurisdictions. Applicants are requested to provide a statement of financial position and to nominate referees who are able to attest to their character if this is considered necessary. Credit references are obtained from authorised agencies. Applicants are also requested to provide a proof of tenure over the proposed premises and an inspection is undertaken.

Where an applicant is a company or an incorporated body, the Commission completes a search through the Australian Securities and Investment Commission to obtain information on corporate structure, ownership and office bearers. Financial information is required to establish a sound and stable financial background. The Commission also conducts criminal history and credit reference checks for all persons deemed to be associates."¹⁶¹

Finding :

This obligation is being complied with.

(c) The Commission to maintain a Roll of Recognised Manufacturers and Suppliers of Gaming Equipment
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Evidence provided by the Tasmanian Gaming Commission confirms that :

“The Commission maintains a Roll of Recognised Manufacturers and Suppliers of Gaming Equipment (the Roll) as per section 70 of the *Gaming Control Act 1993* (the Act). The Roll lists all person who manufacture or supply, or who intend to manufacture or supply, gaming equipment to gaming operators, casino operators and minor gaming operators within Tasmania. It is a requirement that only persons listed on the Roll may supply gaming equipment.

¹⁶¹ Tasmanian Gaming Commission, *Letter to the Legislative Council Select Committee on the Impacts of Gaming Machines*, dated 31 October 2002, pp. 2-3.

The Commission has established an application procedure for persons who wish to be listed on the Roll. Applications are determined by the Commission, in accordance with section 74 of the Act.

Division 5 of Part 4 of the *Gaming Control Act 1993* (the Act) establishes the framework to assess applicants or associate applicants wishing to be listed on the Roll, and for maintaining the Roll itself. With specific regard to the approval process, Commission officers undertake the following steps to assess an application. The Commission:

- ascertains that the application is complete and is accompanied by any additional information or fees requested by the Commission;
- identifies who may be associates of the applicant;
- obtains and refers palm and finger prints (and photographs if necessary) of the applicant and all their associates to the Commissioner of Police for assessment;
- requests information from other regulatory bodies regarding the applicant and/or any associates;
- requests any relevant financial institutions to provide financial information regarding the applicant and/or associates; and
- requests Tasmanian Collection Services to prepare a credit report about the applicant and all associates.

This process provides the basic information to assess the applicant and the applicant's associates. This information is considered against specific criteria established under s.74 of the Act. The criteria ensure that applications are determined by:

- whether the applicant and each associate of the applicant is of good repute, having regard to character, honesty and integrity;
- whether the applicant or an associate has any business association with any person, body or association that, in the opinion of the Commission, is not of good repute with regard to character, honesty and integrity;
- whether the applicant or an associate has undesirable or unsatisfactory financial resources; and
- whether each director, partner, trustee, executive officer, secretary or person determined by the Commission to be connected with the ownership, administration or management of the applicant is a suitable person to act in that capacity.

Persons listed on the Roll are in breach of section 161 if they fail to notify the Commission of a change of circumstances within 14 days of the change. Compliance in this instance is monitored

by the Commission. While occasional breaches are detected and acted upon by the Commission, most persons listed in the Roll act with a high degree of voluntary conformity.

There are currently 31 entities listed on the Roll.¹⁶²

Finding :

This obligation is being complied with.

(d) The Commission to comply with section 76ZN regarding complaints
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According to the Tasmanian Gaming Commission :

“Tatts.com is currently the only licensed provider actively operating under its Tasmanian Gaming Licence.

Generally, complaints to the Commission or the relevant licensed provider about the conduct of a gaming activity, the licensed provider or a special employee are received via e-mail by the Commission via a link established on the Tatts.com website.

On receiving a complaint, the Commission reviews the details provided by the complainant and determines whether it is appropriate for the Commission to inquire into the complaint or to refer the complaint to the licensed provider. In most cases, the complaint is referred to the licensed provider to investigate as they generally involve issues such as the timely payment of winnings and issues surrounding processing of registrations. In a majority of complaints received to date, the licensed provider resolved the issue and the Commission was advised accordingly.

In a recent case, the complainant was not satisfied with the outcome of an inquiry conducted by the licensed provider and the complainant requested the Commission to investigate the complaint. The Commission conducted an investigation and made a determination. The complainant and the licensed provider were advised of the Commission decision in writing.¹⁶³

Finding :

It would appear that this obligation is being complied with.

¹⁶² Tasmanian Gaming Commission, *Letter to the Legislative Council Select Committee on the Impacts of Gaming Machines*, dated 31 October 2002, pp. 3-4.

¹⁶³ *Ibid.*, p 4.

- (e) The Commission must not approve a jackpot or linked jackpot arrangement unless it has approved the rules under which it is to operate**

The Tasmanian Gaming Commission advised the Committee that :

“In order to ensure compliance with the requirements of section 84(2), the Commission does not review, approve or issue approval notices regarding any amendment to jackpot or linked jackpot arrangements without reference to the rules.

Any assessment of proposed jackpot arrangements therefore automatically invites a review of the rules governing the conduct of the jackpot.

The most recent change in jackpot arrangements was approved on 16 September 2002, at which time approval for the rules relating to the conduct of the jackpot were also reviewed and approved pursuant to section 84(2) of the Act.”¹⁶⁴

Finding :

It would appear that this obligation is being complied with.

- (f) The operation of the Commission as a corporation sole constituted by the Secretary of the Department not to exceed one year after the commencement of the Act**

“The Act required the establishment of a three-person Commission within 12 months of its commencement, that is by December 1994. The three-person Commission was appointed by the Governor in September 1994.”¹⁶⁵

Finding :

The obligation contained within the Gaming Control Bill 1993 has been complied with.

- (g) Each casino operator, gaming operator and licensed provider has had the books, accounts and financial statements of the operator audited by a registered company auditor as near as practicable after the end of each financial year and lodged same with the Commission within four months after the end of the financial year to which the report relates.**

The Tasmanian Gaming Commission has advised that :

¹⁶⁴ Tasmanian Gaming Commission, *Letter to the Legislative Council Select Committee on the Impacts of Gaming Machines*, dated 31 October 2002, p 4.

¹⁶⁵ *Ibid.*, p. 1.

“Audited statements for the Federal Group (Mulawa Holdings Pty Ltd) are received each year and the latest statements received are for the 2000-01 financial year. These audited statements include the two land-based casinos at Wrest Point and Country Club, and Network Gaming.

Furthermore, the Commission has received audited statements from Admirals Casino Pty Ltd, the gaming manager aboard the Spirit of Tasmania I and II. These statements were received as part of the tender documentation associated with the tender process for the gaming franchise aboard the new vessels”¹⁶⁶

Finding :

This obligation is being complied with.

- (h) The Treasurer must distribute the Community Support Levy as follows:**
- (i) 25% for the benefit of sport and recreation clubs;**
 - (ii) 25% for the benefit of charitable organisations; and**
 - (iii) 50% for the provision of –**
 - research into gambling;**
 - services for the prevention of compulsive gambling;**
 - treatment or rehabilitation of compulsive gamblers;**
 - community education concerning gambling; and**
 - other health services.**

According to the table provided in the submission from the Tasmanian Gaming Commission, at the end of the 2000-01 financial year, a total of \$8,013,727 had been received for the Community Support Levy.

Table 8 : Summary Table of Receipts and Expenditure¹⁶⁷

	Receipts	Expenditure			
		Problem Gambling	Sport & Recreation	Charitable Organisations	Balance C/Forward
1996-97	\$203 334	\$142 953	-	-	\$60 380
1997-98	\$939 613	\$318 880	\$219 164	\$78 405	\$383 544
1998-99	\$1 484 502	\$373 614	\$249 957	\$127 833	\$1 116 642
1999-00	\$2 323 674	\$683 704	\$713 912	\$504 672	\$1 538 028
2000-01	\$3 062 604	\$571 873	\$685 960	\$833 859*	\$2 508 940

*Includes \$128 344 for the administration of the problem gambling and charitable component of the Levy.

¹⁶⁶ Tasmanian Gaming Commission, *Letter to the Legislative Council Select Committee on the Impacts of Gaming Machines*, dated 31 October 2002, p. 5.

¹⁶⁷ Tasmanian Gaming Commission, *Submission to the Legislative Council Select Committee on the Impacts of Gaming Machines*, 9 December 2001, p. 8.

Finding :

It can be clearly seen that the funds at that date have not been distributed by the Treasurer as required by section 151 of the Gaming Control Act either annually or on a cumulative basis.

This obligation is not being fully complied with. It is recommended that this responsibility be transferred to an independent body.

1.4 Obligations under the Deed

A. In consideration of the Crown granting the exclusive right as aforesaid the Companies have agreed to :

(a) undertake significant building and upgrading work at both Wrest Point and the Country Club at an estimated capital cost of not more than twenty five million dollars and to be substantially completed by 31 December 1995

Australian National Hotels completed significant building and upgrade works at both the Wrest Point and Country Club casinos. This work, which included the Watergarden Complex at the Country Club Casino and the Boardwalk at Wrest Point Casino, was completed by 31 December 1995.

“Moreover during the five years to the end of 2000, ANH has spent \$73.7m on capital expenditure at the Wrest Point and Country Club casinos and to develop its Network Gaming facilities.”¹⁶⁸

Finding :

The company has complied with the obligation contained within the Deed.

(b) guarantee revenue to the Crown in respect of Casino Gaming Machines Tax of twenty one million four hundred thousand dollars in respect of the financial years 1996-97 to 1999-2000 inclusive

Gaming machine revenue received by the Crown during the period was as follows :

	<u>Gaming Machine Tax</u>	<u>Top Up Payments</u>
1996-97	\$17.2 million	\$3,865,950
1997-98	\$19.5 million	\$1,890,799
1998-99	\$22.0 million	Not required
1999-2000	\$21.0 million	\$388,256

Finding :

The company has complied with the obligation contained within the Deed.

¹⁶⁸ State Government, *op. cit.*, p. 14.

(c) To operate both Wrest Point and the Country Club in accordance with all Federal and State laws and regulations and all municipal by-laws which may from time to time affect or concern Casino Operations

The Committee received no submissions or evidence which indicated that this obligation was not being complied with.

(d) To use their best endeavours to ensure that an additional 300 positions are created between Wrest Point and the Country Club as a result of the works referred to in clause 3(a) hereof and the exclusive rights granted pursuant to the terms hereof

“Australian National Hotels currently employs 1238 persons in its casino operations and an additional 32 persons in its Network Gaming division.”¹⁶⁹

The Federal Group advised the Committee that as at 31 December 1993, 1200 people were employed at Wrest Point Casino and the Country Club Casino. This figure has increased by 32% in 2002 to just over 1600.

Finding :

The company has complied with the obligation contained within the Deed.

(e) To where possible and commercially feasible engage Tasmanian contractors and labour and use Tasmanian materials in all construction works contemplated pursuant to clause 3(a) hereof

Tasmanian builders Lever Pty Ltd and Matthews Construction and Tasmanian architects Philp Lighton Architects Pty Ltd were used for the building and upgrading work at both Wrest Point and the Country Club Casinos.

“The cost of these building works and refurbishment of both properties far exceeded The Federal Group’s obligation as agreed in the Deed.”¹⁷⁰

Finding :

The Company has complied with the obligation contained within the Deed.

(f) To maintain Wrest Point and the Country Club as international style casinos and operate and maintain a similar range of Casino Games and a level of service comparable with that existing at Wrest Point and the Country Club as at the date hereof PROVIDED THAT nothing herein shall prevent the Companies from changing or varying the type of Casino Games or the hours of operation to maintain their commercial viability

¹⁶⁹ State Government, *op. cit.*, p. 14.

¹⁷⁰ The Federal Group, *op. cit.*, p. 18.

“The Federal Group continually invests in both our properties and our people to maintain an international style and appeal.”¹⁷¹

Finding :

The Company appears to have complied with the obligation contained within the Deed.

(g) To operate and maintain all Gaming Machines and subject to clause 4 hereof operate Keno in accordance with the Legislation the Gaming Act 1983 and all licences granted to the Companies from time to time

“The Government has been advised by the Tasmanian Gaming Commission that A.N.H. has complied with the Gaming Control Act in terms of its requirements in respect of paying licence fees and taxes, providing records for inspection and so on.”¹⁷²

“Audited statements for the Federal Group (Mulawa Holdings Pty Ltd) are received each year and the latest statements received are for the 2000-01 financial year. These audited statements include the two land-based casinos at Wrest Point and Country Club, and Network Gaming.

Furthermore, the Commission has received audited statements from Admirals Casino Pty Ltd, the gaming manager aboard the Spirit of Tasmania I and II. The statements were received as part of the tender documentation associated with the tender process for the gaming franchise aboard the new vessels.”¹⁷³

Finding :

The Company is complying with the obligation under the Deed.

(h) To ensure that not before the 1st day of January 1997 but by the 31st day of December 1997 at least 750 Gaming Machines have been introduced into Clubs and Hotels in accordance with the procedures described in the document entitled ‘Procedures for the Issue by the Tasmanian Gaming Commission of Venue Licences’ dated the 15th day of October 1993 PROVIDED THAT the Companies will use their best commercial endeavours to have as many Gaming Machines as possible in operation as soon as possible after the 1st day of January 1997 PROVIDED ALSO THAT should the Companies fail to comply with the provisions of this clause then all rights with respect to the operation of Gaming Machines in Clubs and Hotels may at the option of the Crown in

¹⁷¹ The Federal Group, *op. cit.*, p. 19.

¹⁷² State Government, *op. cit.*, p. 15.

¹⁷³ Tasmanian Gaming Commission, *Letter to the Legislative Council Select Committee on the Impacts of Gaming Machines, dated 31 October 2002*, p. 5

its absolute discretion be terminated in accordance with the terms hereof PROVIDED FURTHER that the Companies shall not be in breach of this clause if the Gaming Commission has not issued or indicated its intention to issue subject to conditions sufficient Venue Licences to permit the operation of at least 750 Gaming Machines by the 30th day of September 1997 BUT that the Companies shall be in breach of this clause if they have not complied with it within three (3) months of the Gaming Commission issuing or indicating its intention to issue a Venue Licence which will permit the operation of the 750th Gaming Machine

According to the Tasmanian Gaming Commission :

“As at 31 December 1997, there were 1,205 gaming machines installed in hotels and clubs (957 hotels and 248 clubs)”.¹⁷⁴

Finding :

The Company has complied with the obligation under the Deed.

- (i) To use its best commercial endeavours to ensure that by the 31st day of December 1998 at least 1250 Gaming Machines in total have been introduced into Clubs and Hotels in accordance with the procedures described in the document entitled ‘Procedures for the Issue by the Tasmanian Gaming Commission of Venue Licences’ dated the 15th day of October 1993 PROVIDED THAT should the Companies fail to comply with the provisions of this clause then all rights with respect to the operation of Gaming Machines in Clubs and Hotels may at the option of the Crown in its absolute discretion be terminated in accordance with the terms hereof PROVIDED ALSO that the Companies shall not be in breach of this clause if the Gaming Commission has not issued or indicated its intention to issue subject to conditions sufficient Venue Licences to permit the operation of at least 1250 Gaming Machines by the 30th day of September 1998 BUT that the Companies shall be in breach of this clause if they have not complied with it within three (3) months of the Gaming Commission issuing or indicating its intention to issue a Venue Licence which will permit the operation of the 1250th Gaming Machine

The Tasmanian Gaming Commission advised that :

“As at 31 December 1998, there were 1,328 gaming machines installed in hotels and clubs (1,054 hotels and 274 clubs)”.¹⁷⁵

¹⁷⁴ Tasmanian Gaming Commission, *Letter to the Legislative Council Select Committee on the Impacts of Gaming Machines*, dated 31 October 2002, p. 5.

¹⁷⁵ *Ibid.*

Finding :

The Company has complied with the obligation under the Deed.

(j) To limit coin denominations used in Gaming Machines operated in Clubs and Hotels during the period from the 1st day of January 1997 to the 31st day of December 1998 to five ten and twenty cent coins and to impose a maximum bet limitation being 25 cents per game for 5 cent machines 30 cents per game for 10 cent machines and 20 cents per game for 20 cent machines

According to the Tasmanian Gaming Commission :

“During the period between 1 January 1997 and 31 December 1998, coin denominations used in gaming machine hotels and clubs were limited to five, ten and twenty cent coins with maximum bet limitation on 5, 10 and 20 cent machines of 25, 30 and 20 cents respectively.”¹⁷⁶

Examples of the games approved in this period are outlined in the following table :

Table 9 :

Game	Denomination	MaximumBet	Date Approved
KG Bird	5 cent	5 credits	February 1997
Silver Screen	5 cent	5 credits	February 1997
Mexican Rose	10 cent	3 credits	February 1997
Silver Bucks2	20 cent	1 credit	June 1997 ¹⁷⁷

“... In 1995, Federal Hotels Limited requested amendment of the Gaming Control Act 1993 to allow for tokenisation of gaming machines in hotels and clubs. The Commission and the Government supported the principle of tokenisation of gaming machines to commence from 1 January 1997 with bet limits retained as the major control mechanism.”¹⁷⁸

Finding :

The Company has complied with the obligation under the Deed.

(k) To continue to promote and market tourism to a standard not less than the existing standard employed by the Companies as at the date hereof and to maintain in each year of this Deed in real terms at least the existing level of marketing expenditure (1992-93 \$8

¹⁷⁶ Tasmanian Gaming Commission, *Letter to the Legislative Council Select Committee on the Impacts of Gaming Machines*, dated 31 October 2002, pp. 5-6.

¹⁷⁷ *Ibid.*

¹⁷⁸ *Ibid.*

Million Dollars) and to provide to the Minister for the Crown responsible for the Department of Tourism Sport and Recreation an annual presentation sufficient to satisfy the Minister that the Companies have complied with the provisions of this clause 3(j)

“The Federal Group has, since the signing of the Deed, maintained the level of promotion and market tourism as required. In fact, as outlined in the Deed, the company must, on an annual basis, present a report to the Minister for Tourism which clearly indicates where our promotion and tourism budget has been invested. Since 1993, all Ministers for Tourism who have received this presentation have been satisfied that this clause of the Deed has been adequately complied with.”¹⁷⁹

Finding :

The Company is complying with the obligation made under the Deed.

(l) investigate the commercial viability of introducing Keno in Clubs and Hotels on terms and conditions agreed with the Crown and provide to the Crown by the 31st day of March 1994 or such other date as may be agreed a written report with respect to the Companies conclusions with regard to the commercial viability of Keno

“The Commercial viability of Keno has been examined and Keno is now installed in 150 venues throughout the State.”¹⁸⁰

Finding :

The Company has complied with the obligation contained within the Deed.

B. The Crown agreed to :

(a) by the 30th day of June 1994 or such other date as may be agreed after consultation with the Companies advise the Companies in writing whether the Crown agrees or disagrees with the Companies report referred to in clause 4(a) hereof

“The Treasurer, the Hon Tony Rundle MHA advised Federal Hotels Limited in writing on 1 June 1994 that the Government agreed with the feasibility study provided by the Companies and that it was satisfied that there was no conflict with the Lottery Revenue Sharing Agreement. This confirmation enabled Federal Hotels to introduce Keno in clubs and hotels with effect from 1 December 1994. Introduction was subject to the normal

¹⁷⁹ The Federal Group, *op. cit.*, p. 19.

¹⁸⁰ *Ibid.*, p. 19.

approval procedures of the Tasmanian Gaming Commission in relation to the rules to be adopted for Keno.”¹⁸¹

Finding :

The Crown has complied with the obligation under the Deed.

(b) the Crown resolve any conflict between this Deed and the Lottery Revenue Sharing Agreement to the satisfaction of the Crown

“Advice received by the Government from the Solicitor-General in April 1994 confirmed that there was no conflict between the Deed and the Lottery Revenue Sharing Agreement. Advice received was that the term ‘lottery’ was deemed to have a consistent meaning throughout the Agreement and that Keno was not a lottery in the sense that it was defined in the Agreement.”¹⁸²

Finding :

As there was no conflict to resolve the Crown has complied with the obligation under the Deed.

(c) to notify the Companies by the 30th day of September 1994 as to whether or not it has been able to satisfactorily resolve any conflict between this Deed and the Lottery Revenue Sharing Agreement

Finding :

As there was no conflict to resolve the Crown has complied with the obligation under the Deed.

CONCLUSION

The Committee concludes that the parties have complied with the obligations contained within the Gaming Control Bill 1993 and attached Deed, with the exception of the distribution of the Community Support Levy.

The Committee recommends that this responsibility be transferred to an independent body.

¹⁸¹ Tasmanian Gaming Commission, *Letter to the Legislative Council Select Committee on the Impacts of Gaming Machines*, dated 31 October 2002, p. 6.

¹⁸² *Ibid.*