

ELECTRONIC EDITION

**GAMBLING IN QUEENSLAND: GOVERNMENT
REVENUE & REGULATION**

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ABSTRACT

Australia has one of the highest rates of expenditure on gambling in the world. This Research Bulletin outlines the growth of the gambling industry in Australia over the last two decades, with particular reference to Queensland. The contentious issue of state and territory governments' increased reliance on gambling taxes as a source of revenue is also discussed.

The various forms of gambling legally available in Queensland (eg casinos, racing, gaming machines etc) are examined. The Bulletin provides background information about each form of gambling in Queensland as well as outlining the relevant legislative and administrative framework. The taxes, fees and charges payable to the government in respect of each form of gambling are examined in detail.

Some of the major issues highlighted by the Bulletin include:

- Queensland has double the number of casinos in any other Australian state or territory, with casinos operating in Brisbane, the Gold Coast, Townsville and Cairns. The costs and benefits of casinos to the community remains the subject of considerable debate.*
- Gaming machines are the star performer of the gambling sector in Australia, accounting for almost half of Australia's total gambling expenditure.*
- Racing's share of the Queensland gambling market, compared to gaming, has fallen dramatically over the last two decades. Revenue from racing in Queensland now only contributes less than 20% of the government's total gambling revenue.*
- Although there have been decreases in sales of some types of minor gambling, such as bingo, particularly since the introduction of gaming machines, large art unions are retaining their popularity.*

Finally, the Bulletin outlines some major social issues relating to gambling such as problem gamblers and illegal gambling and provides some pointers to future developments in the industry.

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1. INTRODUCTION

*Gambling is one of the few social activities that occurs in nearly all cultures and in every period of time: in this respect it can be said to be virtually a universal phenomenon in human societies.*¹

Compared with other western nations, such as the United Kingdom and the United States, Australia has had a high level of government involvement in gambling, through the increased legalisation of gambling over the last 20 years and its administration by government agencies. The extent to which gambling is legalised in Australia reflects the impact that gambling has had on Australian society since white settlement, as one of our national pastimes.

Old perceptions about gambling, such as those relating to its ties to organised crime, political corruption and moral decay, have faded significantly over time. Gambling has now become a legitimate industry which makes a significant economic contribution. William Eadington, Director of the Institute for the Study of Gambling and Commercial Gaming at the University of Nevada in the United States has said that:

*By the 1990s ... for the most part, public policy attitudes towards gambling throughout the industrialised world had shifted from viewing gambling as a vice to seeing it as an opportunity to be exploited. This is perhaps the main reason why there was, and continues to be, such a strong trend towards legalisation of new forms of commercial gaming and the relaxation of constraints on existing commercial gaming activities over the past decade. Based on the events leading up to the mid-1990s, these trends promise to continue and perhaps even accelerate by the turn of the century.*²

¹ McMillen J, 'Understanding Gambling: History, concepts and theories', in *Gambling Cultures: Studies in History and Interpretation*, McMillen J ed, London, Routledge, 1996, p 6.

² Eadington WR, 'Ethical and Policy Considerations in the Spread of Commercial Gambling', in *Gambling Cultures: Studies in History and Interpretation*, pp 243-244.

2. THE GROWTH OF THE GAMBLING INDUSTRY

2.1 AUSTRALIA

The gambling industry in Australia is thriving. The last two decades have seen a period of continuous growth with the amount being gambled in Australia in 1995/96 totalling a staggering \$72.9 billion. \$8.6 billion of this was wagered in Queensland alone.³

Australians' popular reputation as people who love to bet is confirmed by analysts who estimate that approximately 90% of Australia's adult population participate in some form of gambling.⁴ Australians also spend more on gambling than most other nationalities, with estimates of yearly expenditure in Australia nearing \$400 per head on gambling per year, compared with \$170 in the United States and \$370 in Hong Kong.⁵ Comprehensive Australian gambling statistics compiled by the Tasmanian Gaming Commission put the amount that each adult Australian spends on gambling at an even higher level: \$709 in 1995/96. Those statistics also show that in the last 20 years the percentage of household disposable income spent on gambling in Australia has increased from 1.73% to 3.08%. Queenslanders are slightly below the national average, spending 3% of their household disposable income on gambling in 1995/96. New South Wales has the highest rate, with 3.41% of household disposable income spent on gambling that financial year.⁶

Twenty years ago the main forms of gambling in Australia were betting on horse-racing and various lotteries and caskets. The range of gambling products has greatly expanded since that time. The last twenty years have seen the development of an additional 13 casinos in Australia (in 1977 there was only one casino, in Hobart), the introduction of gaming machines in clubs and pubs and the phenomenon of instant scratch-its. Although competition for the gambling dollar is now fierce, the introduction of new forms of gambling has, in general, expanded the ambit of the industry, rather than reducing the markets for the existing forms of gambling.

Gambling is now the main financial force in the cultural and recreational sector of our economy. The "Top 1000" list compiled by the *Business Review Weekly* (which ranks companies by revenue earnings) reveals that seven of the top 10 organisations in that sector in 1996 were involved in state-based lotteries. In addition, over half the

³ Tasmanian Gaming Commission, *Australian Gambling Statistics 1972-73 to 1995-96*, 1997, Summary Table C.

⁴ International Gaming & Wagering Business, *Australia & New Zealand Gambling Report*, March 1997, p S4.

⁵ International Gaming & Wagering Business, *Australia & New Zealand Gambling Report*, March 1996, p 7.

⁶ Tasmanian Gaming Commission, 1997, Tables 242 & 133.

companies in the cultural and recreational sector are now gambling-related. The top companies include NSW Lotteries, Publishing & Broadcasting (the company controlled by Kerry Packer which owns Sydney Casino) and Queensland's Golden Casket. TAB Qld was ranked by *Business Review Weekly* as number 13 in the sector in 1996.⁷

The continued growth of the gambling industry has prompted many industry analysts to question when the bubble might burst. However, given the continued trend of expanded leisure spending on a global basis, comfortable growth in the sector is expected to continue in the next decade. In 1995 business consultants IBIS predicted that the expenditure growth rate for Australian casinos in the next 5 years would be 30% per year.⁸

The recent growth in the Australian gambling industry has also been associated with a move away from public ownership and control towards privatisation. Whilst the state and territory governments continue to receive substantial taxes from privately owned gambling enterprises, such as casinos, the profits from this type of gambling are retained by the corporate sector. This contrasts strongly with the historical circumstances of gambling in Australia when most forms of gambling were either specifically linked to welfare projects or were generally for the benefit of the community in terms of being a source of government revenue. Although welfare agencies may regret these changes, it is unlikely that governments could justify the expenditure of public funds in operating the sophisticated gambling venues that consumers demand today (such as casinos), unless there were additional public policy issues at stake.

2.1.1 Queensland

Queensland's gambling turnover and expenditure figures since 1972/73 are set out in Appendices A and B. Gambling **turnover** is defined as the amount wagered. Gambling **expenditure** is the net amount spent by gamblers, or the amount wagered less winnings.

Gambling expenditure and turnover in Queensland have increased every year since 1972/73 with the increases in some years being spectacular. For example, in 1992/93, gambling turnover in Queensland increased by 44% on the previous year and the gambling expenditure in Queensland rose 28%. This was the year immediately after gaming machines were introduced into Queensland clubs and hotels.

The per (adult) capita gambling expenditure figures for Queensland are found in Appendix C.⁹ This table gives the actual per capita figure for each year and the "real"

⁷ 'The Top 1000', *Business Review Weekly*, October 21, 1996, pp 62-63 & 108.

⁸ Jacques B, 'The wheels keep spinning', *Bulletin*, December 19, 1995, pp 70-72.

⁹ Tasmanian Gaming Commission, 1997, Tables 20 & 30.

figure, which has had the effects of inflation removed. This process uses 1995/96 as the base year and deflates each previous year by the relevant inflation rate. This enables the figures to be more directly comparable. The real per capita figures demonstrate that, even with the effects of inflation removed, the amount spent by each adult Queenslanders on gambling per year has more than tripled in the last 20 years, with almost \$630 being spent by each adult Queenslanders on gambling in 1995/96.

2.2 OVERSEAS

2.2.1 United States

The 1980s and 1990s have also seen strong growth in the gambling industry of the United States. In 1995 Americans wagered \$550 billion on gambling, with 40% of that activity in casinos.¹⁰ These figures make gambling America's largest leisure business, bigger than Hollywood and baseball combined.¹¹ Much of the growth in the American gambling industry has taken place in the last 10 years. In 1989 only two American States allowed casinos (Nevada and New Jersey). Since then another 22 States have introduced casinos, primarily as a source of state government revenue during years of recession.¹²

The gambling boom in the United States has, however, recently suffered a backlash. One of the major factors has been concerted lobbying from anti-gambling groups, such as the National Coalition Against Legalised Gambling and the Christian Coalition. The hopes of the anti-gambling lobby were buoyed in 1996 when President Clinton approved the establishment of a national commission to study the impact of gambling on American society over the next two years. Another indication of the impact of the anti-gambling lobby is the large number of state legislative proposals to legalise or expand gambling businesses which have been defeated in the last few years.¹³

The American gambling industry is still experiencing solid growth in established centres, with casino revenue estimated to have risen by 32% in 1994/95. It seems however that the geographic spread of the industry has been halted and that consolidation of the industry is likely in the next decade.¹⁴

¹⁰ 'A busted flush', *Economist*, January 25, 1997, pp 34-36, p 34.

¹¹ Emerson T, 'Gambling - Fool's Gold', *Bulletin*, October 10, 1995, pp 64-69, p 66.

¹² 'US casino bubble bursts', *Bulletin*, December 19, 1995, p 72. See also Thompson WN & Gazel R, 'Casino Gambling Gaining Ground Across America', *Forum for Applied Research and Public Policy*, 11(2), Summer 1996, pp 98-104.

¹³ 'A busted flush', pp 34-35.

¹⁴ 'US casino bubble bursts', p 72.

2.2.2 Asia

Although South East Asia is regarded as being home to some of the world's most dedicated gamblers, religious and social barriers have prevented the same sort of growth for the gambling industries in many of those countries. Australian casinos compete with each other and casinos from other countries to attract Asian "high rollers". However, in some Asian countries these barriers are starting to be broken down and their own gambling industries are emerging. Professor Jan McMillen, Executive Director of the Australian Institute of Gambling Research, has predicted that a wave of gambling legalisation in Asia in the next few years will undermine Australia's gambling markets and increase overall international competition.¹⁵

3. GAMBLING TAXES AS A SOURCE OF STATE REVENUE

Just as per capita expenditure on gambling has increased in the last few years, so too has the proportion of state revenue derived from gambling taxes. Jan McMillen has commented in this respect:

*"Governments need revenue to govern and they've locked themselves into a position where they don't have the political courage to introduce new taxes ... they need revenue and gambling as a very quick and palatable form of getting those revenues."*¹⁶

*"Two views of the state's role in gambling have dominated Australian analysis: the liberal notion that legalised gambling is an egalitarian expression of popular demand (Caldwell, 1974; O'Hara, 1988); and more recently, the idea that the state has legalised gambling as a 'milch cow' (Alchin, 1983, 1989; Haig, 1984; Johnson, 1985)."*¹⁷

While not as important as payroll tax and stamp duty, taxes on gambling represent a significant portion of revenue for Australian states and territories. The Australian Bureau of Statistics estimates that in 1995/96, the state and territory governments raised \$3 306 million through taxes on gambling (see Table 1 below). This represents almost 11% of the total taxes, fees and fines raised in that year by state and territory governments. Table 1 also illustrates the increasing importance of gambling taxes in

¹⁵ McMillen J, 'The Globalisation of Gambling: Implications for Australia', presented at *High Stakes in the Nineties*, 6th National Conference of the National Association for Gambling Studies, 28-30 September 1995, at p 17.

¹⁶ McMillen J, in 'Bad habits: governments cash in on the national obsession, gambling', *Lateline*, ABC Television, 31 October 1996.

¹⁷ McMillen J, 'The State and Gambling: Social Benefit or Milch Cow', in Ryan N & Walsh P (eds), *Bridging the Divide - Queensland Economics and Social Policy*, Queensland Council of Social Service Inc, 1994, pp 70-83, at p 70.

recent years for the states and territories, particularly Queensland, and more recently Victoria, as a rapidly growing revenue source.

Table 1: Gambling Revenue Collected by State & Territory Governments (at 5 year intervals), Amount & as a Percentage of all Taxes, Fees & Fines

| | 1975/76 \$m | | 1980/81 \$m | | 1985/86 \$m | | 1990/91 \$m | | 1995/96 \$m | |
|--------------|----------------|-------|----------------|-------|----------------|-------|----------------|------|----------------|-------|
| Qld | 26.9 | 6.7% | 44.3 | 5.5% | 138.3 | 10.1% | 271 | 9.8% | 520 | 12.3% |
| NSW | 178.8 | 12.8% | 332.7 | 12.8% | 527 | 11.2% | 828 | 9.8% | 1,178 | 10.5% |
| Vica | 97.1 | 9.4% | 179.75 | 9.5% | 312.2 | 9.1% | 502 | 8.9% | 1,051 | 12.2% |
| SA | 15.3 | 5.1% | 29.5 | 6.3% | 65 | 7.8% | 134 | 9.1% | 232 | 11.0% |
| WA | 16.7 | 6.4% | 24.1 | 4.7% | 54.2 | 5.8% | 135 | 7.4% | 189 | 6.9% |
| Tas | 4.7 | 6.0% | 11.8 | 8.6% | 24.3 | 9.5% | 39 | 7.7% | 55 | 8.4% |
| NT | n/a | n/a | 2.1 | 5.9% | 0.1 | 0.1% | 14 | 9.1% | 29 | 10.5% |
| ACT | n/a | n/a | n/a | n/a | n/a | n/a | 24 | 6.6% | 52 | 9.5% |
| Total | 339.5 | 9.8% | 624.2 | 9.7% | 1 125 | 9.7% | 1 946 | 9.2% | 3 306 | 10.9% |

Source: Australian Bureau of Statistics, *Taxation Revenue Australia 1995-96*, Catalogue No 5506.0.

This table, and similar statistics compiled by the Tasmanian Gaming Commission and the Commonwealth Grants Commission, show the increased reliance of state and territory governments on gambling taxes, particularly in Queensland, Victoria and South Australia. New South Wales' proportion of revenue gained from gambling has been high for many years, due to the early introduction of poker machines in that state.

In the boom years of the 1980s, stamp duty revenues derived from rising property and share prices helped the state and territory governments to offset cuts to their federal funding during that period. However, the recession of the later 1980s and early 1990s led to decreases in stamp duty revenues and payroll tax receipts. Accordingly, the rapid growth in gambling which has occurred during the 1990s and which has led to a significant increase in gambling taxes revenue, has provided a much needed boost to the state and territory coffers.

There has been much public debate about the role of governments with respect to gambling and the use of government revenue derived from gambling. Gambling taxes can generally be described as **regressive**, that is they take a greater proportion of low incomes than of high incomes. This is because low income earners tend to spend a larger percentage of their income on gambling than higher income earners. This has been confirmed by a recent study by Dr Alan Moran from the Institute of Public Affairs

on the impact of the so-called “sin taxes”. He found that in 1993/94 the lowest 20% of income earners spent around 11% of their pre-tax income on gambling, whereas the top 20% of income earners spent only 1.6% of their pre-tax income on gambling.¹⁸ Dr Moran believes that the high usage of goods and services which attract regressive taxes, such as gambling, by lower income earners places a disproportionately high burden on those people¹⁹. The vice-chancellor of Monash University, David Robinson, expressed this point more bluntly, saying that “*gambling is an almost perfect system for taking the money out of the pockets of the poor and putting it in the pockets of the rich.*”²⁰

However gambling taxes have several **advantages over other forms of taxation** available to the states and territories. These include the fact that they are voluntary indirect taxes with low visibility (if you don’t choose to gamble you don’t pay any gambling taxes and if you do choose to gamble you are unlikely to think about the amount being taxed) and that they have low collection costs and are extremely difficult to evade.

While governments use gambling as a means of raising revenue it is clear that they also have responsibilities to address the **social consequences of the expanded gambling industry**. Jan McMillen has argued that tensions between the economic objectives and social responsibilities of state governments have escalated over the last two decades with increased competition in the Australian gambling market. In McMillen’s view this has resulted in state governments becoming increasingly susceptible to market pressures to the extent that economic factors have been dominating social considerations. There are, however, some signs that the profile of the social consequences of the gambling industry in the public policy arena has begun to rise in recent years.²¹ These include increased research into these consequences in Australia and the establishment of counselling centres for problem gamblers.

While the state and territory governments have received increasing amounts of revenue from gambling in recent years, only 10% of Australians regard gambling as a useful way to raise taxes, according to a Morgan Poll released in July 1996. When asked about the amount of government restriction on the gambling industry in Australia, 41% of those polled responded that they do not think there is enough government restriction of gambling.²²

¹⁸ Moran A, ‘Soaking the Poor - Discriminatory Taxation of Tobacco, Alcohol and Gambling’, *IPA Background*, December 1996, Vol (8)6, p 6.

¹⁹ Moran A, ‘Punishing the Poor’, *IPA Review*, 49(2), 1996, pp 42-44, p 43.

²⁰ Murphy D, ‘Come in, suckers’, *Bulletin*, Vol.116 (6031), 30 July 1996, pp 20-24, at p 22.

²¹ McMillen J, ‘The State and Gambling: Social Benefit or Milch Cow?’, p 72.

²² ‘Majority of Australians gamble but nearly half say it is harmful to society’, *Morgan Poll*, No 2924, July 30, 1996.

The increasing importance of gambling taxes to the states and territories, along with other “sin taxes” (those on cigarettes and alcohol) is adding to the argument for a review of the taxation system in Australia and federal-state financial relations in particular. The Report of the Queensland Commission of Audit which was released in June 1996 recognised the difficulties facing the state and territory governments, with respect to revenue raising capacity, stating that:

*State tax bases are narrow and inefficient. Even if Queensland were to raise its taxes to the average level of the other States, the additional revenue would be insufficient to meet service demands in the medium to longer term. A number of the already limited tax bases available to the State, such as gambling taxes, are likely to be eroded over time as a result of increasing global competition for the taxable activity concerned. ... If Australia's vertical fiscal imbalance is not addressed, microeconomic reform is likely to be impeded.*²³

Recently, the Prime Minister, John Howard, has added to the debate, stating that gambling facilities in Australia are at saturation point and that gambling is a social issue that requires attention.²⁴ In response to the Prime Minister's suggestion that the states should be examining non-gambling sources of revenue, the Queensland Premier, Rob Borbidge, blamed the states' reliance on gambling taxes on the failure of successive federal governments to overhaul Commonwealth-State financial relations.²⁵

4. TYPES OF GAMBLING IN QUEENSLAND

4.1 CASINOS

4.1.1 Background

Australia currently has 14 legally operating casinos. Queensland has four casinos, double the number in any other State or Territory. Jan McMillen has described the development of the casino industry in Australia as follows:

The two jurisdictions most vulnerable to the 1970s global economic slump (Tasmania and the Northern Territory), were the first to legalise casinos for regional development. However the intersection of domestic and international factors eventually led every government to attempt economic restructuring and policy reforms across a range of government activities, including gambling. Australia experienced a second wave of casino legalisation during the 1980s global slump as the newly

²³ Queensland. Commission of Audit, *Report of the Queensland Commission of Audit*, Vol 1, June 1996, p 157.

²⁴ Gordon M, 'Howard decries gambling's grip', *Australian*, 1 March 1997, p 1.

²⁵ Henderson I, 'Gambling the only option say states', *Australian*, 3 March 1997, p 1.

*developing states (Queensland, Western Australia, South Australia) sought to expand into tourism to diversify their economies. A third period of casino expansion occurred as the previously affluent industrialised states, New South Wales and Victoria, suffered the consequences of the 1990s recession.*²⁶

McMillen's analysis of the effect of the legalisation of casinos throughout Australia is as follows:

*While legalisation of casinos has increased overall consumer spending on gambling, ... this has been offset by the erosion of more traditional forms of gambling revenue, including those which have been the source of community welfare funding (McMillen, 1991c, 1993). The popularity of casinos has been at the expense of other forms of gambling in every state where they have been introduced. ... More than any other form of gambling, casino policy has been driven by economic compulsion and a more explicitly competitive set of commercial criteria aimed at attracting private investment in state tourism projects. Despite rhetoric about attracting tourists, however, the major source of casino revenues has been local residents (Connor, 1991; McMillen, 1991c). Yet only a small proportion of casino revenues (1%) are directed into a Community Benefit Fund.*²⁷

The growth of the casino industry in Australia is, however, often seen by the commercial and government sectors as a successful response to changing consumer demands, which has brought with it valuable government revenues, increased tourism, employment, regional investment and economic growth.²⁸ Further research on both the positive and negative impacts of casinos is required.

Australian Bureau of Statistics figures show that the takings from gambling in casinos in Australia has more than trebled in the last four years, from \$558.1 million in 1991/92 (when there were 8 casinos) to \$1,881.2 million in 1995/96 (with 14 casinos now operating). The takings increase from 1994/95 to 1995/96 was also significant, at 36%. At 30 June 1996, Australian casinos employed 18,490 people, roughly double the number employed four years ago.²⁹ The growth in the Australian casino industry which is evidenced by these figures appears to be continuing, despite the recent disappointing performances of the Townsville and Cairns casinos.³⁰

²⁶ McMillen J, 'The Globalisation of Gambling: Implications for Australia', p 14.

²⁷ McMillen J, 'The State and Gambling: Social Benefit or Milch Cow?', pp 74-75.

²⁸ McMillen J & Ryan N, 'Assessing the Social Impact of Casinos', *Public Interest*, 2(3), September 1995, pp 11-12.

²⁹ Australian Bureau of Statistics, *Casinos Australia*, 1995-96, ABS Catalogue No 8683.0, pp 1,2,4,6.

³⁰ Lloyd G, 'Casinos a business gamble', *Courier Mail*, 18 January 1997, p 27.

4.1.2 Legislation

The primary legislation relating to the regulation of casinos in Queensland is the *Casino Control Act 1982*.

There are also specific Acts relating to each of Queensland's casinos:

- *Jupiters Casino Agreement Act 1983*
- *Breakwater Island Casino Agreement Act 1984*
- *Brisbane Casino Agreement Act 1992*
- *Cairns Casino Agreement Act 1993*.

4.1.3 Government Revenue

The *Casino Control Act 1982* provides for the payment of a **casino licence fee** each quarter (s50). The amount of that licence fee is currently \$125,000 per quarter.³¹

Queensland casinos are also required under the Act to pay a **casino tax** each month (s51). The amount of the tax is a percentage of the casino's gross revenue for the month, which is provided for under the relevant casino agreement legislation. These agreements currently provide that the Gold Coast and Brisbane casinos pay a casino tax of 20% of their gross revenue per month and the Townsville and Cairns casinos pay the lesser amount of 10% of their gross revenue per month. The licence fees and the casino tax are both paid into consolidated revenue.

In November 1996 the Queensland Government responded to the competitive marketing moves of the Victorian, Western Australian and Northern Territory governments by decreasing the amount of casino tax payable in respect of the high roller market. The *Casino Control Amendment Act 1996* reduced the amount of tax payable in respect of "premium junket gaming" to 10% for the Gold Coast and Brisbane casinos and 8% for the Townsville and Cairns casinos of the "premium junket revenue" (gross receipts from premium junket gaming less winnings paid out). The changes were effective from 1 July 1996. The New South Wales government has also been lobbied by casino interests in that state to reduce its taxation rate for the high roller market, but the Carr government has so far resisted.

A further source of state revenue from the casinos is the **casino community benefit levy** (s52). The Act provides that a further 1% of each casino's gross revenue is to be paid into the Casino Community Benefit Fund established under the Act. The Fund is

³¹ New South Wales. Treasury Department, *Interstate Comparison of Taxes 1996-97*, Research and Information Paper TRP 96-5, November 1996, p 27.

comprised of a separate account for each casino and a trust has been established in respect of each account. For example, the Jupiters Casino Community Benefit Fund Trust makes recommendations to the Treasurer as to the granting of the community benefit levy funds paid by Jupiters Casino on the Gold Coast and Conrad Treasury Casino in Brisbane. Such grants are made to non-profit organisations for the benefit of the community. The Jupiters Casino Community Benefit Fund Trust was established in 1985. By February 1997, over \$18.9 million had been allocated through over 650 grants. Recent examples of grants made by the Trust are \$35,000 to install a lift at the centre for the Australian Huntingtons Disease Association and a grant of \$25,000 to the Girl Guides Association at Warwick for a new Guide Hut.³²

The amount of revenue derived from these taxes and charges from casinos over the last 5 years are set out below in Table 2:

Table 2: Queensland Government Revenue from Casinos 1991/92 - 1995/96

| | 1991/92 | 1992/93 | 1993/94 | 1994/95 | 1995/96 |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Casino Licence Fees | \$875,920 | \$800,000 | \$950,000 | \$1,236,264 | \$1,843,407 |
| Casino Tax | \$36,488,888 | \$38,434,379 | \$45,455,395 | \$49,388,246 | \$71,482,052 |
| Casino Community Benefit Fund | \$1,924,000 | \$2,023,227 | \$2,380,111 | \$2,586,368 | \$3,805,361 |

Source: Queensland Treasury, *Annual Report*, 1991/92 - 1995/96

4.2. GAMING MACHINES

4.2.1 Background

Gaming machines were first legally introduced in Queensland in February 1992. In contrast, gaming machines were legalised in New South Wales clubs in 1956. The objectives of the Goss Government in establishing a Queensland gaming machine industry were as follows:

- to provide direct funding for sport, recreation and welfare programs
- to provide an avenue by which participating clubs and hotels could increase their financial support in order to improve recreational facilities and services
- to encourage the growth of tourism by the improvement of club and hotel facilities, services and entertainment

³² Information provided by the Jupiters Casino Community Benefit Trust, February 1997.

- to provide additional employment opportunities in the state
- to create extra revenue for the state, and
- to meet the legitimate wish of those who are attracted to playing gaming machines.³³

The legal introduction of gaming machines in Queensland was preceded in 1990 by a Criminal Justice Commission report into the relationships between gaming machines and criminal activities and the most appropriate ways in which to address those concerns in Queensland, learning from the experiences in other jurisdictions.³⁴

In November 1996 a government review of Queensland's gaming machine regulatory arrangements concluded that the introduction of gaming machines has been a marked success. The review stated that Queensland clubs and hotels had benefited to the extent of \$780 million from February 1992 to June 1996 and that this had resulted in major capital works and increased employment, estimated at 2,000 extra jobs directly generated by the industry and a further 2,000 generated indirectly between 1992 and 1994.³⁵

The review made a number of proposals for changes to gaming regulation in Queensland including:

- introducing a progressive taxation system based on metered win rather than turnover, with a sliding scale which would tax smaller clubs and hotels at a lower tax level whilst taxing higher profit sites at a higher marginal rate.
- increasing the number of gaming machines available to both clubs and hotels, with clubs still entitled to have a significantly higher number than hotels.
- changing from government ownership of gaming machines to ownership by either sites, licensed operators and/or financiers.³⁶

A new regulatory regime for machine gaming in Queensland which resulted from the 1996 review and further consultation and negotiations with the clubs' and hotels' representatives was partly introduced by the *Gaming Machine Amendment Act 1997* in May 1997. The remainder of the agreed reforms are expected to be implemented by a

³³ Gibbs Hon RJ, 'Gaming Machine Bill Second Reading', *Queensland Parliamentary Debates*, 26 February 1991, p 6412.

³⁴ Queensland. Criminal Justice Commission, *Report on Gaming Machine Concerns and Regulations*, May 1990. See also Queensland. Parliamentary Criminal Justice Committee, *Report Relating to the Report of the Criminal Justice Commission entitled "Report on Gaming Machine Concerns and Regulations"*, Report No 1, September 1990.

³⁵ Queensland Government, *Review of Queensland Gaming Machine Regulatory Arrangements*, November 1996, p 6.

³⁶ *Review of Queensland Gaming Machine Regulatory Arrangements*, Section 7, pp 50-65.

further amending Bill later in the year.³⁷ The effect of these actual and proposed changes on government revenue from gaming machines is outlined below.

There has been steady growth in the number of gaming machines in Queensland since their introduction: from 4,473 machines at 305 venues as at 30 June 1992 to 21,042 machines at 1,113 venues as at 30 June 1997 (see Appendix E). From 1995, Queensland clubs had been allowed a maximum of 250 machines while hotels were restricted to a maximum of 20 machines.³⁸ As a result of the reforms to the industry following its review, increases to the maximum allowable number of gaming machines will be phased in, as follows:³⁹

| Date of change | Clubs | Hotels |
|------------------|-------|--------|
| From 1 July 1997 | 260 | 25 |
| From 1 July 1998 | 270 | 30 |
| From 1 July 1999 | 280 | 35 |
| From 1 July 2000 | 290 | 40 |
| From 1 July 2001 | 300 | 45 |

All gaming machines are required to return approximately 85% of turnover to players. Since 1992 the average gaming machine payback to players has been fractionally higher than this, at 85.3%.⁴⁰ Under the reforms to the industry which have been agreed to, clubs and hotels will be permitted to increase returns to players from a minimum of 85% to a maximum of 92% in up to half of their machines from 1 July 1998. All machines will be permitted to operate within this range from 1 July 1999.⁴¹

A 1994 survey in Brisbane found that apart from popular forms of gambling such as Gold Lotto, instant scratch-its, raffles and art unions, machine gaming has become one of the most frequently engaged-in forms of gambling, with just over 41% of respondents having played a gaming machine in the 12 months prior to the survey. However, the majority of players responded that they used gaming machines only occasionally. The survey found that those who were likely to play gaming machines tend to be young, male and employed, with a fairly even spread across different occupations and levels of education. This survey also found that while there is evidence that money is being

³⁷ Hon JM Sheldon, 'Gaming Machine Amendment Bill Second Reading', *Queensland Parliamentary Debates*, 30 April 1997, pp 1127-1129.

³⁸ Queensland. *Gaming Machine Regulation 1991*, Section 7.

³⁹ Information provided by the Queensland Office of Gaming Regulation, 13 March 1997.

⁴⁰ *Review of Queensland Gaming Machine Regulatory Arrangements*, p 3.

⁴¹ Information provided by the Queensland Office of Gaming Regulation, 13 March 1997.

diverted from household expenses and savings to machine gaming, there is little evidence of an association between machine playing and economic hardship.⁴²

4.2.2 Legislation

Gaming machines in Queensland are regulated by the *Gaming Machine Act 1991*. The regulatory regime consists of the Queensland Gaming Machine Commission, which grants, cancels and suspends licences, determines machine numbers and determines tenders for the purchase of gaming machines, and the Queensland Office of Gaming Regulation, which administers the Act.

A further aspect of the reforms to the industry which have recently been announced by the government is the establishment of an Industry Consultative Committee comprising representatives from clubs, hotels, operators and the Queensland Office of Gaming Regulation. The Committee is intended to provide on-going feedback to the government on the implementation of the changes and other industry matters.

4.2.3 Government Revenue

Gaming machines bring in almost half of Australia's total gambling revenues. This is expected to increase over the next few years with additional machines to be installed, particularly in Victoria, South Australia, Queensland and Tasmania.⁴³

The Queensland *Gaming Machine Act 1991* requires each licensee to pay a **gaming machine tax** each month (s165) which is remitted to consolidated revenue. Prior to the tax regime reforms mentioned above, the amount of the tax was 3% of the licensee's gross monthly turnover from gaming machines⁴⁴. **Licence fees** for the granting or renewal of a gaming machine licence are also payable (ss 39 & 51).

Prior to the 1997 legislative changes, licensees were also required to pay a **sport and recreation levy** (s166), a **charities and rehabilitation levy** (s167) and a **gaming machine community benefit levy** (s168) each month. The percentage of the licensee's gross monthly turnover required to be paid into these funds was as set out in Table 3. Combining the gaming machine tax and these levies, clubs paid a total of 4% of their

⁴² Boreham P, Dickerson M & Harley B, 'What are the social costs of gambling?: The case of the Queensland machine gaming industry', *Australian Journal of Social Issues*, 31(4), November 1996, pp 425-442, p 425.

⁴³ International Gaming & Wagering Business, *Australia & New Zealand Gambling Report*, March 1996, p 7.

⁴⁴ Queensland. *Gaming Machine Regulation 1991*, Section 39, prior to amendment by *Gaming Machine Amendment Regulation (No 1) 1997*.

monthly turnover to the Queensland government (plus the Gaming Machine Community Benefit Levy if their turnover was over \$500,000 per month) and hotels paid a total of 10% of their monthly turnover.

Table 3: Gaming Machine Levies Payable Prior to 1997 Changes

| | Category 1 premises (hotels) | Category 2 premises (clubs) |
|---|---------------------------------|---|
| Sport & Recreation Levy | 2.5% | 1% |
| Charities & Rehabilitation Levy | 4% | nil |
| Gaming Machine Community Benefit Levy (introduced in 1993) | 0.5% | sliding scale ranging from 0.5% for each \$1 over \$500,000 where monthly turnover is \$500,001 - \$1M to \$35,000 + 1% for each \$1 over \$3.5M where monthly turnover is more than \$3.5M |

Source: Queensland. Gaming Regulation 1991, Sections 40-41A.

1997 Changes to the Tax Regime

Before implementing the recommended change from a **turnover based tax** to a **metered win based tax**, the government agreed to an interim reduction of taxes on the amount of monthly turnover, which took effect from 1 March 1997. Taxes and levies were reduced from 4% to 2% for the first \$66,666 of monthly turnover for clubs, and from 10% to 7.5% of monthly turnover for hotels.⁴⁵

The change to a metered win based tax took effect from 1 July 1997. The metered win for each gaming venue is calculated from the meters on the gaming machines via a

⁴⁵ Queensland. *Gaming Machine Amendment Regulation (No 1) 1997*.

central monitoring system. The proposed tax scales are:⁴⁶

| Venue | % of Monthly Metered Win |
|--------|--|
| Clubs | \$0 - \$10,000: 10% \$10,001 - \$75,000: 27% \$75,001 - \$150,000: 30% \$150,001 - \$300,000: 33.3% \$300,001 - \$1,400,000: 35% > \$1,400,001: 45% |
| Hotels | 50% (to be reduced to 45% when government revenues from this source are restored to current level) |

The Benefit Funds & Levies

The benefit funds established under the Act are maintained by Queensland Treasury, however recommendations for the use of the funds are made by the Department of Families, Youth and Community Care in respect of the Charities and Rehabilitation Levy and the Office of Sport and Recreation in respect of the Sport and Recreation Levy.

Proceeds from the Charities and Rehabilitation Benefit Fund are used to fund centres which provide direct services to problem gamblers and their families and to provide information and advice to the community regarding issues surrounding problem gambling. Research into the social impact of gambling is also funded by this levy. In 1995/96, \$1,043,742 was distributed from the Charities & Rehabilitation Benefit Fund.⁴⁷ Similarly, the Sport and Recreation Benefit Fund supports the development of sport and recreation facilities in Queensland.

The gaming machine levy structure intentionally favours clubs, with the purpose of ensuring that profits from gaming machines are primarily directed back into the community through improved facilities and services, rather than into private profit⁴⁸. Clubs are also favoured by being allowed a much larger number of machines, as discussed earlier. Initially hotels also paid a higher rental for machines than clubs with the same number of machines. This anomaly was removed in 1993.

In 1993 the Goss Government amended the Act to introduce the Gaming Machine Community Benefit Levy and establish the Gaming Machine Community Benefit Committee (ss168 & 169). The reason given for the imposition of an additional levy was

⁴⁶ Information provided by the Queensland Office of Gaming Regulation, 13 March 1997.

⁴⁷ Queensland. Department of Families, Youth and Community Care, *Annual Report*, 1995-96, p 82.

⁴⁸ Queensland Government. *Review of Queensland Gaming Machine Regulatory Arrangements*, November 1996, pp 2-3.

the “obvious impact of poker machines on the fund raising activities of community groups”.⁴⁹ The fund is intended to supplement existing support for charities and community groups through non-recurrent grants. The Committee makes recommendations to the Treasurer on the distribution of monies from that Fund for the benefit of the community. Three of the seven members of the Committee are nominated by the hotel and club industries and three by the community sector. The Committee is supported by a secretariat within the Department of Families, Youth and Community Care. Distributions are made from the fund on a quarterly basis for projects such as the purchase of office or playground equipment, motor vehicle purchases and conferences. During 1995/96 over \$13.7 million in grants was allocated to nearly 2000 organisations.⁵⁰

Ownership of Gaming Machines

When establishing the gaming machine industry in 1992 the Queensland Government decided to retain ownership of all gaming machines and lease them to licensees. This aspect of the regulatory regime was aimed at ensuring the integrity of the industry by limiting the possibility of corrupt activities (such as kick-backs) by distancing manufacturers from sites. Government ownership of the machines also relieved clubs and hotels of expensive upfront capital costs.

A significant aspect of the 1997 reforms of the Queensland gaming machine industry has been the transfer of ownership of gaming machines from the government to sites and/or licensed operators. Sites are given the option of purchasing their existing machines at a calculated value based on the depreciated value of the machines. The integrity of the new ownership scheme is continued by the licensing of machine manufacturers, financial institutions and operators. The Queensland Office of Gaming Regulation calculates that most sites will make considerable savings through these changes.⁵¹

Recent Statistics on Government Revenue

Table 4 sets out government revenue derived from the operation of gaming machines in Queensland over the last five years.

**Table 4: Queensland Government Revenue from Gaming Machines
1991/92-1995/96**

⁴⁹ Queensland. Parliament, De Lacy Hon K, ‘Gaming Machine Amendment Bill Second Reading’, *Queensland Legislative Debates*, 10 November 1993, p 5554.

⁵⁰ Queensland. Gaming Machine Community Benefit Committee, *Gaming Machine Community Benefit Fund 1995-96 Allocations*, p 6.

⁵¹ Information provided by the Queensland Office of Gaming Regulation, 13 March 1997.

| | 1991/92 | 1992/93 | 1993/94 | 1994/95 | 1995/96 |
|--|-------------|--------------|--------------|--------------|--------------|
| Gaming Machine Tax | \$3,495,753 | \$46,727,667 | \$70,080,276 | \$79,947,467 | \$90,819,150 |
| Machine Gaming Licence Fees | \$475,297 | \$636,215 | \$562,539 | \$449,190 | \$490,201 |
| Sport & Recreation Levy | \$1,204,644 | \$21,135,568 | \$31,306,325 | \$34,589,583 | \$38,135,439 |
| Charities & Rehabilitation Levy | \$118,171 | \$16,684,162 | \$22,529,751 | \$21,120,513 | \$20,956,653 |
| Gaming Machine Community Benefit Levy | n/a | n/a | \$3,270,573 | \$10,466,077 | \$13,595,329 |

Source: Queensland Treasury, *Annual Report*, 1991/92-1995/96.

4.3 RACING

4.3.1 Background

The racing industry in Queensland, whilst one of the oldest avenues of gambling, had a slow start compared to the southern colonies of New South Wales and Victoria, primarily due to the geographic locations of the major settlements. However, gambling has been inextricably linked with horseracing from its beginnings in Queensland, with bookmakers originally being the main source of betting. An on-course totalisator was introduced onto Queensland racecourses in 1880. Initially there was no government tax imposed on the “tote”, with the race clubs imposing a commission which assisted them to improve their financial position. However in 1892 the Government introduced a tax of sixpence in the pound on the tote’s turnover and regulated the amount of commission to be charged by race clubs.⁵²

The current totalisator, TAB Qld, was established by the State Government in 1962 to implement a legal form of off-course wagering in Queensland. TAB Qld now covers horse racing (both gallops and harness racing) and greyhound racing as well as other sports betting, such as on rugby league football. When first established the TAB’s main competition for the leisure dollar was the Golden Casket, picture theatres, sports events and bookmakers. Since then the racing industry’s prominence and the TAB’s market

⁵² O’Hara J, ‘Horseracing and Betting in Queensland’ in *Gamblers’ Paradise*, Royal Historical Society of Queensland 1996, pp 25-35, p 31.

share have suffered from the introduction of a range of new competition, including casinos, lotto, gaming machines and instant scratch-its.⁵³

The overall turnover for TAB Qld in 1995/96 was \$1,298 million, which was a small increase of 2.33% on the turnover for 1994/95. The proportion of the TAB's turnover derived from the various sectors of its market in 1995/96 (which has not varied significantly in recent years) were:

| | |
|----------------|---------------------|
| Galloping | 85.09% |
| Harness Racing | 7.62% |
| Greyhounds | 7.07% |
| Sports Betting | 0.22% ⁵⁴ |

The total amount of gambling turnover for racing in Queensland in 1995/96 (on the TAB, bookmakers and on-course totalisators) was \$1,763 million, with the gambling expenditure on racing (ie amount wagered less winnings) during that period being \$299 million.⁵⁵ The decline of racing's gambling turnover and expenditure relative to that for gaming can be seen in Appendices A and B.

The Report of the Queensland Commission of Audit released in June 1996 recommended that the TAB should be corporatised or privatised, and its regulatory functions transferred to the Queensland Office of Gaming Revenue.⁵⁶ In January 1997, the Minister for Racing commissioned a report from the Macquarie Bank on options for privatising the Queensland TAB, which was delivered to the Minister for his consideration in March 1997.⁵⁷ In April 1997, the Minister announced the formation of a Joint Working Party and Steering Committee to examine the recommendations contained in the Macquarie Bank report.⁵⁸ Whilst most industry commentators believe that some form of privatisation of TAB Qld is inevitable, the government's decision on the issue will not be known until after the Committee's report is submitted to the Minister. This is expected to occur in August 1997.⁵⁹

⁵³ 'A time to reflect', *Annual Report 1995-1996*, TAB Queensland, pp 36-37.

⁵⁴ *Annual Report 1995-1996*, TAB Queensland, p 31.

⁵⁵ Tasmanian Gaming Commission, 1997, Tables 21 & 23.

⁵⁶ Queensland. Commission of Audit, Vol 2, p 395.

⁵⁷ Dowling J, 'Queensland TAB trade sale may fetch \$250m', *Courier Mail*, 10 March 1997, p 15.

⁵⁸ Minister for Police, Corrective Services and Minister for Racing, 'Cooper Announces Analysis of TAB Privatisation', *Ministerial Media Statements*, 18 April 1997, pp 18-19.

⁵⁹ Stynes J, 'Queensland cautious over privatisation', *Australian Financial Review*, 20 June 1997, p 20.

4.3.2 Legislation

The legislation which governs all betting on racing in Queensland, both at the TAB and with bookmakers, is the *Racing and Betting Act 1980*.

4.3.3 Government Revenue

Totalisators

The *Racing and Betting Act 1980* provides for payment to the government of a **totalisator tax** which is levied on all moneys paid into a totalisator which are included for the calculation of dividends (s210). The amount of the tax depends on the type of bet being placed and whether it is placed on or off-course. The Act also requires the payment of a **racing development fund levy** on all moneys paid into a totalisator (except in relation to sports betting). The rates of these deductions are contained in Table 5.

Table 5: Queensland - Rates of Taxes and Levies on TAB Betting

| Class of totalisator | Totalisator Tax % | Racing Development Fund Levy % |
|--|-------------------|--------------------------------|
| On-course betting | | |
| Win, Place, 60-40, Stakes Return, Quinella, Forecast | 2.5 | 0.5 |
| Double, Treble, Trio, Trifecta | 5.5 | 0.5 |
| Off-course betting | | |
| Win, Place, Quinella | 5.125 | 0.875 |
| Double Trifecta, Treble, First Four, Special Multiple, Tabanza | 6.125 | 0.875 |
| Sports betting | 10 | nil |

Source: *Racing and Betting Act 1980* (Qld), Schedule 2 Part 1 and Schedule 2 Part 2.

The Racing Development Fund is established under the *Racing and Betting Act 1980* (s116). The Act prescribes the purposes for which money may be paid out of the Fund (s117). These include capital expenditure such as the development of racetrack facilities or the acquisition of land. In 1995/96 the TAB remitted over \$12 million to the Racing Development Fund in respect of its statutory obligations. Further funds in respect of

unpaid dividends and refunds were also remitted to the Fund, increasing the total amount paid into the Fund by the TAB to \$22.5 million.⁶⁰

Bookmakers

Bookmakers are required under the *Racing and Betting Act 1980* to pay the Government a **bookmaker's turnover tax** on every bet, except those that are refunded (s163). The tax is 1% of the aggregate of all bets made by a bookmaker at a meeting, and must be paid within seven days of that meeting. Revenue from the bookmaker's turnover tax forms part of consolidated revenue for the Government (s171).

Total Racing Revenue

The government revenue derived from gambling on racing in Queensland now totals less than 20% of all gambling revenues received by the state. While the amount of revenue received by the Queensland government from racing has continued to increase over the years (totalling \$77.9 million in 1995/96), the proportion of state gambling revenue derived from racing has decreased steadily over the last two decades, from the days when there was little competition for the gambling dollar. For example, 20 years ago in 1975/76, 72.2% of Queensland's gambling revenues came from racing, with only 27.8% coming from gaming activities. These proportions have now almost totally reversed, with 81.3% of gambling revenues in Queensland being from gaming in 1995/96 and only 18.7% coming from racing.⁶¹

4.4 CASKETS AND LOTTERIES

4.4.1 Background

If the people must have a gamble, they might as well have a gamble on something that will do the community some good instead of on something that will make some private exploiter rich. Personally, I should prefer to buy a ticket in the "Golden Casket" than to put 5s on a horse. After all, one is satisfied that if one does not draw a prize $\frac{3}{4}$ and quite a number of contributors do not draw prizes $\frac{3}{4}$ at least one has contributed a few shillings to help the institutions along.⁶²

Edward Hanlon, the Queensland Secretary for Health & Home Affairs, 1938.

⁶⁰ *Annual Report 1995-1996*, TAB Queensland, pp 3 & 21.

⁶¹ Tasmanian Gaming Commission, 1997, Table 117.

⁶² Hanlon E, *Queensland Parliamentary Debates*, 20 October 1938, p 1126.

Lotteries are an ancient form of gambling, with evidence of such games in the Roman Empire. Government involvement in lotteries dates back to the sixteenth century.⁶³ Queensland's Golden Casket began in 1916 as an art union to raise funds for the Australian Soldiers Repatriation Fund. From 1920 the Queensland Government took control of the Golden Casket Art Union and was the first State in Australia to own a lottery.⁶⁴ Despite considerable anti-gambling sentiment in the community at the time, the Government was able to justify its involvement by using the profits to finance a maternal and infant welfare scheme. The funds raised through lotteries were not added to consolidated revenue, but were paid into a special fund called the Motherhood, Child Welfare and Hospital Fund. Profits from the Golden Casket were also used to fund Queensland's free hospital system. In the 1970s and 1980s, Golden Casket profits were used to support the development of the Queensland Cultural Centre.

Despite the introduction of other forms of gambling such as poker machines and casinos, lotteries have only suffered minor decreases in popularity due to clever marketing and the adaptation of lotteries to meet changing demand (such as the introduction of instant scratch-its).⁶⁵

A survey conducted in Brisbane in 1994, which was funded by the Department of Family Services and Aboriginal and Islander Affairs, found that various forms of lotteries attracted some of the highest levels of participation of all forms of gambling. More than 60% of those surveyed had played Gold Lotto and over 70% had purchased Instant Scratch-its.⁶⁶

4.4.2 Legislation

Lotteries in Queensland are regulated under the *Lotteries Act 1997* which recently replaced the *Lotteries Act 1994*. The 1997 Act contains the regulatory framework for the operation of commercial lotteries in Queensland. The Golden Casket Lottery Corporation, which replaced the previous Golden Casket Art Union Office, currently has exclusive rights to conduct Queensland's commercial lottery operations. The corporation is a fully corporatised government owned enterprise. Its brands are Gold Lotto, Oz Lotto, Instant Scratch-Its, Jackpot Casket, Powerball and the Pools.

⁶³ Selby W, 'What makes a Lottery Successful? A case study of Queensland's Golden Casket Art Union', in *Gambler's Paradise*, Royal Historical Society of Queensland, 1996, pp 36-46.

⁶⁴ Selby W, 'Motherhood and the Golden Casket: An Odd Couple', *Journal of the Royal Historical Society of Queensland*, 14(10), February 1992, pp 406-413.

⁶⁵ Selby W, 'Lotteries in Australia & the USA', in *Gambling Cultures: Studies in History and Interpretation*, McMillen J ed, p 82.

⁶⁶ Boreham, Dickerson & Harley, p 430.

In response to the recommendations of the 1996 Queensland Commission of Audit Report,⁶⁷ the regulatory functions of the corporation have been transferred under the 1997 Act to the Queensland Office of Gaming Regulation.

4.4.3 Government Revenue

As the Golden Casket Lottery Corporation is a government owned corporation, most of its operating profit (except that required for continued operations) is returned to consolidated revenue. For example, in 1995/96 the corporation's operating profit was \$177.2 million, and \$172.6 million of that was remitted to Queensland Treasury.

The new 1997 legislation provides that the lottery licensee (ie the Golden Casket Lottery Corporation) is required to pay a **lottery tax**, the rate of which is to be prescribed by regulation (s 94). The licensee is also required to pay a **licence fee** which is calculated under the provisions of the lottery licence (s 95). The rates of the lottery tax and the licence fee payable by the licensee have not yet been released at the time of writing.

4.5. MINOR GAMBLING

4.5.1 Background

The phrase 'minor gambling' encompasses art unions, bingo, calcutta sweeps, lucky envelopes and raffles. Queenslanders spend more per capita on bingo and other forms of minor gambling than other Australians, at \$45 per adult Queensland in 1995/96.⁶⁸ A 1994 survey conducted in Brisbane confirmed the popularity of certain types of minor gambling, with raffles and art unions attracted the highest participation rate amongst those surveyed, at 74.9%.⁶⁹

The introduction of gaming machines in Queensland was expected to have a negative effect on the revenue raising ability of charitable organisations, particularly through the medium of minor gambling, and primarily bingo. A study conducted in 1993 found that whilst most major bingo operators experienced a downturn in both attendance and receipts when gaming machines were first introduced, those that were able to respond to the new competition by changing their product mix and by more aggressive marketing were able to regain their market share. Minor bingo, however, suffered a considerable downturn in sales. The study concluded that the negative effect felt by certain sectors of

⁶⁷ Queensland. Report of the Queensland Commission of Audit, 1996, Vol 2, p 395.

⁶⁸ Tasmanian Gaming Commission, Australian Gambling Statistics, Summary Table B.

⁶⁹ Boreham, Dickerson & Harley, p 430.

the bingo market were not due only to gaming machines, but the overall increase in gambling alternatives for the public in recent years, such as casinos.⁷⁰

4.5.2 Legislation

All forms of minor gambling in Queensland are administered under the *Art Unions and Public Amusements Act 1992*. The definition of “art union” in the Act covers traditional art unions, bingo, calcutta sweeps, lucky envelopes, raffles and similar games. The most popular form of gambling in this category is the minor art union (which would cover most raffles conducted by schools and community organisations) with over 3700 minor art union licences being issued in 1995/96.

In 1996 the Office of Gaming Regulation commenced a review of the Act, to examine the effectiveness of the regulatory structure and the adequacy of consumer protection provided by the Act.⁷¹ A discussion paper on the review is expected to be released during 1997.

4.5.3 Government Revenue

The fees, costs, charges and taxes payable to the Government in respect of minor gambling are set out in the *Art Unions and Public Amusements Regulation 1992*. For major art unions (gross proceeds over \$5,000) these range from 1.65% to 2.65% of the estimated gross proceeds of the art union plus a sliding scale of charges where the gross proceeds are estimated to be over \$2 million. The amount payable also depends on what type of association is conducting the art union, for example, whether it is a charitable or religious association, a sporting association or a registered political party.

Despite the decrease in sales of some types of minor gambling, such as smaller-scale bingo operations, the amount received by the Queensland Government under the Act in 1995/96, \$3,857,052, was an increase of 9% on the previous year’s revenue from this type of gambling⁷². Large art unions appear to be retaining their popularity, with the largest art union ever authorised in Queensland, with a first prize valued at \$2.165 million, being drawn in May 1997.⁷³

⁷⁰ McGregor-Lowndes M & Dwyer D, *Impact of the introduction of machine gaming in Queensland on minor and major bingo*, Queensland University of Technology Program on Nonprofit Corporations, Working Paper Series No 52, QUT, Brisbane, 1995.

⁷¹ Queensland Treasury, *Annual Report 1995-96*, p 50.

⁷² Queensland. Treasury, *Annual Report 1995-96*, pp 49-50.

⁷³ Information provided by the Queensland Office of Gaming Regulation, 13 March 1997.

4.6 KENO

4.6.1 Background

Keno is essentially an electronic form of bingo where 20 numbers are drawn from 80.⁷⁴ Until recently, keno in Queensland was restricted to casinos. In October 1996 the Queensland Treasurer, Joan Sheldon, introduced legislation to bring Queensland into line with the majority of the other Australian States by expanding the game of keno outside of casinos, into clubs, hotels and TABs. In her second reading speech the Treasurer referred to keno as an “*an alternative entertainment form to gaming machines, one which is more social in nature as it can be played while patrons enjoy other facilities*”. Mrs Sheldon also noted that while the introduction of state-wide keno would provide another game for gambling patrons it would not expand the range of sites at which people can gamble in Queensland.⁷⁵

A subsidiary of Jupiters Ltd holds the licence to operate the state-wide keno through authorised outlets. The first non-casino sites for keno were operational from 1 July 1997. It is expected that in its first year of operations approximately 200 TABs and 500 clubs and hotels throughout Queensland will be involved with the game.⁷⁶

4.6.2 Legislation

The legislation which regulates the conduct of keno in Queensland is:

- within casinos: *Casino Control Act 1982*
- outside casinos: *Keno Act 1996*.

Gambling on keno, both in casinos and elsewhere, is regulated by the Office of Gaming Regulation.

4.6.3 Government Revenue

The *Keno Act 1996* provides that the keno licensee (operating outside casinos) must pay a monthly **keno tax** (s109). The keno tax payable in each month is a percentage of the licensee’s gross revenue for the previous month, provided for in the relevant licence agreement (s110). The keno licensee is also required to pay a **keno licence fee** (s112)

⁷⁴ Queensland. *Casino Gaming Rules 1985*, Part 13.

⁷⁵ Sheldon, Hon JM, ‘Keno Bill Second Reading’, *Queensland Parliamentary Debates*, 9 October 1996, p 3197-3200.

⁷⁶ ‘Jupiters on the move with Keno’, *Australian Financial Review*, 1 July 1997, p 35.

provided in the agreement. The terms of the agreement between the Queensland Government and Jupiters have not been publicly released.⁷⁷

Most of the funds received by the Government from the keno tax and the keno licence fees are paid into consolidated revenue. However, the Act makes provision for a certain proportion of the taxes and licence fees received from keno games conducted outside casinos to be paid into two of the benefit funds which were established under the *Gaming Machine Act*. Table 6 sets out the proportions according to which the keno taxes and licence fees are dispersed under the provisions of the Act (s 113)⁷⁸.

Table 6: Queensland Keno Tax and Licence Fee Distribution

| | % of Revenue |
|---|---------------------|
| Sport & Recreation Benefit Fund | 10% |
| Charities & Rehabilitation Benefit Fund | 6% |
| Consolidated Revenue | 84% |

Government revenue derived from keno conducted within casinos is not calculated separately, but forms part of the overall fees and taxes calculated under the *Casino Control Act 1982*.

5 SOCIAL ISSUES

It is not the intention in this Research Bulletin to study the social issues associated with gambling in depth, but to raise some current issues and give pointers as to areas which are being researched.

5.1 BACKGROUND

In my lifetime I have seen no greater change in Australian social modes than in the popular outlook on gambling. The change I notice is not only the change in the laws

⁷⁷ Information regarding the licence agreement supplied by the Queensland Office of Gaming Regulation, 28 July 1997.

⁷⁸ Queensland. *Keno Regulation 1997*, Section 5.

*relating to gambling and lotteries nor the change in social practice but rather the fact that any argument about the ethics of gambling has ended. The lure of getting something for nothing, the hope for gain without effort, brought the nation into a moral vacuum. As a nation we have popularised greed.*⁷⁹

There are many social issues which arise in relation to gambling. Recent comments by the Prime Minister on his concerns about the social effects of the increase in gambling have been outlined above. Although accusing the Prime Minister of hypocrisy over his attacks on the states' reliance on gambling tax, the Shadow Treasurer, Gareth Evans has said he also shares Mr Howard's concerns about the social problems caused by gambling.⁸⁰ In addition, a Federal Labor backbencher has recently called for the state governments to force casinos, lotteries and the racing industry to publicly disclose the odds of winning and the percentage taken by the government, with the aim of cutting the social impact of gambling.⁸¹

Another issue which has been raised in recent times relates to the effects of the gambling industry on indigenous Australians. An Issues Paper released by the Queensland Department of Families, Youth and Community Care in February 1995 suggested that whilst the increased availability of legalised forms of gambling has enabled Aboriginal and Torres Strait Islander people to enjoy an additional form of leisure/entertainment, they are not sharing in the economic benefits which have flowed to the rest of the community from the growth in the gambling sector, and they are disproportionately incurring gambling related negative social and economic impacts.⁸²

Further issues relating to the negative social effect of gambling have been raised by church and welfare agencies, which have attributed a surge in demand for their services to the increase in gambling. Retailers have also directed some blame for falling sales to the increasing amounts of disposable income being spent on gambling. Whilst much of the evidence to support these claims is anecdotal, a study of the impact of gambling on retailing in Victoria was released in March 1997. That study found that the increased gambling expenditure in Victoria in the 1990s appears to have been funded through a reduction in savings. This suggests that, in the context of future downturns in the economy, the long term impact on the retail sector will be more severe than the current

⁷⁹ Hasluck, Sir P, 'Then and Now - Gambling', *Quadrant*, May 1992, pp 45-47.

⁸⁰ Savva N, Wood L & Colebatch T, 'PM a hypocrite over gambling, says Labor', *Melbourne Age*, 4 March 1997, p 3.

⁸¹ Australia. House of Representatives, *Parliamentary Debates*, Mr Peter Morris, 'Adjournment - Gambling', 4 March 1997, p 1642.

⁸² Queensland. Department of Families, Youth and Community Care, *Long Term Study into the Social Impact of Gaming Machines in Queensland - An Issues Paper: The Social and Economic Impact of Gaming Machines on Aboriginal and Torres Strait Islander Communities in Queensland*, February 1995, p 12.

difficulties being experienced in the retail sector.⁸³ The Retailers Association of Queensland has recently expressed its concerns over the impact of gambling on the sector and has called for further research in the area.⁸⁴

5.2 PROBLEM GAMBLERS

Recent estimates of the prevalence of problem gambling in Australia are that 1.16% of the population (plus or minus 0.34%) of the population are problem gamblers, the majority being men aged 19-29 years who prefer off-course betting or machine gaming.⁸⁵ “Problem gambling” is a broader term than the commonly referred to “pathological gambling” or “compulsive gambling”, and encompasses all patterns of gambling behaviour that result in a range of personal, employment, financial and legal problems.⁸⁶

Apart from the direct burden on the family of a problem gambler, their behaviour can create a significant financial burden on the healthcare system, the legal and law enforcement systems, government and private welfare agencies, employers and insurance companies. In addition there are what are often referred to as “abused dollars”, the amount which is gambled but which otherwise would have been used for some essential purpose, such as food costs.

In 1996 a study of the cost of the impact of problem gambling in New South Wales estimated that the most significant costs associated with problem gambling in that state were with regard to employment (productivity loss, job change and unemployment) and legal costs (court, prison and police costs). The study estimated that the total cost per annum of problem gambling (excluding “abused dollars”) was \$48 million or \$9.70 per head of adult population in New South Wales. Translating these costings to Queensland resulted in an estimation that the cost of gambling related crime alone in Queensland is over \$12 million per year. The study into the social and economic impact of the introduction of gaming machines in Queensland clubs and hotels being conducted by the Department of Families, Youth and Community Care has recommended that in order to

⁸³ National Institute of Economic and Industry Research & Spiller Gibbins Swan Pty Ltd, *The Impact of the Expansion in Gaming on the Victorian Retail Sector*, Victorian Casino and Gaming Authority, March 1997, pp i-vii.

⁸⁴ ‘Retailers back gambling study’, *City News*, 27 February 1997, p 3.

⁸⁵ Dickerson M, Baron E, Hong S & Cottrell D, ‘Estimating the Extent and Degree of Gambling Related Problems in the Australian Population: A National Survey’, in Appendix 2 of Queensland. Department of Family Services and Aboriginal and Islander Affairs, *Report of the First Year of the Study into the Social and Economic Impact of the Introduction of Gaming Machines to Queensland Clubs and Hotels*, 1995, pp 131-149, p 131.

⁸⁶ Queensland. Department of Family Services and Aboriginal and Islander Affairs, *Report of the First Year of the Study into the Social and Economic Impact of the Introduction of Gaming Machines to Queensland Clubs and Hotels*, Section 5: ‘Problem Gambling’, p 88-109.

get more accurate evaluations of the impact of gambling on the community, all law enforcement agencies should include “gambling related crime” in their databases.⁸⁷

There is some evidence that the incidence of problem gambling increases when gambling becomes more accessible. For example, in Victoria there has been a fourfold increase in membership of Gamblers Anonymous since the introduction of gaming machines.⁸⁸ Concerns as to the extent and effect of problem gambling are being raised throughout Australia. For instance in February 1997 the South Australian Parliamentary Social Development Committee called for submissions to its inquiry into the social and economic consequences of gaming machines and gambling addiction in that state,⁸⁹ which is expected to report in early 1998.

In response to public concerns about the social costs of the expansion of gambling options in Queensland, the Queensland government established the Break Even Resource Centres in 1993 to provide services for problem gamblers and their families. The Break Even program is funded by the Department of Families, Youth and Community Care. The centres are based in Brisbane, the Gold Coast, Rockhampton, Toowoomba and Townsville and are conducted by Relationships Australia, Lifeline and Centacare, depending on the location. A recent evaluation of the Break Even Resource Centres has highlighted the extremely low level of community awareness of the service, and recommended that there be a toll-free statewide referral number, increased advertising of the service, a new centre established in Cairns and further work done to develop appropriate methods for delivering the service to Aboriginal and Torres Strait Islander people who are problem gamblers.⁹⁰ Funds for the establishment of a new Centre in Cairns were set aside in the 1996/97 State Budget.⁹¹ The feasibility of acting on the other recommendations of this report is currently being considered by the department.

⁸⁷ Queensland. Department of Families, Youth and Community Care, *Problem Gambling and Criminal Behaviour in Queensland: A Report of the Second Year of the Study into the Social and Economic Impact of the Introduction of Gaming Machines to Queensland Clubs and Hotels*, September 1996, pp 47-48.

⁸⁸ Meadows H, ‘When the chips are down’, *Law Institute Journal*, March 1995, pp 206-207.

⁸⁹ South Australia. Parliament. Social Development Committee, *Gambling Inquiry - Terms of Reference*, February 1997.

⁹⁰ Queensland. Department of Families, Youth and Community Care, *Evaluation of the Break Even Resource Centres for Problem Gamblers and their Families: A Report of the Second Year of the Study into the Social and Economic Impact of the Introduction of Gaming Machines to Queensland Clubs and Hotels*, December 1995, pp v-vi.

⁹¹ Queensland Government, *Ministerial Program Statements - Minister for Families, Youth and Community Care*, State Budget 1996-97, p 14.

5.3 ILLEGAL GAMBLING

In 1989 the Fitzgerald Report recommended a comprehensive review of illegal gambling in Queensland and in particular the criminal laws affecting SP bookmaking,⁹² recognising the high level of organised crime associated with SP bookmaking and the loss of public revenue stemming from all forms of illegal gambling. It has been estimated that prior to the Fitzgerald Inquiry, the illegal gambling industry in Queensland turned over approximately \$500 million each year.⁹³

In October 1991 the Criminal Justice Commission submitted a confidential briefing paper to the Queensland Government on SP bookmaking and related criminal activities. This was later released publicly, as a CJC Report, in 1992. In addition to the 1989 Fitzgerald Report, there have been three Queensland Royal Commissions into racing which have dealt with unlawful bookmaking, in 1930, 1936 and 1952.⁹⁴ This indicates the entrenched cultural position occupied by SP bookmaking throughout Queensland's history. David Dixon, Associate Professor at the Faculty of Law, University of New South Wales, has pointed out that despite the numerous State inquiries into various aspects of gambling, Australia has never had a national inquiry into gambling.⁹⁵

The 1992 CJC Report outlines the effect of SP bookmaking on government and legal private revenue (which is equally applicable to other forms of illegal gambling) as follows:

- *revenue denied to the lawful gambling industry and the wider economy*
- *revenue denied to government from direct taxation of gambling turnover, and*
- *revenue denied to government due to "leakage" from the legal economy to the "black economy".*⁹⁶

In its submission to the CJC in 1991 the Queensland TAB estimated that their revenue would increase by as much as \$200 million per year if SP bookmaking were eradicated.

⁹² Queensland. Commission of Inquiry Pursuant to Orders in Council, *Report of A Commission of Inquiry Pursuant to Orders in Council*, (Fitzgerald Report), 1989, pp 190-195.

⁹³ Phil Dickie, 'Police drugs secrets safe as 'cut-out' domino falls', *Sunday Mail*, 14 July 1996, p 18.

⁹⁴ *Report of the Royal Commission Appointed to Inquire into and Report Upon the Control and Management of Horse Racing and Racecourses in and around Brisbane and Ipswich*, 1930; *Report of the Royal Commission Appointed to Inquire into Certain Matters Relating to Racing and Gaming*, 1936; *Report of the Royal Commission Appointed to Inquire into Whether it is Desirable to Make Legal the Method of Betting and Wagering Commonly Known as Off-the Course Betting*, 1952. As cited in Dixon D, 'Illegal Betting in Britain and Australia - Contrasts in control strategies and cultures', in McMillen J (ed), *Gambling Cultures - Studies in History and Interpretation*, 1996.

⁹⁵ Dixon D, 'Illegal Betting in Britain and Australia - Contrasts in control strategies and cultures', in McMillen J (ed), *Gambling Cultures - Studies in History and Interpretation*, 1996, pp 86-100, p 94.

⁹⁶ Queensland. Criminal Justice Commission, *Report on S P Bookmaking and Related Criminal Activities in Queensland*, 1991, p 102.

It was also estimated that State consolidated revenue would increase by \$16 million through increased betting turnover tax.⁹⁷ The Report concluded that SP bookmaking was unlikely to be suppressed by law enforcement measures but argued that it could be reduced by attracting its market share to legal operators. The Report recognised that this would require an easing of restrictions on legal operations in order to make them more attractive and competitive. The Report also recommended that a coordinated national scheme to deal with SP bookmaking be developed.⁹⁸

SP bookmaking is the most prominent form of illegal gambling and still maintains a significant market share. In 1996 the turnover for SP bookmaking was still estimated to be almost as much as that for legal bookmaking in Australia,⁹⁹ which was just under \$2 billion in 1995/96.¹⁰⁰

5.4 FUTURE DEVELOPMENTS

The numerous changes in the gambling industry worldwide are set to continue, with forecasts that interactive pay-TV and Internet gambling will be the next markets to be developed. It has been predicted that on-line gambling could grow to become a \$15 billion per year market.¹⁰¹ There are already a number of gambling services available on the Internet, such as Virtual Vegas and Wagernet On-line and the Northern Territory government has licensed Centrebet (a company based in Alice Springs) to take bets via the Internet. Although the facilities required to operate interactive pay-TV are not yet commercially available, TABs from all states except the ACT and New South Wales have already started making preparations for interactive betting on racing.¹⁰² For example, the Queensland TAB has an Internet site which advertises a Customer Input Terminal for those clients who already have accounts.¹⁰³

The editor of *PC Week*, Chris Bowes, recently said:

Should the Internet be exploited to press home Australia's comparative advantage as a gaming nation or will putting a poker machine in every home have huge social costs?

⁹⁷ CJC, Report on S P Bookmaking, pp 102-103.

⁹⁸ CJC, Report on S P Bookmaking, pp x-xx.

⁹⁹ Access Economics, 'Strategic Monitor - Gambling Booms', *Economics Monitor*, 3 May 1996, pp 14-19, p 14.

¹⁰⁰ Tasmanian Gaming Commission, Australian Gambling Statistics, 1997, Summary Table C.

¹⁰¹ Burton T & Meredith H, 'Highways, buy-ways and a future you can bet on', *Australian Financial Review*, 2 March 1995, p 1.

¹⁰² Bogle D, 'Net bets & cyber chips', *The Australian*, 8-9 March 1997, Weekend Review p 4.

¹⁰³ TABQ - <http://www.tabq.com.au/cit.htm>

*On the other hand, isn't it better to encourage local operators over foreigners? It's an issue state governments can't afford to leave in the too-hard basket too much longer.*¹⁰⁴

Gambling regulatory bodies are concerned with the recent trends, given the difficulties in regulating activities conducted through the Internet and the likelihood of loss of revenue for governments.¹⁰⁵ The loss of regulatory control of gambling by Governments in these media also has implications relating to the integrity of the operators and the inability to compel them to honour payouts.

In May 1997 the Gaming Ministers of all states and territories released a discussion paper on Interactive Home Gambling which contains a draft National Regulatory Model. It excludes existing interactive products such as telephone betting with TABs. The draft Model involves each state and territory enacting complimentary legislation with a view to minimising the impact of products from overseas or illegal sources, by maintaining and creating obstacles to their advertising and marketing and by providing alternative products where the entitlements of players are protected.¹⁰⁶

Another possible development in the future involves gambling in the air. It has been reported that major international airlines around the world, including Qantas, are lobbying governments for changes to legislation which would allow them to introduce in-flight gaming. Funds which would be generated from in-flight gambling, if approved, would be earmarked to upgrade in-flight entertainment facilities.¹⁰⁷ Although no formal response to these proposals have been made by the federal government it is understood that both the federal and state governments are not in favour of any such legislative changes.¹⁰⁸

¹⁰⁴ Bowes C, 'Odds on-line', *Bulletin*, 1 April 1997, pp 48-49, p 49.

¹⁰⁵ Brewster D, 'Internet takes a chance on punters', *The Australian*, 8 April 1996, p 3.

¹⁰⁶ *Draft Regulatory Control Model for New Forms of Interactive Home Gambling*, Queensland Office of Gaming Regulation, <http://www2.eis.net.au/~qogr/inthogam.shtml>, May 1997; Creedy S, 'States get tough on proposals for virtual casinos', *The Australian*, 24 June 1997, p 33.

¹⁰⁷ Thomas I, "Bumpy ride for Qantas flying casino", *Australian Financial Review*, 26 September 1996, p 1.

¹⁰⁸ Thomas I, 'Odds are against Qantas flutter', *Australian Financial Review*, 24 April 1997, p 11.

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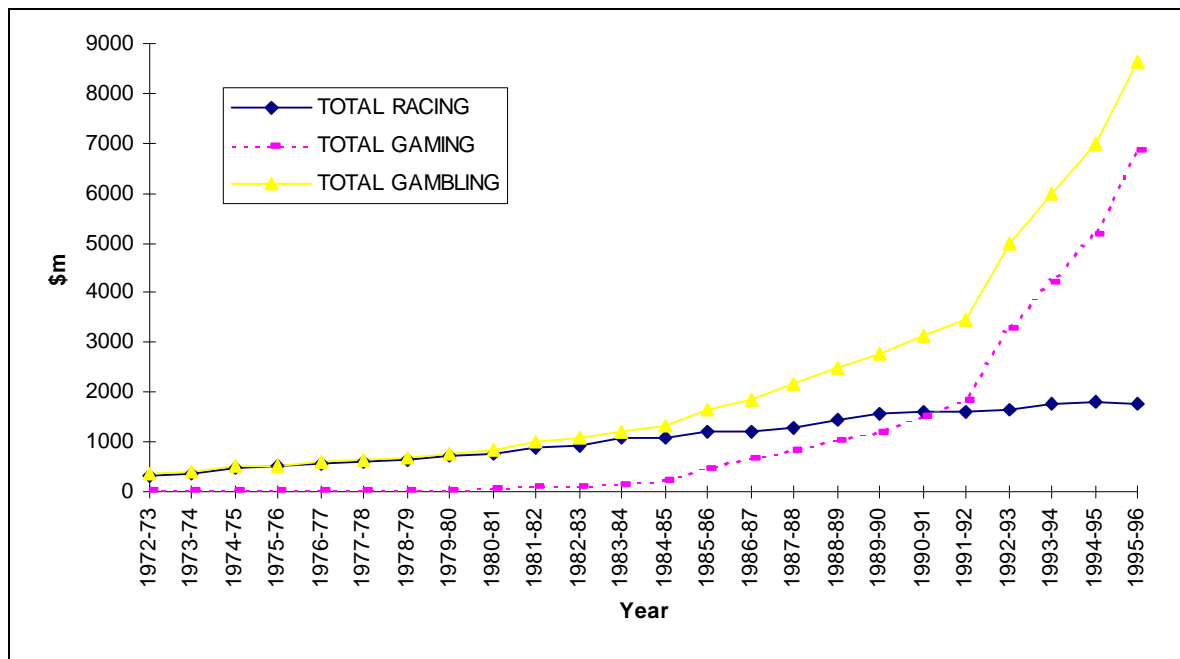
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APPENDIX A Queensland Gambling Turnover

| YEAR | TOTAL RACING \$m | TOTAL GAMING \$m | TOTAL GAMBLING \$m |
|---------|---------------------|---------------------|-----------------------|
| 1972-73 | 324.571 | 20.420 | 344.991 |
| 1973-74 | 381.410 | 21.590 | 403.000 |
| 1974-75 | 473.278 | 30.720 | 503.998 |
| 1975-76 | 508.030 | 34.304 | 542.334 |
| 1976-77 | 566.722 | 39.018 | 605.740 |
| 1977-78 | 587.322 | 43.423 | 630.745 |
| 1978-79 | 647.342 | 52.452 | 699.794 |
| 1979-80 | 707.331 | 59.187 | 766.518 |
| 1980-81 | 767.236 | 62.324 | 829.560 |
| 1981-82 | 879.702 | 108.213 | 987.915 |
| 1982-83 | 943.735 | 127.232 | 1070.967 |
| 1983-84 | 1069.542 | 152.181 | 1221.723 |
| 1984-85 | 1065.362 | 260.738 | 1326.100 |
| 1985-86 | 1200.082 | 462.358 | 1662.440 |
| 1986-87 | 1194.420 | 667.657 | 1862.077 |
| 1987-88 | 1286.460 | 863.519 | 2149.979 |
| 1988-89 | 1443.717 | 1041.078 | 2484.795 |
| 1989-90 | 1549.322 | 1215.789 | 2765.111 |
| 1990-91 | 1599.593 | 1520.865 | 3120.458 |
| 1991-92 | 1614.920 | 1843.355 | 3458.275 |
| 1992-93 | 1665.435 | 3300.421 | 4965.856 |
| 1993-94 | 1765.574 | 4206.313 | 5971.887 |
| 1994-95 | 1792.869 | 5182.140 | 6975.009 |
| 1995-96 | 1762.854 | 6861.144 | 8623.998 |

Source: Tasmanian Gaming Commission, *Australian Gambling Statistics 1972-73 to 1995-96*, Table 25

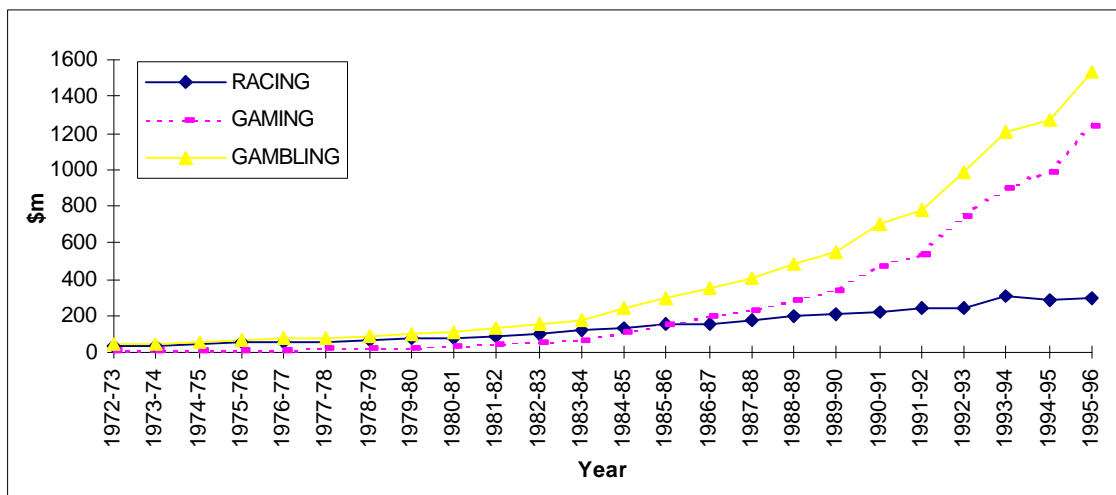


APPENDIX B

Queensland Gambling Expenditure

| YEAR | RACING \$m | GAMING \$m | GAMBLING \$m |
|---------|---------------|---------------|-----------------|
| 1972-73 | 31.442 | 7.555 | 38.997 |
| 1973-74 | 36.786 | 7.988 | 44.775 |
| 1974-75 | 48.200 | 11.366 | 59.566 |
| 1975-76 | 53.118 | 12.928 | 66.045 |
| 1976-77 | 57.643 | 15.143 | 72.787 |
| 1977-78 | 60.258 | 17.684 | 77.943 |
| 1978-79 | 66.755 | 22.281 | 89.036 |
| 1979-80 | 72.398 | 26.420 | 98.818 |
| 1980-81 | 79.716 | 27.408 | 107.124 |
| 1981-82 | 92.536 | 44.214 | 136.750 |
| 1982-83 | 101.458 | 52.309 | 153.767 |
| 1983-84 | 118.160 | 62.473 | 180.633 |
| 1984-85 | 132.257 | 105.765 | 238.022 |
| 1985-86 | 149.371 | 150.252 | 299.623 |
| 1986-87 | 155.920 | 198.309 | 354.229 |
| 1987-88 | 175.307 | 235.264 | 410.571 |
| 1988-89 | 197.798 | 282.869 | 480.667 |
| 1989-90 | 210.356 | 334.998 | 545.354 |
| 1990-91 | 221.829 | 475.043 | 696.872 |
| 1991-92 | 235.921 | 540.569 | 776.490 |
| 1992-93 | 240.985 | 743.424 | 984.409 |
| 1993-94 | 309.242 | 900.111 | 1209.353 |
| 1994-95 | 281.447 | 989.777 | 1271.224 |
| 1995-96 | 298.653 | 1239.061 | 1537.714 |

Source: Tasmanian Gaming Commission, *Australian Gambling Statistics 1972-73 to 1995-96*, Table 26

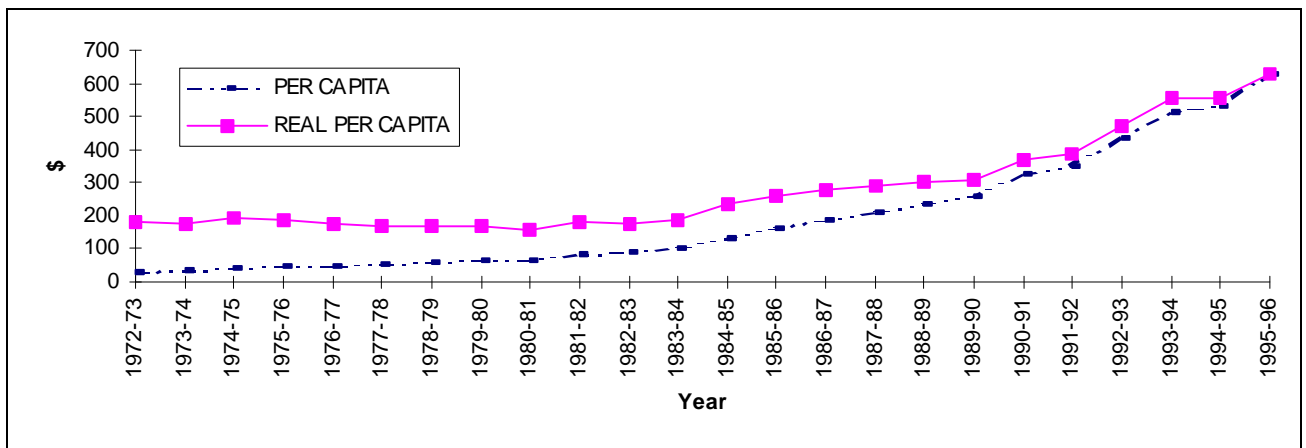


APPENDIX C

Queensland Per Capita & Real Per Capita Gambling Expenditure

| YEAR | PER CAPITA \$ | REAL PER CAPITA \$ |
|---------|------------------|-----------------------|
| 1972-73 | 30.66 | 178.47 |
| 1973-74 | 34.05 | 174.77 |
| 1974-75 | 44.12 | 193.99 |
| 1975-76 | 47.69 | 186.10 |
| 1976-77 | 51.19 | 175.45 |
| 1977-78 | 53.42 | 167.16 |
| 1978-79 | 59.36 | 171.81 |
| 1979-80 | 63.79 | 167.44 |
| 1980-81 | 66.41 | 159.45 |
| 1981-82 | 81.94 | 178.24 |
| 1982-83 | 89.87 | 175.36 |
| 1983-84 | 103.46 | 188.79 |
| 1984-85 | 133.50 | 233.99 |
| 1985-86 | 161.52 | 260.54 |
| 1986-87 | 186.14 | 274.73 |
| 1987-88 | 209.58 | 288.49 |
| 1988-89 | 236.78 | 303.48 |
| 1989-90 | 260.56 | 309.23 |
| 1990-91 | 324.73 | 365.80 |
| 1991-92 | 351.83 | 389.18 |
| 1992-93 | 432.52 | 473.41 |
| 1993-94 | 515.28 | 554.09 |
| 1994-95 | 530.56 | 552.84 |
| 1995-96 | 629.08 | 629.08 |

Source: Tasmanian Gaming Commission, *Australian Gambling Statistics 1972-73 to 1995-96*, Tables 29 and 30.

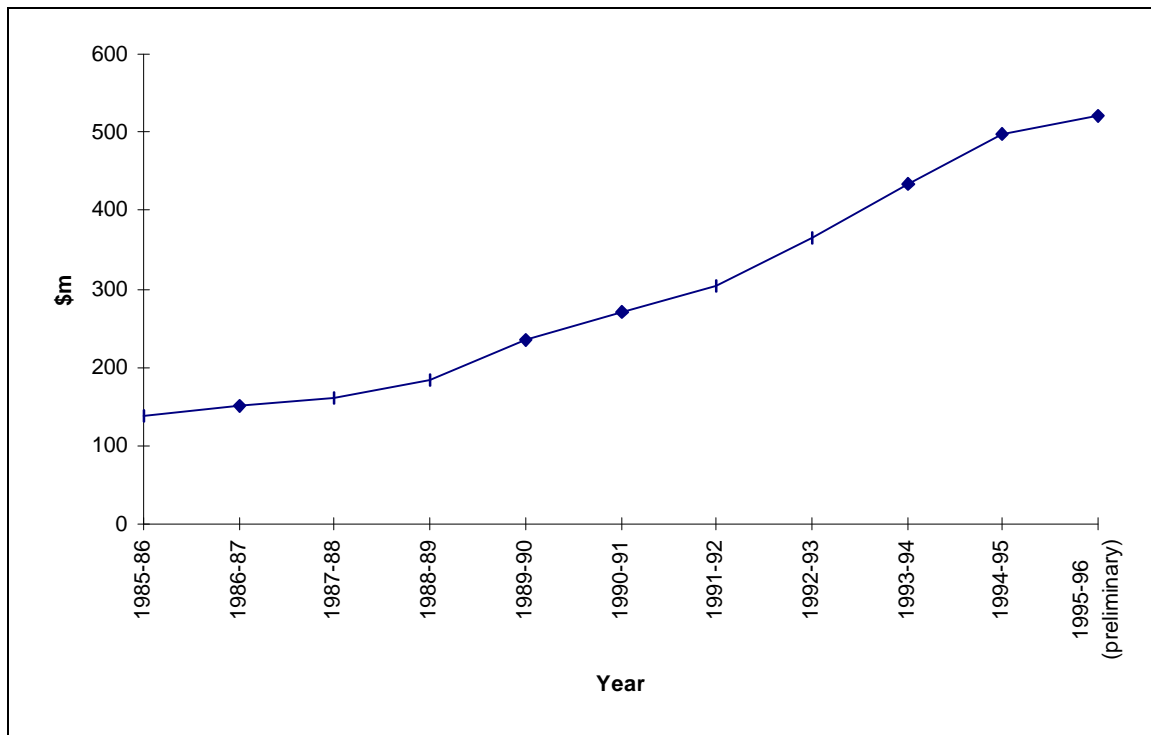


APPENDIX D

Queensland Government - Revenue from Gambling

| Year | \$m |
|--------------------------|-----|
| 1985-86 | 138 |
| 1986-87 | 150 |
| 1987-88 | 162 |
| 1988-89 | 185 |
| 1989-90 | 236 |
| 1990-91 | 271 |
| 1991-92 | 303 |
| 1992-93 | 365 |
| 1993-94 | 434 |
| 1994-95 | 497 |
| 1995-96 (preliminary) | 520 |

Source: Australian Bureau of Statistics, *Taxation Revenue Australia 1995-1996*, Catalogue No 5506.0.



APPENDIX E**Gambling Machines in Queensland**

| YEAR | CLUBS | | HOTELS | | TOTAL | |
|---------|--------------------|-----------------|--------------------|-----------------|--------------------|-----------------|
| | Number of Machines | Number of Sites | Number of Machines | Number of Sites | Number of Machines | Number of Sites |
| 1991-92 | 3730 | 217 | 743 | 88 | 4473 | 305 |
| 1992-93 | 6903 | 405 | 2429 | 298 | 9332 | 703 |
| 1993-94 | 12147 | 616 | 3363 | 421 | 15510 | 1037 |
| 1994-95 | 14309 | 649 | 3541 | 446 | 17850 | 1095 |
| 1995-96 | 15776 | 653 | 4666 | 465 | 20442 | 1118 |

Source: Queensland Machine Gaming Commission, *Annual Reports*.