

**Queensland Government Submission
to the Productivity Commission Inquiry
into Australia's Gambling Industries**

December 1998

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Part 1 Overview of Gambling in Queensland

Legalised Gambling in Queensland

The legislative environment in Queensland provides that gaming is unlawful pursuant to the *Gaming Act 1850*, the *Criminal Code 1899* and the *Vagrants, Gaming, and Other Offences Act 1931* unless specifically permitted under the provisions of other legislation.

A brief description of each of the types of gaming permitted within Queensland according to specific legislation is provided below in alphabetical order.

Art Unions

The term "art unions" encompasses fundraising activities conducted by eligible associations and non-profit promotional lotteries/competitions under the provisions of the *Art Unions Act 1992*. In industry data collections, such as the *Australian Gambling Statistics*, these types of gaming are collectively referred to as "minor gaming".

Examples of eligible associations are those formed for a charitable, community, religious, sporting, patriotic or educational purpose, a school parents and citizens association, or a registered political party.

Non-profit lotteries/competitions conducted for the purpose of promoting the sale of goods or services and for which there is no entry fee are regulated as trade promotion art unions.

The activities covered by the term "art unions" include:

- major and minor art unions;
- bingo;
- lucky envelopes;
- calcutta sweeps;
- trade promotion art unions;
- small private raffles, and
- similar games, schemes or arrangements.

Casinos

Following the proclamation of the *Casino Control Act 1982* the first legal casino in Queensland opened in November 1985 at the Conrad Hotel and Jupiters Casino complex at Broadbeach on the Gold Coast. The second opened in May 1986 at the Sheraton Townsville Hotel and Casino. The third casino, the Conrad International Hotel and Treasury Casino, opened in Brisbane in April 1995. The fourth casino to commence operations was the Reef Hotel Casino in Cairns which opened in January 1996.

The casinos offer table games, gaming machines and keno. There is a restriction on the maximum number of table games approved for use at each casino. Gaming machine numbers are generally limited to 12 times the number of approved table games at each casino.

The following table games are approved for play within Queensland casinos:

* Blackjack	* Craps
* Baccarat	* Two-up
Caribbean Stud	* Triple Penny Two Up
* Mini-Baccarat	Draw Poker
* Roulette	Manilla Poker
* Mini dice	5 Card Stud Poker
* Wheel of Fortune	7 Card Stud Poker
Pai Gow	Sic Bo
	Tri Chro

The exclusivity arrangements associated with the Gold Coast and Townsville casinos mean that games marked * or electronic derivatives thereof are exclusively provided in casinos.

Gaming Machines in Licensed Clubs and Hotels

The introduction of gaming machines to licensed clubs and hotels was permitted under the provisions of the *Gaming Machine Act* 1991 and first commenced in 1992.

There is no distinction between the types of gaming machines permitted in clubs and hotels and there is no restriction on the types of games that can be approved to operate on the gaming machines, apart from the exclusivities arising from the casino agreements.

There are, however, different maximum numbers of gaming machines permitted in clubs and hotels. These are currently set at 270 for clubs and 30 for hotels. There are also different taxation rates applicable to clubs and hotels. These are set out in detail in Part 5 of this Submission.

Interactive

The licensing of various forms of interactive gambling, including Internet gaming, is possible under the provisions of the *Interactive Gambling (Player Protection) Act* 1998. The legislation commenced on 1 October 1998 and covers all games accessible in the home via telecommunication means. To date, no licences have been issued under this legislation.

Keno

Under the provisions of the *Keno Act* 1996, statewide Keno is conducted by the exclusive Keno Licensee, Jupiters Network Gaming. A keno game is drawn approximately every 3 minutes either in one of the two Jupiters casinos or by a random number generator at Jupiters Network Gaming. Apart from casinos, Keno Agencies are restricted to licensed clubs, hotels and TAB Agencies.

Lotteries

Commercial lotteries are conducted under the provision of the *Lotteries Act 1997* by the Golden Casket Lottery Corporation (GCLC) and cover the following games:

Saturday Gold Lotto	Wednesday Gold Lotto	Powerball
Oz Lotto	Golden Casket	Instant Scratch-Its
Pools	Promotional Lotteries	Super 66

At present, the GCLC has an exclusivity for commercial lottery games in Queensland.

Wagering

Wagering involves betting on racing events including galloping, harness and greyhound racing, and other sporting events. Wagering is currently regulated under the *Racing and Betting Act 1980*. The Totalisator Administration Board of Queensland (TAB) is the major wagering operator with its off-course totalisator system. On-course totalisators are conducted by all major racing clubs and some smaller clubs. Most clubs have an amalgamation of pools arrangement with the TAB. The TAB also offers sports betting via FootyTab on the outcome of rugby league football matches.

In 1998 the Queensland Government enacted the *Wagering Act 1998* which, when proclaimed, will enable the issue of race wagering and sports wagering licences to conduct totalisator and fixed odds betting.

Bookmakers are also a part of wagering in Queensland. The *Racing and Betting Act* allows only bookmakers are permitted conduct fixed odds bets on race events and sporting contingencies while on-course at race meetings. They are permitted to accept minimum telephone bets of \$250 from off-course punters while the bookmaker is fielding on-course. Bookmakers are licensed through the relevant racing industry control bodies.

The Development of Legalised Gambling in Queensland in Policy Context

A brief overview of the development of legalised gambling is as follows:

pre-1920	On-course wagering and not-for-profit art unions permitted
1920	Queensland Government takes over the Golden Casket art union and converts it into a State-run lottery with proceeds for public hospitals
1962	Queensland Government creates the Totalisator Administration Board of Queensland (TAB) to offer off-course wagering
1982	<i>Casino Control Act</i> leads to opening of casinos on the Gold Coast (1985), Townsville (1986), Brisbane (1995) and Cairns (1996)
1991	<i>Gaming Machine Act</i> leads to introduction of gaming machines to licensed clubs and hotels in 1992

- 1996 *Keno Act* leads to expansion of keno from casinos to licensed clubs, hotels and TAB Agencies
- 1997 *Lotteries Act* leads to the licensing of the Golden Casket Lottery Corporation Limited as a lottery licence holder
- 1998 *Interactive Gambling (Player Protection) Act* provides for the licensing of interactive gambling products

The history of gambling in Queensland can be traced back to the ships transporting convicts to Australia. Gambling had emerged as a significant aspect of the new national identity even before the separation of the Colony of Queensland from New South Wales in 1859.

The legislatures of the colonies attempted to shut down gambling through punitive measures but were unable to stop the spread of such activities. In Queensland the *Gaming Act 1850*, *Art Unions Act 1850* and *Lotteries Act 1852* were inherited from New South Wales, and the *Totalisator Restriction Act 1892*, *Suppression of Gambling Act 1895* and *Criminal Code Act 1899* were enacted by the Queensland legislature to control gambling.

Types of lotteries known as art unions had operated for some time in colonial Australia. George Adams, the owner of the Tattersalls sweeps, had relocated from New South Wales to Queensland in the early 1890s until the Queensland legislature enacted the *Suppression of Gambling Act 1895* which prompted his departure for Tasmania.

Prior to Federation the colonial legislatures individually examined gaming and betting within each colony's jurisdiction and each legislated having regard for the circumstances prevailing within its jurisdiction.

The Constitution of the Commonwealth of Australia, which came into effect on 1 January 1901, did not specify gambling as one of the heads of power given to the Commonwealth and therefore, under section 107 of the Australian Constitution, the power to make laws with respect to gambling remains with the States.

The history of gambling in Queensland shows that a substantial majority of the population will choose to participate in some gambling activity, at least on an occasional basis. Over time, Governments have found it necessary to address the issues arising from these circumstances.

The two major policy objectives leading to legalisation of specific types of gambling are to suppress illegal gambling by offering a legal equivalent and to ensure the probity of the persons and the integrity of the systems involved in gambling by licensing the providers of the gambling product.

Some restructuring of legalised gambling has occurred during the 1990s. Two examples of this restructuring are the separation of the regulatory and business functions of the Golden Casket Lottery Corporation and the planned separation of those functions in relation to the TAB. This restructuring process was partly a response to the State's National Competition Policy commitments.

The two organisations were previously in the position of being the sole perpetual providers of lottery and wagering products, respectively. The Golden Casket Lottery Corporation now holds, and it is intended that the TAB will hold, an exclusive licence for a limited period before other organisations can apply to be licensed for each activity.

Another example of restructuring of legalised gambling is in the gaming machine industry following the *Review of Queensland Gaming Machine Regulatory Arrangements* (the “White Paper”) published in November 1996. The proposals in the White Paper, together with extensive consultation between the Government and industry participants, has resulted in the separation of operational functions, including the owning and monitoring of gaming machines, from the regulatory functions of the Queensland Office of Gaming Regulation.

An overview of Government policy in each type of gambling is given below in alphabetical order.

Art Unions

Art Unions are operated by charitable and non-profit organisations which apply for licences or permits to generate funds for charitable and welfare services to the community as well as supporting a diverse range of non-profit organisations involved in sporting, educational and religious services. In addition, trade promotions are art unions conducted for the purpose of promoting the sale of goods or services and for which there is no entry fee.

The art unions legislation is aimed at ensuring that fundraising by non-profit organisations is operated fairly and with adequate audit requirements. There is no tax on these operations although fees are imposed to recover the cost of regulating the industry. Trade promotion art unions are not required to pay any licence or permit fees.

Casinos

Early in 1981, the Government decided to seek proposals for construction of an international standard tourist complex and for the operation of a casino within the complex, one in South Queensland and the other in North Queensland. Submissions were sought from interested parties based on the advertised policy objectives of the Government which sought to ensure:

- (1) the highest standard of casino facilities and impeccable gaming operations in a contained and controlled environment with strict probity and integrity;
- (2) the maximum enhancement of the tourist industry to include:
 - (a) the best siting for outlook, accessibility and capacity for future development;
 - (b) international class tourist accommodation with ancillary facilities such as convention centres, sporting amenities, restaurants and indoor/outdoor entertainment complexes;
- (3) significant, but not necessarily related, community benefits; and

- (4) an enhancement of State revenue - but this objective was secondary to (1), (2) and (3) above.

The Queensland Government formulated the legalisation of casinos through the enactment of the *Casino Control Act* 1982 which provides for the Governor in Council, on the recommendation of the Minister, to grant casino licences. The casino legislation requirements for the probity and financial viability of the licensees are aimed at protecting the public confidence in regulated gambling which is essential for the ongoing success of the industry.

The legislation does not provide for a person to seek a casino licence. It is a matter for the Government to decide, for policy reasons, that an Expression of Interest for a new casino licence in a particular region is desirable.

The Queensland Government decided to invite submissions for one casino licence each in South and North Queensland in the early 1980s. Submissions were invited for another casino licence each in South and North Queensland for Brisbane and Cairns, respectively, in the early 1990s. The invitations required the development by the successful applicant of a hotel-casino complex.

It is noted that every Australian jurisdiction has adopted the policy of issuing casino licences only for hotel-casino complexes.

In Queensland, the *Casino Control Act* incorporates the Government's objective of ensuring that the State benefits by the development and operation of hotel-casino complexes and associated community infrastructure. In particular, section 20(1)(d) of the *Casino Control Act* requires that casino licensees must have the financial resources to ensure the continuing viability of the hotel-casino complex.

As an indication of the contribution the hotel-casino complexes have made to the Queensland economy, it has been estimated that the combined development and other initial costs for the four existing casinos was approximately \$778 million in terms of dollars of the day.

Some examples of the tangible economic benefits to the State arising from the Brisbane and Cairns Casino Agreement Acts are the construction of the Brisbane and Cairns Convention Centres and the extensive renovation of the old Treasury and Land Administration Buildings in Brisbane with strict maintenance of heritage values.

Given the large up-front capital requirements to build casinos and the large ongoing costs, the Government granted defined geographic exclusivity arrangements for limited periods to the licensees pursuant to the Agreement Acts to allow the casino operators sufficient time to develop commercially viable casino operations.

Gaming Machines in Licensed Clubs and Hotels

For more than thirty years the Queensland Government observed the growth in the number of gaming machines in New South Wales. Significant numbers of Queenslanders contributed to the growth of clubs in New South Wales, particularly in the Tweed Heads area, while clubs in Queensland were restricted to fund raising activities such as raffles and bingo.

The initial impetus for the Queensland Government to consider the legalisation of gaming machine operations was to address the deteriorating financial position of licensed clubs across the State.

The Government studied the machine gaming environment in other jurisdictions, particularly in New South Wales, and considered Reports on concerns with regard to the introduction of gaming machines by the Criminal Justice Commission and the Parliamentary Criminal Justice Committee.

The Government legislated through the *Gaming Machine Act 1991* to permit gaming machines in licensed clubs and hotels. Gaming machines were introduced to:

- provide an avenue by which participating clubs could improve their financial position in order to provide enhanced recreational facilities and services for their members and patrons;
- provide additional employment opportunities in the State;
- provide direct funding to community groups, recreational and welfare programs;
- encourage the growth of tourism by the improvement of club facilities, services and entertainment;
- create extra revenue for the State; and
- meet the legitimate wish of those who are attracted to playing gaming machines by legalising access to such machines.

Notwithstanding these objectives, gaming machines were legalised only under the control of a regulatory environment, which would “ensure the highest standard of machine gaming and an impeccable operation” as stated in the Minister’s second reading speech.

To ensure probity and integrity:

- the Government purchased the gaming machines and rented them to licensed clubs and hotels in order to distance the machine manufacturers from the venues;
- a Dial-Up Computerised Monitoring System (the DUCMS) was installed for centralised monitoring of all gaming machine operations by the Government;
- the Machine Gaming Division, since amalgamated with other gaming regulatory bodies into the Queensland Office of Gaming Regulation, was formed to regulate the industry;
- the Queensland Machine Gaming Commission, an independent statutory body, was created to oversee the purchase of gaming machines and to license industry participants;
- venues and persons involved in gaming machine operations were required to be licensed following extensive investigations; and
- all gaming equipment was required to be fully evaluated and approved prior to installation.

Gaming machine operations in licensed clubs and hotels commenced in February 1992 and April 1992, respectively.

In 1996, after four years of gaming machine operations, the Queensland Government held public consultation widely in the industry and the community in its *Review of Queensland Gaming Machine Regulatory Arrangements*. The report of the review, commonly referred to as “the Gaming Machine White Paper”, was published in November 1996.

Even though the regulatory regime had served the industry well, the review was necessary to ensure that, as the industry matured, it would be in a position to meet emerging demands by venues and patrons. The resulting amendment of the *Gaming Machine Act* in 1997 introduced two fundamental changes to the gaming machine regulatory environment to ensure the industry continued to be viable into the future.

Firstly, the ownership of gaming machines is no longer restricted to the Queensland Government. This resulted in more than 21,500 of the State's 23,434 operational gaming machines being purchased directly by venues or approved third parties by 30 June 1998. The remainder are expected to be purchased by early 1999.

Secondly, the electronic monitoring of gaming machines is to be taken over by Licensed Monitoring Operators who are also permitted to enter into commercial arrangements to provide ancillary services such as linked gaming machine jackpot systems to venues.

The effect of these changes is to remove the Queensland Government from key operational aspects of the gaming machine industry while maintaining its regulatory role to protect the probity and integrity of the industry.

Other changes that have occurred or are occurring as a result of the review include:

A Staged Increase in the Maximum Allowable Number of Gaming Machines

Licensed clubs will be permitted to increase to a maximum of 300 machines and hotels to a maximum of 45 machines in yearly increases of 10 and 5, respectively. The increase in the maximum number of gaming machines will be staged as follows:

	Clubs	Hotels
From 1 July 1998	270	30
From 1 July 1999	280	35
From 1 July 2000	290	40
From 1 July 2001	300	45

Player Returns to be variable between 85% and 92%

From 1 July 1998, venues will be permitted to increase the return to player from the minimum of 85% to a maximum of 92% in up to half their machines and, from 1 July 1999, in all gaming machines at the venue. Machines purchased prior to 1 July 1998 whose game software can be converted to variable player return are exempt from the half-site restriction.

Change in method of Taxation from Turnover-based to Metered Win-based

Industry participants made a strong case to move to variable payback rates for players. Once the Government agreed to permit variable payback it became necessary to change the basis of taxation away from turnover because the percentage payback to players has a direct relationship to turnover. (An increase in the percentage payback to players equates to an increase in turnover, and therefore turnover tax, for the same amount of player expenditure.)

The industry participants and the Government agreed to replace turnover tax with metered win tax which is based on the amount of money retained from gaming machine operations by the venues as measured by the computerised monitoring systems.

An advantage to venues from the change to metered win taxation is that the monthly taxation is directly related to the amount retained by the venue during the month rather than the turnover of the gaming machines.

Interactive Gambling

In the mid-1990s the States and Territories recognised the threat to public confidence in the integrity of gambling caused by the availability of unregulated interactive gambling products, particularly on the Internet. In response, an Australian inter-jurisdictional working group developed a draft model for a national regulatory framework for interactive gambling.

In May 1997 a meeting of Australian Gaming Ministers approved a draft model which seeks to ensure that the entitlements of players are protected and to minimise the impact of gambling products provided from overseas or illegal sources by prohibiting advertising and marketing by illegal operators. Queensland's *Interactive Gambling (Player Protection) Act 1998*, is based on this national model. The Act has been designed to regulate gambling activities which may be accessible in private residences via interactive means, such as Internet gambling, telephone betting, betting via new technologies incorporating television and including, for example, future developments in the use of cable television.

The primary aim of the Act is to protect those wishing to participate in interactive gambling. The legislation includes provisions which prohibit access by minors and requires that adequate proof of age be supplied to a licensed provider before allowing a person to register as a player.

The Act enables a player to set limits on the amount of individual and cumulative bets. Such limits may apply to a bet on a particular game or set a maximum amount that can be wagered by a player over a period of time. If a person is concerned about their own or another person's welfare and believes that the gambling habits pose a threat to the player or the player's family, an application may be made to have the player banned from participating in any form of licensed interactive gaming activity. Such a ban would prevent the player from participating in interactive gambling which is licensed in Queensland or in another jurisdiction participating in a reciprocal way in the national model.

Controls in the Act over advertising and marketing of interactive gambling will ensure that any advertising of interactive gambling products is conducted responsibly and appropriately. Consistent with other gaming legislation in Queensland, credit betting is prohibited and controls to ensure the privacy of personal information have been included.

Keno

Keno was originally one of the games restricted to casinos in Queensland. A number of gaming venues in Queensland noted that, in other Australian jurisdictions, particularly in the case of the popular ClubKeno in New South Wales, the game of keno could be played to add variety to the gaming products available. The Queensland venues sought the extension of keno to their premises as an additional form of gaming preferred by some patrons.

The *Keno Act* 1996 permitted the game of keno to be extended to gaming venues outside the casinos subject to regulation by the Queensland Office of Gaming Regulation. In February 1997 the Keno Agreement was signed, which permits Jupiters Gaming Pty Ltd to conduct keno across the State. In July 1997, statewide keno operations commenced outside the casinos.

Lotteries

The Golden Casket was an art union begun in 1916 for patriotic purposes. From 1920 onwards the Golden Casket was run as a State lottery under stringent guidelines to ensure a high level of public confidence in the integrity of its operations. For many years the proceeds from the Golden Casket were used to fund Queensland's free public hospital system.

Over the past twenty years the sales of the original Golden Casket product declined as the public became more interested in new products such as Lotto and Instant Scratch-Its. The organisation was corporatised in 1997 as the Golden Casket Lottery Corporation with a Lottery Licence under the *Lotteries Act* 1997.

Wagering

In 1962 the Totalisator Administration Board (TAB) was established by amending the *Racing and Betting Act* 1954. The Royal Commission of Inquiry into Gambling and Betting, which was appointed in 1954, had identified the widespread practice of illegal Starting Price or SP bookmakers.

The TAB was created with the major objectives of stamping out the illegal SP bookmakers revealed by the Royal Commission into Gambling and Betting and ensuring that a significant proportion of the profits from off-course betting were returned to the racing industry.

In 1997/98 the TAB's off-course turnover was \$1,347 M of which around 84% was returned to patrons as winning dividends. The TAB has a retail network of 576 offices of which only 30 are owned by the TAB. The remainder of the retail network consists of PubTABs (215), Agents (172), MiniTABs (73), ClubTabs (62) and Sub-Agents (24). The TAB also accepts sports wagering through FootyTAB but the level of wagering (\$2.5 M in 1997/98) is only 0.18% of total off-course turnover.

The *Wagering Act* 1998, when proclaimed, will enable the issue of race wagering and sports wagering licences to the TAB.

Planned Future Actions

Art Unions

In April 1998 the Government released a document entitled the *Art Unions Review Discussion Paper* which proposes a new regulatory environment for activities currently regulated under the *Art Unions Act 1992*. The Art Unions Review, together with comment received from interested persons, will form the basis for new legislation which will ensure that charitable and non-profit gaming activities continue to be a viable source of funding for eligible associations in Queensland.

The aim of the review is to reduce regulatory burdens while retaining public confidence in charitable and non-profit gaming. The proposed regulatory environment is intended to raise the threshold at which different levels of regulation will be imposed on fundraising activities. It is intended to create three categories depending on the amount of gross proceeds of each game drawn. The categories are less than \$2,000 gross proceeds per game, from \$2,000 to \$19,999 per game, and \$20,000 or more per game.

In regard to the conduct of charitable gaming, only those activities with gross proceeds of \$20,000 or more per draw (or session) will be required to obtain a licence. The proposal will enable greater flexibility for charitable gaming operations in issues such as the type and amount of prizes to be offered.

Licences will be required to be held by lucky envelope printers and bingo centres to ensure that the integrity of the industry is maintained.

Gaming Machines in Licensed Clubs and Hotels

The finalisation of the White Paper changes outlined in the previous section of this document is expected in 1998/99. The most significant changes have already been implemented.

Interactive Gambling

The Act commenced on 1 October 1998. The operation of the Act and the progress of corresponding legislation in other jurisdictions will be reviewed periodically.

Wagering

The Queensland Government has proposed a two stage process for the reform of the TAB, commencing with its corporatisation and the relocation of its regulatory functions to QOGR, and culminating in its privatisation. This process is the subject of discussions between the Government and industry participants.

The Government has proposed that the reform process must include the following:

- C provide the TAB with a full commercial focus;
- C ensure the TAB has the necessary autonomy to react flexibly to market developments and achieve future growth;
- C remove any potential conflict in the role of Government as both regulator and owner of a gambling enterprise;
- C enable the TAB to compete more efficiently with TABs in other States;
- C allocate responsibility for Queensland Racing Industry (QRI) funding arrangements to the industry itself; and
- C establish an efficient, equitable and competitive gaming and wagering taxation environment.

The first stage of the process will require the commencement of the wagering legislation which provides for regulating the gambling aspect of the industry. The oversight of the racing industry will continue to be undertaken under the *Racing and Betting Act* and the control bodies established under that legislation.

Government Agencies with Responsibilities related to Gambling

Queensland Police Service (QPS)

The Queensland Police Service (QPS) is the Government agency with responsibility, under the *Vagrants, Gaming and Other Offences Act 1931* and the *Criminal Code*, for detecting and prosecuting persons for offences involving types of gambling which are not permitted by other legislation. The QPS is also responsible for administering the *Suppression of Gambling Act 1895* and the *Gaming Act 1850*. In addition, the QPS may take action on offences under the gaming Acts which provide for legalised gambling, particularly for indictable offences. More information on the QPS and gambling is provided in **Part 4 - Crime**.

Queensland Office of Gaming Regulation (QOGR)

QOGR is a portfolio office within Queensland Treasury. The QOGR Executive Director reports directly to the Under Treasurer, the chief executive of Queensland Treasury. QOGR is responsible for the regulation of almost all legalised gambling in Queensland. When the *Wagering Act 1998* commences, the only exception will be the regulation of bookmakers under the *Racing and Betting Act 1980*.

QOGR's inspectors and investigators may take action for breaches of the gaming legislation when offences are identified. Further information on QOGR's regulation of legalised gambling is provided in **Part 2 - Regulation**.

Queensland Gaming Commission

In response to concerns expressed by the Criminal Justice Commission on organised crime and on the recommendation of the Parliamentary Criminal Justice Committee, the Government established the Queensland Machine Gaming Commission in 1991 with the enactment of the *Gaming Machine Act 1991*.

The Commission is an independent statutory authority of 5 members appointed by the Governor in Council on the recommendation of the Treasurer. In making the recommendation the Treasurer is required by the legislation to ensure that, collectively, the commissioners have extensive experience in the gaming industry, accountancy, the provision of social welfare services and of public administration or of law enforcement.

The Commission has the power to grant, censure, suspend or cancel the following licences associated with the gaming machine industry:

- Gaming Machine Licence
- Machine Manager Licence
- Service Contractor Licence
- Repairer Licence
- Monitoring Operator Licence
- Key Monitoring Employee Licence

The functions of the Commission also include determining numbers of machines permitted at each venue, within the maximum number specified by the legislation.

In addition, the Commission has the power to hear appeals from certain decisions of the chief executive made under the Interactive Gambling legislation and will have a similar appeal function under the Wagering legislation once that Act commences. A Registrar assists the Commission in its role as an appellate body.

Appeals against the Commission's decisions may be made to either the Minister or the Magistrates Court as specified in the legislation.

The Commission is a part time body which meets once per month or more frequently if necessary. As required by the legislation, QOGR funds the Commission's expenses and provides administrative and advisory services to the Commission.

In recognition of its increased role in other types of gaming, from 1 October 1998 the Queensland Machine Gaming Commission was renamed the Queensland Gaming Commission.

Department of Families Youth and Community Care

The Department of Families, Youth and Community Care (DFYCC) funds a range of non-government agencies to deliver services to people affected by problem gambling. In addition, the DFYCC chairs and provides executive support to the Responsible Gambling Advisory Committee which brings together government, industry and community groups to provide advice on strategies to monitor, prevent and effectively respond to problem gambling.

DFYCC also supports the Gaming Machine Community Benefit Fund Committee through a secretariat which accepts and processes applications for funding grants from community groups. The Committee recommends to the Treasurer, four times a year, how the distribution of funding, sourced from gaming machine and keno operations, should be granted to a range of community projects.

Department of Tourism, Sport and Racing

The Office of Racing within the Department of Tourism, Sport and Racing, has responsibility for administration of the *Racing and Betting Act* 1980. This includes the Racing Science Centre, which tests for prohibited substances in all racing animals. In addition, the Office of Sport and Recreation administers the Sport & Recreation Benefit Fund which is funded from gaming revenues and from which grants are allocated to increase the quality and quantity of sporting facilities throughout the State.

Under the provisions of the *Racing and Betting Act* 1980, the Minister has responsibilities in the appointment of members to the Queensland Principal Club, Queensland Harness Racing Board and the Greyhound Racing Authority which are the control bodies established for the purpose of supervising, regulating and promoting the racing industry. The control bodies' responsibilities include the licensing of bookmakers.

Golden Casket Lottery Corporation Limited (GCLC)

The GCLC is a corporation whose shares are owned by the Queensland Government. In line with the Government's commitment to the National Competition Policy, however, the Board of the GCLC and its senior management are solely responsible for commercial matters. There are no Government officials serving on the Board.

Totalisator Administration Board of Queensland (TAB)

The Queensland Government is currently involved in a process intended to result in the corporatisation of the TAB. The TAB's Board and senior management are already responsible for commercial matters permitted under the *Racing and Betting Act*. There are no Government officials on the Board.

Office of State Revenue

The Office of State Revenue (OSR), a portfolio office of Queensland Treasury, is currently responsible for the collection of Totalisator and Bookmaker Betting Taxes and investigations into related matters. It is expected that these OSR functions will be transferred to QOGR at some time in the future depending on the commencement of the *Wagering Act 1998*.

Part 2 Regulation of Legalised Gambling

The Queensland Office of Gaming Regulation (QOGR) is responsible for the regulation of almost all legalised gambling in Queensland. The two major aspects of QOGR's regulatory structure are licensing and compliance.

The licensing of suitable organisations and persons to conduct gaming operations using approved equipment under certain conditions is designed to ensure the probity of the operators, the integrity of the gaming systems and, consequently, the maintenance of public confidence in legalised gambling in Queensland.

The compliance function is aimed at ensuring the gaming operations and related activities are conducted according to the relevant legislative provisions and that action is taken when there is reason to believe that there are breaches of the legislation.

Licensing

The regulatory arrangements for most types of legalised gambling are strongly dependent on the licensing of individuals and organisations involved in commercial gaming operations. An overview of the categories of licences and the activities necessary to determine whether a licence should be issued is given below. The comprehensive application process required as part of the arrangements is designed to ensure that the community's high level of confidence in the fairness and honesty of legalised gambling operations is maintained.

Individual Licences

The objective of licensing individuals is to assess the probity and suitability of the particular person who is to be permitted access to sensitive aspects of gaming operations. The key question is whether he or she is a fit and proper person to be involved in legalised gaming operations. The checks are based on the taking of finger prints to prove identity and include criminal history, financial stability and work history.

If the person has a criminal history the decision on whether this will disqualify the person from being licensed depends on the activity being licensed, how long ago the offence occurred and the type of offence. Fraud and misappropriation offences, for example, are more likely to disqualify a person from being licensed to participate in gaming activities.

If a person is licensed under one gaming Act then he or she can apply for a licence under another Act with a declaration that the person's information is unchanged instead of being subject to the comprehensive application process again.

Key Employee and Key Person Licences

In the gaming legislation there are provisions for special types of individual licences for persons categorised as key employees or key persons in gaming operations.

In a casino, for example, this category applies to any person who has the power to exercise significant influence or authority over casino operations. Certain positions are prescribed as requiring key employee licences. The chief executive also has the power to require any person who is believed to have such a power to apply for a key employee licence.

The applicants for key employee and key person licences are investigated similarly to individual licences but an additional determination must be made as to whether the person is suitable to perform the duties of the key employee or key person. Under this category of licence a higher level of financial stability and technical training may be required.

Body Corporate Licences

The application forms for the different types of gaming licences require comprehensive information about the applicant organisation's ownership structure and the persons associated with the organisation. The checks performed include a company history search and an examination of financial records and company accounts for at least the past two years.

The involved body's secretary and executive officers are required to provide financial details and personal history for probity checks and are likely to be required to apply for key person licences. The involved body's directors are also required to provide financial details and personal history for probity checks but are unlikely to be required to apply for key person licences unless they are also employed by the involved body in an executive capacity.

In addition, there are specific legislative requirements for organisations involved in gaming operations in accordance with the various Acts and Regulations.

The ownership structure for each casino licensee, for example, is subject to a Foundation Agreement. A key requirement of the Agreement is that any change to the Agreement must be approved, in advance, by the Minister. Any proposed changes to a Foundation Agreement are thoroughly investigated before the Minister will consider giving approval.

Another example is the licensing of the monitoring operators under the gaming machine legislation. The monitoring operators are responsible for functions with very high integrity requirements. These include the monitoring of gaming machines to ensure they are operating only approved games and, from the meters acquired from each gaming machine, the financial details necessary to confirm that the games are returning the correct return to players as well as to calculate gaming machine revenue.

Consequently, applicants for a monitoring operator licence must also disclose shareholdings. Shareholders of more than 5% may themselves be subject to further probity investigations. The applicant's associates must also disclose their shareholders and associates and these may also be required to provide details until the investigators are satisfied that there can be no undesirable influence on the licensee.

The applicants are also required to demonstrate their technical capability to operate and maintain a computerised monitoring system with the appropriate level of security to ensure the integrity of game outcomes and adequate protection to the player in the case of disputes.

Issuing of Major Licences

Casino Licences are granted by the Governor in Council and issued by the Minister.

Gaming Machine Monitoring Operator Licences are issued by the Queensland Gaming Commission.

Lottery Licences are issued by the Minister.

Keno Licences are issued by the Minister.

Interactive Gambling Licences are issued by the Minister.

Casino Licences

The casino legislation does not provide for either a minimum or maximum number of casinos in Queensland. It is a matter for the Government to determine when it is appropriate to request Expressions of Interest for a casino in a particular region.

Casino licences are conditional on the casino fully complying with strict regulation, particularly involving table games which, with their relatively high gambling limits and the interaction between players and dealers, are particularly vulnerable to cheating and other forms of criminal behaviour. To address this situation the casino operators, and QOGR as the regulator, have surveillance systems in place to scrutinise and video tape all play at table games. The video tapes are used to review and resolve player complaints. The casinos are required to cooperate with QOGR's on-site inspectors and the Police Casino Crime Squads to ensure the highest standards of behaviour are maintained in the casino environment.

The casinos are also subject to strict regulation of all facets of the gaming areas so that the surveillance functions continue to ensure the integrity of gaming operations. The casinos must request approval, for example, for proposed modifications to internal fittings and lighting in the gaming area. As with other gaming licences, failure by the licensee to comply with the legislation could result in the suspension or cancellation of the licence.

Exclusivity Conditions attached to Certain Licences

Casinos Having regard to the high initial costs for the development of a hotel-casino complex, a limited geographical exclusivity for a limited time was negotiated for each casino licence, as follows:

- Jupiters (Gold Coast) - expired 1995
- Sheraton (Townsville) - 400 km excluding Cairns - expires 2001
- Treasury (Brisbane) - 60 km - expires 2005
- Reef (Cairns) - 120 km - expires 2006

Lotteries The *Lotteries Act 1997* provided for the issue of lottery licences where previously a monopoly for lottery products was held by the Golden Casket Art Union Office. The Office was corporatised as the Golden Casket Lottery Corporation and issued a Lottery Licence with exclusivity until 2009.

Keno The exclusivity arrangement with the keno licensee provides for an exclusive licence for 10 years and a further 15 years in which a keno licence may only be issued to the Golden Casket Lottery Corporation.

Agreements

The conditions of licensing of gaming in Queensland generally reserves the right to review agreements related to gaming activities. Some examples are the agency agreements between the lottery licensee and lottery agents and the monitoring agreements between gaming machine venues and licensed monitoring operators.

QOGR checks that the standard agreements are not contrary to the legislation and the terms are in accordance with normal market conditions and terms. QOGR is also empowered to investigate for any form of impropriety in management leases and any other agreements related to gaming operations.

Gaming Equipment

A significant part of the regulation of gaming in Queensland is ensuring that the gaming equipment is thoroughly checked for correct operations against the appropriate technical standards.

In relation to casino table games, for example, roulette equipment, including wheels and balls, is checked for weight and balance by QOGR inspectors using purpose-built test equipment designed by engineering experts. Types of cards and dealing devices and other items of table gaming are checked to ensure that cheating is not possible and that gaming is fair and honest for the players within the rules. The weighting bias of dice is also checked.

The computing hardware and software, which together create modern gaming machines, are tested in QOGR's Evaluation Laboratory which is staffed by nine electronics engineers and mathematicians, and which is Quality Certified by Standards Australia.

The gaming machine hardware is checked to ensure that the security of the external body and the internal compartments of each type of gaming machine are acceptable within the documented standards. The internal components that ensure game integrity are checked to ensure they are protected from unauthorised interference.

Some of the electrical and mechanical gaming machine components tested include coin comparators, note acceptors and coin hoppers. The body of the machines, including the play buttons, is also subjected to a "drinks test" to check the effect of spillage on operations.

The various games are evaluated and approved to run on particular types of gaming machines in Queensland. Each game consists of the random number generator, rules and play tables, and artwork.

The game testing ensures that the return to player is within the required range, and that bonus and special screen features operate in accordance with the game conditions, and that the artwork clearly explains the pay table for the player's information.

QOGR's Evaluation Laboratory is also responsible for evaluating and approving the following gaming systems operating in Queensland:

- the casinos' in-house gaming machine computerised monitoring systems;
- the keno licensee's keno computer system;
- the interactive gambling licensees' computer systems;
- proposals for electrical and/or mechanical devices under the *Art Unions Act 1992*;
- the gaming machine licensed operator's computerised monitoring systems; and
- the lottery licensee's lottery computer systems.

Over the last few years gaming regulators from Australian and New Zealand jurisdictions have developed Australasian standards in regard to gaming machine evaluations, both software and hardware, and approval submissions. This cooperative approach has extended to the development of Technical Functionality Requirements for interactive gambling for those jurisdictions participating in the national model for use when evaluating interactive gambling submissions.

With the common requirement in Australian jurisdictions to license certain participants in the gambling industry, there is agreement among certain Australian jurisdictions to recognise, in whole or in part, a licence issued in another jurisdiction where the licensing process satisfies minimum licensing criteria utilised in Queensland.

Compliance

The Queensland Office of Gaming Regulation's compliance functions may be divided into the following three categories:

- ongoing audits and inspections to ensure that gaming operations take place in accordance with the relevant legislation;
- investigations of probity and of apparent breaches and, if necessary, prosecution of breaches of legislation administered by QOGR; and
- the review and approval of internal control systems, gaming rules and the development of operational policies and procedures to ensure the integrity of gaming.

The first function includes scheduled visits by gaming inspectors and compliance audits that encourage a culture of responsible management of gaming operations at venues.

The second area of responsibility consists of investigations by financial and other investigators into probity and into apparent breaches of legislation. Depending on the type of breach and evidence obtained, an inspector may take appropriate action, which may be a warning, a letter of censure, a prosecution or a show cause proceeding against the licence of an individual or a gaming operator.

The third function involves regular liaison with gaming operators to develop policies, procedures and gaming rules for the proper control of gaming.

Ongoing Audits and Inspections

(a) Casinos

To ensure the impeccable operation of casino operations required by the Government, QOGR maintains a casino inspectorate in each of Queensland's four casinos. There are currently 45 on-site casino inspectors. Inspectors work on a rotational shift work basis to coincide with the operating hours of the casinos. The Gold Coast and Brisbane casinos operate daily on a 24 hour basis, while the Cairns and Townsville casinos operate on restricted hours and close for the early hours of the morning during the week. Normally there is a minimum of two inspectors on duty.

Each casino inspectorate is responsible for ensuring the casino operates strictly in accordance with the legislation and the approved internal controls and operating procedures. This is achieved by conducting an extensive audit program, the monitoring of casino gaming activity and processes via closed circuit television (CCTV) surveillance and attendance at, or supervision of, certain procedures and functions such as the count of monies cleared from tables and gaming machines.

The casino inspectors also respond to and fully investigate and report on patron complaints and other gaming related incidents.

The level of Government supervision of casinos is extensive. It includes an audit program conducted by each casino inspectorate in the following categories.

Equipment: commissioning, security, maintenance and destruction of all gaming equipment.

Electronic Gaming: verification of various jackpot incrementations and other adjustments, physical inspection and reconciliation of keno and gaming machines EPROMs (Electrically Programmable Read Only Memory), seals, and reconciliation of gaming machine and keno performance and accounting records.

Cash Desk: reconciliation of table fills, credits and Chip Purchase Vouchers; verification of Complimentary services and reward systems provided for patrons; verification of Notification of Overpayments; verification of Junkets/Premium Groups; reconciliation of gaming chips; verification and reconciliation of banking of patron cheques; verification of Cash Desk balance; and supervision and verification of the soft/hard counts/buy.

Security and Surveillance: check alarms against security reports; monitor excluded persons; review of security logs and reconciliation with other reports eg. surveillance reports; verification of access logs; check maintenance, security and issue of keys; camera checks for adequate coverage of premises; check surveillance equipment maintenance; and review surveillance reports to ensure compliance with approved procedures.

In addition, inspectors conduct regular reviews of the internal controls and pit procedures and recommend amendments where appropriate.

(b) Operators and Licensees

The Gaming Audit Branch is responsible for conducting regular compliance and financial audits of major gaming operators including:

- Casino Operators;
- Licensed Monitoring Operators;
- Keno Licensee;
- Lottery Licensee; and
- Interactive Gambling Licensees.

The program of audits is designed to cover all areas of compliance with and suitability of approved operating controls, procedures and policies as well as legislative requirements and financial controls leading to the assessment of State taxes.

Issues commonly addressed include checking that:

- all records, documents and accounts are kept in accordance with applicable legislation and established policies and procedures;
- all instances of non-compliance with the relevant Act, Regulations, Rules and/or approved policies and procedures are reported and corrected;
- all gaming revenue is correctly recorded and reported;
- all appropriate checks and audits are undertaken and actioned;
- all records and files are up to date and secured against unauthorised or inappropriate access; and
- the operation of the gaming operator is conducted at all times in a proper and competent manner.

A systems based audit approach is utilised with the auditors documenting the various duties, relevant records and accounts, identifying existing controls and then conducting a control analysis and testing to determine the adequacy and effectiveness of the overall level of control.

(c) Gaming Machine Venues

The audit and inspection program of gaming machine venues is conducted by both regional and Brisbane based gaming inspectors. It is comprised of an annual audit for licensed clubs and two yearly audits for hotels of their gaming operations.

Venues that are identified as requiring further attention are programmed for more frequent visits to monitor the venue's improvement in any non-compliant behaviour.

Gaming machine audits include a series of checks against predetermined requirements which include as a minimum:

- accounting and payment records;
- banking (for licensed clubs only);
- gaming machine performance records;
- cash clearances from machines;
- licensed employees;
- reports of theft; and
- signage.

For matters of a minor nature, the venue is advised by letter and monitored closely to ensure compliance with directions. More serious matters are referred to the Investigations Branch of QOGR's Compliance Division.

In addition, QOGR's Gaming Audit Branch conducts audits of venues which include examination of financial records, documents and accounts, and checks of lease and other management arrangements.

(d) Art Unions

An ongoing audit and inspection program on the conduct of art unions is undertaken by gaming inspectors. The program includes targeting agricultural and trade shows, fairs, bingo halls and exhibitions.

Audits involve checks against predetermined standards and procedures including:

- the holding of a proper authority;
- receipts;
- expenses;
- prize delivery;
- eligibility of winners;
- advertisements;
- value of prizes and net proceeds;
- Promoters and Special Committees;
- application of net proceeds; and
- production and supply of Lucky Envelopes.

Depending on the circumstances of a breach, the *Art Unions Act* provides that Penalty Infringement Notices, similar to traffic offence tickets, may be imposed.

Inspections are also carried out at licensed establishments, such as hotels and clubs for the purpose of ensuring compliance with the legislation.

In addition, QOGR's Gaming Audit Branch conducts art union audits which include examination of financial records, documents and accounts, and checks of management arrangements.

(e) Lottery Draws

QOGR inspectors attend the premises of the Lottery Licensee (the Golden Casket Lottery Corporation Limited) prior to lottery draws to ensure there is no interference with computer operations associated with the draw. The purpose of the supervision is to verify the:

- systems used to decide prize winners are approved;
- security and efficient and proper operation of the systems for each approved lottery; and
- integrity of the conduct of the approved lottery.

Following each draw, an inspector also verifies the accuracy of the results of each approved lottery.

A QOGR inspector supervises the following lottery draws:

- Wednesday Gold Lotto;
- Golden Casket; and
- promotional lotteries.

As Wednesday Gold Lotto is a Queensland-only game, QOGR inspectors attend the television studios to ensure the live draw is conducted in accordance with approved controls and procedures.

In the case of Instant Scratch-Its tickets, the prize structure, layout and wording are examined prior to the game being approved to ensure the prize structure complies with requirements and information on the tickets is not false nor misleading.

Investigations

(a) Probity Investigations

Probity investigations are primarily undertaken to establish the suitability of a person to hold a licence, which allows participation in gaming operations conducted under the legislation concerned. These include the:

- Casino Operators and Casino Licensees;
- Gaming Machine Manufacturers and Suppliers;
- Licensed Monitoring Operators;
- Interactive Gambling Operators;
- Keno Licensee; and
- Lottery Licensee.

If required, investigations may also be conducted into printers and suppliers of gaming products such as lottery tickets.

Probity investigations are conducted on either a proactive or reactive basis. The majority of investigations are reactive arising from suspected involvement of a gaming participant in an untoward practice. Proactive investigations are based on either a 12 month or 5 year plan, where certain venues throughout the State are targeted for inspection with a view to establishing specific breaches of legislation. These inspections are performed without prior appointment.

When conducting a probity investigation or monitoring continued probity of the gaming participant the following matters, at a minimum, are considered:

- the applicant's character or business reputation, which may include individual referee, police, credit and company checks and investigation into either similar or other businesses conducted;
- the applicant's current financial position and financial background, such as the availability of finance, the ability to satisfy financial obligations, the financial backing of the parent company and financial management practices;
- if the applicant is not an individual, whether the applicant has, or has arranged, a satisfactory ownership, trust or corporate structure. This may include investigating the place of business, corporate structure, major shareholder details (where holdings are greater than 5%) and voting rights of shares;
- whether the applicant has, or is able to obtain, appropriate resources and appropriate services, such as computer systems, experienced employees and contracts with suppliers;
- whether the applicant has the appropriate business ability to conduct the business. Consideration is given to previous experience in conducting a similar business and the suitability of internal controls in place; and
- if the applicant has a business association with another entity, then the entity's character or business reputation, current financial position and financial background is taken into consideration.

With regard to the *Casino Control Act 1982* there are more complex probity concerns involved with the Foundation Agreements which control the ownership structure associated with each casino. In the event of a request to restructure a Founder, an investigation into the proposed new ownership structure is conducted and the Minister is advised of any probity concerns. A casino Founder can not be released from its obligations under the Foundation Agreement without the prior approval in writing of the Minister. A new Founder must be approved by the Governor in Council.

(b) Financial Investigations

Financial investigations are chiefly conducted into licensed clubs that are gaming machine venues when there is concern as to the venue's financial stability or that other grounds exist which may warrant the issue of a show cause notice or other compliance action. The grounds may become apparent following an audit by inspectors, investigation into a complaint or as a result of the analysis of financial returns.

Financial investigators establish whether venues are operating within generally accepted accounting principles and if banking and other variances exist between reported figures and those supplied by the auditor or club. In addition, they identify clubs which are experiencing financial difficulties, as the lack of financial stability may impose a risk to QOGR in relation to the payment of tax. Particular attention is directed to the gaming machine returns of clubs.

An investigation may be initiated when a venue fails to meet monthly sweeps for tax or that concern exists as to the financial stability of a venue following an analysis of the venue's audited financial returns. An investigation may entail conducting formal interviews with club officials, monitoring the venue for a period of time, further inspections or identifying areas of non-compliance and where appropriate, issuing 'show cause' notices which may lead to suspension or cancellation of a licence.

An important strategy of financial investigations is to ensure that matters of concern, including non-compliance with legislative requirements, are brought to the attention of the club's Executive and Committee and that an immediate response to the issues is obtained.

QOGR would expect a positive response to the matters of concern from the Executive, Committee and, where applicable, the membership. The positive response should include compliance with the legislation and action plans to combat any internal management problems at the venue. QOGR would monitor progress on compliance and the action plans.

If the venue is incapable or unwilling to respond to the concerns or where non-compliance with the legislation continues, a show cause procedure against the licensee or other remedies available under the legislation are commenced.

(c) Complaints

Investigations are mainly initiated from complaints received from an external person or organisation, or from the outcome of QOGR inspections or audits, proactive programs or other internally generated advice.

A complaint is then investigated with a view to determining the truth of the matter and to determine if a prima facie breach of the relevant gaming legislation has occurred. Investigators may be required to investigate casino licensees or associates, licensed monitoring operators, executive officers of licensed clubs, and other gaming-related organisations and persons to gather evidence for possible prosecutions for breaches of gaming legislation and to manage any prosecutions undertaken.

The outcome of an investigation in which it is found that a breach occurred may be one of the following:

- prosecution action;
- Penalty Infringement Notice;
- Show Cause action; or
- Censure Letter.

Control Systems

A licensed operator must submit a Control System submission to QOGR for approval prior to the commencement of gaming operations and prior to any proposed change to the control system being introduced. QOGR is responsible for ensuring that the controls conform with legislative requirements and that they provide satisfactory and effective control over the operations of the licensed operator.

A Control System provides for both administrative and accounting control and ensures the segregation of incompatible functions so that no employee is in a position to conceal errors.

In addition, QOGR is responsible for a broad range of operational control issues including reviewing, reporting and making recommendations on new games and changes to gaming legislation, monitoring new gaming products, equipment, technological innovations and opportunities, developing operational policies relating to operation of Casinos, statewide Keno, Golden Casket Lottery Corporation, TAB and Interactive Gambling and assisting the Casino Inspectorates in ensuring effective and efficient enforcement of the *Casino Control Act 1982*.

Part 3 Harm Minimisation and Responsible Gambling

The Queensland Government has adopted an integrated, pro-active approach to ensure that the gaming and wagering industry is both socially and economically viable.

The majority of Queenslanders participate in gaming and wagering activities as an enjoyable and relaxing pastime. However, it is recognised that, for a small percentage of people in the community, gambling can become a significant problem to the players and their families.

To address this issue, a percentage of funds is set aside from gaming revenue and allocated to the Charities & Rehabilitation Benefit Fund administered by the Department of Families, Youth and Community Care ("the Department") to fund initiatives aimed at assisting problem gamblers and other high priority social issues. Allocations from the Fund are made for purposes such as providing financial assistance to the BreakEven problem gambling counselling services.

Direct Services

Funds in excess of \$1 million have been allocated for the operation of six BreakEven services located at Brisbane (including the Sunshine Coast), the Gold Coast, Townsville, Toowoomba, Rockhampton and Cairns. All of the services, with the exception of Cairns, have been operational since 1994. The Cairns service was established in 1996, following the opening of the Cairns Casino.

These services offer direct personal and financial counselling for gamblers and their partners, including relationship counselling for couples and families. The target group for BreakEven services has been identified as "gamblers and family members affected by problem gambling".

BreakEven services have been recognised nationally and internationally as having an innovative approach to the issues involved with problem gambling. These services work collaboratively with a wide cross section of the industry and community to develop a range of activities suited to the different local situations.

This approach incorporates best practice in case management for clients, provision of training opportunities and education to the industry and community sector. It also maintains a referral network with community agencies and the gaming industry and conducts research and evaluation.

A BreakEven Network has been established to ensure that consistent levels of service can be provided across the State and that BreakEven agencies develop significant expertise on gambling issues within Queensland. Thus, whilst each agency operates in a way that responds to the local needs in their area, the establishment of a statewide network ensures that there is:-

- Support for workers and agencies;
- Shared information about practice and other factors affecting the area;
- A forum for discussion and debate of issues relating to gambling and its social effects;
- Coordination in statewide programs;

- Advice to the Department in regard to the future development of the BreakEven initiative, including issues such as training; and
- Relevant input provided to the Government.

An evaluation report has recently been completed in regard to the BreakEven services which suggested that further development of the agencies should occur, including the establishment of a comprehensive data collection system to measure changes over time for those problem gamblers participating in the BreakEven programs. The recommendations of the report are being evaluated in line with the Department's policy of supporting the ongoing development of the BreakEven services.

Funding of \$300,000 has been allocated for the establishment of a 24-hour, toll-free telephone service.

The purpose of the toll-free service is to provide:

- immediate support to people in crisis, in both metropolitan or outlying rural and remote areas, 24 hours a day;
- crisis counselling and referral;
- services to people from diverse cultural and linguistic backgrounds;
- services to problem gamblers, and to family members, relatives and friends;
- anonymity for the problem gambler;
- extended geographical coverage in a cost effective manner;
- a reduction in demand on BreakEven services for information, referral and immediate support.

Prior to statewide implementation in 1999, a six month pilot project of the service, which is termed the Gambling Help-Line, is being conducted in three pilot areas – Rockhampton, Cairns and Mt Isa. The pilot is designed to determine the most appropriate methods of implementing the Gambling Help-Line throughout Queensland. Specifically the pilot aims to:

- provide an indicator of take up rates for the service which can be used to project the costing for statewide implementation;
- provide an indicator of the type of service provision required to meet community needs;
- trial the referral and data collection systems before statewide promotion;
- monitor the impact of the Gambling Help-Line on the existing community service infrastructure.

The Gambling Help-Line Pilot Project has involved significant and active collaboration between the community, government and industry sectors at both the state and local level. For example, Local Consultative Committees have been established in each of the pilot areas, with membership from the industry, government and community sectors, to monitor and provide advice throughout the pilot project.

Similarly, high levels of cooperation have characterised the development of promotional strategies for the Gambling Help-Line. For example, the signs and information cards which are installed in all participating hotels, clubs, casino and lottery outlets in the pilot areas have been endorsed by community, industry and government representatives on the Responsible Gambling Advisory Committee and at the local level, through the Local Consultative Committees.

As well as these specific gambling services, the Department of Families Youth and Community Care funds a broad range of community services that are available to problem gamblers and their families. For 1997/98 these included:

- \$12.76 million for 70 domestic violence services across Queensland that provide counselling and supported accommodation for women and children escaping domestic violence as well as counselling for perpetrators and child witnesses of domestic violence;
- \$1.4 million which is distributed as emergency relief assistance to people experiencing financial difficulties;
- \$7.8 million for the operation of a range of services that provide counselling and support services for families. This includes services that provide relationship counselling and family mediation; as well as responses to prevent child abuse; and
- \$9.16 million for community and individual issues including financial and budget counselling services, local support groups, neighbourhood centres and community legal services.

Together these services provide a comprehensive response to the range of issues that arise for problem gamblers and their families. They also provide a mix of specialist and mainstream services so that individuals and family members can choose to access a specific service component to meet an identified need, for example, budget counselling or, alternatively, specialist assistance from BreakEven services.

Community Education

The Queensland Government recognises that prevention and early intervention strategies are necessary to address the issues related to excessive gambling. The Department of Families, Youth and Community Care is currently working in partnership with the Office of the Queensland School Curriculum Council to develop modules dealing with issues related to gambling and these will be considered for inclusion in the *Years 1-10 Health and Physical Education Sourcebooks*. The curriculum modules will educate young people about the short-term and long-term consequences of excessive gambling.

BreakEven services also play a major role in community education to raise awareness about excessive gambling and its consequences. Local early intervention strategies have been initiated by the BreakEven services in consultation with local venues.

Advisory Committee

An Advisory Committee was established in 1996 to provide a government, industry and community forum to monitor the impact of problem gambling in Queensland and to provide advice to appropriate decision-makers on strategies to monitor, prevent and effectively respond to problem gambling.

The Advisory Committee is known as the Responsible Gambling Advisory Committee and is chaired by the Director-General of the Department of Families, Youth and Community Care. The committee membership comprises the BreakEven Network, Gamblers Anonymous, the Casino Industry, Queensland Council of Social Services, Clubs Queensland, TAB, Queensland Hotels' Association, Golden Casket Lottery Corporation, the Department of Families, Youth and Community Care and the Queensland Office of Gaming Regulation.

This committee contributes to the development of prevention initiatives, policy and research in the area of problem gambling. By providing a statewide focus, the committee complements the work of the BreakEven services in the area of prevention and community education.

In order to further assist the work of the Advisory Committee, an Independent Secretariat has been established to resource the ongoing development of joint government, industry and community responses to responsible gambling. This provides a coordinated and comprehensive approach to address and respond to the issue of problem gambling.

A strategic plan is currently being developed to guide the work of the committee over the next five years. Priorities for the next 18 months include the development of community awareness communication initiatives, the development of a Responsible Gambling Statement, the establishment of a Responsible Gambling Advisory Committee Internet site/page, development of school curriculum on problem gambling and coordination of training for staff in licensed venues.

Educating Industry staff

A Casino Assistance Program was developed by BreakEven in collaboration with the Conrad Treasury Casino during 1995. The joint work included design and promotion of the Casino Assistance Program through printing of posters, business cards and brochures as well as training for Casino staff who will have direct contact with the target group. Casino staff do not act as counsellors, but are able to refer people needing assistance to a BreakEven service.

BreakEven services have a continuing role to play in the training of Casino Staff (whenever induction courses take place or when there is staff turnover) so that they can identify and assist people with gambling problems.

Relationships Australia Incorporated, based in Brisbane, leads the activities of BreakEven on a statewide basis, including the provision of training. This program aids casinos in the development of a responsible approach to problem gambling.

Research

The Government has provided funding for a research program into the economic and social impact of the introduction of gaming machines into Queensland.

The main aims of this three year longitudinal research are to provide information about the impact of problem gambling in Queensland, evaluate existing services and inform future development of responses in this area.

The research program, conducted by the Australian Institute of Gambling Research, commenced in 1993 and is due for completion this financial year. In the first year, research was conducted on the social and economic impact of the introduction of gaming machines to Queensland clubs and hotels and the effects on charitable fundraising.

The reports from the second phase resulted in a preliminary evaluation of BreakEven services, the impact of gaming machines in Aboriginal and Torres Strait Islander communities, a study of criminal behaviour and a survey of the extent and nature of gaming machine related problems in Queensland.

The reports from the third phase are currently in the final stages of completion and are yet to be released. These reports cover a final evaluation of the BreakEven services, a literature review of Harm Minimisation strategies, a study of regular gamblers and research into the self exclusion provisions for casinos.

Legislation

Existing Queensland gaming legislation contains provisions under which a participant may be banned from entry to a gaming venue or from participation in a particular form of gambling.

An example of the former is the exclusion provision contained in the *Casino Control and Gaming Machine Acts* while an example of the latter is the *Interactive Gambling (Player Protection) Act*. The interactive legislation provides for a player, and a third party affected by the gambling of a player, to make application for a ban in regard to gambling with all interactive providers licensed by jurisdictions participating in the national cooperative model. The interactive legislation also contains a provision enabling a player to establish a limit to the amount they are able to wager.

Part 4 Crime

The Queensland Police Service (QPS) is the primary law enforcement agency that investigates and prosecutes offenders who commit offences relating to both legal and illicit gaming within the State. The QPS is committed to a high level of policing to ensure the integrity of the casino and gaming industries in Queensland is maintained.

The QPS is empowered to enforce all the legislation, listed below, concerning racing and gaming in Queensland.

Gaming Act 1850

Suppression of Gambling Act 1895

Criminal Code Act 1899

Vagrants, Gaming & Other Offences Act 1931

Racing & Betting Act 1980

Casino Control Act 1982

Gaming Machine Act 1991

Art Unions Act 1992

Keno Act 1996

Lotteries Act 1997

Interactive Gambling (Player Protection) Act 1998

It should also be noted that the Queensland Office of Gaming Regulation has inspectorial and investigation staff who are empowered to enforce specific gaming legislation, such as the Casino Control and Gaming Machine Acts and prosecute offenders.

Policing of Gaming in Queensland (pre-1987)

The most prevalent illegal form of gambling before 1985 was the operation of SP bookmakers, followed by a number of illegal gambling casinos which were situated in Brisbane and a number of provincial cities throughout the State.

Prior to the Fitzgerald Commission of Inquiry into Alleged Police Misconduct in 1987, the Queensland Police Force policed illegal gambling by means of a squad known as the Licensing Branch. This unit also enforced the legislation relating to liquor licensing, prostitution, SP Bookmaking and unlawful gaming offences.

The most common offences which were prosecuted in relation to gaming and betting were:

- unlawful presence in a common gaming house;
- keeping of a common gaming house;
- betting or playing at an unlawful game;
- use of a common betting house;
- betting in a public place;
- acting as a bookmaker elsewhere than on a racecourse; and
- miscellaneous betting offences.

In the period from the late 1970s to mid 1980s, the total offences detected varied from year to year however, the total offences detected for the groups of offences as outlined rarely exceeded the mid 100 range in any given year for the entire State. These figures were subsequently the subject of close scrutiny and investigation by the Fitzgerald Inquiry in 1987 and the Licensing Branch was subsequently disbanded.

Policing of Gaming in Queensland post-1987

Since the disbandment of the Licensing Branch, the detection and prosecution of gaming and betting offences throughout the State has been left as an individual regional policing responsibility. Although at present there are no specialist gaming or racing units within the Police Service, the State Crime Operations Command (SCOC) has periodically undertaken protracted investigations into offences relating to SP bookmaking and similar offences throughout the State.

It is noteworthy however, that since the introduction of licensed casinos and the expansion of gaming machines and licensed TAB operations into licensed premises the incidence of unlawful gaming and betting have drastically reduced.

Year	Unlawful Gaming Offences	Racing and Betting Offences
1993/94	10	12
1994/95	12	4
1995/96	26	1
1996/97	9	3

The Casino Crime Squads

Since the establishment of the first licensed casino in Queensland in 1985, the QPS has provided a permanent police presence at a number of Queensland casinos, namely Jupiters Casino on the Gold Coast, Treasury Casino in Brisbane and until recently, the Reef Casino in Cairns.

These specialist police units operate under the operational and administrative control of the Police Service and a joint agency agreement with the Queensland Office of Gaming Regulation. The squads are funded and equipped by QOGR.

Each Casino Crime Squad (CCS) is physically located at the Gold Coast and Brisbane casinos. The squads are headed by a senior detective who supervises a small staff of investigators. In relation to police matters the Cairns and Gold Coast units report directly to the District Officer in Charge of the location where the casino is located. In the case of the Treasury Casino CCS in Brisbane, investigators come under the command of State Crime Operations Command.

On a day to day basis, however, the units work closely with the Casino Inspectorate personnel of QOGR who are also located at the casinos.

The CCS units are responsible for the investigation of crimes and other breaches committed against the relevant Acts that affect gaming in the State, particularly the Casino Control Act.

The units are also responsible for maintaining inter-agency liaison and cooperation with the individual casino operators, surveillance monitors and government agency regulators.

Police personnel also proactively monitor the movements of known criminals within the casino precincts to prevent the intrusion of organised criminal activity becoming established with the gaming industry. In addition, CCS personnel gather intelligence on any known criminal identities visiting the casino and report on any suspected money laundering offences or money-cleansing operations that may be attempted. Suspect money transactions occurring at the Casino, and reported by AUSTRAC, are also monitored by CCS personnel.

In the case of the Sheraton Townsville Casino and the Reef Casino, Cairns, local police respond to any incident requiring police attention. There is no CCS attached to these casinos due mainly to their lower patronage levels and the view of these casinos as being local establishments compared to the international status and higher turnover of the Jupiters and Treasury casinos.

Police and Regulatory Agency Liaison

As a result of a joint QPS and QOGR agreement in early 1998, the QPS recently seconded a senior detective from the Bureau of Criminal Intelligence to undertake the role of liaison officer between the Police Service and QOGR. The officer attached to the QOGR is responsible for a number of important functions including;

- the coordination of casino crime squad activities on behalf of QOGR;
- major probity investigations pursuant to the *Casino Control and Gaming Machine Acts*;
- response to inquiries from interstate and overseas law enforcement agencies and regulatory bodies concerning gaming issues and probity inquiries;
- investigations into all junket promoters and representatives;
- response to sensitive commercial inquiries relating to probity and casino related matters;
- the monitoring of domestic and international gambling trends and patterns relating to organised casino scams, cheating, money laundering and other related organised and major crime offences; and
- maintenance of the international cheats index which is maintained for the information of all Australian law enforcement agencies by the Australian Bureau of Criminal Intelligence.

The QPS commitment to maintaining a permanent presence in the State's major casinos and within QOGR demonstrates the determination by the QPS to maintain a high level of policing and integrity in the casino and gaming industries throughout the State.

Part 5 Size of Industry**Overall**

The following information presents the overall gaming taxes and levies for the various categories of gaming for 1997/98. Licence fees are not included as they are raised on a cost recovery basis.

1997/98 Taxes and Levies

Casino	\$85.126 M	*
Gaming Machine	\$196.850 M	*
Keno	\$7.255 M	*
Lotteries	\$159.515 M	
Wagering	\$79.8 M	
Total	\$528.546 M	

* includes levies and contributions to the following Benefit Funds:

Casino Community Benefit Funds	\$4.7 M
Gaming Machine Community Benefit Fund	\$17.3 M
Charities & Rehabilitation Benefit Fund	\$26.4 M
Sport & Recreation Benefit Fund	\$43.7 M
Total Levies and Contributions to Benefit Funds	\$92.1 M

Types of Gaming

Art Unions (minor gaming)

The following table indicates the numbers of the various categories of minor gaming.

LICENCES & PERMITS ISSUED 1997/98	
Major Art Unions	339
Minor Art Unions	4,599
Bingo	1,266
Bingo Centres	5
Lucky Envelopes	611
Lucky Envelope Printer/Suppliers	10
Calcuttas	78
TOTAL	6,908

Number of associations involved in minor gaming in 1997/98: 5,113

There is no taxation on minor gambling. There are some fees for permits for the major art unions and for major bingo centres but these are levied on a cost recovery basis only. The total licence fees collected for minor gaming in 1997/98 was \$2.875 M.

Casinos

A profile of Queensland's four casinos is shown below:

(Figures as at 30 June 1998)	Conrad Jupiters Casino	Sheraton Townsville Hotel & Casino	Conrad International Treasury Casino	The Reef Hotel Casino
Licensed Employees	1,142	257	1,103	329
Gaming Tables				
Approved	112	37	111	70
Operational	86	25	94	45
Gaming Machines				
Approved	1,344	300	1,224	740
Operational	1,176	235	1,169	540

Casino Financial Trends

	1995/96	1996/97	1997/98
Government Tax	\$71.482 M	\$76.175 M	\$80.382 M
Casino Licence Fees	\$1.843 M	\$2.0 M	\$2.15 M
Employee Licence Fees	\$0.297 M	\$0.189 M	\$0.193 M
Community Benefit Fund Levies	\$3.805 M	\$4.491 M	\$4.743 M

Casino tax is collected monthly from each casino, based on the previous month's operations, according to the following tax rates:

Southern Queensland: 20% of gross revenue (normal play)
 10% of gross revenue (junket play)

Northern Queensland: 10% of gross revenue (normal play)
 8% of gross revenue (junket play)

All casinos: 1% of gross revenue as a levy to the corresponding Community Benefit Fund

The different rates of tax were negotiated because it was expected that the northern casinos would be less viable than those in southern Queensland and the applicants for the northern licence were not prepared to proceed with any higher rate of tax.

The expectation of lower viability of northern casinos was based on issues including the higher costs estimated for operations in the north of the State and the more seasonal nature of tourism in the region.

Gaming Machines in Licensed Clubs and Hotels

As at 30 June 1998	Number of Venues	Number of Gaming Machines
Licensed Clubs	637	16,623
Hotels	521	6,811
All Venues	1,158	23,434

Machine Gaming Financial Trends

	1995/96	1996/97	1997/98
Gross Revenue: Clubs	\$373.188 M	\$418.634 M	\$462.603 M
Gross Revenue: Hotels	\$77.341 M	\$100.368 M	\$138.799 M
Gross Revenue: Total	\$450.529 M	\$519.003 M	\$601.403 M
Gaming Machine Tax	\$90.819 M	\$100.646 M	\$179.846 M
Sport & Recreation Levy	\$38.135 M	\$42.919 M	(part of GM Tax)
Charities & Rehabilitation Levy	\$20.957 M	\$25.618 M	(part of GM Tax)
Community Benefit Levy	\$13.595 M	\$16.899 M	\$17.004 M
Clubs: Number of Machines	15,776	16,079	16,623
Hotels: Number of Machines	4,666	4,963	6,811
Total: Number of Machines	20,442	21,042	23,434

The following eight Licensed Monitoring Operators have been licensed and have begun business operations with gaming machine venues:

Queensland Entertainment Services Pty Ltd
LTH Consulting and Marketing Service Pty Ltd
TAB of Queensland
AWA Gaming Systems Pty Ltd
Jupiters Machine Gaming Pty Ltd
Golden Gaming Pty Ltd
Tattersall's Gaming System Qld Pty Ltd
TABCORP Holdings Limited

As at 30 June 1998, the following number of gaming machine industry licences were current:

Number of Licensed Machine Manager employees: 10,672

Number of Licensed Service Contractors: 1

Number of Licensed Machine Repairers: 24

Number of Recognised Machine Manufacturers: 6

An Electronic Funds Transfer (EFT) sweep of each of the gaming machine venues takes place on the tenth of each month to transfer the gaming machine tax, based on the previous month's operations, to a QOGR bank account. These monies are transferred to Queensland Treasury on the same day. In addition, QOGR is responsible for following up on outstanding amounts.

The tax scale, introduced in July 1997, is based on metered win retained by the venues. It features a progressive tax rate for licensed clubs which greatly assists the viability of small to medium sized clubs.

For hotels the tax rate was effectively reduced by being set at 50% of metered win. In addition it was agreed as part of the White Paper process that, when the overall level of revenue from hotels returned to pre-metered win tax levels, there would be a further reduction in the tax rate to 45% of metered win.

This agreement was fulfilled in 1997/98 and the lower level of taxation was implemented for gaming machine operations in hotels from July 1998.

Gaming Machines	Monthly Metered Win	% Tax on Metered Win
Licensed Clubs	\$0 < > \$10,000	10%
	\$10,001 < > \$75,000	27%
	\$75,001 < > \$150,000	30%
	\$150,001 < > \$300,000	33%
	\$300,001 < > \$1,400,000	35%
	> \$1,400,001	45%
Hotels	All Hotels	1997/98 50% From July 1998 45%

The gaming machine legislation provides that 8.5% of the tax is contributed to the Gaming Machine Community Benefit Fund.

The remaining 91.5% is paid to the Consolidated Fund but, of this, contributions are made to the Sport & Recreation and Charities & Rehabilitation Benefit Funds. In 1997/98 these contributions were \$43.7 M and \$26.4 M, respectively, so that the approximate distribution of gaming machine tax for 1997/98 was:

Consolidated Fund	55.9%
Sport & Recreation Benefit Fund	22.2%
Charities & Rehabilitation Benefit Fund	13.4%
Gaming Machine Community Benefit Fund	8.5%

Keno

As at 30 June 1998 there were 228 licensed clubs, 307 hotels and 213 TAB's operating as Keno agents. Licensed club, hotel and TAB employees involved in keno operations are not required to be licensed for keno operations.

A summary of the distribution of Keno Tax collected in 1997/98 is given below:

Keno Tax to Consolidated Fund	\$5.804 M
Sport & Recreation Benefit Fund	\$0.725 M
Charities & Rehabilitation Benefit Fund	\$0.435 M
Gaming Machine Community Benefit Fund	\$0.290 M
Total Keno Tax (1997/98)	\$7.255 M

The Keno Tax is collected from the Keno Licensee (Jupiters Network Gaming), based on the previous month's operations on the seventh day of each month. The keno legislation provides for 20% of keno gross revenue to be collected by QOGR. The distribution of Keno Tax in 1997/98 was as follows:

Consolidated Fund	80%
Sport & Recreation Benefit Fund	10%
Charities & Rehabilitation Benefit Fund	6%
Gaming Machine Community Benefit Fund	4%

The staged rollout of statewide keno to licensed clubs, hotels and TAB agencies only commenced in July 1997. The rollout was not substantially completed until December 1997. Therefore 1997/98 cannot be regarded as being representative of keno operations over a full year. The amounts to be collected in 1998/99 are expected to be significantly higher than those for 1997/98.

Lotteries Tax

The following table presents figures adjusted to 12 months to account for the 13 month and 11 month financial years in 1996/97 and 1997/98, respectively.

	1995/96	1996/97	1997/98
Total Sales	\$635.0 M	\$621.19 M	\$680.33 M
Prizes Paid	\$361.75 M	\$354.58 M	\$388.36 M
Commissions Paid	\$49.03 M	\$48.32 M	\$52.57 M
Government Receipts	\$187.23 M	\$184.783 M	\$159.515 M

Lottery Type	% Tax on monthly gross revenue
Saturday Gold Lotto, Wednesday Gold Lotto, Powerball and Oz Lotto)	62%
Instant Scratch-Its	55%
Golden Casket	45%
Soccer Pools	59%

Number of Casket Agents as of 11 November 1998: 1,148

Lotteries Tax is collected from the Lottery Licensee (Golden Casket Lottery Corporation Ltd), based on the previous month's operations on the seventh day of each month.

Wagering

	1995/96	1996/97	1997/98
Turnover - Oncourse	\$157.6 M	\$147.6 M	\$129.6 M
Turnover - Offcourse	\$1,297.9 M	\$1,332.1 M	\$1,347.4 M
Turnover - Bookmakers	\$307.3 M	\$266.7 M	\$234.1 M
Totalisator Profit	\$56.0 M	\$58.3 M	\$60.7 M
Taxes (34% of gross revenue)	\$78.8 M	\$79.9 M	\$79.8 M
Racing Development Fund	\$22.6 M	\$22.9 M	\$23.1 M
Total Receipts from Wagering	\$157.4 M	\$161.1 M	\$163.6 M

The number of bookmakers is declining due to competition from other forms of gambling, off-course totalisators and reduced crowds at race meetings. Currently there are 203 bookmakers licensed in Queensland.

The racing industry is estimated to be the fourth largest industry in this State, contributing over \$400 million annually to Gross State Product. It employs over 6,000 people directly in racing and racing related activities. A further 25,000 are estimated to be employed in supporting industries indirectly. Much of this employment takes place in rural and regional Queensland.

In Queensland the industry includes a wide range of stakeholders including breeders, livestock agents, owners, trainers, jockeys, bookmakers, TABQ employees, suppliers to the industry, for example veterinary surgeons and farriers, and racing clubs.

The Queensland racing industry is virtually dependent upon the TAB for funding. Approximately \$60 million annually of prize money for thoroughbred, harness and greyhound racing is sourced from the TAB, representing 85% of total prize money available to the three codes.

Benefit Funds

Queensland's gaming legislation provides for a proportion of the revenue from casinos, gaming machines in licensed clubs and hotels, keno and other forms of legalised gambling to be allocated to special funds for community purposes as outlined below.

The special funds benefited by the following amounts in 1997/98:

Casino Community Benefit Funds	\$ 4.7 M
Gaming Machine Community Benefit Fund	\$17.3 M
Sport & Recreation Benefit Fund	\$43.7 M
Charities & Rehabilitation Benefit Fund	\$26.4 M

A review of the Community Benefit Funds is currently being planned within the Department of the Premier and Cabinet with a view to assessing the effectiveness of the use of the Funds. It is intended that the review will be conducted in the first three months of 1999.

Casino Community Benefit Funds

There are 3 Casino Community Benefit Funds (CCBF) established by the *Casino Control Act* 1982 for the purpose of ensuring that funding is made available for projects which benefit the communities within each Fund's jurisdiction.

A 1% levy on the gross revenue from the operation of each casino is held in Trust by the Government until it is distributed by each CCBF by way of grants.

Each CCBF is administered by the corresponding Trust whose independent members are appointed by the Treasurer. The Trustees appointed for each CCBF are as follows:

- 4 are persons selected by the Minister to represent the interests of community organisations;
- 2 are persons nominated by the Casino Licensee; and

- 1 is the Executive Director of the Queensland Office of Gaming Regulation.

The Trusts accept applications from community-based organisations and, twice yearly, recommend to the Treasurer suitable applications in line with the Trust's aims and objectives. The Trustees do not receive remuneration for their duties.

Each CCBF Trust Deed provides that the Trustees shall formulate guidelines to assist applicants seeking monies from the Fund and, subject to the approval of the Minister, will determine who shall be eligible applicants. The Trustees also formulate criteria for selecting successful applicants and determining the conditions to be applied to the use of monies paid out of the Fund.

The focus of the objectives set by each of the Trusts is to assist funding of community facilities which have an obvious community benefit. Applications for grants are only accepted from eligible, non-profit organisations for specific community-based projects.

The 3 CCBF's are:

- The Jupiters Casino Community Benefit Fund which administers the levy contributed by both Jupiters Casino on the Gold Coast and the Conrad Treasury International Casino in Brisbane. These casinos are significantly larger and more successful than the Townsville and Cairns casinos and therefore the amount available from this Fund is considerably larger than the other two Funds.

The Fund provides for a maximum grant amount of \$150,000 although larger amounts may be approved in exceptional circumstances. Between 1987 and 1997 the Trust allocated funds of \$20,601,951 to 762 groups. More information on this Fund is available in the attached "The First Ten Years" review of the Jupiters Casino Community Benefit Fund.

The Fund's jurisdiction is within southern Queensland extending to the northern boundaries of the shires of Boulia, Winton, Aramac, Belyando and Broadsound.

- The Breakwater Island Casino Community Benefit Fund has allocated funds of \$2,380,693 since its inception in 1986. The guidelines generally restrict the size of grants to \$5,000 with the most grants being in the range of \$1500 - \$3,000. Grants are provided to projects which are located within the boundaries of the northern boundaries of Cardwell, Herberton, Etheridge, Croydon, Carpentaria and Burke Shires to the southern boundaries of Sarina, Nebo, Bowen, Dalrymple, Flinders, Richmond, McKinlay, Cloncurry Shires and Mt Isa City.
- The Reef Casino Community Benefit Fund guidelines provide for a maximum grant amount of \$25,000, although larger amounts may be approved in exceptional circumstances. The Fund has allocated funds of approximately \$800,000 to 128 groups since its inception in 1996 with the usual size of each grant being approximately \$6,000.

The Fund extends from the southern boundaries of the Cardwell, Herberton, Etheridge, Croydon, Carpentaria and Burke Shires to the top of Queensland.

Gaming Machine Community Benefit Fund

The purpose of the Gaming Machine Community Benefit Fund (GMCBF) is to develop, strengthen and enhance the capacity of eligible non-government organisations and community groups to provide community services and activities through the provision of financial assistance. Contributions to the Fund are chiefly from gaming machine operations with some contributions also from keno and interactive gambling.

The GMCBF provides for a maximum grant amount of \$15,000, although grants for larger amounts may be considered. A total of \$60,894,238 has been distributed since the inception of the GMCBF in 1994 to 8,322 projects across Queensland at an average of \$7,344 per project. Grants are provided mainly for equipment and building improvements to support non-profit, community-based organisations. In some cases, funding is provided to support the staging of special events by community-based organisations.

The GMCBF is administered by the Gaming Machine Community Benefit Committee with the support of a Secretariat within the Department of Families, Youth and Community Care. The Committee members are appointed by the Treasurer. The Committee is responsible for making recommendations to the Treasurer on the allocation of funds. Distributions of grants from the fund to eligible organisations are made on a quarterly basis.

Sports & Recreation Benefit Fund

The Sport and Recreation Benefit Fund was established under the *Gaming Machine Act 1991* to ensure that a proportion of revenue generated from machine gaming taxation is allocated to eligible non-governmental organisations to provide sport and recreational services and activities to the general community.

Contributions to the Fund are made from gaming machine and more recently, keno revenue, collected by the Queensland Office of Gaming Regulation, allocated by Queensland Treasury and administered by the Office of Sport and Recreation.

The Office of Sport and Recreation manages six separate programs or schemes to which the funds are allocated:

- National Standards Sports Facility Program
- Community Sport Development Program
- Minor Facility Program
- Statewide Sport Development Program
- Local Government Recreation Planning Program; and
- Elite Athlete Squad Program.

The objective of these programs is to increase the quality and quantity of sporting facilities throughout the State and maximise participation and excellence in Queensland sport and recreation.

The Minister for Sport approves the allocation of funds based on recommendations from accountable officers. There is also a monitoring process to ensure that the funds are used appropriately, for example, receipts are requested and regular visits to venues are made.

Charities & Rehabilitation Benefit Fund

The Charities & Rehabilitation Benefit Fund was established under the *Gaming Machine Act* 1991 as a means of ensuring that a proportion of funds gathered from gaming machine taxation is allocated towards state-wide community services. The amounts paid into the fund are used for funding charitable, rehabilitative or social benefit purposes. For example, approximately \$1 million per annum is allocated from the Fund to assist problem gambling services, such as the BreakEven service providers.

Contributions to the fund are made from gaming machine and keno revenue collected by the QOGR. However, the Fund is administered by the Department of Families, Youth and Community Care.

Part 6 Technology

A number of gaming products systems, including gaming machine monitoring, keno and lotteries, utilise wide area technology based to ensure there is a mechanism in place to protect players and to ensure the integrity of products being offered. It is also utilised to verify the accuracy of taxation revenue. In most cases, the form of gambling is only permitted due to the presence of technological monitoring over which the State has placed controls and/or standards to be satisfied during evaluation and in an ongoing capacity.

General provisions require that any proposed system and game satisfy the technical functionality requirements in place at the time.

Interactive Gambling

The *Interactive Gambling (Player Protection) Act 1998* (the Act) has been developed as a means to protect consumers participating in games offered through the Internet and other such forms of interactive gambling including telephone, broadcast or cable television, Internet or other telecommunications network.

The Act has been developed in recognition of the rapid pace of technological change and, in particular, the rise in access and use of the Internet. The Queensland Government has acknowledged that the issues surrounding the Internet and interactive gambling will not disappear and require addressing in a manner consistent with existing regulatory regimes.

Developing telecommunications technology and the uptake of interactive broadband services will result in increasingly more players having free access to interstate and overseas gambling products in circumstances where there will not be any ability to intervene in transactions between a player and the gambling service provider. The aim is to license providers and approve systems and games, not to intercept transmissions of an illegal provider. This will ensure that all legal forms of gaming and wagering, whether conducted by traditional means or electronically, are conducted in accordance with a consistently high level of probity and integrity.

Despite the rise of new technologies which have facilitated these forms of gambling, it should also be remembered that interactive gambling is not a totally new concept. Queenslanders were first given the opportunity to gamble utilising interactive technology in 1962 with the introduction of “phone betting” by the Queensland TAB. Today, phone betting is regulated under the provisions of the *Racing and Betting Act 1980*. The use of the telephone as an instrument for placing wagers on racing events has become the preferred method of participating in wagering for many punters.

However, the rise in technological innovations means that interactive gambling now requires specific legislation to deal with the provision of gambling products into private residences via telecommunication means. While some of these means already exist, the Act is intended to capture any new technology which may emerge in the future.

The Act regulates existing gambling activities in conjunction with existing gaming legislation as well as new or previously unregulated gambling activities which may be accessible in private residences via interactive means. It is also important to note that the Act will not, and is not intended to, expand the range of gaming products available through commercial venues such as casinos, clubs and hotels.

The Act incorporates numerous consumer protection provisions to ensure that those who wish to participate in interactive gambling can do so confidently and in a secure regulatory environment. The technology utilised provides a useful conduit to implement consumer protection features through the requirement for a participant to register prior to gambling. Registration requires satisfactory proof of age, residence and identity. This will provide a means by which access to minors can be restricted, access by certain participants can be barred, credit betting can be prohibited and the amount that players may wager can be limited.

Each Australian jurisdiction will have the choice of whether or not to enter into a model similar to Queensland's approach and be a party to an intergovernmental agreement. This enables the State to regulate all forms of gambling conducted within its boundaries and to enter taxation regimes as appropriate for the form of gambling permitted. The interactive legislation enables taxes to be remitted to participating jurisdictions based on the contribution of the residents from the respective jurisdiction to the total gambling turnover.

Gaming Machines

All gaming machines in Queensland's licensed clubs and hotels are monitored by a licensed monitoring operator or by the Dial-Up Computerised Monitoring System owned by the State and operated by the Queensland Office of Gaming Regulation. The Government is in the process of transferring all of this responsibility to the licensed monitoring operators who will provide these services.

QOGR uses the meter information acquired by the monitoring systems to calculate the tax, levies and rental due and to produce monthly invoices for the venues. The systems generate the equivalent information for the monthly Electronic Funds Transfer sweep of venue accounts to transfer the monies to a Treasury account. This meter information combined with the security event information is used for compliance, gaming services and technical functions. The meter readings and security events obtained are used by QOGR to ensure both the integrity of gaming machine operations and that the correct revenue is collected on behalf of the Government.

Working party officers from Australian jurisdictions have developed a national technical standards document for gaming machines, while at the same time providing individual jurisdictions with the ability to apply their own tax rates and set maximum machine numbers.

Keno and Lotteries

The *Keno Act 1996* enables the game of Keno to be conducted by a licensed operator and played throughout the State in authorised outlets such as TABs, hotels and clubs, linked by a wide area network. The technology utilised in this regard ensures that the game integrity and State revenue are protected.

On-line lottery products have been available throughout Queensland for a number of years. Once again, the use of technology is a feature utilised in day to day operations and provides a means of ensuring the integrity of these products.

Wagering

There are a number of factors exerting pressure to bring about change within the racing industry. These include cable television operators, interactive gambling, satellite technology, the privatisation of interstate TABs and the international market place.

It seems likely under these circumstances that the number of people attending race meetings will continue to fall. Therefore public attendance is likely to become of less importance in an industry which is heavily dependent on totalisator turnover generated by off-course gambling.

The issue of ownership of the racing product to broadcast through pay television has caused controversy within the Australian racing community. The interrelationship between ownership of television rights to racing and income from racing has raised many questions for which there are currently no definitive answers in the current rapid technological developments.