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Gambling Inquiry
Productivity Commission
P.O. Box 80
Belconnen ACT 2616
Fax: 62403311 (4 PAGES)

25 November 1998

Attention: **Mr R. Wells**

Dear Sirs,

Thank you for the opportunity to present my views to the above. My submission will be as an "individual" rather than representing any organisation or commercial entity.

It is made both as an active and continuing gambler of over fifty years of very diverse gambling experience and as one actively engaged within various facets of the industry (C.V. attached).

Essentially, it is an end users view, with various suggestions taking account of the maturing gambling market in this country and in consideration of the historical engagement of Australians in gambling activities since the first settlement in 1788.

Major topics I will touch on in a further paper to be provided on Friday 27 November will include:

Education of Community (players) through the existing primary and secondary education system.

Training of Casino Gaming Personnel to obtain certified recognition of their skills.

Urgent need for enhancement of Casino Canberra's operations, to achieve a far greater return to both the community and the ACT Government in terms of employment and revenue.

I will draw attention to the lack of attractiveness of this enterprise and the Government's seeming acceptance of the status quo on the basis it is a commercial enterprise and therefore not their concern. I will propose a contrary viewpoint and suggestions to maximise returns. A comparison will be made with Adelaide and Christchurch Casinos.

Creation of an Umbrella Organisation to embrace all gaming, wagering and other forms of gambling, excluding the stock market. Under this I would like to see uniform standards of training and operational procedures, codes of conduct etc., etc.

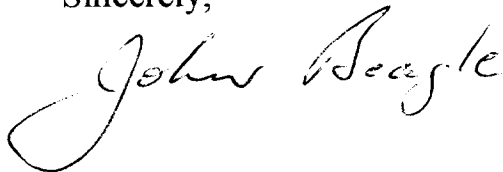
Poker as an Organised Mainstream Gaming Activity.

Comments on aspects of Internet Gambling.

A short overview of Australian Gambling with particular emphasis on casinos.

I confirm I will be in attendance at 2pm at the Conference Room, Canberra Rex Hotel on Monday 30 November 1998.

Sincerely,

A handwritten signature in cursive script, reading "John Beagle". The signature is written in black ink and is positioned below the word "Sincerely,".

JOHN BEAGLE
Government Relations and Gaming Consultant

CURRICULUM VITAE

I was the founding Executive Director of the Australian Casino Association for two years until December 1994.

For seven years I was the Australian Director of the prestigious New York published magazine *'International Gaming & Wagering Business'*, the world casino industry bible.

I have prepared and presented papers at many international forums, and my writings have appeared in books, newspapers and magazines, including *'Time'* and *'Penthouse'*. I was Australia's first casino columnist.

I have been retained as a Consultant by various organisations, including American Express, International Accounting Groups, The Adelaide Casino, the Australian Broadcasting Commission, South Australian Totalizator Board, Racecourse Totalizators Pty. Ltd., Technical Casino Services Ltd. and Aspinalls of London.

In 1993 and 1994 I was the only foreign judge at the University of Nevada's Executive Development Program held at Lake Tahoe, Nevada. This is recognised as the foremost course for senior casino management throughout the world.

I have worked full time in the gaming industry since 1985. Prior to this period I spent 24 years as a senior Federal Customs Officer and then as a self-employed Customs Attorney and business owner. I have consulted with and played in all Australian casinos and have worked for casinos in the United States as well as playing in more than 60 casinos worldwide.

I have a life-long interest in gambling and have participated in many forms of gambling, both as a player and a manager.

I have been the President of the National Association for Gambling Studies (NAGS) and I am currently the Public Officer. I am the Chief Executive of Australasian Poker Services, which supply poker expertise and facilities to casinos, and the Director, Business Development of Gaming and Entertainment Technology Systems Pty Ltd, a software provider.

In October 1998 I was asked to be the industry representative on an assessment panel for accreditation of Crown Limited's table games training program. (Letter attached).

In February 1999 I will be the Chair for the 7th AIC Conference's - "Casinos and Gaming Conference" to be held on the Gold Coast. I have held this position since the inception of these conferences.

November 1998



Monday 19th October 1998

John Beagle
Government Relations and Gaming Consultant
PO Box 744
Jamison
ACT 2614

Dear Kay and John

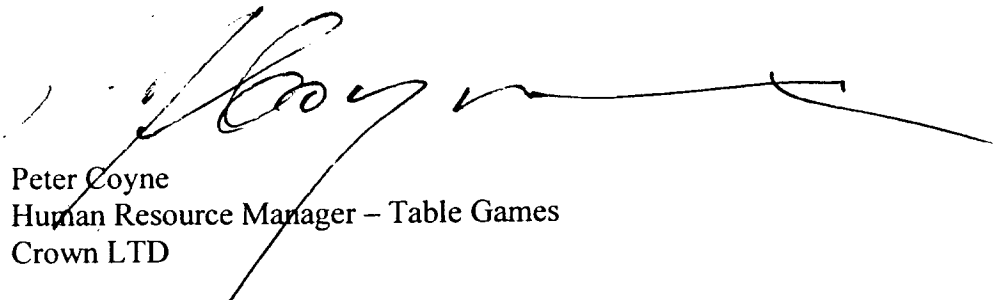
It was wonderful to catch up with you both. Your support in representing the casino industry as an industry representative was critical to our success in having our application endorsed by the Assessment Panel. We will in the next few weeks receive final approval from the Office of Technical and Further Education and consequently for the first time have an approved and recognised qualification in Table Gaming. I will keep you informed of our progress.

I understand that it is very difficult in your busy schedules to give such time; it reflects your great passion for Australia's casino industry and your support for Crown Ltd.

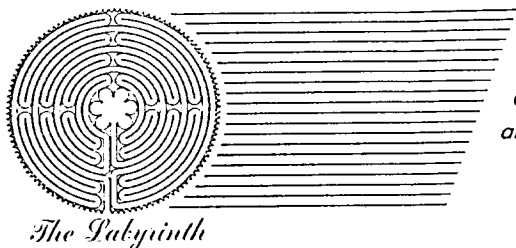
I personally enjoyed your company greatly and appreciate the opportunity to learn from the wealth of experience and wisdom you both hold.

Please stay in touch,

Fond Regards



Peter Coyne
Human Resource Manager – Table Games
Crown LTD



John Beagle
Government Relations
and Gaming Consultant

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The Commissioners,
Gambling Inquiry
Productivity Commission
P.O. Box 80
Belconnen ACT 2616
Fax: 62403311

27 November 1998

Dear Sirs,

This paper enlarges on my previous submission of 25 November 1998.

Preamble:

Australia has always been a gambling nation. Our very existence was based on risk. The risk being that the colony would succeed so far from the mother country and underpinned by the efforts of an unwilling transported underclass.

Gambling has been endemic here even before the first officially organised and sanctioned event - horse racing in Hyde Park Sydney in 1810. A thriving gambling area existed at The Rocks in Sydney from 1790.

We have by far the most diverse range of Government operated or oversighted gambling enterprises in the world. ***And by far the best and fairest.*** We lead the world in nearly every activity connected with gambling, be it equipment, innovation, facilities, regulation and value for money.

However, that is not to say that what we have does not need constant fine-tuning, evaluation and examination as various forms of gambling mature.

It is this ***maturity***, which I believe needs to be understood, especially by government regulators and policy makers if Australia is to obtain the most desirable benefits from gambling.

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Much of the regulation in place was made when little was understood, less known, and less believed of various consequences of government policy. Truly, the blind (the community) were being both led and driven by ignorant, fearful, non-gambling government and commercial interests.

In my view, the examination of Australia's Gambling Industries by the Commission can be a watershed in the enlightenment of the community in the broader sense of the word, to the real, rather than the perceived benefits and disadvantages of the industry.

The crux of such an inquiry, in my opinion, depends on whether the right people are seen and listened to and whether the emotive arguments of vocal pressure groups receive only their due recognition. In other words, it is essential, in my belief and experience, that unless the *feel* of the gambling industry in this country is understood and appreciated by you gentlemen, your results are unlikely to reflect a true and accurate picture.

This statement is not meant in any disparaging sense but rather expresses a widely held view by gambling professionals in this country. Those of us intimately connected with the day to day gambling scene, particularly as participants in various forms of betting are seldom consulted and rarely take the trouble to express our viewpoint in a forum such as this inquiry.

It is a fact that gambling taxes and gambling operations are major contributors to both state and federal revenue, and are seen to be increasingly depended upon, particularly by state governments. While gambling proliferates revenue obviously increases. Those who decry and object to gambling and do not participate are effectively being subsidised by those who choose to gamble.

This is not to say that I encourage the increase in gambling participation nor opportunities to gamble. Rather, I point out that there could be an argument that those who gamble on a regular basis should receive some recognition and compensation from state authorities for their contribution to that state's revenue.

A further comment on the maturing gambling scene in this country may be seen from the waxing and waning of certain forms of gambling. Just as horse racing entered into a decline some years ago, now it would appear to be on the verge of a resurgence. Gaming machines are now undoubtedly the popularity pick of the bulk of uninformed gamblers. Thus Australian gaming machine manufacturers lead the world with their innovative equipment but inevitably, as people tire of playing these machines, they

will turn to other avenues of entertainment (gambling) that are more socially interacting such as playing poker, mention of which is made below.

It is appropriate also to point out the maturity in the Australian casino industry. With the major expansion of casinos in this country in the mid eighties being dominated by American interests, we saw a new era in what had been up till then a wholly Australian enterprise. After the initial period of attraction, because of its newness, it was then realised that Australians, as very sophisticated gamblers, would not necessarily embrace the American way of doing things. Thus very successful operations such as Jupiters on the Gold Coast and Burswood in Perth became more Australianised and more successful.

Unfortunately, the latest entry into the Australian casino world, Star City in Sydney, has yet to learn the lessons of their earlier American counterparts. Now that Star City has been taken over by Harrahs, another US company, with an unfortunate record associated with its Auckland operation, it is likely that some years will pass before Sydney will have a casino deserving of its stature. If proof of this contention was needed, one has only to reflect on the lack of strident protests by the club movement to its operation. To many it is basically an American operation catering to the lower end and the Asian market, which perhaps is why it does not enjoy a good reputation amongst the bulk of the Sydney population.

A similar situation prevails concerning the casinos operated by the other foreign company operating in Australia - Casinos Austria International Limited.

I would be most happy to expand on any of the points in this submission given the opportunity.

Education of Community (Players)

As gambling forms a uniquely prominent part of our national psyche, it would appear that to best serve the interests of everyone, a better understanding should be held of how to approach a gambling situation. As education from the primary level now focuses on a variety of subjects not thought of ten, twenty or thirty years ago, the mathematics and consequences of participating in gambling should be taught along with other life education skills. This is not to suggest encouragement of participation in gambling, but to adequately inform potential gamblers of

the inherent risk they take and how best to minimise potential losses and maximise potential winnings.

Concurrently, just as the consequences of participating in an activity that can lead to addiction or excess, such as alcohol consumption, overeating, obsessive behaviour of any sort, then the pitfalls and dire consequences of addiction and obsessive participation in gambling should be highlighted.

Much emotive language is used to describe people who lose large sums of money when gambling. Ironically, this is not perceived to be the case when people lose large sums of money entrusted to them on the stock and money markets. Thus, a person is seen to *invest* in the stock exchange but *gamble* on other forms of speculation.

It is a fact that compulsive gamblers, pathological gamblers, excessive gamblers are only considered as such when they lose. In other words, winning stock exchange investors or risk taking business people are considered acceptable. In recent years the Anglican Archbishop of a major Australian city who was decrying the money spent on gambling, admitted to a very substantial loss of church funds, that had been *invested* in some commercially acceptable activity. He did not consider this gambling!

Until our children are educated at an early age to understand what gambling is, problems related to all forms of excessive gambling will continue to increase to the ultimate distress of the whole community.

Training of Casino Gaming Personnel

History has recently been made in this country when Crown Limited received accreditation from State and Federal authorities for their training of casino dealers. Essentially, this provides substantial sums of money to be paid to Crown Limited over a period of several years for each of the 250 new dealers that start with them each year. In addition, trainee dealers receive certification in the hospitality industry of which the dealing is a component. Their qualifications are then able to form the basis of other occupations within the hospitality industry, should they wish to go to, say food and beverage or hotel operations.

I was responsible for forming the Australian Casino Association with a number of particular goals in mind. One of these was the need to provide uniform, recognisable and acceptable qualifications for gaming personnel. Thus providing them with portability within the industry on a worldwide

basis. This is at last a reality and gives emphasis to the point made above, that Australia is the industry leader and as such has exportable expertise. Our dealers are recognised as the best in the world and our training has no equivalent on a major scale. As an example, no American casinos train their own dealers.

Urgent need for enhancement of Casino Canberra's operations

Of all the casino operations in Australia, it would, I believe, be accurate to say Casino Canberra is the great disappointment to its local community.

It came into being with a fanfare of promises that encouraged residents and visitors to expect a world class venue of European elegance and sophistication appropriate to our national capital.

The reality is the reverse, with the blame, I contend, directly attributable to both the ACT Government and the casino owners and operators, Casinos Austria International Limited. (CAIL)

Initially, the casino showed promise that community expectations would be realised. A temporary casino was established in the National Convention Center with convenient parking both at the venue and in a large public car park opposite.

A strict dress code was enforced and the casino itself had an ambience that was most attractive.

CAIL's claim to employ 650, mainly local, young residents, was looked forward to with the completion of the permanent purpose-built casino. Coupled with the expected increase of visitors to the ACT, the provision of a world class casino seemed a component to add the attractiveness to visit our city.

Alas, the reality is far from what was imagined. With a tawdry under utilised and patronised casino offering very little to either visitors or local residents. It does not have its own parking, its dress code is a disgrace and one of the lowest in the country, and its facilities offer very little for non-gambling visitors.

It is far from a "must see" attraction it could and should be. One has only to look at Adelaide and Christchurch casinos to see what can be achieved with imagination, understanding and resolve. Attributes seen to be singularly lacking at Casino Canberra.

As mentioned above, the blame lies equally, in my opinion, with the ACT Government and CAIL.

The ACT Government received \$19m for the licence fee. An amazing amount considering the under bidder (experienced casino operator Sheraton) offered only \$2.5m.

Having received a \$19m windfall, the ACT Government set up the Casino Surveillance Authority (CSA) to oversight casino operations from a regulatory viewpoint. Since then, the government seems to have left the casino's destiny to CAIL. A dubious decision, in my view, given that groups demonstrated lack of marketing and management skills in Canberra.

Instead, I believe the ACT Government, which has stated there is no performance requirement from CAIL, (Chief Ministers Department letter of 25th May 1996) should immediately take steps to improve the viability of Casino Canberra by:

Considering lowering the taxation rate from 20% to 10%

Take a more active role in the commercial oversighting of the casino's operations (this is not the role, nor the responsibility of the CSA)

Insist, if concessions are granted, that Casino Canberra immediately institutes steps to improve its image, facilities and become what it is supposed to be *"generally to the standard and quality of a first class European Casino"* (Chief Ministers Department letter of 25th May 1996)

Unless this happens, it appears likely the potential of Casino Canberra in the provision of employment, revenue generation and of a badly needed appropriate venue for the bulk of Canberra residents and visitors to enjoy, will continue to be unprovided.

Creation of an Umbrella Organisation

To my knowledge, Victoria is the only state that has one body oversighting all wagering and gaming activity. I am on record as suggesting this for the ACT in 1977. Professor Jan McMillen, Professor for Gambling Studies at the University of Western Sydney, argues very

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strongly for such a body in her recent submission to the Ipart Inquiry into Gaming in NSW. Her arguments I endorse and refer you to her paper.

It is my belief, until such a body exists to provide such things as, common acceptability of gaming machine specifications; training and licensing of gaming and wagering personnel; government regulations and requirements; the gambling industry in this country will continue to have to endure unnecessary burdens that these inadequacies impose.

Poker as an Organised Mainstream Gaming Activity

The use of the term "gaming" in this topic is deliberate. Poker is both a game of skill and an opportunity for social interaction. These attributes occur only on one other casino game, blackjack, and then only as possibility, not as an essential component.

In June 1997, poker entered a new phase in its Australian development with the opening of the Las Vegas Poker Room at Crown Casino. Before then, poker had been played commercially in a variety of illegal venues and spasmodically in a number of casinos.

Crown's poker room, with the introduction of totally new and innovative training regime has achieved world class status. For the first time in this country, poker has been elevated to a truly viable commercial enterprise, rather than at best, a break-even proposition for casino operators.

Despite limited marketing and subtle opposition from within the managerial workforce at Crown, poker is steadily expanding its player base and proving its worth to the company.

In its first major tournament held in July this year, over \$300,000 was provided in prize money.

The reason for the inadequate provision of poker before Crown, was the seeming inability to make it a paying proposition. Not only has this been achieved, but it has had the effect of attracting a new player base to the casino, who in the main, would not have visited. As well, it has forced the closure of many illegal operations in Melbourne with subsequent revenue flowing both to the government and the casino.

In the United States, poker has shown increases of over 700% on a yearly basis in recent times, due to the provision of dedicated poker rooms.

Some of these in California, have over 200 tables opening 24 hours per day. Europe is also seeing unprecedented expansion of commercial poker.

The attractiveness for operators is that they are not at risk, as players play against one another and not against the house. A small fee is charged on an hourly basis or taken from each winning pot. Extensive food and beverage facilities add to the commercial viability.

It is my belief, that the success of Crown 's poker room will be the forerunner of many other similar ventures both within and outside the casino industry.

It does not require much imagination to see poker being played across Australia in licenced venues, such as clubs, in a comparatively short time.

Poker undoubtedly has massive growth potential as players of other games and gaming machines realise the enjoyment and development of skills that poker provides.

Comments on aspects of Internet Gambling

The Australian Bureau of Statistics figures released on 25 November 1998, show a 46% increase in home internet access since February of this year. Also it states 'in the 12 months to August almost 4.2 million adults (32% of Australia's total adult population) were accessing the internet.'

These are astonishing figures and are an indication of further increasing usage of the internet in the next few years. Industry experts have stated that by the year 2001, with the introduction of digital television, over 80% of adults will have internet access (plus a high percentage of children).

The internet provides the cheapest, most reliable and secure medium of information transference ever devised. The opportunities it presents are being continually expanded and no end is yet seen for its possibilities. It is both here to stay and is still in its comparative infancy.

Accordingly, to stifle its application is unrealistic. Thus the prohibition of internet gambling is a fantasy. If pornography and violence cannot be prohibited, what chance is there with gambling?

The 100 point identity check required for internet gambling, as outlined in the draft internet regulatory code, is unachievable if internet gambling is to be viable. This is because of two major reasons:

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The bulk of internet **gambling** on Australian sites will originate from overseas and quite simply overseas gamblers will not be bothered to comply. Thus they will not participate.

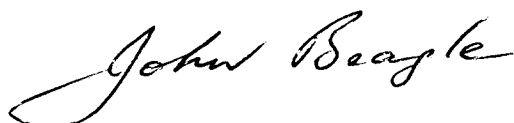
Existing **wagering** sites already operating in Australia do not require the 100 points check.

As an indication of the magnitude of betting that can be possible, one local **wagering** operation received over US\$24m in bets on American football alone in its first year of operation. This was using only the telephone as the communications medium! Its **internet site** commences on the 30 November 1998.

A short overview of Australian Gambling with particular emphasis on casinos

Time constraints prevent me from addressing this topic in writing. However I will be pleased to speak on this if time permits.

Sincerely,

A handwritten signature in cursive script that reads "John Beagle". The signature is fluid and elegant, with a long, sweeping underline that extends to the left.

John Beagle.